

FUTURE PLANS AND PROSPECTS

Our objectives are to be the market leader for the development and manufacture of nutritional supplements and to be a leading market participant in the development and manufacture of medical eye drops, anti-cancer drugs and health drinks. The Company intends to achieve this through its business strategies, details of which are set out in the section of this prospectus headed “Business — Our Strategies.”

USE OF PROCEEDS

Assuming the Offer Price is fixed at HK\$3.365 per Share (being the mid-point of the indicative range of the Offer Price of HK\$2.95 to HK\$3.78 per Share), we estimate that our Company’s net proceeds of the Global Offering, after deducting underwriting fees and estimated expenses payable by it in connection with the Global Offering, will be approximately HK\$763.8 million (RMB672.3 million). We intend to use these net proceeds for the following purposes:

- approximately 45% of the net proceeds (approximately RMB302.6 million) for market expansion in the year 2010 and the first half of the year 2011, of which approximately 50% will be used for advertising and promoting our nutritional supplements and general health food products, approximately 6% will be used for promoting our pharmaceutical products, approximately 20% will be used for building our Ruinian brand, approximately 12% will be used for advertising and promoting our herbal tea, and approximately 12% will be used for recruiting sales and marketing employees;
- approximately 30% of the net proceeds (approximately RMB201.7 million) for capital expenditures, including approximately RMB60.5 million for improving existing production facilities and approximately RMB141.2 million for building new production lines;
- approximately 10% of the net proceeds (approximately RMB67.2 million) for potential acquisitions of products that complement our existing portfolio and that can utilise our existing distribution network. We do not, however, currently have any specific acquisition targets;
- approximately 5% of the net proceeds (approximately RMB33.6 million) for product development, of which 60% will be used for the further development of our nutritional supplements and general health food products and 40% will be used for research and development of our pharmaceutical products; and
- approximately 10% of the net proceeds (approximately RMB67.2 million) for additional 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 below or above the mid-point of the indicative price range or if the Over-allotment Option is exercised. If the Offer Price is set at the lowest end of the price range (HK\$2.95), the net proceeds will be approximately HK\$664.8 million. If the Offer Price is set at the highest end of the price range (HK\$3.78), the net proceeds will be approximately HK\$862.8 million.

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

FUTURE PLANS AND USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Company will make an appropriate announcement if there is any change to the above proposed use of net proceeds from the Global Offering.

The net proceeds from the Global Offering received by the Company in Hong Kong dollars will be accounted for in its financial statements at the exchange rate published by the PBOC in effect at the time the net proceeds are received.

Our PRC legal counsel, Grandall Legal Group (Shanghai) has advised that we are allowed to invest our net proceeds from the Global Offering in the form of shareholder loans or increased registered capital into Ruinian Industry and Nanjing Ruinian, our PRC subsidiaries, or through the establishment of a new subsidiary in the PRC, upon receiving approvals from the regulatory authorities and completing the relevant registration procedures after we have received the proceeds from the Global Offering.