
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

We intend to continue to grow our business and become a leading large-scale property developer in selected cities in China. In order to achieve our goal, we plan to continue to focus on developing large-scale, medium- to high-end, integrated residential and commercial properties for sale. We will continue to solidify and enhance our position in our current target cities of Tianjin, Beijing, Chongqing, Wuxi and Suzhou by developing existing and new projects. Furthermore, we will remain open to potential opportunities in other cities in the PRC and may consider prudently replicating our success in other high-growth cities in the future. By leveraging our competitive strengths, we intend to implement our business strategies in order to pursue our future plans. See “Business – Business Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$1,629 million (assuming an Offer Price of HK\$2.90 per Share, being the lower end of the stated Offer Price range) or HK\$2,097 million (assuming an Offer Price of HK\$3.70 per Share, being the higher end of the stated Offer Price range) after deducting the underwriting fees and expenses payable by us in the Global Offering, if the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, we estimate that we will receive net proceeds of approximately HK\$1,884 million (assuming an Offer Price of HK\$2.90 per Share) or HK\$2,422 million (assuming an Offer Price of HK\$3.70 per Share) after deducting the underwriting fees and expenses.

Assuming the Over-allotment Option is not exercised and assuming an Offer Price of HK\$3.30 per Offer Share, being the midpoint of the stated Offer Price range of HK\$2.90 to HK\$3.70 per Offer Share, the net proceeds of the Global Offering would be approximately HK\$1,863 million. We intend to use such proceeds for the following purposes:

- approximately 90% of the net proceeds to:
 - (i) increase our equity interests in certain of our non-wholly owned property development companies in the PRC; and
 - (ii) increase our Landbank by seeking and purchasing suitable land parcels in our current target cities or acquiring or investing in property development companies in the PRC that have attractive land reserves; and
- approximately 10% of the net proceeds to be used for working capital and other general corporate purposes.

As of the Latest Practicable Date, we did not have any proposal outstanding relating to the purchase of any equity interests held by any other shareholder in any of our non-wholly owned property development companies, except for Sunac Ao Cheng, in respect of which we were engaged in the listing-for-sale process as of the Latest Practicable Date in order to purchase an additional 10% equity interest but we do not intend to use any of our net proceeds towards such contemplated purchase, and Wuxi Sunac Real Estate, in respect of which we have entered into a framework agreement in relation to the contemplated purchase of an additional 49% equity interest. As required under the Listing Rules, we will comply with the relevant requirements applicable to any other proposed acquisitions in the future.

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As of the Latest Practicable Date, we had not identified any land parcel or any third-party property development company as acquisition targets.

To the extent that our net proceeds are either more or less than HK\$1,863 million as stated above, we intend to adjust the allocation of the amount of net proceeds for the above purposes on a pro rata basis.

If we exercise the Over-allotment Option, in full or in part, we intend to apply any additional net proceeds from the issue of additional Shares in the manner and the proportions stated above.

To the extent that our net proceeds are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit the net proceeds into short-term interest bearing deposits and/or money market instruments.

Substantially all of our net proceeds from the Global Offering will need to be initially used to increase the registered capital of, or acquire additional equity interests in, our existing subsidiaries or associated project companies in the PRC or to establish new foreign-invested subsidiaries in the PRC. As advised by our PRC Legal Advisors, the repatriation of funds by any of such means is subject to the filing requirements of the Circular Regarding the Publication of the List of the First Batch of Foreign-Invested Property Development Projects That Have Filed with the MOFCOM, which is commonly referred to as Circular No. 130. See “Risk Factors – Risks Relating to Our Group Structure – The PRC Government has implemented restrictions on the ability of PRC property developers to obtain offshore financing.” As a result, we must file with the relevant examination and approval authorities and wait until such filings are completed before we may repatriate the proceeds from the Global Offering into the PRC for such intended uses in the PRC as stated above. There is no assurance that such filings can be completed on a timely basis, or that we will receive the approvals we request, which may delay or prevent us from using the proceeds from the Global Offering for our intended purposes.