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## FUTURE PLANS AND USE OF PROCEEDS

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### USE OF PROCEEDS

We estimate that the aggregate net proceeds from the Global Offering payable to us (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering), assuming an Offer Price of HK\$2.40 per Share, being the mid-point of the proposed Offer Price range of HK\$2.04 to HK\$2.75 per Share, will be approximately HK\$604 million. We currently intend to apply these net proceeds for the following purposes:

- approximately HK\$483 million (approximately 80% of the net proceeds payable to our Company) to continue the expansion of our hotel portfolio.

The Company is in the process of identifying hotel sites and other hotel or project acquisition opportunities in Hong Kong, China, Singapore and other regions in the Asia Pacific. We expect to pursue one or more of these opportunities within six months of the Listing Date. The actual opportunities pursued will depend on, among other things, whether the Company is successful in any public tender or bidding processes (where applicable) and the final pricing of the sites or projects involved. The Company currently expects that any hotels developed pursuant to such acquisitions, if not existing hotels, will be completed within two to three years from the date of acquisition.

- approximately HK\$121 million (approximately 20% of the net proceeds payable to our Company) for the purposes of our expansion into the hotel management business, which will incorporate our rebranding initiative.

Part of the funding will be directed towards investments in hotels that we will operate for independent third parties, which is necessary to secure long term management contracts. The form of investment may either be through minority equity investments or hotel refurbishment/rebranding costs. Additionally, we will create a number of showcase properties as part of our rebranding initiative, namely Hotel Kosmopolito City Centre, Chengdu, Lan Kwai Fong Hotel @ Kau U Fong, Dorsett Regency Hotel Kuala Lumpur, Cosmopolitan Hotel and Dorsett Seaview Hotel.

The Company does not currently have any intention to expand into Japan or the Maldives because the Company believes that Japan has higher operating costs and a substantially different operating environment to our other markets and the Maldives is geographically distant from our other operating markets.

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To the extent that the net proceeds from the Global Offering are not sufficient to fund the uses set forth above, we intend to fund the balance through a variety of means including cash generated from our operations and bank financing. We currently believe that the net proceeds from the issue of new Shares, when combined with such alternate sources of financing, are sufficient for the uses set forth above.

In the event that the Over-allotment Option is exercised in full and based on the mid-point of the indicative Offer Price range, we estimate that we will receive additional net proceeds from the issue of additional new Shares of HK\$94 million, deducting underwriting fees and estimated expenses payable by us. The additional proceeds received from the exercise of the Over-allotment Option from the issue and allotment of up to 40,500,000 additional new Shares by the Company will be applied to working capital and other general corporate purposes.

In the event that the Offer Price is finally determined at the lowest end of the indicative Offer Price range, being HK\$2.04 per Offer Share, the net proceeds payable to us from the issue of new Shares will decrease by approximately HK\$93 million to approximately HK\$511 million, as compared with the above computation (which is based on the mid-point of the indicative Offer Price range). In such case, we will adjust our allocation of the proceeds for the above purposes on a pro rata basis.

In the event that the Offer Price is finally determined at the highest end of the indicative Offer Price range, being HK\$2.75 per Offer Share, the net proceeds payable to us of the issue of new Shares will increase by approximately HK\$92 million to approximately HK\$696 million, as compared with the above computation (which is based on the mid-point of the indicative Offer Price range). Our Directors intend to apply such additional net proceeds for working capital purposes.

To the extent that the net proceeds from the Global Offering and the Over-allotment Option, if exercised, are not immediately applied for the above purposes, we will deposit the net proceeds into interest-bearing bank accounts.

We will not receive any of the proceeds from the sale of the Sale Shares by the Selling Shareholder from the Offer for Sale or pursuant to the exercise of the portion of the Over-allotment Option granted by the Selling Shareholder. Assuming the Over-allotment Option is not exercised and the Offer Price is HK\$2.40 per Share (being the midpoint of the stated offer price range of HK\$2.04 to HK\$2.75 per Share), the Selling Shareholder will receive total net proceeds of approximately HK\$611 million. If the Over-allotment Option is exercised in full, the Selling Shareholder's total net proceeds will increase to HK\$704 million based on the mid-point of the indicative Offer Price range of HK\$2.40 per Share.