
FUTURE PLANS AND [REDACTED]

FUTURE PLANS AND PROSPECTS

See “Business — Our 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 H Share, being the mid-point of the indicative [REDACTED] range stated in this document. If the [REDACTED] is set at HK\$[REDACTED] per H 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 H 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], will be used to expand our production capacity of TCM decoction-ready products and enhancing our production system with digital and intelligent capabilities. We expect that the expansion will commence in late 2025 be completed by the end of 2027;
- approximately [REDACTED]%, or HK\$[REDACTED], will be used for the construction of a new digitalized and automated production line and the digitalization and automation upgrades of existing product lines for non-toxic TCM decoction-ready product, among which approximately HK\$[REDACTED] will be used for the construction of a new digitalized and automated production line and approximately HK\$[REDACTED] will used for the digitalization and automation upgrades of existing product lines. The new manufacturing facility will have a GFA of approximately 5,000 sq. m.;
- approximately [REDACTED]%, or HK\$[REDACTED], will be used for the construction of a new digitalized and automated production line and the digitalization and automation upgrades of existing product lines for toxic TCM decoction-ready products, among which approximately HK\$[REDACTED] will be used for the construction of a new digitalized and automated production line for toxic TCM decoction-ready products and approximately HK\$[REDACTED] will used for the digitalization and automation upgrades of existing product lines. The new manufacturing facility will have a GFA of approximately 8,000 sq.m.;
- approximately [REDACTED]%, or HK\$[REDACTED], will be used to enhance our storage facilities, including low-temperature storage, dynamic atmosphere control and intelligent monitoring facilities for our raw materials and finished product warehouses, which are expected to extend the shelf life of our raw materials and products, enhancing our procurement flexibility while effectively mitigating risks associated with raw material price volatility;

Upon the completion of these new production lines, we expect that our production capacity will increase by approximately 6,000 tonnes (including 2,000 tonnes for toxic TCM decoction-ready products and 4,000 for non-toxic TCM decoction ready products), reaching over 16,000 tonnes in total;

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- approximately [REDACTED]%, or HK\$[REDACTED], will be used for our sales and marketing activities, which are expected to commence in late 2025 and be completed by the end of 2027;
 - approximately [REDACTED]%, or HK\$[REDACTED], will be used to enhance our brand awareness through increasing advertising efforts, including building our connections with national-level media;
 - approximately [REDACTED]%, or HK\$[REDACTED], will be used to strengthen our sales team by recruiting approximately 80 to 100 sales personnel to expand market penetration and sales coverage across China;
 - approximately [REDACTED]%, or HK\$[REDACTED], will be used to establish three flagship TCM product stores in Beijing, Hangzhou and Chengdu China, aiming to provide customers with offline and onsite interactions with our business, thus enhancing acknowledgment with our brand; and
 - approximately [REDACTED]%, or HK\$[REDACTED], will be used for tailored sales marketing strategies for our to-C business to support the continuous expansion of our to-C business;
- approximately [REDACTED]%, or HK\$[REDACTED], will be used for our to-C business from 2025 to 2027, including (i) [REDACTED]%, or HK\$[REDACTED] for the R&D of herbal health supplement products tailored for individual customers; and (ii) [REDACTED]%, or HK\$[REDACTED] to establish our to-C operating team;
- approximately [REDACTED]%, or HK\$[REDACTED], for building our overseas sales channels in Vietnam and Malaysia by the end of 2027. According to Frost & Sullivan, TCM has established strong market presence in both Malaysia and Vietnam, driven by substantial ethnic Chinese populations and deep cultural integration spanning centuries. Malaysia’s Chinese community, representing over 20% of the population, maintains TCM as primary healthcare rather than alternative medicine, with families routinely combining Western and traditional treatments for chronic conditions and wellness maintenance. Vietnam presents an even more complex integration, where TCM principles have merged with local Vietnamese traditional medicine (Thuộc Nam) through geographic proximity and cultural exchange, creating acceptance that extends beyond the ethnic Chinese Hoa minority to the broader Vietnamese population. Both countries have developed regulatory frameworks to accommodate this demand, with Malaysia serving as a regional TCM distribution hub and Vietnam’s growing middle class increasingly seeking quality traditional medicine products;

We have already commenced exportation of our TCM decoction-ready products to Vietnam market in July 2025, following the obtaining of GMP certification in April 2025 from the Department of Traditional Medicine Administration under Vietnam’s Ministry of Health;

- approximately [REDACTED]%, or HK\$[REDACTED], will be used for strategic investments and potential acquisitions, with a focus on upstream TCM supply chain. For example, we may make strategic investment in or prepayment to upstream TCM raw material companies to secure stable supply of raw materials. We will primarily target upstream TCM raw material suppliers in China with demonstrated capabilities to produce consistent, pharmaceutical-grade raw materials at scale, specifically requiring an annual production capacity of at least 200 tonnes per category to meet our operational demands. Our sourcing strategy focuses on establishing partnerships with manufacturers who maintain rigorous quality control systems, such as the GAP. According to Frost & Sullivan, there are a large number of companies that meet this criteria, especially

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considering that the current China’s TCM raw material market is very fragmented. As of the Latest Practicable Date, we had not identified any specific acquisition targets and therefore was not involved in any related negotiations; and

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

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.

If the [REDACTED] is exercised in full, the [REDACTED] that we will receive will be approximately HK\$[REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per H 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 [REDACTED] to the above purposes in the proportions stated above.

If the [REDACTED] of the [REDACTED] are not immediately used for the purposes described above, to the extent permitted by the relevant laws and regulations, we will only deposit the unused [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 and other relevant laws and regulations in other jurisdictions. We will comply with all disclosure requirements under the Listing Rules if there is any change to the above proposed [REDACTED]. We will issue an appropriate announcement if there is any material change to the above proposed [REDACTED].