

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business – Our Strategies” for a detailed discussion of our future plans.

USE OF [REDACTED]

Assuming that the [REDACTED] is not exercised, after deducting the [REDACTED] commissions and other estimated [REDACTED] expenses payable by us in connection with the [REDACTED], and assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] stated in this document), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED]. We intend to use our [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], for the investment in R&D to enlarge our R&D team through recruitment, expand our R&D facilities and conduct testing and validation studies. In particular, we plan to allocate:
 - (i) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], for the fundamental research and advancement of our proprietary synthetic biology technologies, and the R&D on new types of recombinant collagen, rare ginsenosides and other bioactive ingredients to further enhance the benefits and efficacy of our products;
 - (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], for the R&D on our pipeline products including functional skincare products, medical dressings, skin rejuvenation products, biomedical materials, functional foods and foods for special medical purposes. See “Business – Our Expanding and Diversified Product Pipeline – Our Product Pipeline”;
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] for the expansion of manufacturing capacity with respect to our product portfolios and bioactive ingredients. In particular, we plan to allocate:
 - (i) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], for (a) the expansion of manufacturing facilities for functional skincare products, which are designed with a total annual production capacity of approximately 34 million units, (b) additional facilities for skin rejuvenation products and biomedical materials, which are designed with a total annual production capacity of approximately 100.1 million units, and (c) additional facilities for functional foods and foods for special medical purposes, which are designed with a total annual production capacity of approximately five million units;

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- (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], for the expansion of manufacturing facility for recombinant collagen, which is designed with a total annual production capacity of approximately 212,500 kg, and manufacturing facilities for rare ginsenosides, which are designed with a total annual production capacity of approximately 267,800 kg;

See “Business – Manufacturing – Expansion Plan.”

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], to enhance our omni-channel sales and distribution network, and implement our science- and knowledge-driven marketing initiatives to enhance our brand recognition. In particular, we plan to allocate:
 - (i) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], to expand our online direct sales channels, as well as carry out online marketing activities. We plan to strengthen our online direct sales capabilities by cooperating with major e-commerce and social media platforms, and exploring further opportunities with emerging e-commerce and social media platforms as well as further expand our sales and marketing team by recruiting personnel with extensive experiences. We will also continue to invest in online marketing activities to communicate with consumers on the value proposition of our brands, including (a) conducting promotional activities and live-streaming sessions on e-commerce and social media platforms; (b) collaborating with cosmetics formula-savvy beauty bloggers and dermatology-focusing influencers; and (c) carrying out high-quality and innovative advertising campaigns through timely capturing hot social topics and insights into the customers’ demands;
 - (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], to expand our offline distribution and direct sales channels, as well as carry out offline marketing activities. We plan to further expand our reach across medical institutions and the mass market by partnering with qualified distributors and reputable pharmacy chains, cosmetic store chains and supermarket chains. We intend to continue increasing our brand and product exposure as well as expanding our customer base by further building up our physical presence in shopping malls, mid- to high-end cosmetic stores and supermarkets in high-traffic areas. Furthermore, with the expected launch of our pipeline products, such as skin rejuvenation products and biomedical materials (see “Business – Our Expanding and Diversified Product Pipeline – Our Product Pipeline”), we plan to establish partnerships with selective distributors with the requisite knowledge in this field in order to expand and increase our penetration into these markets;

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- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], for the enhancement of our operation and information systems, including (i) procurement of software and hardware, (ii) development of an integrated hybrid cloud infrastructure through investments in hardware such as servers and internet devices, and (iii) recruitment of IT specialists, including software developers and IT engineers; and
- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], for working capital and general corporate uses.

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED], the net [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED], respectively.

The additional net [REDACTED] that we would receive if the [REDACTED] was exercised in full would be (i) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the maximum [REDACTED] of the indicative [REDACTED]), (ii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED]) and (iii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the minimum [REDACTED] of the indicative [REDACTED]).

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

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks or authorized financial institutions in Hong Kong or the PRC. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.