

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS AND REASONS FOR THE LISTING

We will continue to focus on property development and strive to become one of the top 10 property developers in the PRC. To sustain our future growth, we have a multi-pronged strategy focusing on growing our core business while at the same time pursuing new strategic high growth areas along the property development value chain to take advantage of future trends and directions of the property development industry, becoming an integrated “Property Development + Industrial” conglomerate. Our Directors believe that the Listing will facilitate the implementation of our business strategies as stated in “Business — Our strategies” in this prospectus and will strengthen our market position and expand our market share in the industry.

Our Directors further believe that the Listing is beneficial to our Company and our Shareholders as a listing status on the Stock Exchange can enhance our corporate profile in general and at the same time optimizing our capital structure and maintaining our net gearing ratio at a reasonable level.

Upon the Listing, our Directors plan to utilize significant portion of the net proceeds of the Global Offering and its internal funds on land acquisitions through public tender, auction or listing-for-sale or acquisition of equity interests in companies or property interested held by other companies in order to increase our land reserves. Our Directors estimate that the Company would require RMB34.0 billion for land acquisitions in 2018.

For details on the use of net proceeds of the Global Offering, see “— Use of Proceeds”.

USE OF PROCEEDS

The table below sets for the estimate of the net proceeds of the Global Offering which we will receive after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering:

	<u>Assuming the Over-allotment Option is not exercised</u>	<u>Assuming the Over-allotment Option is exercised in full</u>
Assuming an Offer Price of HK\$19.25 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus)	Approximately HK\$3,312.0 million	Approximately HK\$3,818.7 million
Assuming an Offer Price of HK\$21.50 per Offer Share (being the high end of the Offer Price range stated in this prospectus)	Approximately HK\$3,706.8 million	Approximately HK\$4,272.8 million
Assuming an Offer Price of HK\$17.00 per Offer Share (being the low end of the Offer Price range stated in this prospectus)	Approximately HK\$2,917.1 million	Approximately HK\$3,364.6 million

We intend to use the net proceeds of the Global Offering for the following purposes (assuming an Offer Price of HK\$19.25 per Share, being the mid-point of the Offer Price range stated in the prospectus, after deduction of underwriting fees and commissions and other estimated expenses in connection with the Global Offering, and the Over-allotment Option is not exercised):

- approximately 70%, or HK\$2,318.4 million, is expected to be used by the end of 2020 for land acquisition to increase our land reserves by seeking and acquiring land parcels or suitable merger and acquisition opportunities in cities in which we currently operate and plan

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to expand. See “— Property Development and Sales Process — Opportunity Identification and Site Selection” for details on how we identify opportunity and site selection of our projects and “— Property Development and Sales Process — Land Acquisition” for details of our land acquisition strategies through public tender, auction or listing-for-sale of acquisition of equity interests in companies or property interests held by companies. As of the Latest Practicable Date, our Directors confirm that we had not identified any specific projects or lands for acquisition;

- approximately 15%, or HK\$496.8 million, will be used for land acquisition and construction for our potential prefabricated construction projects. For details, see “Business — Our Business Segments — Property Development and Sales Process — Construction — Prefabricated Construction”;
- approximately 5%, or HK\$165.6 million, will be used for our research and development on Smart Home solutions;
- approximately 10%, or HK\$331.2 million, will be used for general working capital purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the proposed Offer Price range.

In the event that the Offer Price is set at HK\$17.00 per Offer Share (being the bottom end of the indicative Offer Price range), the estimated net proceeds that we will receive will be reduced by approximately HK\$394.8 million. In the event that the Offer Price is set at HK\$21.50 per Offer Share (being the top end of the indicative Offer Price range), the estimated net proceeds we will receive will be increased by approximately HK\$394.8 million. To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into demand deposits with licensed banks or financial institutions. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.