
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please see “Business—Our Strategies” in this prospectus for a detailed discussion of our future plans.

USE OF PROCEEDS

Assuming an Offer Price of HK\$5.88 per H Share (being the mid-point of the stated range of the Offer Price of between HK\$4.99 and HK\$6.77 per H Share), we estimate that we will receive net proceeds of approximately HK\$8,491.2 million from the Global Offering after deducting (i) the net proceeds from the sale of the Sale Shares in the Global Offering, and (ii) the underwriting commissions and other estimated expenses in connection with the Global Offering if the Over-allotment Option is not exercised.

In line with our business strategies of developing a business model with the “BS&T” business as the core and the investment banking and investment management as the “two wings,” we intend to use the net proceeds from the Global Offering for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

- approximately 60%, or HK\$5,094.7 million, will be used to further develop our margin financing and securities lending business and strengthen our market position in this business by leveraging our strengths in the conventional brokerage business in terms of client base and network coverage, increasing the penetration rate among clients qualified for margin financing and securities lending, and utilizing product innovations and expanded financing sources such as refinancing business;
- approximately 25%, or HK\$2,122.8 million, will be used to develop our capital-based intermediary securities trading business to meet our client needs in investment, financing and liquidity, mainly including:
 - expanding the business scales of our dealer-quoted bond repurchase program, securities-based lending and market making;
 - gradually engaging in OTC-based products; and
 - actively expanding other capital-based intermediary securities trading businesses to be approved by the CSRC;
- approximately 15%, or HK\$1,273.7 million, will be used to expand our capital investment business subject to effective risk control, mainly including:
 - increasing investments in fixed-income instruments which have relatively high returns and low risk to increase earnings from our funds;
 - expanding the scale and scope of derivatives investment; and
 - expanding our equity investment prudently subject to effective risk control.

We intend to use the net proceeds from the Global Offering for margin financing and securities lending, capital-based intermediary securities trading business and capital investment business, which we believe are more capital-intensive and require the most capital for future development among all of our business lines. We will use our own funds and other funding sources, if needed, to develop other businesses, including securities brokerage, futures brokerage, wealth management, institutional sales, investment research, investment banking, asset management and overseas businesses.

FUTURE PLANS AND USE OF PROCEEDS

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds will be approximately HK\$1,283.2 million, after deducting (i) the net proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering, and (ii) the underwriting commissions and other estimated expenses in connection with the Global Offering, assuming an Offer Price of HK\$5.88 per H Share (being the mid-point of the stated range of the Offer Price of between HK\$4.99 and HK\$6.77 per H Share). We intend to use all the additional net proceeds proportionately as earmarked above.

The allocation of the proceeds used for the above will be adjusted in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range. If the Offer Price is fixed at HK\$6.77 per H Share, being the high end of the stated Offer Price range, our net proceeds will be (i) increased by approximately HK\$1,294.8 million, assuming the Over-allotment Option is not exercised; and (ii) increased by approximately HK\$1,498.1 million, assuming the Over-allotment Option is exercised in full. In such circumstances, we currently intend to use such additional proceeds to increase the net proceeds applied for the same purposes as set out above on a pro rata basis. If the Offer Price is fixed at HK\$4.99 per H Share, being the low end of the stated Offer Share range, our net proceeds will be (i) decreased by approximately HK\$1,294.8 million, assuming the Over-allotment Option is not exercised; and (ii) decreased by approximately HK\$1,489.1 million, assuming the Over-allotment Option is exercised in full. In such circumstances, we currently intend to reduce the net proceeds applied for the same purposes as set out above on a pro rata basis.

Before the net proceeds are applied for the purposes mentioned above, and to the extent permitted by applicable laws and regulations, we intend to apply our net proceeds to short-term investment such as liquid fixed-income instruments, short-term deposit or demand deposit with recognized financial institutions.

Assuming an Offer Price of HK\$5.88 per H Share, which is the mid-point of our stated range of Offer Price, the net proceeds from the sale of the Sale Shares by the Selling Shareholder in the Global Offering are estimated to be approximately HK\$397.8 million if the Over-allotment Option is not exercised, and approximately HK\$457.5 million if the Over-allotment Option is exercised in full. In accordance with the relevant PRC laws and regulations, the Selling Shareholder will be required to contribute the net proceeds it receives from the Global Offering to the NSSF.