FUTURE PLANS AND PROSPECTS

See "Business — Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**] commissions, fees and estimated expenses payable by us in connection with the [**REDACTED**], and assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range stated in this document. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the [**REDACTED**] of the indicative [**REDACTED**] range, the net [**REDACTED**] from the [**REDACTED**] will increase by approximately HK$[**REDACTED**]. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the [**REDACTED**] of the indicative [**REDACTED**] range, the net [**REDACTED**] from the [**REDACTED**] will decrease by approximately HK$[**REDACTED**].

Assuming an [**REDACTED**] at the mid-point of the indicative [**REDACTED**] range and that the [**REDACTED**] is not exercised, we currently intend to apply these net [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the upgrading and expansion of production lines in the Rizhao manufacturing facility. The rationale behind our strategic choice to expand our capacity rests on the following factors: (i) the growth potential of the dental medical devices market in China, (ii) the anticipated constraints of our existing production capability and introduction of new products, and (iii) the optimization of production costs. In particular, we anticipate substantial market potential for our dental products in China, as supported by the historical growth of the dental medical devices market from RMB43.1 billion to RMB60.7 million in China from 2019 to 2023 at a CAGR of 8.8% and the anticipated continuing increase in the market size to RMB166.7 million in 2030 at a CAGR of 15.5%. In addition, during the Track Record Period, we had gradually reached the limit of our existing production capacity, with nearly 90% of overall production capacity utilized in 2025. See "Business — Manufacturing" for details. More specifically, we plan to apply:

  – approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for upgrading our production lines with more advanced automation, which we expect to expand our production capacity at the Rizhao manufacturing facility, including installing production lines of dental clinical products, dental laboratory products (zirconia and 3D printing resin), and dental digital product (intraoral scanner), over the next five years.

  – approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the construction of Rizhao manufacturing facility's workshops.

  The upgrading and expansion of production lines in the Rizhao manufacturing facility is expected to be completed in three to five years. Subject to market conditions and our sales performance, which may be beyond our control, we currently anticipate that:

  (i) the production lines of dental clinical products will achieve an additional annual designed production capacity of 1,000 tons of elastomeric impression materials, 65 tons of glass ionomer cement, over five tons of light cure dental adhesive, and over nine tons of bonding resin cement (dual cure), and will reach an overall utilization rate of approximately 70% to 90% by 2031. The investment payback period is estimated to be approximately four years;

(ii) the production lines of dental laboratory products will achieve an additional annual designed production capacity of 0.25 million blocks of zirconia and over 100 tons of 3D printing resin. Zirconia production lines will reach an utilization rate of approximately 90% and will have an investment payback period approximately seven years. 3D printing resin production lines will reach an utilization rate of approximately 90% and will have an investment payback period of approximately two years;

(iii) the production lines of dental digital product will achieve an annual designed production capacity of 15,000 units of intraoral scanners, and will reach an overall utilization rate of approximately 90%. The investment payback period is estimated to be approximately five years.

The following table sets forth the breakdown of the expected capital expenditures for each production lines of our Rizhao manufacturing facility for the years indicated.

	Expected capital expenditures for,					
	2026	**2027**	**2028**	**2029**	**2030**	**2031**
			RMB'000			
Dental clinical products	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Intraoral scanners	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3D printing resin	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Zirconia	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the establishment of the Indonesia manufacturing facility in Jakarta. As of the Latest Practicable Date, we had leased a facility and were testing the equipment, with production targeted to commence in the first half of 2026. In addition, we plan to purchase land in Indonesia to construct a manufacturing facility with larger scale in 2026. As of the Latest Practicable Date, we had not identified any land parcel for this purpose in Indonesia.

  We have chosen to establish the Indonesia manufacturing facility due to the following factors: (i) the global market demand is vast and continuously growing; (ii) we already have a broad presence in the global market and have gained a notable market share in the Indonesian and Singaporean markets; (iii) establishing a factory in Indonesia facilitates delivery of our overseas orders; and (iv) the potential to mitigate the impact of uncertainties in trade policies and relationships in certain regions.

  We anticipate our Indonesia manufacturing facility to be a solid foothold undergirding our strategy to tap into the vast international market for dental medical devices and growth the size and sources of our revenue. In particular, we expect the Indonesia factory will serve as a strategic base for our global expansion in the future, establishing closer ties with customers in Southeast Asia and the rest of the world. Our goal is to take advantage of Indonesia's competitive labor costs, well-established production facilities, mature production processes and sound management system to achieve production with the same quality and efficiency as our China factory. Local production in Indonesia will give our products priority consideration in public medical device procurement under the policies of the Indonesian Ministry of Health, potentially boosting our sales. In addition, the ability to export products from Indonesia to markets in Europe and the Americas will facilitate faster and more efficient distribution, thereby enhancing our competitive edge in the international market. More specifically, we plan to apply:

– approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for purchasing land.

  We have decided to purchase land and construct a self-owned facility to achieve optimal cost efficiency and support our long-term strategic development in Southeast Asia, as land ownership offers potential for long-term asset appreciation and a self-constructed facility provides the flexibility to upgrade and expand as needed. In addition, we believe that our ownership of the land and facility can (i) enhance the confidence of local customers and partners (including hospital and government), showcasing our commitment to long-term development in the region; (ii) allow the use of the land as collateral for low-interest borrowings to support expansion or upgrades, (iii) provide flexibility in production line adjustments, (iv) mitigate relocation risks upon lease expiry, (v) capture potential land appreciation, and (vi) reduce long-term operating costs. We currently lease a temporary facility in Jakarta of approximately 1,052 square meters at an annual rent of approximately RMB306 per square meters. We plan to construct a plant of approximately 33,000 square meters with total investment estimated at approximately RMB120 million. Based on a 40-year operation period, the estimated annual usage cost would be approximately RMB91 per square meters, materially lower than the current leasing cost. This strategy is expected to strengthen our brand's influence and regional presence in the Southeast Asian market. To our best knowledge, Indonesia imposes no substantive restrictions on foreign companies purchasing land for factory construction. We have determined the approximate cost of land acquisition based on our evaluation of lands around Jakarta suitable for industrial production and their average price;

– approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the construction of workshops, laboratories, warehouses and office buildings;

– approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the procuring and installment of production lines covering the production of dental materials;

– approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the recruitment and establishment of the local manufacturing team in Indonesia.

  We plan to establish and grow the team to approximately 150 members within the next five years, focusing on local or Chinese individuals with experience in production and production management. This team will include both management and production staff. Approximately 20% of the workforce will consist of management personnel responsible for overseeing daily operations, staff recruitment and training, raw material procurement, production scheduling, inventory management, and budget planning. The remaining workforce will comprise production staff, dedicated to executing manufacturing operations. The allocated [**REDACTED**] are expected to fund this team during this period and in case additional cash resources are required, we intend to supplement the funding with our internal resources.

We anticipate the completion of factory facility construction in the second half of 2026, followed by the commencement of production line installation. Upon completion, our Indonesia manufacturing facility is expected to achieve an annual designed production capacity of 70.0 million pieces of synthetic resin teeth, 800 tons of elastomeric impression materials, and 85 tons of temporary crown and bridge resin block. Subject to market conditions and our sales performance, which may be beyond our control, we currently anticipate that the overall utilization rate of Indonesia manufacturing facility will reach 70% by 2031 and the investment payback period is estimated to be approximately six years.

The following table sets forth the breakdown of the expected capital expenditures for each production lines of our Indonesia manufacturing facility for the years indicated.

	Expected capital expenditures for,		
	2026	2027	2028
		RMB'000	
Elastomeric impression material	[REDACTED]	[REDACTED]	[REDACTED]
Synthetic resin teeth	[REDACTED]	[REDACTED]	[REDACTED]
Temporary crown and bridge resin block	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the upgrading of dental products and technologies, as well as the enhancement of overall R&D capabilities:

  - approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the recruitment and training of R&D personnel and collaboration with domestic and international research institutions, universities and professionals to drive technological innovation and product upgrades. We plan to grow our team R&D team to a size of around 150 members in five years, and intend to recruit additional six to eight R&D team members with experience and qualifications in each of the area, namely dental materials, dental digital products, digital technology, 3D printing and innovative teeth whitening products. The allocated [**REDACTED**] are expected to fund this team during this period and in case additional cash resources are required, we intend to supplement the funding with our internal resources;

  - approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the R&D of dental digital products and AI technologies. See "Business — Research and Development — Exploration of New Technologies";

  - approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the R&D of new dental clinical materials, including specialized silicones, next-generation high-performance ceramic composite resins, next-generation advanced bonding materials and next-generation filling materials;

  - approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the construction of offices and laboratories for R&D purpose.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the development of global logistic network, global sales network and global operations center in Europe, U.S., and Southeast Asia:

  - approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the development of global logistic network. As a part of our international expansion plan, we plan to establish one to two warehousing centers in each of the U.S., Europe and Southeast Asia, expand global logistic supplier network and implement a global logistics management system and recruit six warehousing management personnel to manage local inventory in each of the warehousing centers in the next five years. We believe the establishment of such a global logistic network and various warehousing centers in selected regions can significantly expedite the delivery of goods to overseas customers and increase our overseas sales;

– approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the development of global sales network in the U.S., Europe and Southeast Asia. We plan to recruit approximately 20 local sales personnel in five years with experience in sales and distribution of medical products and further develop these markets. The allocated [**REDACTED**] are expected to fund this team during this period and in case additional cash resources are required, we intend to supplement the funding with our internal resources;

– approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for the development of global operations center. We anticipate such a center to coordinate overseas sales, support, and operations, and we plan to carry out professional training for overseas sales network personnel, conduct various marketing and promotional activities, and enhance digital management of overseas customers and suppliers, among others, through this global operations center.

Our global expansion plan will be implemented in phases. In the initial phase, our key focus will be on Europe, Southeast Asia and India, while the U.S. and the Middle East will be considered in a later phase of expansion. In Europe, we plan to establish a subsidiary as early as 2026 to strengthen localized operations, enhance brand presence and achieve supply-chain synergy, thereby expanding business coverage in a steady manner. In Southeast Asia and India, we will focus on key countries such as Indonesia, Vietnam and Thailand, leveraging local consumption potential and favorable industrial policies to deepen market research, channel development and local partnerships. India is expected to serve as a new growth driver where we will progressively build our local sales and service capabilities to enhance regional synergy.

With respect to the U.S. market, given current uncertainties arising from the geopolitical and macroeconomic environment, we intend to adopt a "maintain and steady development" approach, continuing our existing business operations and collaborations without large-scale capital investment at this stage, so as to maintain prudent risk control and stable business performance.

Overall, we plan to spend the next one to two years conducting pilot programs and optimizing local business models in our key focus regions, namely Southeast Asia and Europe. After achieving a stable localized operational model, we intend to expand systematically into broader regions and, when appropriate, initiate business development in new markets such as the Middle East.

We believe our geographical expansion plan is feasible on the basis of that: (i) we have experience in establishing a manufacturing facility in Indonesia and operating a regional office in Singapore, providing a strong foundation for further expansion in Southeast Asia; (ii) we have developed initial customer relationships and market familiarity in Europe, laying the groundwork for establishing a European subsidiary in the near future; (iii) we have commenced preliminary market research and discussions with potential partners in India to support future growth; and (iv) our existing experience and understanding of Western markets will help us manage early-stage investment, reduce uncertainties and ensure a step-by-step, executable expansion path.

• approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for recruiting approximately 20 sales personnel during the next five years to further strengthen our sales in China to solidify our domestic market position. The allocated [**REDACTED**] are expected to fund this team during this period and in case additional cash resources are required, we intend to supplement the funding with our internal resources.

- approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for enhancing our level of digitalization in operation. For example, we plan to recruit ten information technology personnel and optimize the marketing management system by upgrading our existing ERP system to further enhance intelligent customer service, sales data analysis, automated reporting, customer business support, as well as online and offline meeting and training management functions.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], will be used for working capital and other general corporate purposes.

For our strategies to capture the growing market demand in China and overseas, see "Business — Our Strategies" for details.

The above allocation of the net [**REDACTED**] from the [**REDACTED**] will be adjusted on a pro rata basis in the event that the [**REDACTED**] is fixed at a higher or lower level compared to the mid-point of the indicative [**REDACTED**] range stated in this document.

If the [**REDACTED**] is exercised in full, the net [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] range). In the event that the [**REDACTED**] is exercised in full, we intent to apply the additional net [**REDACTED**] to the above purposes in the proportions stated above.

To the extent that the net [**REDACTED**] from the [**REDACTED**] are not immediately used for the purposes described above, they will be placed in short-term interest-bearing accounts at licensed commercial banks and/or other authorised financial institutions as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions.

We will issue an appropriate announcement if there is any material change to the above-proposed use of [**REDACTED**].