

FUTURE PLANS

See the section headed “Business – Our Strategies” for a detailed description of our future plans. Our future plans has taken into account of the recent economic slowdown.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to us from the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK\$2.165 per share, being the mid point of the indicative Offer Price range) will be approximately HK\$1,404 million, assuming that Over-allotment Option is not exercised. We currently intend to apply such net proceeds in the following manner:

- approximately 30%, or HK\$421.2 million, of which approximately 21%, or HK\$294.8 million to be used to market and promote our existing and new brands and products such as increasing marketing and promotional activities and engaging of brand ambassador(s) and approximately 9%, or HK\$126.4 million, for potential future acquisition of brands which are in-line with our development strategy;
- approximately 20%, or HK\$280.8 million, of which approximately 11%, or HK\$154.4 million to be used to design, research and develop new products and approximately 9% or HK\$126.4 million to enhance (i) the functionality of our existing products; and (ii) our existing formulae efficiently utilize our raw materials and explore the use of new raw materials;
- approximately 18%, or HK\$252.7 million, of which approximately 10%, or HK\$140.4 million to be used to expand and enhance distribution network in the PRC and approximately 8%, or HK\$112.3 million to develop markets outside the PRC such as Taiwan. This will include expenditures such as general distribution expenses and establishment of dedicated in-store counters in the PRC and overseas;
- approximately 12%, or HK\$168.5 million, of which approximately 9%, or HK\$126.4 million to be used for capital expenditures to establish new production facilities and purchase new production equipment, approximately 2.5%, or HK\$35.1 million, to be used for enhancing our research and development capabilities and facilities and develop an upstream plantation business, and approximately 0.5%, or HK\$7.0 million, to be used for upgrading the existing IT systems;
- approximately 10%, or HK\$140.4 million, to be used for potential future acquisition of HPC related businesses which either supplement our existing business or fit into our long-term strategy. As of the Latest Practicable Date, the Directors confirm that the Company has not entered into any agreement or negotiation nor do we have any definite plans at present in relation to any potential acquisition; and
- approximately 10%, or HK\$140.4 million for working capital and other general corporate purposes.

If the Offer Price is set at the high-end of the indicative Offer Price range, being HK\$2.38 per Share, the net proceeds of the Global Offering (assuming that the Over-allotment Option is not exercised) will increase by approximately HK\$145 million. We intend to apply the additional net proceeds to the above purposes on a pro-rata basis.

If the Offer Price is set at the low-end of the indicative Offer Price range, being HK\$1.95 per Share, the net proceeds from the Global Offering (assuming that the Over-allotment Option is not exercised) will decrease by approximately HK\$146 million. In such case, we intend to reduce the allocation of such net proceeds on brand marketing and promotion, research and development, distribution network, capital expenditures, potential acquisitions and working capital by HK\$43.9 million, HK\$29.3 million, HK\$26.3 million, HK\$17.4 million, HK\$14.5 million and HK\$14.5 million respectively.

FUTURE PLANS AND USE OF PROCEEDS

If the Over-allotment Option is exercised in full, the net proceeds from the Global Offering will increase to approximately HK\$1,623 million, assuming the Offer Price is set at the mid-point of the indicative Offer Price range. If the Offer Price is set at the high-end of the indicative Offer Price range, the net proceeds from the Global Offering (including the proceeds from the exercise of the Over-allotment Option) will increase by approximately HK\$167 million. If the Offer Price is set at the low-end of the indicative offer price range, the net proceeds from the Global Offering (including the proceeds from the exercise of the Over-allotment Option) will decrease by approximately HK\$167 million. We intend to apply the additional net proceeds from the exercise of the Over-allotment Option to the above purposes on a pro-rata basis.

The above intended use of the net proceeds from the Global Offering has been taken into account of the impact of the recent economic slowdown.

Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, we will make appropriate announcement(s) in due course.

To the extent that the net proceeds from the Global Offering are not immediately required 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 and authorized financial institutions in Hong Kong for so long as it is in our best interests. We will also disclose the same in the relevant annual report.

As advised by our PRC legal advisers, subject to the relevant PRC governmental approval, registrations and/or filings, the net proceeds from the Global Offering can be applied in PRC according to the above intended use of the net proceeds under the relevant existing laws and regulations in the PRC by: (i) increasing the registered capital of the Company's PRC subsidiary; (ii) establishing a new PRC subsidiary; (iii) acquiring equity interests in of the other companies in the PRC; and/or (iv) providing shareholder's loan to the Company's subsidiary in the PRC in the amount not exceeding the difference between the investment amount and the registered capital of such subsidiary. The Directors are of the view that there will be no material impact on the Group's liquidity requirements if the net proceeds from the Global Offering cannot be applied in the PRC.