FUTURE PLANS

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

USE OF [REDACTED]

Assuming the **[REDACTED]** is not exercised, after deducting the **[REDACTED]** commissions and other estimated **[REDACTED]** expenses payable by us in connection with the **[REDACTED]**, and assuming an **[REDACTED]** of **[REDACTED]** per Share (being the mid-point of the **[REDACTED]**), we estimate that we will receive net **[REDACTED]** of approximately **[REDACTED]** from the **[REDACTED]**. We intend to use the net **[REDACTED]** from the **[REDACTED]** for the following purposes:

- Approximately **[REDACTED]** of the net **[REDACTED]**, or approximately **[REDACTED]**, is expected to be used to expand our cooperation with pharmaceutical companies, enhance our operation capabilities and service offerings, among which

  (i) approximately **[REDACTED]** of the net **[REDACTED]**, or approximately **[REDACTED]**, is expected to be used to expand and deepen our cooperation with upstream pharmaceutical companies, thereby enabling us to maintain an expanding portfolio of marketed pharmaceutical products for diverse profitability and deepen our collaborative marketing and sales efforts, particularly in the following aspects:

  (1) approximately **[REDACTED]** of the net **[REDACTED]**, or approximately **[REDACTED]**, is expected to be used to increase the number of upstream pharmaceutical companies we cooperate with. In 2023, 2024 and 2025, we procured pharmaceutical products from 68, 236 and 339 upstream pharmaceutical companies, respectively. We expect to increase such number of upstream pharmaceutical companies to approximately 480 in three years and further to approximately 620 in five years. Strategically, we will cooperate with pharmaceutical companies to secure long-term exclusive sales rights for products with sustainable high-profit potential. Our directors confirm a substantial pool of target pharmaceutical companies for us to initiate and deepen collaboration with.

  Our qualitative and quantitative criteria in selecting upstream pharmaceutical companies and products include (a) whether their product portfolios align with our strategic expansion considerations and possesses; (b) for products with exclusive nationwide sales rights, annual sales exceeding RMB30 million, gross profit margin greater than 30.0%, and inventory turnover days fewer than 90; and (c) for products with exclusive sales rights in specified market segments or distribution channels such as e-commerce platforms and direct supply to chain stores, annual sales exceeding RMB20 million, supply-chain gross margin greater than 4.0%, service fee rate greater than 15.0%, and inventory turnover days fewer than 30. We expect to conduct solid market research during the course of the selection process to assess potential collaboration pharmaceutical companies against these criteria.

In order to expand our network of collaboration with upstream pharmaceutical companies:

(a) approximately **[REDACTED]** of the net **[REDACTED]** or approximately **[REDACTED]** is expected to be used for securing nationwide exclusive sales rights for certain out-of-hospital products; and

(b) approximately **[REDACTED]** of the net **[REDACTED]** or approximately **[REDACTED]** is expected to be used for securing exclusive sales rights for out-of-hospital products in specified markets or distribution channels.

Specifically, in consideration of favorable market developments and our operational readiness to accommodate new products, we plan to cooperate with pharmaceutical companies with the following product portfolios:

Traditional Chinese Medicines:

TCMs represent a key sector receiving strong government support as part of China's national healthcare strategy. With growing diversification in health needs, TCMs demonstrate significant potential in wellness and rehabilitation applications. The government actively encourages healthcare professionals to leverage digital platforms for health education, and TCMs generally enjoy higher consumer acceptance compared to Western pharmaceuticals. Examples of TCM products include Sanqi Tongshu (三七通舒), Xuesaitong (血塞通), Erchen Wan (二陳丸), Xiaomi Shuan (消糜栓), Huli San (虎力散), Compound Longxuejie (複方龍血竭), Xiaojin Wan (小金丸) and Maixuekang (脈血康). Notably, TCM formulas benefit from regulatory protection that prevents competing generic versions from entering the market, creating favorable conditions for long-term commercial partnerships.

From a long-term perspective, consumer-focused content marketing and comprehensive market coverage have emerged as critical pathways for commercializing TCM products. However, many of the pharmaceutical companies manufacturing TCM products are small and medium-sized companies lacking the necessary e-commerce capabilities and nationwide distribution networks. Our integrated out-of-hospital supply chain infrastructure and digital consumer engagement platform uniquely position us to connect these manufacturers with users and consumers in the out-of-hospital market, thereby helping them achieve successful product commercialization and build influential TCM brands. In particular, we expect to attract sales through online and offline marketing campaigns to reach a broad customer base for our TCM products, through measures including online patient education, paid promotions such as real-time bidding and new media advertising. In addition, our sales and marketing staff tend to have solid experience in the out-of-hospital pharmaceutical market, and we expect to hire more such staff with relevant expertise and experience for TCM products, thereby further improving our marketing capabilities to attract sales of TCM products.

In selecting pharmaceutical companies, we prioritize companies specializing in wellness and rehabilitative TCM formulations, such as tonic products for sub-health populations and post-operative recovery treatments. We also prioritize TCM manufacturers with ongoing or expected R&D initiatives that apply modern scientific methods to enhance formulation efficacy. This includes advanced research into active ingredients, pharmacological mechanisms, and quality optimization through improved extraction techniques and novel delivery systems to increase bioavailability and patient compliance.

For product selection, we emphasize five key dimensions: marketing authorization exclusivity, therapeutic indication breadth, clinical efficacy validation, consumer education potential, and existing market development. The preferred collaboration models involve either complete marketing authorization acquisition or exclusive distribution rights spanning 5–10 years.

Health and wellness products:

In response to "Healthy China 2030" initiative that promotes preventive healthcare and the increasing health awareness among consumers, we will collaborate with upstream pharmaceutical companies to introduce functional foods and beverages with health benefits such as immune regulation, sleep improvement, and digestive enhancement. Our product portfolio will include probiotic-enriched beverages and functional foods incorporating TCM ingredients. All products will be subject to rigorous quality control and safety assessments to ensure full compliance with relevant standards and regulations.

The emerging smart health device sector represents another key focus of our partnership strategy. In line with technological advancements, we will cooperate with pharmaceutical companies specialized in developing smart health devices to introduce intelligent health monitoring products including smart wristbands, blood pressure monitors, and sleep improvement devices. These devices enable real-time health monitoring and provide personalized health recommendations through mobile applications. We will conduct joint market research with our partners to better understand consumer needs and continuously optimize product functionality and design.

The competitive landscape of health and wellness products is driven by individual customers, whose needs and demands support the sales of such products. Our go-to-market strategy for health and wellness products therefore focuses on direct-to-consumer online sales with customized product bundles. Our e-commerce capabilities and nationwide distribution network provide us with a competitive advantage in respect of such direct-to-consumer online sales. As to customized product bundles, we will design integrated health packages tailored to different consumer segments and usage scenarios. For working professionals, we plan to offer sub-health management packages combining functional foods, smart devices and health consultation services. For elderly consumers, we plan to provide comprehensive wellness packages featuring tonic TCMs, nutritional supplements and rehabilitation equipment. This bundling strategy enhances product value proposition and market competitiveness.

Building upon our product offerings, we will gradually expand into health management services through strategic collaborations. By partnering with professional health management institutions, we plan to provide customized health services including health assessments, dietary guidance and exercise recommendations. We will leveraging big data and artificial intelligence technologies to analyze consumer health data so as to generate actionable insights that inform both product development and targeted marketing strategies.

(2) approximately **[REDACTED]** of the net **[REDACTED]**, or approximately **[REDACTED]**, is expected to be used to expand the number of new cooperation projects.

In expanding product collaborations with existing pharmaceutical companies, we will focus on strengthening our competitive advantages in omni-channel supply chain management and direct-to-consumer operations. Having established initial cooperation regarding certain products, these pharmaceutical companies have gained sufficient understanding and confidence in our service capabilities. This existing foundation facilitates the expansion of product collaborations, thereby enhancing long-term partnership sustainability.

We will conduct in-depth research of existing pharmaceutical companies' R&D capabilities, product pipeline expansion plans, and competitive market positioning so as to continuously refine and diversify our service offerings, and thereby secure cooperation on subsequent product launches by these pharmaceutical companies.

(ii) approximately **[REDACTED]** of the net **[REDACTED]**, or approximately **[REDACTED]** , is expected to be used to strengthen our out-of-hospital digital marketing and promotion services. In particular, we plan to focus on enhancing supply chain management capabilities as well as the professional development and improvement of our sales team and marketing planning team through the following measures:

(1) approximately **[REDACTED]** of the net **[REDACTED]** or approximately **[REDACTED]** is expected to be used for the digital upgrade of our supply chain. We plan to utilize the **[REDACTED]** to drive the digital transformation of the supply chain over the next two years, collaborating with upstream pharmaceutical companies to build a digital supply chain platform. This platform will enable real-time information sharing and coordination across production, sales, inventory management, and logistics service. For example, big data analytics will be leveraged to forecast market demand, optimize production and procurement planning in advance, reduce inventory costs, and enhance supply chain responsiveness and quality monitoring. We expect to purchase big data analytics tools for this digital supply chain platform;

(2) approximately **[REDACTED]** of the net **[REDACTED]** or approximately **[REDACTED]** is expected to be used to establish a distributor evaluation system. We plan to develop a comprehensive distributor evaluation system over the next two years using big data analytics to help pharmaceutical companies build a qualified, efficient, and well-structured out-of-hospital distributor network. Meanwhile, this system will encourage distributors within our cooperative ecosystem to continuously improve their capabilities and service quality, ensuring the stable and efficient operation of the pharmaceutical companies' supply chain. We expect to purchase big data analytics and customer relationship management tools for this distributor evaluation system;

(3) approximately **[REDACTED]** of the net **[REDACTED]** or approximately **[REDACTED]** is expected to be used to enhance the professional capabilities of offline sales teams. Given the unique characteristics of pharmaceutical sales, long-term success requires the integration of online and offline marketing. Therefore, we will enhance the professional capabilities of offline sales teams, including recruiting more talents with expertise in offline marketing into our sales network, on an ongoing basis;

(4) approximately **[REDACTED]** of the net **[REDACTED]** or approximately **[REDACTED]** is expected to be used to build a professional marketing planning team. We will establish a professional marketing and planning team dedicated to the comprehensive out-of-hospital market over the next two years. This team will provide centralized management and strategic planning across key functions, including market research, sales activation planning, sales force training, and integrated marketing resource allocation.

(iii) approximately **[REDACTED]** of the net **[REDACTED]**, or approximately **[REDACTED]**, is expected to be used to strengthen our operational capabilities. We will optimize our operational team's capabilities over the next 1.5 years by (a) enhancing the overall operational competencies of our team; (b) optimizing our organizational structure to ensure that all team members meet required competency and quality standards; (c) strengthening our capabilities in new media operations to bolster our digital marketing effectiveness; (d) intensifying our utilization of digital tools to advance our market research and data analytics capabilities; and (e) establishing a structured research plan to systematically study critical aspects of the pharmaceutical e-commerce sector, including market trends, customer demands, and industry developments.

(1) approximately **[REDACTED]** of the net **[REDACTED]**, or approximately **[REDACTED]** , is expected to be used to strengthen our market research and digital insight capabilities with a strategic focus on refining and improving management for private domain consumers.

(2) approximately **[REDACTED]** of the net **[REDACTED]**, or approximately **[REDACTED]**, is expected to be used to enhance the development of new media marketing system and private domain marketing management.

- Approximately **[REDACTED]** of the net **[REDACTED]**, or approximately **[REDACTED]**, is expected to be used for intelligent supply chain upgrade and data platform development over the next three years. In particular, the **[REDACTED]** will be used in the following aspects:

  (i) Approximately **[REDACTED]** of the net **[REDACTED]**, or approximately **[REDACTED]**, is expected to be used for further development of our intelligent supply chain and warehousing logistics systems.

  We will establish and further upgrade a comprehensive intelligent supply chain and warehousing logistics system powered by AI and big data technologies. This integrated system will provide functions such as demand forecasting, intelligent dispatching, automated warehousing, and smart distribution capabilities through a unified operational framework.

  The intelligent supply chain system will leverage softwares and hardwares enabling machine learning algorithms to deliver precise demand prediction and dynamic inventory optimization. By establishing data connectivity across upstream and downstream operations, we will achieve full-cycle supply chain visibility and data-driven decision making.

  With respect to intelligent warehousing and logistics infrastructure, we will install automated conveyor systems, AGV robotics, and IoT-enabled devices. A centralized supply chain control tower will provide real-time monitoring of operational data across the entire network, ensuring rapid response capabilities and continuous process optimization.

  We expect that this strategic initiative is projected to deliver substantial operational improvements, including reduction in logistics costs and increase in inventory turnover rate, effectively supporting our future business expansion.

  (ii) Approximately **[REDACTED]** of the net **[REDACTED]**, or approximately **[REDACTED]**, is expected to be used for data platform development including AI, database and SaaS systems.

  We will comprehensively upgrade our artificial intelligence and digital pharmaceutical capabilities, with focused investments in three key areas: AI applications, SaaS platform development, and digital marketing infrastructure. This initiative will establish a comprehensive digital operation system encompassing intelligent customer service, personalized recommendation engines, integrated ERP services, and high-concurrency e-commerce platforms. With respect to its functions, this comprehensive digital operation system provides intelligent customer service, makes personalized recommendations to customers, and enables other automated marketing tools. Softwares and devices to be purchased and installed include AI-powered customer service and personalized recommendation systems. By leveraging customer data analytics and automated marketing tools, we aim to create a seamless digital ecosystem.

We will adopt an agile development methodology to phase in core functionalities while ensuring a secure and compliant hybrid cloud architecture. This digital transformation is designed to achieve multiple strategic objectives: operational cost reduction and efficiency improvement, GMV growth and data asset accumulation, laying a foundation for future technology commercialization opportunities.

(iii) Approximately **[REDACTED]** of the net **[REDACTED]**, or approximately **[REDACTED]**, is expected to be used to upgrade and enhance supporting facilities for our intelligent supply chain and warehousing logistics systems. Particularly, we will purchase and deploy edge computing nodes and IoT devices to strengthen real-time data processing capabilities, while establishing green energy systems to reduce operational energy consumption. To ensure system stability, we will also construct a geographically redundant disaster recovery center which provides necessary data backup and implement industrial control security protections. Also, we will invest in technology validation, AI model iteration and recruitment of high-level talents. We will comprehensively enhance system resilience, sustainability, and scalability, thereby providing support for long-term operations.

- Approximately **[REDACTED]** of the net **[REDACTED]**, or approximately **[REDACTED]**, is expected to be used for potential strategic investment or acquisition transactions.

In particular, we plan to utilize the **[REDACTED]** to make equity investments in upstream pharmaceutical companies with high potential and strong strategic alignment with us. Through equity investments, we will be able to actively participate in their operational decision-making, share development outcomes, and achieve risk-sharing and benefit-sharing. For instance, in the case of pharmaceutical companies specialized in innovative traditional Chinese medicine R&D, our equity investment will not only provide financial support for their research but also leverage our market channels and marketing expertise to facilitate rapid product commercialization. Meanwhile, such equity collaborations will enhance strategic trust between both parties, laying a solid foundation for long-term cooperation.

Specifically, we plan to seek the potential targets with the following characteristics:

(i) *Strategic synergy*: After years of business operation and innovation, we have built a full-channel marketing and supply chain service system. To enhance future profitability and sustainable growth, we plan to acquire proprietary products to expand our portfolio. Our strong operational and financial position allows us to integrate additional products without increasing fixed costs. By acquiring companies with complementary product pipelines, we can leverage our sales and management capabilities to rapidly scale up the target company's revenue and net profit, thereby strengthening our overall profitability and risk resilience while supporting long-term sustainable growth.

(ii) *Business operations*: We intend to acquire equity interest in pharmaceutical companies that possess product approvals with relative competitive advantages. Strategically, we focus on target companies that have existing market presence and stable sales revenue and net profit performance, where through our operational capabilities we can rapidly expand market share and deliver substantial net profit growth. We also evaluate target companies' key financial metrics such as debt-to-asset ratios, cash flow status, and profit projections, to mitigate risks associated with high-premium acquisitions. Our selection criteria include (a) a debt-to-asset ratio not exceeding 75.0%; (b) positive operating cash flows; (c) stable growth in both sales and net profit for three consecutive years; (d) accounts receivable turnover days within 90 days; and (e) no equity disputes.

Our directors confirm a sufficient pool of potential acquisition targets meeting our selection criteria. However, as of the Latest Practice Date, we have not identified any specific investment or acquisition targets.

- Approximately **[REDACTED]** of the net **[REDACTED]**, or approximately **[REDACTED]**, is expected to be used for working capital and general corporate purposes.

In the event that the **[REDACTED]** is set at the maximum **[REDACTED]** or the minimum **[REDACTED]** of the indicative **[REDACTED]** range, the net **[REDACTED]** of the **[REDACTED]** will increase or decrease by approximately **[REDACTED]**, respectively. If we make an upward or downward **[REDACTED]** adjustment to set the final **[REDACTED]** to be above or below the mid-point of the **[REDACTED]** range, we will increase or decrease the allocation of the net **[REDACTED]** to the above purposes on a *pro rata* basis.

The net **[REDACTED]** that we would receive if the **[REDACTED]** were exercised in full would be (i) **[REDACTED]** (assuming an **[REDACTED]** of **[REDACTED]** per Share, being the maximum **[REDACTED]**), (ii) **[REDACTED]** (assuming an **[REDACTED]** of **[REDACTED]** per Share, being the mid-point of the **[REDACTED]** range), and (iii) **[REDACTED]** (assuming an **[REDACTED]** of **[REDACTED]** per Share, being the minimum **[REDACTED]**).

To the extent that the net **[REDACTED]** from the **[REDACTED]** (including the net **[REDACTED]** from the exercise of the **[REDACTED]**) are either more or less than expected, we may adjust our allocation of the net **[REDACTED]** for the above purposes on a pro rata basis.

To the extent that the net **[REDACTED]** of the **[REDACTED]** are not immediately required for the above purposes or if we are unable to put into effect any part of our plan as intended, the net **[REDACTED]** which are not immediately applied will only be deposited 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).