
USE OF PROCEEDS

FUTURE PLANS AND PROSPECTS

Please see the section headed “Our Business — Our strategies and future plans” in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The aggregate net proceeds from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering and assuming an Offer Price of HK\$2.055 per Share, being the mid-point of the indicative range of the Offer Price of HK\$1.85 to HK\$2.26 per Share, and assuming the Over-allotment Option is not exercised) will be approximately HK\$298.1 million. The Directors intend to apply the net proceeds from the Global Offering as follows:

- approximately HK\$149.0 million (representing approximately 50% of the net proceeds) will be used for (i) construction of new production premises in the PRC (representing approximately 10% of the net proceeds) and (ii) purchase of manufacturing equipment for the new production facility for the manufacture of clinical disposables for the PRC market (representing approximately 40% of the net proceeds). The construction of the new production facility is planned to be in two phases, with the first phase planned to be completed before 31 March 2012 and the second phase to be completed before 31 March 2013, with the planned annual production capacity of 20,000 tons for medical products classified as Category I medical devices in the first phase production facility;
- approximately HK\$29.8 million (representing approximately 10% of the net proceeds) will be used for the acquisition of the land use rights for a parcel of land earmarked for the construction of the new production facility in the PRC. Our Group is currently considering various suitable locations of the land and has yet to identify the particular parcel of land for acquisition;
- approximately HK\$20.9 million (representing approximately 7% of the net proceeds) will be used for the marketing and development of the distribution channels and working capital for the imports of medical products classified as Category II medical devices in the PRC market;
- approximately HK\$23.8 million (representing approximately 8% of the net proceeds) will be used for upgrading and addition of production facilities in the Huizhou plant for the production of clinical hygienic disposables;
- approximately HK\$29.8 million (representing approximately 10% of the net proceeds) will be used for marketing and promotional expenses for the expansion of our sales penetration into some European countries, such as France, Germany, Italy and Sweden;
- approximately HK\$29.8 million (representing approximately 10% of the net proceeds) will be used for marketing and promotional expenses for the expansion of our sales in the US market; and

USE OF PROCEEDS

- the remaining balance of approximately HK\$15.0 million (representing approximately 5% of the net proceeds) will be used for additional working capital, strategic investments and other general corporate purposes.

If the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK\$2.26 per Share, the net proceeds we receive from the Global Offering will increase by approximately HK\$29.9 million. We intend to apply the additional net proceeds for the above purposes on a pro-rata basis. If the Offer Price is set at the low-end of the indicative range of the Offer Price, being HK\$1.85 per Share, the net proceeds we receive from the Global Offering will decrease by approximately HK\$31.0 million. We intend to reduce the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares to be received by us, after deducting underwriting fees and estimated expenses payable by it, will be approximately (i) HK\$40.2 million, assuming the Offer Price is fixed at the high-end of the indicative range of the Offer Price, being HK\$2.26 per Share; (ii) HK\$36.8 million, assuming the Offer Price is fixed at the mid-point of the indicative range of the Offer Price, being HK\$2.055 per Share; and (iii) HK\$33.2 million, assuming the Offer Price is fixed at the low-end of the indicative range of the Offer Price, being HK\$1.85 per Share. Any additional proceeds received by us from the exercise of the Over-allotment Option will also be allocated to the above businesses and projects on a pro rata basis.

Assuming the Offer Price is fixed at HK\$2.055 per Share (being the mid-point of the indicative range of the Offer Price) and assuming the Over-allotment Option is not exercised, we estimate that the Selling Shareholder will receive approximately HK\$58.6 million, after deducting the underwriting commissions and fees payable by the Selling Shareholder in respect of the Sale Shares. We will not receive the net proceeds from the sale of Sale Shares by the Selling Shareholder in the Global Offering.

If the Over-allotment Option is exercised in full and assuming the Offer Price is fixed at HK\$2.055 per Share (being the mid-point of the indicative range of the Offer Price of HK\$1.85 to HK\$2.26 per Share), the Selling Shareholder will receive additional net proceeds of approximately HK\$19.9 million. We will not receive any of the net proceeds from the sale of the Shares by the Selling Shareholder as a result of the exercise of the Over-allotment Option. We will bear the underwriting commissions, SFC transaction levy and Stock Exchange trading fee payable by us in connection with the issue of the New Shares together with any applicable fees relating to the Global Offering. The Selling Shareholder will be responsible for the underwriting commissions attributable to the Sale Shares, together with Stock Exchange trading fees, SFC transaction levy and any applicable fees in respect of the Sale Shares.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorized financial institutions and/or licensed banks in Hong Kong.

USE OF PROCEEDS

Our proposed alternative plan to use of proceeds

In case where our expansion into and the demand of the PRC market for sales of medical products classified as Category I medical devices (such as medical glove which is a kind of hygienic disposables for clinical use, the application of which is close to those of our current products, which we have an existing network of overseas customers) fall below our expectation, we plan to sell part of our medical products produced in our new production facility to our European and US customers as an alternative plan. Since we intend to commence importing, among others, spine pressure reduction system classified as Category II medical devices from overseas suppliers for on-sale to hospitals in Beijing as part of our strategies to develop business relationship with the hospitals for the future sales of Category II medical devices, the Directors believe that our Group will have up-to-date information regarding the market of Category II medical devices in PRC. In case it is anticipated by the Directors that the PRC market demand for such products is below our expectation, as an alternative plan, we intend to further expand our production and manufacturing capacity for medical products classified as Category I medical devices, in second phase construction and use part of such proceeds to further expand the sales and distribution network in the European and US markets for medical products so as to leverage on our existing clientele in such medical products market. Further, as to the relevant certificates, permits, licences or regulatory approvals for the production and sales of Category I and sales of Category II medical devices, if the Group encounters any difficulty or obstruction in obtaining the same, we intend to conduct negotiations with other market players who have already obtained such relevant certificates and permits to acquire equity interests of these market players. Accordingly, part of the proceeds originally designated for the first and second phase construction will be applied for such purpose.

We will issue an announcement in Hong Kong if there is any material change in the use of proceeds.