
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Business Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK\$6.05 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK\$694.5 million, after deduction of underwriting fees and commissions and estimated expenses in connection with the Global Offering and assuming the Over-allotment Option is not exercised.

We intend to use the net proceeds of the Global Offering for the following purposes:

- approximately 50%, or HK\$347.2 million, allocated for the purchase of rice towards production of base wine, consisting of approximately 25%, or HK\$173.6 million, for each of 2014 and 2015;
- approximately 25%, or HK\$173.6 million, allocated for expansion of production facilities for our cooking wine products, consisting of approximately (i) 8.2%, or HK\$57.7 million, for the purchase of three million earthen jars; (ii) 7.4%, or HK\$51.2 million, for the purchase of one hundred steel fermentation tanks; (iii) 6.4%, or HK\$44.3 million, for the construction of a fermentation workshop with ancillary equipment; (iv) 1.1%, or HK\$7.7 million, for the construction of a warehouse for semi-finished products; (v) 0.9%, or HK\$6.1 million, for the construction of a filtration workshop with ancillary equipment; (vi) 0.6%, or HK\$4.1 million, for the construction of a sterilization workshop with ancillary equipment and a warehouse for raw materials; and (vii) 0.4%, or HK\$2.5 million, for any additional cost on the uses above; please refer to “Business — Production Process and Facilities — Production Expansion Plan” for details;

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- approximately 10%, or HK\$69.5 million, allocated for the repayment of loans, details of which are set out below:

<u>Bank Loan</u>	<u>Interest Rates</u>	<u>Maturity</u>	<u>Use of Bank Loan</u>
Bank of Jiaxing	6.0%	September 9, 2014	Purchase of raw materials (rice)
Bank of Jiaxing	6.0%	September 17, 2014	Purchase of raw materials (rice)
Bank of Jiaxing	6.6%	October 14, 2014	Purchase of raw materials (rice)
Bank of Jiaxing	6.6%	October 7, 2014	Purchase of raw materials (rice)
Bank of Jiaxing	6.6%	October 20, 2014	Purchase of raw materials (rice)
Bank of Jiaxing	6.6%	November 12, 2014	Purchase of raw materials (rice)
Industrial and Commercial Bank of China	6.16%	April 24, 2014	Purchase of raw materials (rice)
Industrial and Commercial Bank of China	6.16%	May 7, 2014	Purchase of raw materials (rice)
Industrial and Commercial Bank of China	6.16%	May 12, 2014	Purchase of raw materials (rice)
Bank of Huzhou	7.84%	March 20, 2014	Purchase of raw materials (rice)
Bank of Huzhou	7.84%	November 20, 2014	Purchase of raw materials (rice)
China Merchants Bank	7.224%	May 7, 2014	Purchase of raw materials (rice)

- approximately 5%, or HK\$34.7 million, will be used for continued expansion of our distribution network; and
- the remaining amount of approximately not more than 10%, or HK\$69.5 million, will be used for working capital and other general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated offer price range.

In the event the Over-allotment Option is exercised in full and assuming an Offer Price of HK\$6.05 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK\$110.6 million.

If the Offer Price is fixed at HK\$7.15 per Offer Share (being the high end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, we will receive additional net proceeds of approximately HK\$134.0 million.

If the Offer Price is fixed at HK\$4.95 per Offer Share (being the low end of the Offer Price range stated in this prospectus) and assuming the Over-allotment Option is not exercised, the net proceeds we receive will be reduced by approximately HK\$137.5 million.

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