

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

Please refer to “Business — Our Strategies” in this document for a detailed discussion of our future plans.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, after deducting [REDACTED], fees and estimated expenses payable by us in connection with the [REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per Share, being the [REDACTED] of the [REDACTED]. We currently intend to apply these [REDACTED] for the following intended purposes in the amounts set forth below:

- Approximately HK\$[REDACTED] million, representing [REDACTED]% of the [REDACTED], is expected to be used for expanding, enhancing and optimising our physical and online sales network, among which:

Physical sales network

- (i) approximately HK\$[REDACTED] million, representing [REDACTED]% of the [REDACTED], is expected to be used for expanding our physical retail store network by opening up to 11 new retail stores in Hong Kong during the period from the [REDACTED] to 31 March 2029. These [REDACTED] will be used for initial capital expenditures, which include rental deposit and design and renovation costs;
- (ii) approximately HK\$[REDACTED] million, representing [REDACTED]% of the [REDACTED], is expected to be used for inventory procurement for the opening of additional retail stores;
- (iii) approximately HK\$[REDACTED] million, representing [REDACTED]% of the [REDACTED], is expected to be used for recruitment and training of store staff, beauty consultants and registered pharmacists to be stationed at the new retail stores;

Online sales network

- (iv) approximately HK\$[REDACTED] million, representing [REDACTED]% of the [REDACTED], is expected to be used for expanding our online sales channels, which will primarily include (a) further developing and optimising our Lung Fung Mall e-commerce platform in Hong Kong; (b) broadening our online sales channels and increasing our outreach to customers through online platform such as Douyin; and (c) enhancing our presence by opening additional self-operated e-commerce stores on e-commerce platforms such as Tmall and JD.com for sales in the PRC.

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- Approximately HK\$[REDACTED] million, representing [REDACTED]% of the [REDACTED], is expected to be used for brand management and marketing to increase mass awareness of our Group and the effectiveness of our marketing activities, which will primarily include:
 - (i) approximately HK\$[REDACTED] million, representing [REDACTED]% of the [REDACTED], is expected to be used for engaging entertainers and KOLs as ambassadors for our Group and placing commercial advertisement on major television channels. These [REDACTED] will be used for the annual endorsement fees for the ambassadors and the design costs relating to our Group’s ambassadors and production and design costs and media-buying costs; and
 - (ii) approximately HK\$[REDACTED] million, representing [REDACTED]% of the [REDACTED], is expected to be used for implementing our online marketing and promotion activities, which will primarily include the placement of online advertisements to promote our Group on social media platforms. We will create original media contents and/or sponsored videos to promote our brands on various social media platforms tailoring to the preferences of audiences on different platforms.
- Approximately HK\$[REDACTED] million, representing [REDACTED]% of the [REDACTED], is expected to be used for strengthening our supply chain capability through expanding and upgrading our existing overseas supply chain offices in Japan and Korea. This investment aims to enhance our operational capabilities, improve supplier relationships, and strengthen our competitive position in these key markets. The [REDACTED] will be used to lease additional office space and warehouse to accommodate a growing team dedicated to sourcing high-quality products from suppliers in Japan and Korea; and
- Approximately HK\$[REDACTED] million, representing [REDACTED]% of the [REDACTED], is expected to be used for upgrading and enhancing our information technology systems, in particular,
 - (i) approximately HK\$[REDACTED] million, representing [REDACTED]% of the [REDACTED], is expected to be used for upgrading our warehouse by implementing a new warehouse management system. This system will integrate with our existing enterprise resource planning (ERP) software and facilitate real-time inventory tracking and improved workflow management. The upgrade aims to enhance our operational efficiency, support better inventory management, and improve our overall logistics capabilities; and
 - (ii) approximately HK\$[REDACTED] million, representing [REDACTED]% of the [REDACTED], is expected to be used for upgrading our point-of-sales system. This strategic investment aims to enhance our transaction capabilities, improve customer experience, and streamline operational processes across our retail locations. These [REDACTED] will be used for acquiring new POS hardware and software, including terminals, mobile devices, and receipt printers. This equipment will support faster transaction processing and better integration with our inventory management systems.

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- Approximately HK\$[REDACTED] million, representing [REDACTED]% of the [REDACTED], is expected to be used to repay our outstanding loans.
- Approximately HK\$[REDACTED] million, representing [REDACTED]% of the [REDACTED], is expected to be used for pursue selective strategic investment and acquisition opportunities and further develop strategic partnerships to expand our business scale and our geographic coverage. We plan to acquire companies that either operate in a similar business to ours or can provide synergies that complement our current operations.
- Approximately HK\$[REDACTED] million, representing [REDACTED]% of the [REDACTED], is expected to be used as general working capital of our Group.

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED] and the [REDACTED] is not exercised, the [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED] million, respectively. To the extent that the [REDACTED] from the [REDACTED] are either more or less than expected, we will adjust our allocation of the [REDACTED] for the above purposes on a pro rata basis.

The [REDACTED] that we would receive if the [REDACTED] were exercised in full would be (i) HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the maximum [REDACTED]), (ii) HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the [REDACTED] of the [REDACTED]) and (iii) HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the minimum [REDACTED]).

In the event that the [REDACTED] is exercised in full, we intend to apply the additional [REDACTED] to the above purposes on a pro rata basis. In the event that the actual amount of [REDACTED] is insufficient to cover our expenses for the above plans, we intend to fund the shortfall through various means, including cash generated from operations, bank loans, and other borrowings.

If any part of our plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our plans not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the [REDACTED] from the [REDACTED]. In the event of any material change in our use of [REDACTED] of the [REDACTED] from the purposes described above, we will timely issue a formal announcement.

To the extent that the [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 will only deposit the [REDACTED] into short-term interest-bearing accounts with licensed commercial banks and/or authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.