
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please 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 of approximately HK\$4,036.6 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK\$19.50 per Offer Share, being the mid-point of the indicative Offer Price range of HK\$18.40 to HK\$20.60 per Offer Share in this prospectus. We intend to use the net proceeds we will receive from the Global Offering for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- approximately 30.0% of net proceeds, or approximately HK\$1,211.0 million, for improving our capital structure and repaying existing debt, including our loan facility of RMB588 million at China Merchants Bank for the acquisition of Topknow, US\$30.7 million at Ping An Bank of China and US\$42.5 million at Bank of China, with maturity date of June 2020, February 2021 and July 2020 respectively, and interest rate of 4.785%, 3 month libor+1.5% and 3 month libor+1.3%, respectively. For more details, see “Financial Information—Indebtedness”.
- approximately 30.0% of net proceeds, or approximately HK\$1,211.0 million, for our expansion of the sales and marketing network and infrastructure in the EU and other global markets, such as China, including:
 - (i) 15.0% of net proceeds, or approximately HK\$605.5 million, for hiring additional sales personnel and providing related training, implementing marketing tools and the installation of relevant equipment and technology systems, organizing and sponsoring marketing events, increasing academic marketing activities and promoting other sales and marketing initiatives, to keep up with the anticipated sales growth of products that are marketed by our in-house sales force in the EU and other markets globally;
 - (ii) 5.0% of net proceeds, or approximately HK\$201.8 million, for establishing regional offices in the U.S., and expanding distribution network to cover more provinces in China;
 - (iii) 5.0% of net proceeds, or approximately HK\$201.8 million, for the construction of a centralized logistic facility in China; and
 - (iv) 5.0% of net proceeds, or approximately HK\$201.8 million, for the design, implementation and upgrade of a unified enterprise resource planning system and the acquisition of database
- approximately 20.0% of net proceeds, or approximately HK\$807.3 million, for expanding our development and manufacturing capacity and broadening our product and services offering of Cytovance, including:
 - (i) 16.0% of net proceeds, or approximately HK\$645.9 million, for upgrading, expanding existing manufacturing facility in Oklahoma, the U.S., establishing additional manufacturing facility and acquiring more equipment to enhance Cytovance’s pDNA production capacities. Specifically, we plan to expand

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Cytovance's existing manufacturing facility by launching a new production line of microbial fermentation of which we have commenced construction in 2020 and we expect the construction to be completed by late 2021 or early 2022. Upon completion, it will substantially increase Cytovance's large-scale microbial manufacture capacity and enable Cytovance to provide services to more customers with commercial products. We will also expand Cytovance's pDNA manufacturing capability by building multiple production lines, and we expect to kick off design of the first production line in 2020 and aim to complete the construction of at least one production line by end of 2021 or early 2022, which will substantially increase Cytovance's pDNA production capacity. These upgrades and the expansions will also be funded by cash generated from our operations and/or our banking facility;

- (ii) 2.0% of net proceeds, or approximately HK\$80.7 million, for expanding our R&D team to enhance discovery and cell line development capabilities, by recruiting more laboratory and quality assurance staffs with relevant expertise to further enhance Cytovance's R&D service capability, in order to ensure the commercial conversion of our customers with products at early clinical stage; and
- (iii) 2.0% of net proceeds, or approximately HK\$80.7 million, for (i) further developing our protein analytics and materials testing services, by recruiting qualified workforce with relevant expertise and experiences and acquiring essential equipment to expand the capabilities of both services, and (ii) gradually establishing finished dose manufacturing capabilities, starting with the addition of small scale equipment to meet the demand of our existing customers, followed by the installation of more advanced and large scale equipment and facilities to expand our services. We plan to initiate the design and construction of Cytovance's finished dose manufacturing facility in early 2021.
- approximately 20.0% of net proceeds, or approximately HK\$807.3 million, for investment in innovative drugs, including (i) 12.0% of net proceeds, or approximately HK\$484.4 million, for the development and commercialization of our existing innovative drug candidates in Greater China, primarily in the China market, and (ii) 8.0% of net proceeds, or approximately HK\$322.9 million, for the investment in potential targets in China or in other global markets. We have not yet identified any specific targets for investment, but we intend to explore investment opportunities in drug candidates that focus on therapeutic areas with significant unmet medical needs, primarily including oncology, cardiovascular diseases and other diseases with an immune system disorder axis. We plan to primarily seek for the opportunities to acquire the development and commercial rights in Greater China of late-stage drug candidates and at the same time invest in drug candidates at early stage of development.

The allocation of the proceeds used for the above will be adjusted in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range. If the Offer Price is fixed at HK\$20.60 per H Share, being the high end of the stated Offer Price range, our net proceeds will be (i) increased by approximately HK\$230.9 million, assuming the Over-allotment Option is not exercised; and (ii) increased by approximately HK\$265.6 million, assuming the Over-allotment Option is exercised in full. In such circumstances, we currently intend to use such additional proceeds to increase the net proceeds applied for the same purposes as set out above on a pro rata basis. If the Offer Price is fixed at HK\$18.40 per H Share, being the low end of the stated

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Offer Share range, our net proceeds will be (i) decreased by approximately HK\$230.9 million, assuming the Over-allotment Option is not exercised; and (ii) decreased by approximately HK\$265.6 million, assuming the Over-allotment Option is exercised in full. In such circumstances, we currently intend to reduce the net proceeds applied for the same purposes as set out above on a pro rata basis.

If the Over-allotment Option is exercised in full, the additional net proceeds that we will receive will be approximately HK\$614.1 million, assuming an Offer Price of HK\$19.50 per Share, being the mid-point of the proposed Offer Price range. The Company may be required to issue up to an aggregate of 33,014,000 additional H Shares pursuant to the Over-allotment Option.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we may hold such funds in short-term deposits with licensed banks or authorized financial institutions in Hong Kong so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.