

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Our objective is to become the leading hospital group in Asia, offering patients high quality and cost-effective healthcare services and facilitating the development of China's healthcare service industry. We intend to achieve this through our business strategies, details of which are set out in "Business — Our Strategies" of this prospectus.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$1,228 million (after deducting the underwriting fees and expenses payable by us in the Global Offering), assuming the Over-allotment Option is not exercised and an Offer Price of HK\$6.63 per Share, being the mid-point of the offer price range stated in this prospectus. We intend to use these net proceeds for the following purposes:

Item	Use of proceeds	% of the net proceeds	In millions of HK\$	Description
1	Finance the expansion of our hospital network with a strategic focus in Beijing, through both PPP and acquisition . . .	36%	444	We plan to target Grade II and Grade III hospitals in Beijing that are Medical Insurance Designated Medical Institutions and with more than 300 beds in operation. As of the Latest Practicable Date, we did not have any specific target for acquisition or PPP opportunity. For more details, see "Financial Information — Capital Expenditures" and "Business — Our Strategies — Strengthen Market Leadership by Continuing to Expand Our Network of Hospitals and Clinics".
2	Repay the entire outstanding loan from our major shareholder, Speed Key Limited, at an interest rate of 12% per annum, in connection with the exchangeable notes issued by Speed Key Limited to Noteholders . . .	28%	340	The exchangeable notes were used to finance the Reorganization. They mature upon the earlier of the Listing and the first anniversary of the issuance of the exchangeable notes. At maturity, all outstanding principal and accrued interest under the exchangeable notes are required to be repaid to the Noteholders. For more details, see "History and Reorganization — The Reorganization — Exchangeable Notes Issued to Silvapower Investments, Vertex Fund and Green Talent".

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3	Capital expenditure to reconstruct certain facilities of, and to purchase medical equipment for, Jian Gong Hospital by 2015	11%	140	We plan to allocate 80% of this capital expenditure to the reconstruction plan and 20% to the purchase of medical equipment. For more details, see “Financial Information — Capital Expenditures”.
4	Establish a premier clinical testing and laboratory center at Group level by 2015	8%	101	For more details, see “Financial Information — Capital Expenditures”.
5	Payment of capital commitment to Yan Hua Hospital Group by 2015	7%	80	For more details, see “Business — Our Hospital Network — Yan Hua Hospital Group”.
6	Working capital and other general corporate purposes	10%	123	

Should the Offer Price be determined at HK\$5.88 per Share (being the low-end of the indicative Offer Price range), or at HK\$7.38 per Share (being the high-end of the indicative Offer Price range), the net proceeds that we will receive will be approximately HK\$1,083 million and approximately HK\$1,372 million, respectively. If the Over-allotment Option is exercised in full, we will receive additional net proceeds of approximately HK\$192 million, assuming an offer price of HK\$6.63 per Share, being the mid-point of the indicative Offer Price range. In any of these events, we intend to allocate 10% of the net proceeds received by us for our working capital and other general corporate purposes. The net proceeds we intend to allocate for items 2, 3, 4 and 5 as disclosed in the table above will remain the same and the remaining net proceeds will be used to finance the expansion of our hospital network. Although we have no plans as of the Latest Practicable Date to execute any equity investment or property acquisition or enter into a PPP, we engage in active discussions with public hospitals regarding any form of cooperation from time to time.

To the extent that the net proceeds from the Global Offering are not immediately used for the above purposes, the Directors may allocate part or all of the proceeds to short-term interest-bearing deposits and/or money-market instruments with authorized financial institutions and/or licensed banks 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.