
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business — Our business strategies” in this Prospectus for a detailed discussion of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds of approximately HK\$2,296 million from the Global Offering, assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us and assuming the initial public Offer Price of HK\$4.18 per Share, being the mid-point of the indicative Offer Price range set forth on the cover page of this Prospectus. If the Over-allotment Option is exercised in full, we estimate that our additional net proceeds from the offering of these additional Shares will be approximately HK\$394 million, after deducting the underwriting commissions and our estimated expenses, assuming an Offer Price of HK\$4.18 per Share, being the mid-point of the indicative Offer Price range.

We intend to use the proceeds from the Global Offering for the purposes and in the amounts set out below:

- approximately 25%, or HK\$574 million, is expected to be primarily used to expand our production capacity for pediatric milk formula and nutritional food products, including approximately HK\$287 million, or 12.5% to fund the construction of a new production plant at Chaozhou, Guangdong Province and approximately HK\$230 million, or 10% to fund the resumption of construction for a production plant at Zhengzhou, Henan Province, as well as approximately HK\$57 million, or 2.5% to fund the upgrade of our existing manufacturing facilities in Chaozhou, Guangdong Province;
- approximately 25%, or HK\$574 million, is expected to be used to acquire integrated dairy companies engaged in the production of raw milk and raw milk powder and establish vertically-integrated production facilities overseas, as of the Latest Practicable Date, we had no specific acquisition targets, also see the section headed “Business — Our business strategies — Continue to pursue excellence in quality.” for more details;
- approximately 25%, or HK\$574 million, is expected to be used to further enhance our existing brand equity and promote awareness of our new sub-brands through increased advertising on major television networks and popular baby forum websites, as well as in leading magazines, newsletters and other print media, in the following three years;
- approximately 7.5%, or HK\$172 million, is expected to be primarily used to enhance our research and development capabilities, including utilizing approximately HK\$150 million to set up a new food research institute in Shantou, Guangdong Province and procure state-of-the-art technologies and laboratory equipment, as well as utilizing the remaining proceeds for hiring additional skilled engineers, expert nutritionists and research staff, and for funding research projects with major universities, biotechnology companies and reputable third-party research institutes in China;

FUTURE PLANS AND USE OF PROCEEDS

- approximately 7.5%, or HK\$172 million, is expected to be used to develop and promote sales of our existing and new products, including imported pediatric milk formula products, milk formula and other nutrition products for adults and the elderly, as well as to continuously expand and optimize our distribution network to fund relevant expenses for (i) maintaining and optimizing our distribution network; (ii) increasing our penetration of sales channels and expanding geographical coverage; (iii) integration of our inventory and sales management system with those of our distributors; and (iv) increasing our sales staff and onsite sales promoters in the following three years; and

- up to 10%, or HK\$230 million, to fund our working capital and general corporate purposes.

In the event that the Offer Price is set at the low-end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, we will receive net proceeds of approximately HK\$1,944 million. In the event that the Offer Price is set at the high-end of the proposed Offer Price range and the Over-allotment Option is not exercised at all, we will receive net proceeds of approximately HK\$2,643 million. In this event, we will increase or decrease the allocation of the net proceeds to the above purposes on a pro-rata basis.