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IN CONSTRUCTION HOLDINGS LIMITED
現恆建築控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1500)

CHANGE IN USE OF PROCEEDS

Reference is made to the prospectus of In Construction Holdings Limited (the “**Company**”) dated 31 March 2015 (the “**Prospectus**”) relating to the public offering and the listing of the Company’s shares on the main board of The Stock Exchange of Hong Kong Limited on 16 April 2015 (the “**Listing**”) and the annual report of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 March 2015 dated 26 June 2015 in relation to the use of net proceeds of from the Listing. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Prospectus.

The board of directors (the “**Board**”) would like to announce that the Board has resolved to change the use of net proceeds from the Listing.

USE OF PROCEEDS

The net proceeds from the Listing, after taking into account the exercise of the Over-allotment Option and after deducting the underwriting fees, commissions and other expenses in relation thereto, was approximately HK\$99.5 million. It was disclosed in the section headed “Future Plans and Use of proceeds” in the Prospectus that it was intended that the net proceeds would be used for the following purposes:

- approximately 15.0% of the net proceeds for hiring of additional staff in the next three years in order to increase the Group’s capacity to cope with expected business growth;

- approximately 20.0% of the net proceeds to finance the acquisition of additional machinery and equipment for the Group's foundation works;
- approximately 55.0% of the net proceeds will be used as financing for the issue of surety bonds for future projects; and
- approximately 10.0% of the net proceeds will be used as general working capital of the Group (as defined below).

CHANGE IN USE OF PROCEEDS

As at the date of this announcement, the Company utilised approximately HK\$37.3 million of net proceeds from the Listing. On 7 August 2015, the Board resolved to change the proposed use of the net proceeds from the Listing, and details of the original allocation of the net proceeds, the revised allocation of the net proceeds, and the utilisation of the net proceeds as at the date of this announcement are set out as follows:

Uses	Original allocation <i>HK\$ million</i>	Revised allocation <i>HK\$ million</i>	Utilisation as at the date of this announcement <i>HK\$ million</i>	Remaining balance after revised allocation <i>HK\$ million</i>
Hiring of additional staff	14.9	14.9	–	14.9
Acquisition of additional machinery and equipment	19.9	29.9	19.9	10.0
Financing for the issue of surety bonds for future projects	54.7	44.7	7.4	37.3
General working capital	10.0	10.0	10.0	–
	99.5	99.5	37.3	62.2
	99.5	99.5	37.3	62.2

Save for the aforesaid changes, there is no other change in the use of the net proceeds.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

In light of the recent drop in the price of construction machinery manufactured in Europe due to the preferential exchange rate, the Group intends to purchase certain machinery in order to lower the rental cost of machinery involved in its projects. Further, while the Company has fully utilised the HK\$19.9 million of the net proceeds from the Listing allocated for the acquisition of additional machinery and equipment, the Company has, as at the date of this announcement, only utilised HK\$7.4 million out of the HK\$54.7 million of the net proceeds originally allocated for financing for the issue of surety bonds for future projects. Accordingly, in order to better allocate the unutilised net proceeds from the Listing as well as to take advantage of the recent preferential exchange rate to purchase machinery at a lower price, the Board has resolved to change the original use of the net proceeds and re-allocate HK\$10.0 million of the net proceeds from the financing for the issue of surety bonds for future projects to the acquisition of additional machinery and equipment. The Directors consider this will enhance the Group's flexibility in its financial and treasury management. The reallocated HK\$10.0 million accounts for approximately 10.0% of the total net proceeds from Listing, and the Directors confirm that such reallocation does not have material impact on the Group's financing capacity for the issue of surety bonds of newly awarded and future projects and does not affect the Group's future plan and strategies to capture more sizable projects of greater contract value.

The Directors confirm that there are no material changes in the nature of business of the Group as set out in the Prospectus. The Directors (including the independent non-executive Directors) consider the above change in the use of the net proceeds from the Listing is fair and reasonable as this would allow the Company to deploy its financial resources more effectively to enhance operational and financial efficiency of the Group and is therefore in the interests of the Group and the Shareholders as a whole.

By order of the Board
In Construction Holdings Limited
Lau Pak Man
Chairman

Hong Kong, 7 August 2015

As at the date of this announcement, the Board comprises Mr. Lau Pak Man, Mr. Cheng Wing Cheong and Ms. Kwan Kit Sum Kit as executive Directors; and Mr. Leung Chi Kin, Mr. Lam Chi Hung Louis and Mr. Yau Chi Man Norman (also known as Iao Chi Meng) as independent non-executive Directors.