
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Business — Our Strategies” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$2.08 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK\$695.8 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

We intend to use the net proceeds of the Global Offering for the following purposes:

- approximately 90%, or HK\$626.2 million, will be used for short-term secured financing service business; and
- the remaining amount of approximately 10% will be used to provide funding for our working capital and other general corporate purposes. In particular, we plan to repay certain professional service fees paid on our behalf by Wuzhong America with net proceeds of the Global Offering upon Listing, the outstanding amount at such fees was RMB15.7 million as at 31 December 2012.

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 estimated offer price range or if the Over-allotment Option is exercised.

In the event the Over-allotment Option is exercised in full and assuming an Offer Price of HK\$2.08 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK\$116.7 million.

If the Offer Price is fixed at HK\$2.28 per Offer Share (being the high end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, we will receive additional net proceeds of approximately HK\$75.0 million.

If the Offer Price is fixed at HK\$1.88 per Offer Share (being the low end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds we receive will be reduced by approximately HK\$75.0 million.

As the PRC Operating Entity is our principal operating entity as well as the entity that possesses the necessary license to conduct the short-term secured financing service business, we plan to inject approximately 90% of the net proceeds from the Global Offering into the PRC Operating Entity as additional registered capital to be used to expand our short-term secured financing service business. After the injection of registered capital, we plan to use the Capital Contribution Amount primarily for granting loans secured by real estate and equity interest collateral, with priority for real estate secured loans. To effectuate an increase in the registered capital of the PRC Operating Entity, we intend to (i) contribute funds from the net proceeds of the Global Offering in the Capital Contribution Amount into one or more of our PRC subsidiaries (“**PRC Subsidiaries**”) to increase their respective registered capitals and (ii) cause the PRC Shareholders to inject funds equivalent to the Capital Contribution Amount into the PRC Operating Entity as a capital contribution to be used

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to expand our short-term secured financing business. See “Our History and Reorganisation — Contractual Arrangements” in this prospectus for a detailed description of such arrangements. To effectuate such arrangements, we will need to (1) establish an on-shore account into which to remit funds from the net proceeds from the Global Offering, (2) obtain the approval of the local branch of MOFCOM for the capital contribution we plan to make to our PRC Subsidiaries, (3) obtain the approval of the MOFCOM for the increase in the registered capital of the PRC Operating Entity and (4) enter into a credit or loan arrangements with domestic banks through which Huifang Tongda can procure funds equivalent to the Capital Contribution Amount. As a result of such arrangements, we expect to incur annual interest in connection with the credit or loan arrangement described in step (4) above, and other expenses going forward. We expect such expenses to amount to no more than 3% of the Capital Contribution Amount in the first 12-month after the net proceeds are remitted to Huifang PRC. The amount of such expenses in the future will be subject to fluctuations in bank loan interest rates under the credit or loan arrangements to be entered into with domestic banks and the terms of the contractual arrangements in the future, among other things, which will affect our results of operations.

We have been advised by our PRC Legal Adviser that as of the date of this Prospectus, there is no material legal impediment for our PRC Subsidiaries or the PRC Operating Entity to the opening of such account or obtaining of such approvals (as applicable), and we estimate that the foregoing plan will be completed within approximately three months of Listing, although we cannot ensure you that we will be able to complete these steps in a timely manner or at all or that we will not encounter obstacles in carrying out this plan that could delay the process or result in additional costs to us. As discussed in the sections headed “Risk Factors — Risks Relating to the Contractual Arrangements” and “Risk Factors — Risks Relating to Conducting Operations in China” in this prospectus, there are a number of PRC laws and regulations governing, among other things, investment by foreign-invested companies in short-term secured financing businesses and loans to, and direct investments in, PRC companies by offshore holding companies. These laws and regulations restrict the ways in which funds may be injected into PRC onshore business. If our plan for the use of the proceeds from the Global Offering is not successfully implemented, we may not be able to use some or all of such proceeds. See “Risk Factors — Risks Relating to Conducting Operations in China — Our ability to use the net proceeds of the Global Offering as we intend is subject to required approvals and procedures under relevant PRC laws and regulations as well as certain contractual arrangements, which could delay, hinder or prevent us from expanding our business using some or all of the proceeds from the Global Offering, and which contractual arrangements will result in interest and other expenses going forward” and “— Foreign exchange restrictions imposed by the PRC government could negatively affect our ability to effectively use some or all of the proceeds from the Global Offering, our liquidity, our expansion plans and our results of operations” as described in this prospectus.