

USE OF PROCEEDS

FUTURE PLANS

The Group aims to continue to grow and consolidate its position as a leading motorbike manufacturer in Vietnam. By adopting the strategies as set out in the section headed “Business – Strategies”, the Directors believe that the Group can further strengthen its operation in Vietnam, continue to maximise profits by lowering costs and further expand its customer base.

In particular, the Group plans to encourage dealers to upgrade existing authorised SYM stores located in premium locations. The measures taken by the Group will include subsidising shop decoration and renovation.

In addition to its existing distributorship network, the Group intends to open 20 SYM stores in premium locations in the near future after the government lifts the restrictions currently in place on the operation of wholesale and retail businesses by foreign-invested companies. The self-owned SYM stores will serve as regional sales management centres to supervise the Group’s existing dealers, service and repair centres and retail parts outlets network and also as showrooms for showcasing the Group’s products. The Directors believe that the establishment of regional self-owned stores will further enhance the overall image of the SYM brand and improve the effectiveness in its management of existing distribution network, which will be beneficial to both of the Group and its dealers, service and repair centres and retail parts outlets. The self-owned stores will also sell the Group’s products directly to consumers. When selecting the locations of the self-owned SYM stores, the Group will ensure that the stores do not operate in excessively close proximity to other authorised SYM stores to minimise competition between the self-owned stores and other authorised SYM stores. The Directors do not expect that this plan will have any negative impact on its existing dealership network.

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The net proceeds of the Global Offering after deducting related expenses, and assuming an Offer Price of HK\$4.13 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK\$3.61 and HK\$4.64 per Offer Share) and that the Over-allotment Option is not exercised in whole or in part, are estimated to amount to about HK\$843.8 million. Of these net proceeds, the Company will receive approximately HK\$637.4 million and the Selling Shareholders will receive approximately HK\$206.4 million.

The Group currently intends to apply its portion of the net proceeds as follows:

- (1) approximately 18% of the net proceeds (approximately HK\$114.7 million) for the construction and setting up of a research and development centre in Vietnam which is expected to commence operations in March 2009;
- (2) approximately 61% of the net proceeds (approximately HK\$388.8 million) for investment in the Group’s distribution channel in Vietnam to be made within the next two years, of which approximately 8% is intended to be used to upgrade approximately 165 existing authorised SYM stores (including SYM flagship stores and large scale SYM showrooms) owned by dealers in premium locations through cash subsidies in decoration and shop renovation; approximately 12% is intended to be used to establish around 20 new authorised SYM stores through joint ventures with existing or new dealers; and approximately 80% is intended to be used to open about 20 new SYM stores owned by the Group in premium locations;

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- (3) approximately 11% of the net proceeds (approximately HK\$70.1 million) for potential mergers and acquisitions of assets or businesses that are related to the Group's business in ASEAN and elsewhere; and
- (4) the remaining amount as additional general working capital.

The current plan of the Group is to acquire assets or businesses that are related to the Group's business in ASEAN and elsewhere. The Group has not, at this stage, identified any specific investment targets nor entered into any legally binding agreement or arrangement with respect to the acquisitions mentioned above, and there is no acquisition in progress. Any companies in which the Group decides to invest are likely to be ones which engage in the same or a similar business as the Group and which, in the view of the Group, may increase the Group's market share or have particular synergies with the businesses of the Group. The Group will also consider investing in or forming partnerships with companies in ASEAN and elsewhere to strengthen its overseas market share.

In the event that the Over-allotment Option is exercised in full, the additional net proceeds of approximately HK\$137.1 million (assuming the Offer Price is determined at the mid-point of the stated range of the Offer Share between HK\$3.61 and HK\$4.64 per Offer Share) will be applied by the Company as additional funding for the Group's investments in mergers and acquisitions of assets or businesses that are related to the Group's business in ASEAN and elsewhere.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes, the Directors intend that such proceeds will be placed on short-term deposit with licensed banks or financial institutions.

The net proceeds from the sale of the Sale Shares by the Selling Shareholders in the Global Offering after deducting related expenses, and assuming an Offer Price of HK\$4.13 per Offer Share (being the mid-point of the stated range of the Offer Price of between HK\$3.61 and HK\$4.64 per Offer Share), are estimated to amount to approximately HK\$206.4 million.

Assuming an Offer Price of HK\$4.64 per Offer Share (being the high-end of the stated range of the Offer Price between HK\$3.61 and HK\$4.64 per Offer Share), the amount of additional net proceeds to be received by the Company is estimated to be approximately HK\$87.4 million, which the Directors intend to apply as additional funding for the Group's investments in mergers and acquisitions of assets or businesses that are related to the Group's business in ASEAN and elsewhere.

Assuming an Offer Price of HK\$3.61 per Offer Share (being the low-end of the stated range of the Offer Price between HK\$3.61 and HK\$4.64 per Offer Share), the Directors intend that the respective amounts to be applied for each of the above purposes will remain unchanged except for the amount to be applied towards funding the Group's investments in mergers and acquisitions of assets or businesses that are related to the Group's business in ASEAN and elsewhere.