

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See the section headed “Business – Business Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to us from the Share Offer (after deducting underwriting fees and estimated expenses payable by us in connection with the Share Offer, and assuming an Offer Price of HK\$3.21 per Offer Share, being the mid point of the indicative Offer Price range) will be approximately HK\$525.9 million, assuming that Over-allotment Option is not exercised. We currently intend to apply such net proceeds in the following manner:

- approximately 15.5%, or HK\$81.4 million to be used to market and promote our brands and products through media, roadshows and other marketing and promotional activities;
- approximately 27.9%, or HK\$146.5 million to be used to expand and enhance our marketing and distribution networks to more cities in the PRC;
- approximately 46.4%, or HK\$244.1 million to be used for capital expenditures to establish new production facilities and purchase new production equipment;
- approximately 3.1%, or HK\$16.3 million to be used to design, research and develop new products and enhance our production techniques to improve the quality and safety of our products; and
- approximately 7.1%, or HK\$37.6 million for working capital and other general corporate purposes.

If the Offer Price is set at HK\$3.85 per Offer Share (being the high-end of the indicative Offer Price), HK\$2.57 per Offer Share (being the low-end of the indicative Offer Price) or any price in between, we intend to apply the net proceeds to the above purposes on a pro-rata basis. If the Over-allotment Option is exercised in full or in part, we intend to apply the additional net proceeds from the exercise of the Over-allotment Option to the above purposes on a pro-rata basis.

Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, we will make appropriate announcement(s) in due course.

To the extent that the net proceeds from the Share Offer are not immediately required for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks and authorised financial institutions for so long as it is in our best interests.