

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please see “Business — Business Strategy” for a detailed description of our future plans.

USE OF PROCEEDS

Assuming the Over-allotment Option is not exercised and assuming the Offer Price is fixed at HK\$2.99 per Share (being the mid-point of the indicative range of the Offer Price of HK\$2.60 to HK\$3.38 per Share), we estimate that the net proceeds of the Global Offering, after deducting the estimated underwriting fees and expenses payable by us in connection with the Global Offering, will be approximately HK\$1,118.5 million.

We intend to use the net proceeds from the Global Offering for the purposes and in the amounts set out below:

- approximately 50% of the net proceeds, or HK\$559.2 million, to expand our manufacturing capacity and invest in research and development of new products, consisting of (i) approximately 25%, or HK\$279.6 million, to purchase manufacturing equipment and complete the construction of our new manufacturing facilities for infusion sets in Beijing and Shandong; (ii) approximately 17%, or HK\$190.1 million, to expand the production capacity of our orthopedic implant facilities in Shenzhen and Tianjin; and (iii) approximately 8%, or HK\$89.5 million, to invest in research and development of new products;
- approximately 30% of the net proceeds, or HK\$335.5 million, to implement our expansion plans, which include making acquisitions and forming strategic alliances;
- approximately 10% of the net proceeds, or HK\$111.8 million, to expand our distribution network and sales and marketing team, including hiring dedicated specialist sales staff; and
- any remaining balance of up to approximately 10% of the net proceeds, or HK\$111.8 million, to be used for additional working capital and other general corporate purposes.

We currently do not have any definitive plans to use the net proceeds for the acquisition of any specific company to which paragraph 12 of the Third Schedule of the Hong Kong Companies Ordinance applies, or for the formation of any alliance with a strategic partner.

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The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed below or above the midpoint of the indicative price range. Any additional proceeds received from the exercise of the Over-allotment Option will also be allocated to the above purposes on a pro rata basis. In the event that the Over-allotment Option is exercised in full, we will receive net proceeds of HK\$1,297.9 million (assuming an Offer Price of HK\$2.99 per Share, the midpoint of our indicative Offer Price range). The additional net proceeds we receive from any exercise of over-allotment option will be used to provide funding for our working capital and to improve our capital structure.

To the extent that the net proceeds are not immediately applied to the above purposes, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments.