
FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

Please refer to the paragraph headed “Business — Our business strategies” in this document for a detailed description of our strategies and future plans.

REASONS FOR [REDACTED]

Our Company is seeking the [REDACTED] in order to (i) further expand our business; (ii) enhance our brand awareness, our profile and our market presence; (iii) gain access to capital market; (iv) diversify shareholder base and have more liquidity in trading of Shares; (v) increase the confidence of our customers and suppliers in our internal control and operating systems; and (vi) attract and retain talents.

As stated in our business strategies, we aim to increase our marketing efforts through different marketing means to enhance public awareness of our brands and extend our sales network to Hong Kong. The net [REDACTED] from the [REDACTED] will strengthen our capital base and provide funding for achieving our business strategies and carrying out our future plans as set out in the paragraph headed “Business — Our business strategies” in this document.

Leveraging on our brand and the success of our algal oil DHA products, our Directors believe that the [REDACTED] would allow us to further strengthen our market position by expediting the implementation of our future plans and strategies, strengthening our financial position and corporate profile, and enabling us to better tackle future challenges. Our Directors believe that the [REDACTED] could bring necessary funding from the equity capital market to our Group to support and fuel our long-term business strategies and business expansion:

1. **Capture market opportunities to expand our business:** With the growing interest in health and wellness and the increasing awareness of the benefits of maternal and children nutritional products, we believe that the maternal and children nutritional product market in the PRC in general will continue to grow. According to Frost & Sullivan, it is forecast that the retail sales value of maternal and children nutritional product market in the PRC will grow from approximately RMB101.7 billion in 2023 to approximately RMB142.1 billion in 2028, representing a CAGR of approximately 6.9%.
2. **Enhance our brand awareness, our profile and our market presence:** As all our products are consumer products, we would need to devote marketing efforts to enhance the public awareness of our products and brands so as to facilitate our products to reach the consumers. We consider that the [REDACTED] will effectively raise the awareness among the general public of our brands and our products. In addition, we believe that the brand recognition of our products and our practice of consistently sourcing key ingredients and components overseas would enable us to distinguish our products from our competitors and maintain our competitive advantage to capitalise on the growing opportunities offered in the market. We will continue our effective marketing efforts, which will in turn support our expansion of product sales and distribution network.

FUTURE PLANS AND USE OF [REDACTED]

We plan to use a portion of the net [REDACTED] from the [REDACTED] to increase our marketing efforts through different marketing means to enhance the public awareness of our brands. As a proprietary brand owner in the algal oil DHA segment in the PRC market according to Frost & Sullivan, our Directors also believe that, through online and physical means, we shall deepen our interactions with health professionals, industry players and end customers to promote the popularity and benefits of nutritional products, which could in turn enhance our brand image and product sales.

Further, our Directors believe that a [REDACTED] status in Hong Kong as well as presence of our sales network in Hong Kong can elevate our corporate image and status and strengthen confidence from our customers, consumers, regional distributors and suppliers, which in turn provides a level playing field when we explore new business opportunities with them. This can fuel our business growth in a much faster pace and improve our market competitiveness.

3. **Gain access to capital market:** Our Directors believe that the [REDACTED] is strategically critical to our long-term growth as it will provide us with additional sources to raise capital for expansion and other development needs. Following the [REDACTED], we will have access to the capital markets, providing us additional sources for future fundraising through the issuance of equity and debt securities for further business expansion.
4. **Diversify shareholder base and have more liquidity in trading of Shares:** Our Directors believe that the [REDACTED] will enhance the liquidity of the Shares which will be freely traded on the Stock Exchange when compared to the limited liquidity of the shares that are privately held before the [REDACTED]. Hence, our Directors consider that the [REDACTED] will enlarge and diversify our shareholder base and potentially lead to a more liquid market in the [REDACTED] of our Shares.
5. **Increase the confidence of our customers and suppliers in our Group:** A [REDACTED] company is generally subject to more stringent compliance requirements as compared to a private company. After the [REDACTED], generally we will increase the transparency in our operations and financial reporting. As such, our Directors consider that a [REDACTED] status will increase our customers’ and suppliers’ confidence in our internal control and operation systems, which may further enhance our business relationship with them.
6. **Attract and retain talents:** Our Directors believe that human resources are valuable assets for the long-term growth of our business and consider that experienced and talented personnel may be more willing to work at [REDACTED]. We believe that a [REDACTED] would help attract more experienced staff and talented people to join our management team in the future, as well as retain our existing staff. Our Directors are of the view that a [REDACTED] will also improve our existing staff’s work morale, thereby improving the quality of our products which is beneficial to our long-term development.

FUTURE PLANS AND USE OF [REDACTED]

USE OF [REDACTED]

We estimate that the [REDACTED] from the [REDACTED] (after deducting [REDACTED] fees and related [REDACTED] expenses payable by us in connection with the [REDACTED], assuming that the [REDACTED] is not exercised and assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative range of the [REDACTED]) will be approximately HK\$[REDACTED]. We intend to apply the net [REDACTED] as follows:

- (i) approximately [REDACTED]% or HK\$[REDACTED] of the [REDACTED] from the [REDACTED] will be used to increase our marketing efforts through different marketing means to enhance the public awareness of our brands, of which:
 - (a) approximately [REDACTED]% or HK\$[REDACTED] of the [REDACTED] from the [REDACTED] will be used for online marketing, brand and products promotion on social media platforms;
 - (b) approximately [REDACTED]% or HK\$[REDACTED] of the [REDACTED] from the [REDACTED] will be used for purchasing brand marketing and promotional products of e-commerce companies for promotion of our brands and our products on online shopping platforms; and
 - (c) approximately [REDACTED]% or HK\$[REDACTED] of the [REDACTED] from the [REDACTED] will be used for participating in conferences and major trade fairs and industry events.
- (ii) approximately [REDACTED]% or HK\$[REDACTED] of the [REDACTED] from the [REDACTED] will be used for promoting our products in Hong Kong and expansion of our sales network to Hong Kong; of which:
 - (a) approximately [REDACTED]% or HK\$[REDACTED] of the [REDACTED] from the [REDACTED] will be used for setting up a retail store in a shopping mall in Central, Hong Kong;
 - (b) approximately [REDACTED]% or HK\$[REDACTED] of the [REDACTED] from the [REDACTED] will be used for engaging an independent marketing agent based in Hong Kong to launch a series of promotional activities for our products in Hong Kong, including but not limited to physical promotional activities in Hong Kong, sponsorship, promotional activities on digital platforms that are popular in Hong Kong and among Chinese citizens that usually reside in Hong Kong and distributing our products to major healthcare products shops, department stores and promoters in Hong Kong; and
 - (c) approximately [REDACTED]% or HK\$[REDACTED] of the [REDACTED] from the [REDACTED] will be used for setting up an office and warehouse in Hong Kong.

FUTURE PLANS AND USE OF [REDACTED]

The following table sets out a summary of our implementation plan:

	From [REDACTED] to 30 June 2025 <i>HK\$'million</i>	From 1 July 2025 to 31 December 2025 <i>HK\$'million</i>	From 1 January 2026 to 30 June 2026 <i>HK\$'million</i>	From 1 July 2026 to 31 December 2026 <i>HK\$'million</i>	Total <i>HK\$'million</i>
Online marketing, brand and products promotion on social medial platforms	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Purchase of brand marketing and promotional products of e-commerce companies	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Participating in conferences and major trade fairs and industry events	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Setting up a retail store in Hong Kong	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Engaging an independent marketing agent	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Setting up an office and warehouse in Hong Kong	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

BASIS AND ASSUMPTIONS

The implementation plan set out by our Directors is based on the following assumptions:

- our Group will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which our future plans relate;
- there will be no material changes in the funding requirement for each of our Group’s future plans described in this document from the amount as estimated by our Directors;
- there will be no material changes in existing laws and regulations, or other governmental policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- there will be no changes in the effectiveness of the licences, permits and qualifications obtained by our Group, where applicable;
- there will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- there will be no disasters, natural, political or otherwise, which would materially disrupt the businesses or operations of our Group; and
- our Group will not be materially affected by the risk factors as set out in the section headed “Risk Factors” in this document.

FUTURE PLANS AND USE OF [REDACTED]

There can be no assurance that the net [REDACTED] from the [REDACTED] will be sufficient for fully implementing our business expansion plans. In the event the net [REDACTED] from the [REDACTED] are not sufficient for fully implementing our business expansion plans or that the [REDACTED] becomes unsuccessful such that the net [REDACTED] from the [REDACTED] becomes unavailable to us, we may adjust the timing and scale of our business expansion plans and/or seek alternative form of financing.

If the final [REDACTED] (assuming that the [REDACTED] is not exercised) is set at (i) the lowest (HK\$[REDACTED]); or (ii) the highest (HK\$[REDACTED]) of the indicative range of the [REDACTED], the net [REDACTED] available to us are estimated to be approximately (i) HK\$[REDACTED]; or (ii) HK\$[REDACTED], respectively. In such event, the net [REDACTED] will decrease or increase by approximately HK\$[REDACTED] or HK\$[REDACTED], respectively, than if we set the final [REDACTED] at HK\$[REDACTED] (being the mid-point of the indicative range of the [REDACTED], assuming that the [REDACTED] is not exercised), and the net [REDACTED] are intended to be applied in the same proportion as disclosed above.

If the [REDACTED] is exercised in full, the estimated net [REDACTED] from the [REDACTED] will be approximately HK\$[REDACTED], HK\$[REDACTED] or HK\$[REDACTED], respectively (assuming the [REDACTED] is set at HK\$[REDACTED], HK\$[REDACTED] or HK\$[REDACTED], being the lowest, the mid-point and the highest of the indicative range of the [REDACTED], respectively). We intend to apply the additional net [REDACTED] from the [REDACTED] in the proportions exceeding those as disclosed above.

To the extent that the net [REDACTED] from the [REDACTED] are not immediately applied to the purposes as disclosed above and to the extent permitted by the applicable laws and regulations, we will deposit the net [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions).

We will issue an announcement in the event that there is any material change in the use of [REDACTED] of the [REDACTED] as described above.