
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the paragraph headed “Business — Business strategies” in this [REDACTED] for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that the aggregate net proceeds available to us from the [REDACTED] (after deducting underwriting commissions and estimated expenses payable by us in connection with the [REDACTED]) will be approximately HK\$[REDACTED] (assuming the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range). We intend to apply these net proceeds in the following manner:

- (i) approximately HK\$[REDACTED] million (equivalent to approximately [REDACTED] of our total estimated net proceeds) will be used for the expansion of our pharmaceutical chain in the Guangdong province. We plan to establish 30 self-operated pharmacies in each of Jiangmen and Zhuhai in 2016, 40 self-operated pharmacies in each of Fosun and Dongguan in 2017 and 60 self-operated pharmacies in other cities of the Guangdong province in 2018;
- (ii) approximately HK\$[REDACTED] (equivalent to approximately [REDACTED] of our total estimated net proceeds) will be used for the expansion of our distribution networks. This will include:
 - the recruitment of additional sales staff to increase our sales and marketing activities such as organisation of seminars and conferences to consolidate our relationship with our existing distributors and independent chain pharmacies and explore new relationship with other distributors and independent chain pharmacies, with a focus on the Eastern and Southern China; and
 - advertisement through television, newspapers and medical journals;
- (iii) approximately HK\$[REDACTED] (equivalent to approximately [REDACTED] of our total estimated net proceeds) will be used to continue our research and development activities with a focus on the application of modern decoction pieces production techniques and strengthening our product portfolio thereof in order to support our long-term growth. This will include:
 - the recruitment of additional experts and staff for different aspects of research and development; and
 - the purchase of new equipment required for our research and development activities;

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- (iv) approximately HK\$[REDACTED] (equivalent to approximately [REDACTED] of our total estimated net proceeds), will be used for the purchase of machineries for our manufacturing of modern decoction pieces and to upgrade our existing production facilities in anticipation of the increase in demand for our products;
- (v) approximately HK\$[REDACTED] (equivalent to approximately [REDACTED] of our total estimated net proceeds) will be used for working capital and other general corporate purposes.

In the event that the [REDACTED] is set at the low-end or high-end of the [REDACTED], the net proceeds from the [REDACTED] will decrease or increase by approximately HK\$[58] million. Under such circumstances, we will adjust our allocation of the net proceeds in the same proportion as set out above.

To the extent that the net proceeds of the [REDACTED] 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 in Hong Kong and/or the PRC.

We will issue an appropriate announcement if there is any material change in the abovementioned use of proceeds.