
FUTURE PLANS AND USE OF PROCEEDS

BUSINESS OBJECTIVES

Our business objective is to continue to strengthen our position and expand our presence in dried food and snack production market in the PRC. We intend to leverage on our established brand, high product quality, diversified product portfolio and innovative product development capabilities to capture growth opportunities.

FUTURE PLANS

Please refer to the paragraphs headed “Business — Business Strategies” in this prospectus for further information.

USE OF PROCEEDS

We estimate the net proceeds from the Share Offer which we will receive, assuming an Offer Price of HK\$0.75 per Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK\$110.7 million (equivalent to approximately RMB94.4 million), after deduction of underwriting commissions and other expenses payable by us in relation to the Share Offer and assuming the Over-allotment Option is not exercised.

We intend to use the net proceeds of the Share Offer for the following purposes:

- approximately 74.1%, or approximately HK\$82.0 million (equivalent to approximately RMB69.9 million), will be used to build a new factory building and acquire new production lines in our Guangchang Plant by around June 2024 (subject to the progress of construction work) to increase our designed annual production capacity by approximately 1,200 tonnes of vegetable snack products and 2,000 tonnes of meat snack products, of which:
 - approximately 37.9%, or approximately HK\$42.0 million (equivalent to approximately RMB35.8 million), will be used to construct the new factory building to house our new production lines. We expect that the construction will be completed by around January 2024;

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- approximately 10.9%, or approximately HK\$12.1 million (equivalent to approximately RMB10.3 million), will be used for purchasing and installing a new production line for production of vegetable snack products. We expect we would complete installation of machines and equipment in or around March 2024, finish testing of the new production line in or around May 2024, and commence commercial production upon completion of relevant completion inspection or other regulatory filings in or around June 2024;
- approximately 22.5%, or approximately HK\$24.9 million (equivalent to approximately RMB21.2 million), will be used for purchasing and installing a new production line for production of meat snack products. We expect we would complete installation of machines and equipment in or around March 2024, finish testing of the new production line in or around May 2024, and commence commercial production upon completion of relevant completion inspection or other regulatory filings in or around June 2024; and
- approximately 2.8%, or approximately HK\$3.0 million (equivalent to approximately RMB2.6 million), will be used for purchasing and installing a small scale production line specialising in product development and prototype and sample production. We expect we would commence installation of the machines in or around October 2023 and complete testing and relevant completion inspection or other regulatory filing in or around June 2024.

For details of our expansion plans, please refer to the paragraph headed “Business — Business Strategies — Expansion of our production capacity and enriching our product offerings” in this prospectus.

- approximately 15.9%, or approximately HK\$17.6 million (equivalent to approximately RMB15.0 million), will be used to enhance our marketing efforts and expand our sales channels, of which:
 - approximately 2.4%, or approximately HK\$2.6 million (equivalent to approximately RMB2.3 million), will be used to expand our sales network by recruiting additional five sales representatives in the next two years to promote our products and brand with an aim to expand our product presence in Southwestern China, particularly Sichuan Province and Chongqing. The sales representatives will visit operators of local supermarket chains and grocery stores, and develop relationships with local corporate companies to look for potential business opportunities. In addition, we plan to strategically replicate our successful concessionary counter model into Southwestern China, particularly Sichuan

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Province, by expanding our concessionary counter network in supermarkets to expand our concessionary counters by opening concessionary counters in 14 supermarket stores in the next two years;

- approximately 3.9%, or approximately HK\$4.4 million (equivalent to approximately RMB3.7 million), will be used in our promotional activities with supermarket chain customers. In particular, we plan to organise promotional activities together with supermarket stores outside or at their store entrance by setting up promotional booths which our promoters as well as supermarket staff will display our products, offer our products for pedestrians to try and taste, offer free gifts to or organise lucky draws for end consumers who purchase over a minimum amount; and
- approximately 9.6%, or approximately HK\$10.6 million (equivalent to approximately RMB9.0 million), will be used to expand our marketing and advertising efforts to enhance the awareness of our brands and products, of which:
 - approximately 4.2%, or approximately HK\$4.7 million (equivalent to approximately RMB4.0 million), will be used for placing advertisements on public transports, television commercials, radio broadcast, high-traffic locations such as train stations, airports and bus stations, as well as social media such as WeChat;
 - approximately 1.3%, or approximately HK\$1.4 million (equivalent to approximately RMB1.2 million), will be used for launching promo packs of vegetable snacks and meat snacks printed with on-pack codes where end consumers may scratch to win prizes or free products, or organise lucky draws for those who purchase a minimum spending amount of our snack products; and
 - approximately 4.1%, or approximately HK\$4.5 million (equivalent to approximately RMB3.8 million), will be used for organising promotional activities in high schools or tertiary education institutions, opening short-term pop-up stores or organising short-term sales events at locations with high traffic, such as major shopping malls in city centre to make direct sales to end consumers and promote our brands.

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Please refer to the paragraph headed “Business — Business Strategies — Increase our sales through enhancement of marketing efforts and expansion of sales channels” in this prospectus for further details.

- approximately 10.0%, or approximately HK\$11.1 million (equivalent to approximately RMB9.5 million), for working capital and other general corporate purposes.

If the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK\$0.82 per Share, the net proceeds we receive from the Share Offer will increase to approximately HK\$124.2 million (equivalent to approximately RMB105.8 million). We intend to apply the additional net proceeds for 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\$0.68 per Offer Share, the net proceeds we receive from the Share Offer will decrease to approximately HK\$97.3 million (equivalent to RMB82.9 million). We intend to reduce the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, we estimate that the net proceeds from the offering including these additional Shares to be received by us, after deduction of underwriting commissions and other expenses payable by us, will be (i) approximately HK\$147.8 million (equivalent to approximately RMB125.9 million), assuming the Offer Price is fixed at the high-end of the Offer Price range, being HK\$0.82 per Offer Share; (ii) approximately HK\$132.3 million (equivalent to approximately RMB112.8 million), assuming the Offer Price is fixed at the mid-point of the Offer Price range, being HK\$0.75 per Offer Share; and (iii) approximately HK\$116.9 million (equivalent to approximately RMB99.6 million), assuming the Offer Price is fixed at the low-end of the Offer Price range, being HK\$0.68 per Offer Share. Any additional proceeds received by us from the exercise of the Over-allotment Option will also be allocated to the above businesses and projects on a pro-rata basis.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we will deposit them in short-term deposits with licenced commercial banks or authorised financial institutions (as defined under the SFO). In such event, we will also comply with the appropriate disclosure requirements under the Listing Rules.

In the event of any material change in our use of net proceeds from the purposes described above or in our allocation of the net proceeds among the purposes described above, we will make appropriate announcement as soon as practicable.