
FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

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

USE OF [REDACTED]

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

- Approximately [REDACTED]%, or HK\$[REDACTED], for branding activities to continue to enhance the brand image and raise brand awareness of our existing brands, as well as to establish the brand images of our new brands, primarily including:
 - (i) approximately [REDACTED]%, or HK\$[REDACTED], will be used for conducting online brand marketing activities, including: (a) carrying out approximately [REDACTED] promotion campaigns for each of our existing brands relating to brand-building, in order to raise our brand awareness and strengthen consumer links; and (b) increasing online advertisements for our brands, collaboration with popular KOLs, and recommendations, operation and maintenance of our brands on emerging media platforms;
 - (ii) approximately [REDACTED]%, or HK\$[REDACTED], will be used for conducting offline brand marketing activities, including: (a) [REDACTED] approximately [REDACTED] advertisements each year in the next five years on large screens in multiple locations such as airports, railway stations and landmark commercial venues in order to increase the exposure of our brands; and (b) conducting more than [REDACTED] offline activities such as new product launches and KOL meetings targeting young people to enhance our brand awareness among young consumers;
 - (iii) approximately [REDACTED]%, or HK\$[REDACTED], will be used for increasing celebrity endorsement and cooperative promotion, including inviting approximately [REDACTED] celebrities to endorse our brands and products, and carrying out IP cooperation projects with target groups of our brands, such as engaging co-branding activities across borders, and IP content cooperation with vertical platforms, in order to enhance brand quality and reach potential target groups of our brands; and

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- (iv) approximately [REDACTED]%, or HK\$[REDACTED], will be used for producing high-quality advertising content, and innovating the content of our brands by timely capturing social hotspots and gaining insights into consumer demands. We plan to produce promotional videos and graphic materials to establish emotional links and resonance with consumers and improve our brand image.
- Approximately [REDACTED]%, or HK\$[REDACTED], for enhancing our R&D capabilities by strengthening our fundamental research and product development, to maintain the continuous innovation of our brands, including:
 - (i) approximately [REDACTED]%, or HK\$[REDACTED], will be used to strengthen our fundamental research capabilities, including: (a) enhancing our research and development related to functional skincare product technologies, upgrading the research platforms of dual strain fermentation, and building research platforms for plant extraction, targeted skin care, and safe and hyposensitivity; (b) purchasing advanced experimental analysis and testing equipment; and (c) recruiting personnel with enriched fundamental research experience; and
 - (ii) approximately [REDACTED]%, or HK\$[REDACTED], will be used for upgrading existing brands and developing new brands, including: (a) investing in the market research, development and design of our brands, in order to support the brands’ formulation and packaging upgrade; (b) recruiting R&D personnel who are experienced in brand-building and product design; and (c) upgrading our product test center and establishing a more complete testing system.
- Approximately [REDACTED]%, or HK\$[REDACTED], will be used to strengthen our production and supply chain capabilities, mainly involving the renovation of our production facilities, upgrading our automation equipment, and the expansion of production capacities in the Fengxian Plant, including:
 - (i) approximately [REDACTED]%, or HK\$[REDACTED], will be used for Phase I of the Fengxian Plant. We plan to use the relevant net [REDACTED] to procure approximately [REDACTED] sets of production facilities, such as automated packing machines, lot number detection equipment and facial mask automated production lines to upgrade the existing production lines.
 - (ii) approximately [REDACTED]%, or HK\$[REDACTED], will be used for Phase II of the Fengxian Plant. We plan to use the relevant net [REDACTED] to procure approximately [REDACTED] sets of production facilities, such as homogeneous emulsifying equipment of different volumes, automatic lotion and milk filling machine and automatic cream filling machine to upgrade the existing manufacturing facilities, increase production scales, improve production efficiency and save costs. We also plan to allocate a portion of the [REDACTED] to refurbish the Phase II of Fengxian Plant.

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Upon completion of the expansion and upgrade of our Fengxian Plant, we expect to increase the production capacities by approximately 13,345.8 ton, 11,483.6 ton and 1,241.5 ton for skincare products, maternity and childcare products, and other products, respectively.

- Approximately [REDACTED]%, or HK\$[REDACTED], will be used for increasing the breadth and depth of our sales networks to enhance the penetration of our products, including:
 - (i) approximately [REDACTED]%, or HK\$[REDACTED], will be used for our online sales channels, including: (a) strengthening cooperation with emerging media platforms which have growth potential and are popular with young consumers, such as *Douyin*, *Kuaishou*, and *Xiaohongshu*; (b) consolidating our cooperation with major e-commerce platforms such, as *Tmall*, *JD.com*, and *VIP.com*; and (c) developing our own live-streaming team to enhance our online sales capabilities in a cost-effective manner;
 - (ii) approximately [REDACTED]%, or HK\$[REDACTED], will be used for offline channels, including (a) consolidating and extending our cooperation with offline retailers such as *Watsons* and offline distributors in order to deepen penetration of our products in different tranches of cities in China; (b) opening offline experience stores to increase interaction with our consumers and exposure of our brands; and (c) exploring a new cooperation model with cosmetic shops to expand new sales networks offline.
- Approximately [REDACTED]%, or HK\$[REDACTED], will be used for enhancing our digitization and information infrastructure, including: (a) procuring digital platform solutions to enhance marketing, decision-making and product operation efficiencies, and strengthen risk management; (b) purchasing and upgrading corporate management systems, such as enterprise resource planning systems, management systems for R&D and business middle office systems; and (c) procuring efficient cloud equipment, data storage and analysis infrastructure to enhance network infrastructure and relevant information technology facilities.
- Approximately [REDACTED]%, or HK\$[REDACTED], will be used for working capital and other general corporate purposes.

If the [REDACTED] is set at the high-end of the [REDACTED] range or the low-end of the [REDACTED] range, the net [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED] and HK\$[REDACTED], respectively. To the extent that the net [REDACTED] from the [REDACTED] are more or less than expected, we will increase or decrease the intended use of our net [REDACTED] for the above purposes on a pro rata basis. To the extent that the net [REDACTED] are further reduced, we will decrease the intended use of our net [REDACTED] for the above purposes on a pro rata basis.

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If the [REDACTED] is exercised in full, the [REDACTED] Grantor will receive the net [REDACTED] for up to [REDACTED] additional [REDACTED] to be sold and transferred upon the exercise of the [REDACTED]. If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net [REDACTED] from the [REDACTED].

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we intend to hold such funds in short-term deposits with licensed banks or authorised financial institutions.