
FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

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

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised and an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the midpoint of the indicative [REDACTED] range stated in this document.

In line with our strategies, we intend to use the net [REDACTED] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, to fund strategic mergers and acquisitions to acquire synergistic businesses, brands or products that complement and strengthen our vertically integrated Chinese medicine platform by the end of 2031. Our future investment strategy is focused on supporting long-term growth by targeting businesses that demonstrate strong synergies with our operations. See the section headed “Business — Our Business Strategies — Further expand our portfolio through organic growth and mergers and acquisitions” for more details.

When evaluating potential business opportunities, we will consider various factors, including the strategic fit and long-term value of the target, such as its brand recognition, product portfolio outlook and geographic market coverage, operating performance and scalability, the experience and reputation of its key personnel, the robustness of product quality, manufacturing capabilities and know-how, supporting technical data, and the adequacy of its regulatory approvals and compliance credentials.

However, the actual implementation of such plans will depend on numerous factors, such as then market condition, our then business strategies, negotiation results and scale and consideration of the actual transaction. See the section headed “Risk Factors — Risks Relating to Our Business and Industry — We may not be able to successfully identify, consummate and integrate future acquisitions.” As of the Latest Practicable Date, we had not identified any specific target of investments or acquisition, or entered into any investment agreement, to which we will apply these [REDACTED];

- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, to fund advertising and brand promotion initiatives designed to enhance brand awareness, brand loyalty and market standing, and to broaden our consumer base while retaining the trust and loyalty of existing customers of our portfolio of heritage household PCM brands by the end of 2031. Through these marketing and branding initiatives, we expect to strengthen our market penetration in Hong Kong and expand brand presence in China, Macau and select overseas markets. See the section headed “Business —

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Our Business Strategies — Elevate brand impact through our proven branding and marketing capabilities” and “Business — Brand Management and Marketing” for more details. In particular,

- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, for media buying, advertising placement and promotional campaign execution, which will primarily include (i) the placement of television and radio advertisements and title sponsorships on major television channels; (ii) outdoor advertising at high-traffic commercial and tourist locations (such as billboards, MTR stations, buses, trams and transit hubs); (iii) event sponsorships and experiential activations; (iv) product placement in television programs; and (v) the placement of online advertisements on social media platforms and online-to-offline promotional campaigns; and
- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, for creative content production and celebrity endorsement, which will primarily include the endorsement fees for brand ambassadors for our branded PCM products, and the production and design costs relating to the development of television commercials, digital video content, short-form social media content and other multimedia advertising materials;
- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, to fund capital expenditure relating to the optimization, upgrade and expansion of our manufacturing facilities and production capabilities by the end of 2031. In particular,
 - approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, for the expansion and upgrading of warehouse and storage facilities to accommodate the anticipated increase in raw material, work-in-progress and finished product inventory levels resulting from the planned enhancement of our manufacturing capacity;
 - approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, for the upgrade and automation of production equipment, and the optimization of purified water treatment systems, to improve production efficiency, product consistency and output capacity; and
 - approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, for the procurement and installation of new quality control and testing equipment to upgrade our testing laboratory. The upgraded testing laboratory will enhance our in-house analytical testing capacity and support the quality assurance requirements arising from new product registrations and the phased implementation of enhanced GMP requirements contemplated under the Chinese Medicine Development Blueprint;

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- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, to fund the registration of branded PCM products, trademark registration and the protection and expansion of our intellectual property portfolio by the end of 2031. In particular, we plan to register additional CCMG products in Hong Kong. See the section headed “Business — Sales and Distribution” for further details of our product registration process. In particular,
 - approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, for trademark registration and maintenance in existing or new markets, intellectual property portfolio protection, and related professional and legal advisory fees in connection with product registration and trademark applications; and
 - approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, for product testing, methodology validation, stability studies and clinical studies and/or trials in connection with product registration applications;
- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, to fund the expansion and enhancement of our Chinese medicine clinic network by the end of 2031, including (i) the establishment of new Chinese medicine clinics, including specialized treatment centers offering focused services in areas such as pain management, gynecology and dermatology, in strategically identified locations in Hong Kong; (ii) the renovation and upgrading of existing clinics to improve facilities and enhance patient experience; and (iii) the procurement of medical equipment for our clinics. See the section headed “Business — Our Business Strategies — Unlock the strategic value of the Chinese medicine practitioner network” and “Business — Chinese Medicine Clinic Services” for more details; and
- approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED] million, to supplement our working capital and for general corporate purposes.

If the [REDACTED] is set at the high point or the low point of the [REDACTED] range (assuming the [REDACTED] is not exercised), the net [REDACTED] will increase or decrease by approximately HK\$[REDACTED] million or HK\$[REDACTED] million, respectively (after deducting the [REDACTED] fees and expenses in relation to the [REDACTED]). We intend to apply the additional or reduced net [REDACTED] to the above purposes on a pro-rata basis.

If the [REDACTED] is fully exercised, our Company will receive net [REDACTED] of approximately HK\$[REDACTED] million for [REDACTED] to be allotted and issued upon the full exercise of the [REDACTED] based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range, and after deducting the [REDACTED] fees and [REDACTED] payable by our Company. The additional amount raised will be applied to the above areas of use of [REDACTED] on pro-rata basis.

To the extent that the net [REDACTED] from the [REDACTED] are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit such net [REDACTED] into interest-bearing bank accounts with licensed banks or financial institutions.