
FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Strategies” for a detailed discussion of our future plans.

USE OF [REDACTED]

Assuming that 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 HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range between HK\$[REDACTED] and HK\$[REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED].

We intend to use the [REDACTED] from the [REDACTED] in accordance with the strategic framework set out below to ensure that each spending directly contributes to building our long term competitive advantages and driving growth:

- Approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED], will be used for digital and intelligent construction. See “Business — Strategies — Invest in and deepen our digital capabilities.” In particular:
 - (i) Approximately [REDACTED]% of the net [REDACTED] or HK\$[REDACTED] will be deployed to upgrade our digital supply chain and food safety system. Specifically, we will establish a nationwide digital platform for cold chain logistics and warehousing, and implement a comprehensive, end-to-end food safety traceability system. This system is expected to facilitate both forward tracing and reverse tracking across the entire “from origin to table” process, with the objective of enhancing public confidence in food safety. To achieve this, we plan to (a) purchase software systems and platforms such as well-established TMS, WMS and Internet of Things (IoT) platforms, (b) purchase hardware equipment such as temperature and humidity sensors and hand-hold scanners, and (c) recruit personnel for project management, data management and operational and maintenance engineering.
 - (ii) Approximately [REDACTED]% of the net [REDACTED] or HK\$[REDACTED] will be deployed for establishing our intelligent store operation and decision-making system. Specifically, we plan to adopt an integrated store operations management system designed to further standardize our store-level operational procedures, increase the level of digitalization of our store supervision workflows and refine franchisee management. This system is expected to enhance the efficiency of our headquarters’ remote oversight and improve service delivery to both franchisees and consumers. Concurrently, we will enhance the intelligence of our store inspection and monitoring system, our store-level intelligent business analysis and decision support system and our intelligent site selection evaluation system. For the integrated store operations management system and the store inspection and monitoring system, we will primarily procure from external suppliers. We plan to (a) purchase relevant software systems, operational services and AI algorithm license, (b) purchase hardware equipment such as in-store tablets for employees and edge-computing equipment, and (c) recruit personnel for project management, store and franchisee management and algorithm optimization. For store-level intelligent business analysis and decision support system and intelligent site selection evaluation system, we will primarily use our in-house capabilities. We plan to (a) recruit talents such as data scientists, algorithm engineers and product managers, (b) pay for servers, cloud services as well as data access and storage, (c) pay for data related services, and (d) engage relevant commercial planning and technical consultants.

FUTURE PLANS AND USE OF [REDACTED]

- (iii) Approximately [REDACTED]% of the net [REDACTED] or HK\$[REDACTED] will be deployed for achieving omni-channel digital marketing and customer operations. Specifically, we plan to build an omni-channel membership and precision marketing platform, a food take-out intelligent operation system and a brand content hub. To achieve this, we plan to (a) recruit talents such as algorithm engineers, product managers and content operation managers, (b) pay for cloud services and other third-party systems and tools such as content management systems and payment platforms, (c) engage relevant commercial planning and technical consultants and (d) procure content creation services and software.
- (iv) Approximately [REDACTED]% of the net [REDACTED] or HK\$[REDACTED] will be deployed for building a Group-level management and support platform. Specifically, we intend to build a Group-level industry, finance and tax integration platform and a BI system to provide unified and accurate decision-making data support for management. To achieve this end, we plan to (a) pay for software systems, cloud services and data tools, (b) purchase hardware equipment such as servers and data backup device, (c) recruit data architects, IT talents and business intelligent personnel, and (d) pay for consulting services in relation to data management.
- Approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED], will be used to accelerate overseas market expansion by expanding overseas supply chain and to explore potential investment, mergers and acquisition opportunities in the overseas market. Overseas market expansion is an important part of our globalization strategy. We will tap into local markets by keeping our freshly hand-wrapped, high-quality identity intact while flexibly adapting our recipes and ingredients to match local tastes and supply chain capabilities. As of the Latest Practicable Date, we have entered the markets of Singapore, Thailand, Malaysia and the UK, among others. In the short term, we will still focus on the Southeast Asian market, mainly Singapore, Malaysia and Thailand. We will also gradually develop markets in East Asia, Europe and the United States in the medium to long term. To achieve this, in the short term, we mainly plan to establish joint ventures in collaboration with experienced local business partners, and expand our overseas market presence through these joint ventures. We aim to hold 49% to 60% of equity interest in each of the overseas joint ventures, depending on the specific arrangements with local business partners. We will primarily be responsible for store site selection, online operations, product development and pricing, as well as backend supply chain management. Our local business partners will primarily be responsible for sourcing and coordinating shopping mall and street-front store resources, implementing daily store operations, handling licensing and permits, government relations, human resources and legal matters. Franchisee development will be jointly undertaken by us and our local business partners. See “Business — Strategies — Accelerate our overseas expansion.” In particular:
 - (i) Approximately [REDACTED]% of the net [REDACTED] or HK\$[REDACTED] will be used for overseas supply chain construction through the joint ventures we establish. Specifically, to support the expansion of our overseas store network and ensure the timely and stable delivery of high-quality, fresh raw materials to our stores, we plan to establish supply chain infrastructure, such as establishing proprietary production bases for meat filing, purchasing equipment and hiring local staff for production, in key overseas markets. This is expected to enable us to meet the high-growth local demand, such as in the market of Southeast Asia, and eventually achieve localized operations.
 - (ii) Approximately [REDACTED]% of the net [REDACTED] or HK\$[REDACTED] will be used to expand the overseas store network, expand geographical coverage and increase market penetration through the joint ventures we establish. We aim to open approximately or more than 100 stores by the end of 2027 and 150 stores by

FUTURE PLANS AND USE OF [REDACTED]

the end of 2028 in Singapore, Malaysia and Thailand, operating mainly under a franchise model with mostly franchised stores and a small number of self-operated stores. We also aim to open five stores in each of Japan, Korea and Australia by the end of 2028. For self-operated stores, we will pay for rent, refurbishment and new hires.

- (iii) Approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED], will be used for strategic investments and acquisitions. In addition to our overseas market expansion through joint venture operations, we will also pursue potential supply chain investment and merger and acquisition opportunities, primarily focusing on local suppliers of the targeted countries supplying food ingredients and store supplies to our local franchisees. We pay special attention to companies (i) in our upstream sectors, such as those in meat, flour and seafood processing, (ii) with local channel resources which can help our local store expansion, and (iii) that can kick-start our local market expansion, such as frozen food companies in Europe or the United States. When selecting investment and acquisition targets, we generally prioritize companies involved in meat and flour processing, given their importance to our core products and their critical role in ensuring supply chain efficiency and product quality. When evaluating potential investment or mergers and acquisition targets, we mainly consider the following factors: (a) whether the investment and merger or acquisition of the target is expected to enhance our brand presence and bring strategic value to our strategic plans. For example, we expect acquisition targets to further diversify our product offerings, reduce production costs, improve supply chain efficiency and enhance our brand awareness in complementary product categories or geographic regions; and (b) we will consider cultural fit and potential synergies with existing businesses, among others. These standards will be adjusted based on changes in market conditions and our strategic needs. As of the Latest Practicable Date, we had not identified any specific investment and or acquisition targets.
- Approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED], will be used for brand building and product development. See “Business — Strategies — Maintain our leadership in the Chinese-style QSR industry.” In particular:
 - (i) Approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED], will be used for branding and market penetration. Specifically:
 - Approximately [REDACTED]% of the net [REDACTED], or approximately HK\$ [REDACTED], will be used for developing our co-branded IPs and products. For example, we plan to select IPs that match our target consumer group, develop co-branded meal packages and merch and establish themed stores to strengthen consumer experience to increase product awareness and exposure. During the Track Record Period, we from time to time launched co-branded products and promotional merchandise such as stickers, canvas bags and refrigerator magnets as part of our efforts to enrich our product offerings and enhance customer engagement. In general, we were primarily responsible for product planning and development, campaign execution and sales through our store network, while the collaborating parties generally assisted in brand promotion and provided product development support.
 - Approximately [REDACTED]% of the net [REDACTED], or approximately HK\$ [REDACTED], will be used for the conversion of consumer interests to consumptions. We plan to promote our products’ key selling points and consumer benefits through consumer tasting sessions and test tastings by influencers. We also plan to strengthen our interactions with consumers using diversified online social media platforms.

FUTURE PLANS AND USE OF [REDACTED]

- Approximately [REDACTED]% of the net [REDACTED], or approximately HK\$ [REDACTED], will be used to conduct marketing campaigns in the public domain and outdoor advertising to upgrade our brand image.
- (ii) Approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED], will be used for product development and innovation. See “Business — Strategies — Invest in R&D to refine and widen our product matrix.” Specifically, we will regularly iterate on our core dishes, upgrade the quality of ingredients used, optimize the cooking processes adopted, and timely launch seasonal limited edition and co-branded new products to match our brand promotions. At the same time, we will focus on upgrading our production and cold chain equipment as well as our standardization system, thereby ensuring the consistency and freshness of product taste.
- Approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED], will be used for supply chain upgrades. We will continue to improve production efficiency, improve the level of informatization and consolidate our cost advantages. See “Business — Strategies — Optimize and upgrade our supply chain management system.” In particular:
 - (i) Approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED], will be used for the construction of intelligent production base at the Foshan Yuanshun factory. Specifically, we will establish an intelligent production line management system. This system will include an MES production execution system, an equipment management and IoT monitoring system, a food safety and production quality traceability system and a production and operation BI decision-making system. We strive to integrate automation and informatization for our production lines. At the same time, we will install andon systems and field terminals in each production line, which is expected to enable our rapid response to production abnormalities and process transparency.
 - (ii) Approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED], will be used for the digital transformation and upgrading of our Suzhou Yuen Kee factory. Specifically, we will optimize and expand the MES system of the Suzhou Yuen Kee factory and connect the key equipments of the Suzhou Yuen Kee factory to our Group-level management and support platform for data integration. In addition, in order to ensure product quality and realize our Group’s unified traceability system, we will upgrade the existing quality and traceability functions of the Suzhou Yuen Kee factory.
- Approximately [REDACTED]% of the net [REDACTED], or approximately HK\$[REDACTED], will be used for working capital and general corporate purposes.

The following table sets forth a breakdown of details of our proposed allocation of net [REDACTED] from the [REDACTED]:

	Year ended December 31,		
	2027	2028	2029
	(RMB in thousands)		
Digital and intelligent construction	23.4%	31.6%	37.2%
Accelerating overseas market expansion . . .	30.9%	29.7%	29.1%
Brand building and product development . . .	23.0%	17.2%	20.3%
Supply chain upgrades	12.6%	13.6%	—
Working capital and general corporate purposes	10.1%	7.9%	13.4%

FUTURE PLANS AND USE OF [REDACTED]

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 HK\$[REDACTED], respectively.

The additional net [REDACTED] that we would receive if the [REDACTED] were exercised in full would be (i) approximately HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the maximum [REDACTED] of the indicative [REDACTED] range), (ii) approximately HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] range), or (iii) approximately HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the minimum [REDACTED] of the indicative [REDACTED] range).

To the extent that the net [REDACTED] from the [REDACTED] are either more or less than expected, we will 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 used for the above purposes, we will only deposit such funds 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 the applicable laws and regulations in other jurisdictions) for so long as it is deemed to be in our best interests. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

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