

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business – Strategies” for more details of our future business plans and strategies.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately [REDACTED] million, after deducting estimated [REDACTED] commissions, fees and expenses payable by us in connection with the [REDACTED], assuming an [REDACTED] of [REDACTED] per H Share, being the mid-point of the indicative [REDACTED] range of [REDACTED] to [REDACTED] per H Share, and assuming the [REDACTED] is not exercised.

In line with our strategies, we intend to use the net [REDACTED] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- Approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, is expected to be used to fortify our fundamental R&D capabilities in health technology and accelerate our technological innovation. We plan to establish dedicated laboratories in key fields, attract top-tier talent in areas such as artificial intelligence, software application development, and assemble dedicated R&D teams aligned with these strategic objectives. In particular,
 - (i) approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, will be used for the R&D and iteration of our smart health watches. As people’s health awareness grows, the demand for preventive health management and daily monitoring in sub-health scenarios is rising rapidly, driving growth in the smart health wearable devices market. See “Industry Overview – Overview of Global Smart Health Wearables Market”. We plan to develop a diversified product lineup that mainly includes smart watches, smart rings, and smart wristbands, all of which are supported by intellectual property fully owned by us. This portfolio will address both premium professional monitoring needs and mainstream sports and wellness applications, enabling us to avoid homogenized competition within a single product segment and capture the significant growth potential of the emerging medical-grade health monitoring market. Specifically:
 - (a) approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, will be used to build up an R&D team with rich industry experience. Specifically, the R&D team includes: (1) approximately 20 engineers, including hardware engineers, algorithm engineers, structural engineers and embedded software engineers, to develop, optimize and iterate relevant technologies and hardware. These engineers are expected to have bachelor’s degrees and above and more than three years of experience in relevant areas, and the average annual salary for each person is expected to range from HKD260.0 thousand to HKD480.0 thousand; (2) two medical consultants to conduct clinical requirement alignment, medical evidence support and medical review of registration materials. These medical consultants are expected to be qualified as associate chief physician or above and specializing in cardiology or geriatrics, and the average annual salary for each person is expected to range from HKD600.0 thousand to HKD750.0 thousand; (3) two project managers and two product managers to conduct project planning, resource coordination and product iteration. These managers are expected to have past experience in project management or product analysis, and have

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obtained relevant certificates in relevant fields. The average annual salary for each person is expected to range from HKD300.0 thousand to HKD390.0 thousand.

- (b) approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, is expected to be used to establish three pilot production lines for smart health watches, equipped with a total of 54 units of production equipment in total, covering functions spanning SMT assembly, quality inspection, functional and reliability testing, and mechanical assembly and firmware programming.
- (c) approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, is expected to be used to pay costs in connection with product testing, verification and registration;
- (d) approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, is expected to be used to pay other operating expenses, comprising travel expenses for liaison visits to contract manufacturers, and R&D facility rental fees.

The following table sets forth some details of our new products to be developed:

Product Line	Product Name	Enhanced Function	Estimated Commercialization time
Guardian Alert Series . .	Guardian Alert Watch Pro	Oscillometric BP + PPG trend and ECG monitoring; Proactive safety with ten core early-warning services.	First quarter of 2026
	Guardian Alert Wristband 1.0	More than ten days battery life with 4G/GPS; Eight major health alerts and BP/ECG/SpO2 monitoring.	Third quarter of 2026
GT5 Series . .	GT5	High-definition AMOLED display, premium metal frame, and 5ATM waterproofing; with 5-system GPS, 100+ sports modes, bluetooth calling, and comprehensive health monitoring in a bilingual interface.	First quarter of 2026
	GT5 Pro		
	GT5 Pro Female Edition		

The following table sets forth a breakdown of our proposed allocation of net [REDACTED] for the R&D and iteration of our smart health watches from 2026 to 2028.

	Year Ended December 31,			Total
	2026	2027	2028	
	(HKD in million)			
R&D and iteration of				
smart health watches . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Expanding R&D team . . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Establishing pilot				
production line	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Product testing, verification				
and registration	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other operating expenses .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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- (ii) approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, will be used for the development of our digital R&D platform and related systems, including a user platform for early alert and monitoring management on our app. The number of members on our user platform represents registered app users, which is expected to reach 10 million, with chargeability to be determined based on future business conditions. We will strategically invest in integrated, data-driven technology systems to evaluate our user experience and feedback, as well as iterating our products and delivering our services more effectively through the system. This consists of a user-data-driven design framework, a seamless service interaction system that supports multi-channel customer service and personalized user engagement, an advanced curriculum design and management system that enables the creation and management of personalized health and wellness plans, and a multi-device management module for our app with features such as one-tap device pairing and categorized data viewing.
- (a) approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, is expected to be used to develop a user-data-driven design framework, a seamless service interaction system, an advanced curriculum design and management system. To support these initiatives, we plan to recruit approximately 40 R&D personnel with rich experience, including programming engineers, front-end engineers, testing engineers, software product managers, UX/UI engineers and data engineers, to support our systems from data infrastructure and user interface interaction to system testing and evaluation. The average annual salary per person is expected to range from HKD300 thousand to HKD800 thousand. We also plan to allocate our net [REDACTED] in: (1) advancing industry-academia-research collaboration by partnering with universities or research institutions to accelerate product innovation; (2) procuring cloud services and workstations, as well as acquiring software licenses and copyrights.
- (b) approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, is expected to be used to develop a multi-device management module for our app with features like one-tap device pairing and categorized data viewing. To support these initiatives, we plan to recruit approximately 20 R&D personnel with rich experience, including algorithm engineers, front-end engineers, back-end engineers and product engineers, to upgrade our system architecture, develop application multi-service management modules, and develop individualized algorithms. The average annual salary per person is expected to range from HKD200 thousand to HKD500 thousand. We also plan to allocate our net [REDACTED] in: (1) procuring cloud infrastructure, including high-concurrency cloud servers, distributed databases, and data backup and security systems; (2) conducting user-end testing and optimization of the system, primarily consist of expenses related to user recruitment, UX optimization and algorithm verification; (3) implementing marketing and promotion strategies through short-form video campaigns, community hospital collaboration and user referral.

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The following table sets forth a breakdown of details of our proposed allocation of net [REDACTED] for the development of our digital R&D platform from 2026 to 2028.

	Year Ended December 31,			
	2026	2027	2028	Total
	<i>(HKD in million)</i>			
Digital R&D platform	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Establishing integrated data-driven technology system	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Advancing research collaboration	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Expanding R&D team	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Procuring cloud services and workstations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Other operating expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Establishing alert monitoring and management user platform	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Expanding R&D team	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Procuring cloud infrastructure	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Platform testing and optimization	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Marketing and promotion	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Other operating expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- (iii) approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, will be used to upgrade the laboratory equipment of our SKG Technology Research Institute and establish laboratories focused on biomimetic technology, ergonomics, and AI algorithms. Specifically, we plan to recruit approximately 35 R&D personnel with rich experience, including structural engineers, hardware engineers, embedded software engineers and algorithm engineers, deepening our R&D capabilities and converting research results into production features. We also plan to allocate our net [REDACTED] in: (1) procuring laboratory equipment, including EMG acquisition devices for muscle activity analysis, 3D human body scanners for body shape and dimensional measurement, and machines for mechanical testing, as well as subscribing design and engineering software, including 3D modeling and CAD tools, rendering and visualization software, simulation and analysis tools, and systems for multi-modal data fusion, circuit simulation, and EMC measurement; (2) procuring research materials and technical services, and (3) leasing laboratories and office premises.

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The following table sets forth a breakdown of details of our proposed allocation of net [REDACTED] for upgrading the laboratory equipment and establishing specialized laboratories from 2026 to 2028.

	Year Ended December 31,			Total
	2026	2027	2028	
	<i>(HKD in million)</i>			
Laboratory equipment and specialized laboratories	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Procuring research materials and technical services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Expanding R&D team	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Procuring equipment and subscribing software	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Leasing new laboratories and office premises	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- (iv) approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, will be used for research and development initiatives focused on addressing the specific needs and usage patterns of users across various overseas markets. We will adapt and optimize product features to meet the unique needs and preferences of users in certain target overseas markets, including (i) deep muscle recovery solutions for North American users; (ii) healthcare and medical compatibility for the European market; (iii) noise-reduction and lightweight designs for Japanese consumers. This will involve recruiting experienced engineers and product consultants. Furthermore, we also plan to purchase R&D-related equipment and tools for these R&D initiatives; and
- (v) approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, will be used to establish an industrial design center, with a focus on advancing our capabilities in product aesthetics and ergonomics engineering. This center will be tasked with enhancing the visual appeal, functional design, and ergonomic comfort of our products, thereby strengthening user experience and brand recognition.
- Approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, is expected to be used for further integration of upstream and downstream industry resources and exploration of strategic partnerships. We will seek potential investment and acquisition opportunities to invest in or acquire leading companies within the industry, which have robust history of business operations and innovations, as well as strong management teams. The companies we would consider investing in or acquiring would: (i) be qualified and licensed in household disease or pain management medical devices, (ii) possess products, sales channels and R&D capabilities in household health products, or (iii) possess sales channels or with wide geographical market coverage in smart health wearables or sport and health technology products. We will build an industry ecosystem through investments and acquisitions, further integrating industrial resources, enhancing supply chain security, and strengthening our presence in the market. According to Frost & Sullivan, as of May 31, 2026, there were over 30 potential targets in China and 70 worldwide in the market that met our criteria. As such, our Directors are of the opinion that there is a sufficient number of suitable target companies available in the market for our investment and acquisition plans. However, there is no guarantee that we will be able to invest in or acquire the targets that we desire. As of the Latest Practicable Date, we have not negotiated with any specific acquisition targets nor identified any such targets.

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To effectively integrate industry resources, we will also leverage our technical expertise to consolidate research resources across the value chain, enabling the development of flagship products. By utilizing our extensive omni-channel sales network, we will facilitate resource sharing and cross-selling to accelerate market penetration for new products. We will capitalize on our self-owned smart factories to vertically integrate upstream suppliers, ensuring production capacity and enhancing supply chain resilience through centralized coordination.

- Approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, is expected to be used for brand building and omnichannel marketing to further enhance our brand awareness. In particular,
 - approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, will be used to further e-commerce and social media platforms to directly connect with end users and customers; (ii) invest in outdoor and billboard advertising to enhance brand visibility, prioritizing strategic locations in public areas with high foot traffic; (iii) participate in exhibitions, expos, and forums to directly engage with potential customers; and (iv) launch and operate high-end brand experience stores. Specifically, we aim to open over 60 new high-end experience stores across China in 2026, as well as renovate and expand existing locations. By enhancing visual merchandising and improving user interaction, we aim to strengthen brand reputation among consumers; and
 - approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, will be used to expand our international presence, with a focus on key markets including North America, Europe, and Southeast Asia. We plan to (i) accelerate our overseas expansion by recruiting approximately 50 business professionals for our overseas marketing and operation teams to provide customer and post-sale services for our key markets; (ii) increase investment in the operation of mainstream e-commerce platforms such as Amazon, AliExpress, and Lazada, and expand and strengthen overseas sales channel networks through cooperation with local distributors; (iii) strengthen collaborations with approximately 1,500 KOLs/KOCs and craft quality content on mainstream social media platforms such as TikTok, Facebook and YouTube for marketing and distribution to deepen emotional connections and resonance with overseas consumers; and (iv) participate in overseas exhibitions, expos, and forums to directly engage with potential customers.

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The following table sets forth a breakdown of details of our proposed allocation of net [REDACTED] for brand building and omnichannel marketing from 2026 to 2028.

	Year Ended December 31,			Total
	2026	2027	2028	
	<i>(HKD in million)</i>			
Brand building and				
omnichannel marketing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Expanding domestic market				
presence	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Expanding international market				
presence	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

- Approximately [REDACTED]% of the net [REDACTED], or [REDACTED] million, is expected to be allocated to working capital and general corporate purposes.

If the [REDACTED] is set at [REDACTED] per H Share, being the high end of the [REDACTED], the net [REDACTED] from the [REDACTED] will increase to approximately [REDACTED] million. If the [REDACTED] is set at [REDACTED] per H Share, being the low end of the indicative [REDACTED] range, the net [REDACTED] from the [REDACTED] will decrease to approximately [REDACTED] million. The above allocation of the net [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 midpoint of the [REDACTED] stated in this document.

If the [REDACTED] is exercised in full, the net [REDACTED] that we will receive will be approximately [REDACTED] million, assuming an [REDACTED] of [REDACTED] per H Share (being the mid-point of the [REDACTED]). In the event that the [REDACTED] is exercised, we intend to apply the additional net [REDACTED] to the above purposes in the proportions stated above.

To the extent that our net [REDACTED] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash available on hands, bank loans and other borrowings.

If the net [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 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, as long as it is deemed to be in the best interests of the Company. We will comply with all disclosure requirements under the Listing Rules if there is any change to the above proposed use of [REDACTED].