
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

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

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$1,353 million (assuming an Offer Price of HK\$3.55 per Share, being the mid-point of the estimated Offer Price range), after deducting the underwriting fees and commissions and estimated expenses payable by us in relation to the Global Offering.

We intend to use the net proceeds we will receive from this offering for the following purposes:

- approximately 65% of net proceeds to us (approximately HK\$880 million, assuming an Offer Price of HK\$3.55 per Share, being the mid-point of the estimated Offer Price range) will be used for capital expenditure for plant and equipment and (where relevant) land use rights to expand our existing production facilities and construct new production facilities for our food and beverage business and expand our production capacity. In particular, we intend to expend approximately HK\$30 million on capital expenditure on our rice cracker production facilities, approximately HK\$580 million on capital expenditure on our dairy products and beverages production facilities and approximately HK\$150 million on capital expenditure on our snack foods production facilities. In addition, we intend to expend approximately HK\$120 million on facilities for the production of packaging materials. We expect most of this expenditure to be incurred during the year ending December 31, 2008, while certain expenditure in relation to our dairy products and beverages facilities will be incurred during the three months ending March 31, 2009. As a result of such expenditure, we anticipate that our annual production capacity for our rice crackers will increase by approximately 17,000 tons, our annual production capacity for our dairy products and beverages will increase by approximately 239,000 tons and our annual production capacity for our snack foods will increase by approximately 43,000 tons. The resulting increased production capacity will ensure we have sufficient capacity during peak production periods, as well as enable us to plan for future growth;
- approximately 25% of net proceeds to us (approximately HK\$338 million, assuming an Offer Price of HK\$3.55 per Share, being the mid-point of the estimated Offer Price range) will be used to enhance our distribution network through the expansion of our sales office network, and on marketing and promotion activities. In particular, we intend to establish approximately 55 additional sales offices in regions throughout China, at an estimated expenditure of approximately HK\$277 million. Our expenditure on marketing and promotion activities will include advertising, in-store displays, gifts or product incentives and other promotional activities; and
- approximately 10% of net proceeds to us (approximately HK\$135 million, assuming an Offer Price of HK\$3.55 per Share, being the mid-point of the estimated Offer Price range) will be used for working capital and general corporate purposes.

To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the purposes described above they will be placed in short term demand deposits and/or money market instruments.

We estimate the net proceeds of the Global Offering to the Selling Shareholders of approximately HK\$7,894 million (assuming an Offer Price of HK\$3.55 per Share, being the

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mid-point of the estimated Offer Price range), after deducting the underwriting fees and commissions and estimated expenses payable by the Selling Shareholders in relation to the Global Offering and assuming the Over-allotment Option is not exercised. In the event that the Over-Allotment Option is exercised in full, the Selling Shareholders will received additional net proceeds of approximately HK\$1,353 million (assuming an Offer Price of HK\$3.55 per Share, being the mid-point of the estimated Offer Price range). We will not receive any of the net proceeds of the Global Offering from the sale of shares by the Selling Shareholder. HKHL, one of the Selling Shareholders, intends to use a portion of the next proceeds it will receive from the Global Offering to repay certain loans incurred in connection with the privatization of WWHL. For details of the privatization of WWHL, please refer to the section headed “Our History and Reorganization”.