FUTURE PLANS AND PROSPECTS

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

[REDACTED]

We estimate that we will receive [**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, and the [**REDACTED**] is not exercised. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the high end of the indicative [**REDACTED**] range, the [**REDACTED**] from the [**REDACTED**] will increase by approximately HK$[**REDACTED**]. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the low end of the indicative [**REDACTED**] range, the [**REDACTED**] from the [**REDACTED**] will decrease by approximately HK$[**REDACTED**].

Assuming an [**REDACTED**] at the mid-point of the indicative [**REDACTED**] range, we currently intend to apply these [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used for the advancement of our technological R&D system.

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used for the research and development of professional outdoor fabrics, advanced materials, and manufacturing processes. In particular, we plan to focus on the development of professional outdoor functional materials, aiming to develop new fabrics that are lightweight, waterproof, breathable, and environmentally sustainable. Meanwhile, we intend to optimize down-filling processes and garment design to enhance product durability and comfort in extreme environments, thereby further strengthening our technological barriers. We plan to use the [**REDACTED**] for (i) procuring advanced materials, conducting market research, and collaborating with third-party institutions for further R&D; and (ii) recruiting approximately 11 R&D personnel within the next five years, with annual budget of roughly HK$[**REDACTED**].

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to establish overseas research and development centers. We plan to establish one R&D center in each of the leading fashion and technology hubs of Paris and London. We plan to lease these R&D centers and equip them with advanced innovation machinery and testing equipment. This infrastructure will support product development and ensure rigorous quality evaluation aligned with industry standards. These centers are designed to attract top international design teams and materials science experts, track global professional outdoor industry technology trends, accelerate the utilization of new technologies, and promote product internationalization and differentiation. We plan to use the [**REDACTED**] for (i) leasing overseas research centers, as well as purchasing relevant equipment, including (a) sewing and down-filling equipment with a typical useful life of eight to ten years; (b) specialized equipment for professional outdoor apparel with a typical useful life of eight to ten years; and (c) office equipment with a typical useful life of four to five years; and (ii) recruiting approximately 14 local staff within the next five years, with annual budget of roughly HK$[**REDACTED**].

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to upgrade our innovation laboratories and strengthen the integration of industry education. We plan to upgrade two of our digital R&D laboratories, namely the R&D lab in our TANBOER Technology Park and the Extreme Cold Technology Laboratory (極寒實驗室), by equipping them with advanced testing instruments and simulation systems. In addition, we intend to strengthen industry-academia-research collaborations with universities to build cooperative research platforms jointly. We plan to use the [**REDACTED**] for (i) procuring R&D equipment for our laboratories, primarily including climate simulation chambers, thermal-wet comfort test mannequins, and fully automatic laser cutting and marking machines, as well as the AI-assisted material design and performance prediction platform, each typically with a useful life of eight to ten years; and (ii) recruiting approximately 15 R&D talents within the next five years, with annual budget of roughly HK$[**REDACTED**].

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used for brand building and multichannel network enhancement.

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used for comprehensive brand building activities. We intend to establish a strong professional outdoor brand identity and actively engage with the outdoor enthusiast community by collaborating with international brand ambassadors, partnering with leading outdoor sports events and premier ski resorts, strengthening our ESG measures and enhancing our digital marketing capabilities. We plan to use the [**REDACTED**] for (i) placing banner advertisements on e-commerce platforms and establishing communities on social-commerce platforms; (ii) collaborating with brand ambassadors, impactful KOLs and sports teams; and (iii) sponsoring outdoor sports events and ski resorts.

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to refine and optimize multichannel sales network operations, including establishing more self-operated offline stores and in-store live streaming spaces. We plan to further expand our self-operated offline stores network across key provinces and municipalities in the Chinese mainland over the next five years, with a focus on regions that exhibit strong consumer affinity for outdoor and active lifestyles, sizable urban populations and solid purchasing power. In particular, we have identified Jiangsu Province, Shandong Province and Hebei Province, along with other economically developed and densely populated regions such as Heilongjiang, Liaoning, Zhejiang, Guangdong and Beijing, as priority markets. These regions benefit from well-established urban clusters with a growing base of consumers who increasingly incorporate outdoor and functional apparel into their daily lives. We also adopt a tiered city and district-level expansion strategy to support geographic diversification. More importantly, our expansion extends beyond existing stronghold regions into new provinces and cities with favorable demographic trends and increasing outdoor lifestyle adoption, allowing us to capture untapped demand and reduce concentration risk. This approach enables us to broaden our national footprint while maintaining balanced growth across regions. We believe such characteristics support both high store productivity and sustained demand for our professional outdoor apparel products.

    According to CIC, driven by increasing consumer participation in outdoor activities and the continuous expansion of outdoor use cases, market demand for professional outdoor apparel is expected to grow steadily. As professional outdoor apparel typically involves functional design and technical fabrics, consumers tend to place greater emphasis on offline fitting and in-store experience, which underscores the importance of continuously expanding our offline retail network. Meanwhile, compared with certain major industry participants, the number of our self-operated offline stores remains relatively low. In addition, our best-selling products are mainly concentrated in the core price range of RMB599 to RMB1,299, which addresses a broad and sizeable consumer base. Consumers in this segment value product quality and durability while remaining value-conscious, and typically place greater emphasis on the accessibility of retail touchpoints, the in-store fitting experience and purchase convenience. Accordingly, the continued expansion and optimization of our offline retail network will help improve conversion, strengthen purchasing confidence and drive repeat purchases.

Our expansion strategy is further supported by the clear validation of our online sales momentum and the complementary relationship between our online reach and offline coverage. With strengthening brand recognition, our online channels have delivered meaningful and sustained sales contributions across an expanding set of high-potential regions. For instance, in 2025, our online sales in a number of provinces and municipalities where our offline footprint remains relatively limited, including Jiangsu, Sichuan, Hebei, Hubei and Zhejiang, contributed a considerable portion of our online sales revenue. This indicates that we have already established a degree of consumer awareness and demand in these markets through online operations, while physical touchpoints remain underrepresented. We therefore plan to accelerate the rollout of additional self-operated offline stores in such markets to complement our online channels and enhance overall penetration by providing in-store product trial and fitting, improved customer service and after-sales support, and more effective membership acquisition and engagement. Leveraging the brand equity, product reputation and consumer base accumulated online, we expect coordinated online-to-offline operations to improve traffic conversion, strengthen consumer experience and ultimately enhance loyalty and repeat purchases.

We plan to expand and optimize our offline store network through a series of initiatives, and, in line with our ongoing product mix upgrade, implement a more targeted store rollout and site selection strategy by price segment. In particular, we intend to prioritize the placement of product lines in the upper end of our core price range in premium retail properties and higher-tier channels, so as to better reach our core customer base and support our brand strategy. This will also enable us to further deepen market penetration in provinces where we already have an established presence, such as Shandong and Henan. We will also strengthen cooperation with major nationwide retail chains to secure quality locations more efficiently and accelerate our nationwide expansion. Meanwhile, we plan to gradually increase the rollout of vertical store formats (such as kidswear, womenswear and professional outdoor sports stores) to more precisely serve different customer segments and use cases. By pursuing expansion alongside portfolio optimization, we aim to continuously refine our store mix and geographic footprint, thereby improving customer reach and overall operational quality.

Our expansion strategy also reflects a balanced approach between deepening penetration in existing markets and selectively entering new markets with favorable demographic and consumption profiles. In implementing this strategy, we intend to enhance our brand presence through a combination of experiential stores, which serve to strengthen brand image and consumer engagement, and regular stores, which facilitate broader market coverage and sales conversion. We plan to open approximately 40 experiential stores and approximately 450 regular stores in the next five years. Such expansion will encompass not only the establishment of new self-operated offline stores but also the relocation, upgrading and replacement of certain existing stores. A number of our current self-operated offline stores were opened in the early stages of our development and may no longer fully align with our latest brand positioning in terms of store image, size, location or the maturity and positioning of the surrounding commercial districts.

For example, in provinces such as Shandong and Henan, where we expanded our offline network during the early stage of our development, certain store locations and formats reflect our earlier expansion strategy and may require further optimization to better align with our current brand positioning and operational standards. In addition, the professional outdoor apparel industry is subject to customary store lifecycle dynamics, including lease expirations, rental adjustments and shopping mall renovations or repositioning. Accordingly, our self-operated offline store development plan provides for the relocation and upgrading of selected existing stores, the closure and replacement of underperforming locations and the reallocation of store resources to more attractive commercial areas. Through these initiatives, we seek to continuously optimize our store portfolio and site quality, enhance store productivity and brand presentation, and ensure that our offline network remains aligned with our long-term strategic positioning while effectively supporting sustainable revenue growth. For details, please see "Business — Our Growth Strategies — Enhancing precision-driven brand building combined with optimized multichannel sales strategies." The following table sets forth the number of self-operated offline stores we expect to be established within next five years by province and city-tier.

Province/City-tier	Experiential stores	Regular stores	Total new self-operated offline stores to be established in the next five years*
By Province:			
Jiangsu Province	4	75	79
Shandong Province	2	43	45
Hebei Province	–	37	37
Heilongjiang Province	4	30	34
Liaoning Province	4	29	33
Anhui Province	1	22	23
Henan Province	1	21	22
Zhejiang Province	1	21	22
Beijing Municipality	3	15	18
Hubei Province	2	14	16
Hunan Province	2	14	16
Shanxi Province	1	13	14
Shaanxi Province	2	12	14
Jilin Province	2	10	12
Sichuan Province	2	10	12
Guangdong Province	2	10	12
Shanghai Municipality	1	8	9
Yunnan Province	1	8	9
Inner Mongolia Autonomous Region	1	8	9
Gansu Province	–	9	9
Jiangxi Province	1	7	8
Guizhou Province	1	7	8
Chongqing Municipality	–	8	8
Tianjin Municipality	1	6	7
Ningxia Hui Autonomous Region	–	5	5
Hainan Province	–	3	3
	39	**445**	**484**

Province/City-tier	Experiential stores	Regular stores	Total new self-operated offline stores to be established in the next five years*
By City-tier:			
First tier and new first tier cities	21	157	178
Second tier and new second tier cities	14	136	150
Third tier cities	1	112	113
Fourth and fifth tier cities**	3	40	43
	39	**445**	**484**

* The number and locations of stores are for illustrative purpose, subject to any adjustments we may make due to changes in market conditions, execution or other uncertainties.

** These cities include Dongying, Daqing, Qinhuangdao, Jinzhou, Datong, Hengshui, Qiqihar, Kaifeng, Panjin, Mudanjiang and Jiamusi.

The capital expenditure associated with the establishment of our new self-operated offline stores will primarily comprise renovation costs amounting to approximately HK$[**REDACTED**]. For details, please see "— Capital Expenditure." With respect to ongoing operating expenses of our self-operated offline stores, including rental and staff costs, are expected to be financed through a combination of external funding sources, such as bank borrowings, and internally generated cash flows from operating activities. We believe that our existing liquidity position and expected cash inflows will be sufficient to support the planned store establishment and related expenditures.

We believe our planned expansion of the offline retail network is commercially justified and strategically disciplined, taking into account potential risks of cannibalization, market saturation and store-level performance dilution. In particular, we have incorporated a structured anti-cannibalization framework into our site selection and rollout planning. We conduct detailed pre-opening assessments based on factors such as existing store coverage, trade area overlap, consumer catchment analysis and sales productivity benchmarks to ensure that new store openings are appropriately spaced and targeted at incremental demand. For mature markets where we already have a presence, we prioritize micro-location optimization and differentiated store formats, such as introducing experiential stores in high-traffic commercial districts while deploying regular stores in densely populated residential or emerging urban areas, thereby minimizing direct overlap in customer segments. As confirmed by CIC, the addressable market for professional outdoor apparel products in the geographical regions we expect to expand in is sufficiently large and demand fundamentals remain supportive, which reasonably supports our store network expansion plan. From an operational perspective, we continuously monitor store performance through standardized metrics, including same-store sales growth and payback periods. These metrics inform our dynamic network optimization, including pacing of new store openings and selective relocation or upgrade of underperforming stores. Such data-driven management supports sustainable network expansion while mitigating the risk of cannibalization.

We believe our expansion plan is aligned with market demand, operational capacity and long-term brand positioning, and will enable us to enhance overall network productivity while maintaining healthy store-level economics.

We also plan to establish in-store live streaming spaces, which enables online consumers to have an immersive shopping experience and engage with our products.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to establish a membership system and a consumer experience platform to increase consumer loyalty and retention. We plan to establish a precise tiered membership system that integrates online and offline consumer data to offer personalized product recommendations and exclusive benefits. Our membership upgrade strategy focuses on three main areas: building a digital experience platform, enhancing value-added member benefits, and enriching member experience activities. The digital experience platform aims to optimize consumer experience and operational efficiency by connecting consumer and retail staff touchpoints, precisely capturing consumer purchasing data, empowering retail staff with AI-based recommendations and streamlining live streaming operations to boost private domain traffic conversion. The value-added benefits will be upgraded from the existing framework through digital services, diversified benefits, and experiential scenarios, including digitalized repair services with one-click appointment booking and real-time status tracking; expanded categories of points redemption options, and exclusive annual member events to strengthen member identity. Membership operations will cover the full lifecycle and multiple key scenarios, with a dedicated focus on high-tier members through an enriched points program and diverse re-engagement tactics to increase engagement and loyalty, build differentiated member experiences, and ultimately drive overall member value growth.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to reinforce sustainable supply chain management:

  - Approximately [**REDACTED**]%, HK$[**REDACTED**], is expected to be used to establish a global supply chain base at our headquarters, Qingzhou, Shandong province. We will continuously develop the digitalized industrial base integrating research and development, production, and logistics. Our proposed global supply chain industrial base will integrate research and development, production, warehousing, logistics and office functions. At the infrastructure level, the base will feature full-coverage 5G networks, IoT sensors and RFID tags at key production and warehousing nodes to enable end-to-end traceability. At the application level, we plan to deploy integrated digital systems for property management (including energy monitoring, smart security and building automation), multi-channel sales operations (including order management, POS, CRM and intelligent inventory replenishment) and production and supply chain coordination (including MES, WMS, SRM and TMS), achieving full data connectivity from order intake through to distribution. By consolidating upstream and downstream resources, introducing green manufacturing processes and clean energy, we aim to achieve a full-process low-carbon and transparent supply chain visualization platform from raw material procurement to finished product delivery. We plan to use the [**REDACTED**] for (i) constructing the digitalized industrial base and procuring related equipment, primarily including storage equipment, handling equipment, and packaging equipment, each typically with a useful life of eight to ten years; and (ii) recruiting approximately 44 professional staff specializing in supply chain management within the next five years, with annual budget of roughly HK$[**REDACTED**].

  - Approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to strengthen our inventory management capabilities. We plan to strategically build our own warehouses by leveraging accumulated sales data and considering factors such as the geographic reach and logistics capabilities. Meanwhile, we intend to lease warehouses in major cities based on consumer demand as a supplement to our self-owned warehouses. The following table sets forth the number and location of leased warehouses to be established:

Location (i.e., Potential City)[1]	Number of warehouse(s)
Southern China (i.e., Guangzhou, Shenzhen or Foshan)	1
Northwest China (i.e., Xi'an)	1
Northeast China (i.e., Shenyang or Changchun)	1
Eastern China[2] (i.e., Hangzhou or Xia'men)	1-2

Notes:

(1) As of the Latest Practicable Date, the specific cities and exact locations for the proposed warehouses have not been finalized. The locations set out above are indicative only and represent our currentpreliminary plan based on our present assessment. The ultimate selection of cities and sites will be subject to further evaluation and may be adjusted in light of, among other factors, prevailing market conditions,customer demand, logistics and transportation infrastructure, cost efficiency and other commercial considerations.

(2) As of the Latest Practicable Date, the establishment of these warehouses are pending. The number of such warehouses will depend on, among other things, prevailing business density, market conditions and operational requirements in the relevant regions.

We believe that expanding our warehouse matrix by establishing regional distribution centers in key sales markets will reduce transportation costs and transition time, enhance overall inventory turnover efficiency, and optimize the consumer experience. In addition, in light of our ongoing efforts to diversify our product portfolio and robust revenue growth, we plan to expand our warehousing network before our existing warehouses reach capacity, as the construction or leasing of new warehouses requires lead time. Notwithstanding that we operated nine leased warehouses in China as of the Latest Practicable Date, we consider it necessary to build and lease additional warehouses for the following reasons: (i) our revenue grew significantly during the Track Record Period, and the utilization rate of our existing warehouses reached approximately 90% of its full capacity during the peak season, leaving limited spare capacity to support further growth; (ii) all of our existing warehouses are leased from third-party logistics parks and are subject to limitations in terms of long-term cost efficiency, customized digitalization and operational stability that are increasingly incompatible with our strategic requirements; and (iii) our existing warehouse network has coverage gaps in the South China, Northwest and Northeast regions, which necessitates a hybrid warehousing strategy comprising self-built primary warehouses supplemented by flexible regional leased facilities. We plan to primarily use the [**REDACTED**] for (i) building self-owned warehouses — one in Suzhou, Jiangsu Province, and one in Zhengzhou, Henan Province — as our primary warehouses in southern and northern Chinese Mainland, while also leasing warehouses in major regions to supplement on-demand capacity; and (ii) recruiting approximately 57 employees within the next five years, with annual budget of roughly HK$[**REDACTED**].

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used for strategic mergers and acquisitions and expanding our brand portfolio.

    - Approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used for strategic merger and acquisition. We plan to acquire or invest in domestic and overseas (i.e., Europe, North America, Japan and Korea) brands that strategically specialize in outdoor apparel to quickly enter emerging markets, expand the product portfolio, and create brand synergy. Our target brands typically possess well-established market recognition and specialized expertise in outdoor performance wear. We generally expect our acquisition targets to have annual revenue of no less than RMB50 million and an operating history of no fewer than 10 years, and to possess a satisfactory track record of operations and sound internal control mechanisms. Following an acquisition, we intend to integrate the acquired brands into our existing sales channels and deploy focused marketing initiatives to strengthen brand alignment and maximize market penetration. We intend to retain the independent brand identity and market positioning of each acquired brand and to sell such brands under their own names. We will establish a dedicated retail section for the newly acquired brand, separate from our TANBOER brand, so as to avoid consumer confusion and preserve the distinct equity of each brand. Whether we pursue a controlling or minority shareholding will depend on the particular circumstances of each target. For details, please see "Business — Our Strategies." As of the Latest Practicable Date, we do not have a identified acquisition targets. According to CIC, there were hundreds of suitable targets currently, based on initial identification through desk research and public searches to filter players meeting the target selection criteria, followed by expert interviews and data from our database to locate those targets that met the acquisition standards. For risks relating to our future acquisition, please see "Risk Factors — Risks Relating to Our Business and Industry — Investment in new business strategies, acquisitions and other forms of business integration could disrupt our ongoing business and present risks not originally contemplated, and we may be unable to realize the anticipated benefits, synergies, cost savings or efficiencies from acquisitions" and "— We are subject to valuation risks associated with potential acquisitions and investments."

    - Approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used to establish our own brand portfolio. We aim to establish a portfolio of brands covering multiple market segments through product line extensions and a tiered brand management strategy. This approach is intended to further refine the product offering and market positioning of each brand, cater to the diverse preferences of different consumer groups, and enhance our overall brand competitiveness and market penetration across market segments. We plan to use the [**REDACTED**] for (i) covering content production and marketing operation expenses related to brand portfolio development; and (ii) paying for systems and labor costs associated with building the brand portfolio.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], is expected to be used for working capital and general corporate purpose.

According to our International Sanctions Counsel, having considered the recent developments in trade restriction and tariff-related policies, as well as potential sanctions risks, and based on the current scope of our planned overseas activities and target markets, we are not subject to any trade restrictions, tariff measures, or sanctions that would materially impede the implementation of our current overseas acquisition strategy or the establishment and operation of the overseas R&D centers as presently contemplated. In addition, our PRC Legal Advisors have confirmed that there are currently no restrictions under PRC laws that would materially affect these plans, subject to we will duly complying with all necessary approval or filing procedures for domestic enterprises conducting overseas investments as required by applicable laws.

CAPITAL EXPENDITURE

The table below sets forth a breakdown of our planned capital expenditure for the intended use of the [**REDACTED**] from [**REDACTED**] based on our current estimates, which are subject to change in light of our actual business needs and prevailing market conditions at the relevant time.

	Planned Capital Expenditure
	(HK$ in million)
Advancement of our technological R&D system	[**REDACTED**]
Brand building and multichannel network enhancement	[**REDACTED**]
Supply chain management	[**REDACTED**]
Strategic mergers and acquisitions and expanding our brand portfolio	[**REDACTED**]
Working capital and general corporate purpose	[**REDACTED**]
Total	[**REDACTED**]

The total capital expenditure is expected to be approximately HK$[**REDACTED**]. The majority of the total capital expenditure is expected to be financed by the [**REDACTED**] from [**REDACTED**]. To the extent that the [**REDACTED**] are insufficient to meet our funding requirements, the remaining balance is expected to be financed through a combination of external funding sources, such as bank borrowings, and internally generated cash flows from operating activities.

IMPLEMENTATION TIMELINE

The table below sets out the expected implementation timetable for the planned [**REDACTED**]:

	FY2026	FY2027	FY2028 onwards	Total
		(HK$ in million)		
The advancement of our technological R&D system	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Brand building and multichannel network enhancement	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Reinforce sustainable supply chain management	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Strategic mergers and acquisitions and expanding our brand portfolio	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Working capital and general corporate purpose	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

The above allocation of the [**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.

To the extent that the [**REDACTED**] from the [**REDACTED**] (including the [**REDACTED**] from the exercise of 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.

To the extent that the [**REDACTED**] from the [**REDACTED**] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will be placed in short-term interest-bearing amounts at licensed commercial banks and/or other authorized financial institutions as defined under the Securities and Future 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 [**REDACTED**].