
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS AND PROSPECTS

OVERVIEW

The Directors consider that our Company is well positioned to benefit from continued economic growth in the PRC in general, and within Hunan Province in particular. In addition to general economic factors, our prospects depend on a combination of factors relevant to its potential for participating in future projects.

PROSPECTS IN HUNAN PROVINCE

In the shorter term, we expect to see continuing growth in traffic demand within Hunan Province driven by continuing economic growth in the PRC in general and by associated growth in vehicle ownership and usage. Based on this expectation, we believe that traffic flow for the Sui-Yue Expressway (Hunan Section) will show continuing growth.

In view of the PRC Government's increased focus on the national expressway network, we anticipate that the expressway network within Hunan Province is set to become an integral component of a larger system by which locations within Hunan Province will be connected with major cities across the PRC.

POTENTIAL FURTHER PROJECTS

The Directors believe that their experience in successfully completing PRC toll-expressway projects, and the connections and reputation established by them within the PRC, will continue to lead to opportunities to participate in further projects. It is our plan to pursue opportunities which are consistent with its overall business strategies, and which we believe will generate a satisfactory return on investment.

In accordance with this strategy, we will pursue other infrastructure projects in China whenever suitable opportunity arises. Apart from developing new infrastructure projects, our Group might also consider acquiring abandoned or half-developed infrastructure projects, as well as infrastructure projects which are already in operation, from other developers or the government if it is commercially viable to do so.

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USE OF PROCEEDS

Our Directors believe that the Share Offer will raise the corporate profile and enhance the capital base of our Group, enabling us to expand further the scale and scope of our operations.

On the assumption that the Over-allotment Option is not exercised, the net proceeds from the Share Offer, after deducting related expenses, are estimated to be approximately HK\$109 million (based on the mid-point of the Offer Price range of HK\$1.29 per Share). The estimated net proceeds of approximately HK\$109 million shall be used as capital contribution to Daoyue, our Group's project company, to finance the Sui-Yue Expressway (Hunan Section) project.

In the event that the Over-allotment Option is exercised in full, the additional net proceeds of approximately HK\$18.7 million (based on the mid-point of the Offer Price range of HK\$1.29 per Share) will be used for the development expenses of the Sui-Yue Expressway (Hunan Section) project.

To the extent that the net proceeds from the Share Offer are not immediately used for the above purposes, it is the management's present intention to place such proceeds in short-term demand deposits, money-market instruments or other forms of banking deposits.