FUTURE PLANS

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

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**], after deducting the [**REDACTED**] and [**REDACTED**] and estimated expenses payable by us in connection with the [**REDACTED**], assuming the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range stated in this document) and assuming that the [**REDACTED**] is not exercised.

Assuming that the [**REDACTED**] is fixed at HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range), we intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes:

	Year ended December 31,				Approximate % of the total	Total
	2026	2027	2028	2029		
						(HK$ million)
Strengthening DTC capabilities in sales channels and bolstering the synergy between online and offline sales networks	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Enriching multi-brand matrix and increasing brand exposure	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
R&D and product development	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Strengthening digitalization capabilities in membership management, supply chain management and sales management	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Operation and upgrading of production facilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Expanding presence in overseas markets	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Working capital and general corporate purposes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be used to strengthen our DTC capabilities in our sales channels and bolster the synergy between online and offline sales networks, enabling direct engagement and interaction with consumers and improving the effectiveness of our sales and marketing activities. We believe such approach will elevate our brand image, increase brand portfolio visibility and reinforce market leadership for CHANDO and other brands. In particular, we plan to use approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] to upgrade approximately 100 existing offline retail sales points and establish approximately 20 to 30 new offline retail sales points and approximately ten to 20 new offline flagship stores in each of the following four years. At these offline retail sales points, we plan to refine counter displays, improve promotional materials, and install smart devices to connect to the Cloud Store System, which in turn enables more comprehensive and immediate collection of consumer purchasing data and feedback. By conducting in-depth analysis of such data, we aim to deepen our insights into consumer preferences and consumption trends, allowing us to tailor our product development and sales strategies accordingly. Additionally, we will use approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] to enhance our omni-channel DTC capabilities, including expanding live streaming team and e-commerce sales team, increasing the number of live streaming rooms, enhancing in-house live streaming operations and actively developing other emerging retail channels. See "Business — Our Strategies — Optimizing Our Sales Network with a Strategic Emphasis on DTC Capabilities."

The planned investment in strengthening DTC capabilities in sales channels and bolstering the synergy between online and offline sales networks is expected to initially increase our cost of sales and operating expenses. In the longer term, these efforts are anticipated to enhance sales efficiency and consumer engagement, which should drive revenue growth and improve overall profit margins over time. While the capital expenditure may temporarily impact short-term liquidity, we expect a positive long-term impact, resulting in a more resilient and agile cost structure and a reduced risk profile due to diversified sales channels and deeper consumer insights. See "Risk Factors — Risks Relating to Our Business and Industry — We may not be successful in implementing our expansion strategies."

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be used to enrich our multi-brand matrix and increase brand exposure. We will nurture and promote our new brands, solidifying brand image and forging stronger connections with consumers. Additionally, we also plan to invest in and acquire both domestic and international brands to further strengthen our overall competitiveness. In particular:

  (i) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be used to implement a variety of marketing initiatives to reach consumers more effectively. See "Risk Factors — Risks Relating to Our Business and Industry — Any failure to execute effective sales and marketing strategies or adjust such strategies according to market changes may materially and adversely affect our business, financial condition and results of operations."

  In particular, we will strengthen collaborations with KOLs to increase brand exposure and promote product sales. We plan to increase marketing efforts on mainstream domestic e-commerce platforms and social media platforms, to enhance brand awareness. We will also utilize various media channels such as film and television, as well as advertising placements, to extend our marketing influence. In terms of offline marketing activities, we plan to launch elevator media campaigns and strategically place outdoor advertisements in transportation hubs and commercial districts. Furthermore, we plan to organize offline marketing and brand events such as new product launches and brand activation days to further solidify our presence in the offline market; and

  (ii) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be used for incubation and acquisition of new brands, enriching our multi-brand matrix to provide consumers with more tailored products. We plan to use approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] to incubate brands focusing on various product categories such as oral care and herbal specialties. In addition, we will meticulously seek investment and acquisition opportunities and use approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] for international brands and domestic brands with strong influence that synergize and complement our existing brands, strategically expanding our brand matrix through acquisitions. See "Business — Our Strategies — Optimizing Our Brand and Product Portfolio to Create Long-lasting Value for Consumers."

Since our inception, we have primarily expanded through organic growth, which has enabled us to establish a solid foundation of operational expertise, brand management and consumer insight. Looking ahead, we intend to complement this strategy with selective acquisitions and incubation of differentiated brands that complement our existing portfolio. This approach will allow us to accelerate our expansion into new product categories and markets by leveraging established distribution channels, marketing capabilities and supply chain infrastructure. We will adopt a disciplined investment approach, focusing on brands with strong market influence and strategic fit, to ensure integration into our operational ecosystem. Through these initiatives, we aim to enrich our multi-brand matrix, offer consumers a broader and more tailored product selection, and create meaningful synergies through shared resources and cross-brand collaboration.

Specifically, our criteria for potential acquisition or investment targets will focus on brands that: (i) are differentiated from our existing products and brands; (ii) have undergone initial market validation, are well-received by consumers, and enjoy a strong reputation; and (iii) possess brand image and technology that align with future market trends, whether domestic or international. We will consider acquisition targets comprising both domestic and international brands with established coverage across online and offline channels, annual revenue exceeding RMB1 billion and net profit above RMB10 million for the most recent financial year, and achieving revenue growth faster than the industry average. According to Frost & Sullivan, as of the Latest Practicable Date, there were hundreds of such potential targets. As of the Latest Practicable Date, we had not identified any potential investment or acquisition target or entered into any agreements in respect thereof. See "Risk Factors — Risks Relating to Our Business and Industry — We may not be successful in implementing our expansion strategies."

We plan to integrate newly acquired brands into our existing operations through a structured and strategic approach. Following completion of an acquisition, we will implement a comprehensive integration plan designed to align core business functions, such as supply chain management, procurement and logistics, with our established systems. We will incorporate these brands into our marketing and sales channels, enabling cross-promotion and access to our extensive distribution network. In addition, we will promote knowledge and resource sharing across brands, including best practices in product development, quality control and customer service, to ensure consistent standards and operational efficiency. The integration process will also involve harmonizing digital and technological systems to enable data-driven decision-making and unified customer relationship management. By embedding new brands within our innovation ecosystem, we aim to foster collaboration, enhance our product offerings and strengthen overall operational capabilities.

The planned investment in marketing initiatives and brand acquisition is expected to increase our operating expenses in the short term, particularly in relation to advertising, promotional activities, and integration costs associated with new brands. Nevertheless, the expansion and diversification of our brand portfolio are anticipated to drive revenue growth and create opportunities for cross-selling and operational synergies. Over time, the integration of new brands and the leveraging of shared resources are anticipated to improve cost efficiency and enhance profit margins. Furthermore, the disciplined approach to acquisitions and focus on brands with strong market influence and strategic fit is expected to mitigate integration risks and support our long-term competitiveness. See "Risk Factors — Risks Relating to Our Business and Industry — Our acquisition activities and other strategic transactions may present managerial, integration, operational and financial risks, which may prevent us from realizing the full intended benefit of the acquisitions and other transactions we undertake."

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be invested in R&D and product development, enhancing our independent R&D capabilities and enabling us to continuously expand our product portfolio. We aim to improve the in-house R&D capabilities of core ingredients that address specific skin concerns for our products to reduce external procurement costs and expand the use of our self-developed ingredients to a wider range of products, thereby improving our product quality, expanding into more product offerings categories based on our strong R&D capabilities and solidifying our established position in the market. We will invest in skin science research to identify the underlying mechanisms, pathways and targets associated with various skin issues. We plan to enhance our capabilities in ingredient science by investigating and developing active ingredients that can effectively interact with these identified targets. We also will invest in product science to optimize formulation technology, ensuring that our self-developed core ingredients are effectively incorporated into a broader range of product formulations. This will allow us to expand our product portfolio across multiple categories, improve product performance and deliver high-quality products to consumers. See "Business — Our Strategies — Strengthening R&D and Production Capabilities to Offer High-Quality Products." See "Risk Factors — Risks Relating to Our Business and Industry — Our attempts in developing, launching and promoting new brands and products may not be successful." In particular:

  (i) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be used to enhance our fundamental research capabilities. We plan to deepen our insights on new technological trends, innovate product formula and packaging technologies, and develop and iterate signature products to strengthen our advantages in terms of product quality and efficacy. To support product development, we plan to upgrade our existing R&D center and laboratories and procure R&D consumables and advanced laboratory equipment. We also plan to enhance our R&D team by recruiting and training around 70 experienced R&D personnel in the following four years in the field of cosmetics, and foster cooperation with third-party institutions and overseas R&D teams, in order to support our ongoing product innovation, respond to evolving market trends, and strengthen our core competitiveness; and

(ii) Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be used for expanding our product portfolio under our existing brands. We will continue to enrich and expand our product offerings in categories such as skincare, color cosmetics and personal care.

The planned investment in R&D and product development will initially increase our research and development expenses, particularly in relation to R&D personnel, R&D center and laboratory upgrades and procurement of advanced equipment. However, by enhancing in-house R&D capabilities and reducing reliance on external procurement of core ingredients, we anticipate optimizing our cost structure and improving gross margins. Enhanced R&D capabilities will also enable us to accelerate product innovation, expand our product portfolio and improve product quality, which is expected to support revenue growth and strengthen our competitive position.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be used to strengthen our digitalization capabilities in membership management, supply chain management and sales management. We will procure and upgrade a variety of hardware and software, including smart devices, servers, storage systems and various operational and analytical systems. Specifically, we will (i) upgrade the CMMS to enhance the digitalization of inventory data and the efficiency of sales and delivery management; (ii) upgrade our Cloud Store System to support its expanded operational scale; (iii) promote the integration of SAP system, data platform, and the CMMS to improve data transmission efficiency; and (iv) upgrade business intelligence analysis and visualization capabilities, underpinned by data analysis technology to boost digital operational efficiency. Furthermore, we will invest in the nurturing of our IT and operation teams by recruiting around 20 specialists in the following four years to strengthen data analysis capabilities and optimize membership system to improve consumer experience and enhance consumer retention. See "Business — Our Strategies — Enhancing Digitalization Capabilities to Improve Operational Efficiency."

  The investment in digitalization capabilities is expected to enhanced data analysis and integration of business systems, which will support better decision-making and inventory management, thereby streamlining operations, reducing operational risks and optimizing supply chain management. Furthermore, improved inventory visibility and faster order fulfillment are expected to shorten the cash conversion cycle and support more stable cash flows.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be used for the operation and upgrading of our production facilities to enhance our in-house production capabilities and further improve the consistency and controllability of product quality. We plan to upgrade our existing production base in Shanghai to enhance production efficiency, such as installing advanced automated production lines and purchasing supporting equipment, etc. The planned investment in upgrading our production facilities is expected to initially increase capital expenditure and related operating costs. These upgrades will lead to improved production efficiency, greater product quality consistency and enhanced cost control over time, thereby supporting higher profit margins.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**] million, of the net [**REDACTED**] will be used to expand our presence in overseas markets, establish international brand recognition and increase our penetration rate in overseas markets. We plan to further develop our business in key overseas markets such as North America and Southeast Asia, especially Vietnam and Indonesia, in a flexible and diverse manner, including but not limited to recruiting around 15 to 20 personnel to establish our overseas business division, collaborating with local retailers and distributors to market our brands and products, and partnering with local supply chain enterprises for product production, aiming to establish a presence on online and offline channels in local markets. We have conducted feasibility analysis regarding the expansion of overseas markets and have identified Southeast Asia as a key development region. According to Frost & Sullivan, the Southeast Asian cosmetics market is expected to reach US$100 billion by 2029, making it an important growth driver for the global cosmetics industry. According to Frost & Sullivan, young consumers in Southeast Asia are increasingly focused on ingredient transparency and product efficacy when selecting cosmetics products. This trend aligns closely with the long-standing R&D philosophy of our brand, presenting us with clear opportunities for localized development. As China's third-largest domestic cosmetics group by retail sales in 2024, we have established a strong brand and product foundation, and have already made initial inroads into certain Southeast Asian markets, accumulating valuable local operational experience and a consumer base. Looking ahead, we will continue to leverage our R&D strengths to address the local market's refined demands for ingredients and efficacy, and will further deepen our strategic presence in this high-potential market. See "Business — Our Strategies — Penetrating Domestic Market and Establishing Global Influence."

Diversifying into multiple overseas markets will also reduce reliance on the domestic market, thereby enhancing our risk profile and providing greater resilience against regional market fluctuations. While this may place short-term pressure on our cost structure and cash flow due to market entry expenses and working capital requirements, successful international expansion is expected to drive our long-term revenue growth.

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

If the [**REDACTED**] is set at the high-end of the [**REDACTED**] range or the low-end of the [**REDACTED**] range, the net [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**] million and HK$[**REDACTED**] million, respectively. To the extent that our net [**REDACTED**] from the [**REDACTED**] are either more or less than expected, we will increase or decrease the intended use of our net [**REDACTED**] for the above purposes on a pro rata basis.

If the [**REDACTED**] is fully exercised, our Company will receive additional net [**REDACTED**] of approximately HK$[**REDACTED**] million for [**REDACTED**] Shares to be allotted and issued upon the full exercise of the [**REDACTED**] based on the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the [**REDACTED**] range, and after deducting the [**REDACTED**] fees and [**REDACTED**] payable by our Company. The additional amount raised will be applied to the above areas of use of [**REDACTED**] on a pro-rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net [**REDACTED**] from the [**REDACTED**].

To the extent that the net [**REDACTED**] of the [**REDACTED**] are not immediately used for the purposes described above, we will only deposit the unused net [**REDACTED**] into short-term interest bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).