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## **FUTURE PLANS AND USE OF PROCEEDS**

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### **FUTURE DEVELOPMENT PLANS AND PROSPECTS**

Capitalising on the Group's positioning as a niche property developer, its established brand name in Suzhou, as well as its management expertise and experience in property development and property investment, the Group intends to consolidate and focus its resources on the following strategies:

- focusing and consolidating its property development business in Suzhou;
- expanding to property development business in addition to property investment business in Beijing;
- exploring opportunities to expand to property development and/or property investment businesses in other cities in Jiangsu Province, the PRC; and
- striking a balance between maintaining a sufficient land bank and achieving capital efficiency.

Please refer to the sub-section headed "Business Strategies of the Group" in the section headed "Business" to this prospectus for a more detailed description of the above strategies.

For information relating to the property development projects of the Group other than those completed property development projects, please refer to the sub-section headed "Description of the Group's Property Projects" in the section headed "Business" to this prospectus.

### **REASONS FOR THE SHARE OFFER AND PROPOSED USE OF NET PROCEEDS FROM THE SHARE OFFER**

The Directors believe that the net proceeds of the Share Offer will finance the Group's business expansion, strengthen the Group's capital base and financial position. Based on the lowest price within the range of the Offer Price of between HK\$0.56 and HK\$0.88 per Share, the net proceeds from the Share Offer, after deduction of underwriting commission and estimated expenses payable by the Company for the Share Offer, are estimated to be approximately HK\$79.8 million. The Directors currently plan to use the net proceeds of the Share Offer as follows:

- approximately HK\$43.5 million will be utilised for settling the cost of a piece of land in Wuzhong District in Suzhou with description of the project set out in the sub-section headed "Properties held for future development" in the section headed "Business" to this prospectus;
- approximately HK\$29.0 million for the repayment of (i) a bank loan to a commercial bank in the principal amount of HK\$20.0 million drawn down by WML under two installments in the amount of HK\$7.8 million and HK\$12.2 million respectively on 21 June 2005 and 8 August 2005 with an interest rate based on best lending rate minus 2.25%. The loan, which will mature on the 5th anniversary of the respective drawdown dates, was employed for financing the preliminary stage expenses and design fee of Suzhou Garden Towers and Suzhou Garden Place; and (ii) an overdraft in the principal amount of HK\$10.0 million due to a commercial bank with interest rate of 1% below the best lending rate. The funds drawn down were mainly employed for settling part of the Listing expenses amounted to approximately HK\$4.3 million

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and for financing part of the first instalment of land cost for the property development project in Wuzhong District in Suzhou amounted to approximately HK\$3.8 million, where description of the project is set out in the sub-section headed “Properties held for future development” in the section headed “Business” to this prospectus. As at the Latest Practicable Date, the outstanding amounts of the above loan and the overdraft were approximately HK\$19.0 million and HK\$10.0 million respectively.

- the balance of approximately HK\$7.3 million to be used for general working capital.

In the event that the condition for the grant of the Over-allotment Option is fulfilled and the Over-allotment Option is exercised in full and based on the highest price within the range of the Offer Price between HK\$0.56 and HK\$0.88 per Share, the Group will receive additional net proceeds of approximately HK\$73.7 million which the Directors intend to use approximately HK\$65.7 million for the Group’s properties currently under development and approximately HK\$8.0 million for additional general working capital. In the event that the Offer Price is determined at any price within the range of the Offer Price between HK\$0.56 and HK\$0.88 per Share, the Group will use the additional net proceeds for the completion of the properties currently under development and for general working capital in the same proportion as shown above.

Pending the use of the net proceeds of the Share Offer for the purposes described above, the Group intend to invest the net proceeds, to the extent permitted by relevant PRC and Hong Kong laws and regulations, in short-term deposits with licensed banks and/or other authorized financial institutions in Hong Kong.