
FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See the section headed “Business – Our Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate the [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-end of the [REDACTED] stated in this document), will be approximately HK\$[REDACTED], after deduction of [REDACTED] fees and commissions and estimated expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised.

We intend to use the [REDACTED] of the [REDACTED] for the following purposes:

- approximately [REDACTED]% (or HK\$[REDACTED]) will be used to enhance our sales and branding capabilities, such as advertisement placement, procurement of marketing solutions and other promotion activities: among which, (a) approximately [REDACTED]% (or HK\$[REDACTED]) to be used to procure Amazon advertising solution, such as sponsored products advertising, Amazon branding promotion services, customized advertisement and DSP services; (b) approximately [REDACTED]% (or HK\$[REDACTED]) to be used to procure advertising services on other third-party e-commerce platforms; and (c) approximately [REDACTED]% (or HK\$[REDACTED]) to be used to place advertisement on leading social media platforms, including Facebook, Instagram and Google, and procure other marketing solutions. In particular, we expect to spend HK\$[REDACTED] from November 2022 to the end of 2023 to procure branding promotion services in different third-party platforms, to accommodate our business expansion demands after [REDACTED], and spend HK\$[REDACTED] in 2024 and HK\$[REDACTED] in 2025 for additional marketing activities in response to our then business operations.

The expense relating to our sales and marketing activities which is primarily for the business we operate on third-party online platforms will be recorded as selling expenses and distribution costs. The above expansion plans will have no material impact on our cost structure. We expect to enhance our sales and marketing capabilities on third-party online platforms through such plans, which enables us generate more revenue, improve our profit margin and increase our operating cash inflow in the long-term.

FUTURE PLANS AND USE OF [REDACTED]

- approximately [REDACTED]% (or HK\$[REDACTED]) will be used to enhance our supply chain management system; among which:
 - (i) approximately [REDACTED]% (or HK\$[REDACTED]) will be used to establish our own smart logistics and warehousing system, estimated based on our past experience in warehousing leasing and industry average costs to establish new warehouses: among which (a) approximately [REDACTED]% (or HK\$[REDACTED]) will be used for the acquisition or construction of our own warehouse equipped with warehousing systems, including HK\$[REDACTED] to acquire a parcel of land with a site area of approximately 33,000 sq.m. in 2025 and on which we plan to spend HK\$[REDACTED] to construct our own warehouse. We expect to expand our warehousing capacity by 100,000 m³ (equivalent to the warehousing capacity of a warehouse with GFA of 33,000 sq.m.) upon completion of such warehousing establishment; and (b) approximately [REDACTED]% (or HK\$[REDACTED]) to be used for the leasing of warehouse facilities. We expect to expanding our warehousing capacity by 144,000 m³ (equivalent to the warehousing capacity of a warehouse with GFA of 48,000 sq.m.) through such warehousing leasing. In particular, we plan to use approximately HK\$[REDACTED], HK\$[REDACTED], and HK\$[REDACTED] to lease additional warehouses with GFA of 19,000 sq.m., 14,000 sq.m. and 15,000 sq.m. from November 2022 to the end of 2023, in 2024 and in 2025, respectively. Through the above-mentioned measures, we estimate the aggregated GFA of our warehouses to expand by 24%, 14% and 13% each year in the next three years, which is in line with our business expansion plan. Our planned acquisition or construction and leasing of warehouse facilities could collectively increase our existing warehousing capacity by over four times; and
 - (ii) approximately [REDACTED]% (or HK\$[REDACTED]) will be used to upgrade our existing warehouses management: among which, approximately [REDACTED]% (or HK\$[REDACTED]) to be used for the recruitment of 20 to 24 warehouse operations managers, 6 to 10 logistics managers and 21 to 26 product supply chain managers in the next three years. In particular, we expect to spend HK\$[REDACTED] from November 2022 to the end of 2023, HK\$[REDACTED] in 2024 and HK\$[REDACTED] in 2025 to expand our supply chain management team, which is in line with our business expansion plan; and approximately [REDACTED]% (or HK\$[REDACTED]) to be used to upgrade our existing logistics and warehouse system through acquiring modern facilities and equipment such as Personal Digital Assistant, smart picking systems and smart packing systems, to improve the operating efficiency of our warehouses.

FUTURE PLANS AND USE OF [REDACTED]

The establishment of smart logistics and warehousing system is expected to increase our property, plant and equipment and right-of-use assets. The expenses relating to the upgrade of existing warehouses and the intelligentization of our supply chain management will be recorded as general and administrative expenses and selling expenses and distribution costs. Such plans will not materially affect our cost structure. We expect to enhance our supply chain management capabilities through such plans, which enhance the efficiency of our supply chain and improve our profit margin in the long-term.

- approximately [REDACTED]% (or HK\$[REDACTED]) will be used for the establishment of large-scale independent self-operated online stores on our proprietary websites; among which,
 - (i) approximately [REDACTED]% (or HK\$[REDACTED]) to be used to procure marketing solutions for large-scale independent self-operated online stores and place advertisement on leading social media platforms, including Facebook, Instagram and Google. In particular, we expect to spend HK\$[REDACTED] from November 2022 to the end of 2023 for the marketing solutions at the initial development stage of large-scale independent self-operated online stores. And we expect to spend HK\$[REDACTED] in 2024 and HK\$[REDACTED] in 2025, to satisfy our gradually increasing advertising demand to enhance our customer-acquisition capacity; and
 - (ii) approximately [REDACTED]% (or HK\$[REDACTED]) to be used to procure servers and other relevant equipment to support the operation of the large-scale independent self-operated online stores.

The expenses relating to the establishment of large-scale independent self-operated online stores will be recorded as general and administrative expenses and selling expenses and distribution costs. The above expansion plans will have no material impact on our cost structure. We expect to achieve the establishment and expansion as well as the enhancement of our brand recognition of the large-scale independent self-operated online stores through such plans, which enables us to generate more revenue, improve our profit margin and increase our operating cash inflow in the long-term.

FUTURE PLANS AND USE OF [REDACTED]

- approximately [REDACTED]% (or HK\$[REDACTED]) will be used to enhance our product research and development capabilities, among which,
 - (i) approximately [REDACTED]% (or HK\$[REDACTED]) will be used to establish and upgrade our intelligent platforms: among which, (i) approximately [REDACTED]% (or HK\$[REDACTED]) to be used for the procurement of equipment such as server and computers, cloud services, and the upgrade and maintenance of our equipment and cloud services for the development of such platforms. In particular, we expect to spend HK\$ [REDACTED] from November 2022 to the end of 2023, HK\$[REDACTED] in 2024 and HK\$[REDACTED] in 2025 for the above-mentioned procurement plan, which is in line with our business expansion plan; and (ii) approximately [REDACTED]% (or HK\$[REDACTED]) to be used to establish our overseas buyers team in the next three years, to collect fashion elements worldwide and provide supplement to our intelligent design system. In particular, we expect to spend HK\$[REDACTED] from November 2022 to the end of 2023, HK\$[REDACTED] in 2024 and HK\$[REDACTED] in 2025 to expand the buyer team, which is in line with our business expansion plan; and
 - (ii) approximately [REDACTED]% (or HK\$[REDACTED]) will be used to upgrade and establish research and development center: among which, (a) approximately [REDACTED]% (or HK\$[REDACTED]) to be used to lease properties with GFA of approximately 2,000 sq.m. as our new office premises for our research and development center in the next three years and to renovate and upgrade our research and development center in the next three years; and (b) approximately [REDACTED]% (or HK\$[REDACTED]) to be used as our research and development expenses and to procure more facilities for our research and development works, such as computers, sewing machines and fabric detecting machines.

The expenses relating to expanding our overseas buyers team will be recorded as our selling expenses and distribution costs and general and administrative expenses. The establishment and upgrade of our intelligent platforms and research and development centers will affect our cost structure and the relevant expenses will be recorded as general and administrative expenses. As the above development on our research and development capabilities enhances our operating efficiency and enables us to identify customers’ demand for product design more efficiently, we expect to generate more revenue, enhance our profit margin and operating cash inflow.

FUTURE PLANS AND USE OF [REDACTED]

- approximately [REDACTED]% (or HK\$[REDACTED]) will be used for the upgrade and procurement of our IT infrastructure, including procurement of cloud services, hardware and software for firewalls, intelligent management systems and design management systems in the next three years.

We expect the upgrade and procurement of IT infrastructure will increase our property, plant and equipment and intangible assets. We expect the development of our IT system will cause cash outflow in the short-term but enhance our operating efficiency and profit margin in the long-term.

The above allocation of 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 estimated [REDACTED] or that the [REDACTED] is exercised.

If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the high-end of the [REDACTED] stated in this document) and assuming the [REDACTED] is not exercised, we will receive the [REDACTED] of approximately HK\$[REDACTED], after deduction of [REDACTED] fees and commissions and estimated expenses payable by us in connection with the [REDACTED].

If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the low-end of the [REDACTED] stated in this document) and assuming the [REDACTED] is not exercised, the [REDACTED] we will receive will be approximately HK\$[REDACTED], after deduction of [REDACTED] fees and commissions and estimated expenses payable by us in connection with the [REDACTED].

In the event that the [REDACTED] is exercised in full, we will receive additional [REDACTED] ranging from approximately HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the low-end of the proposed [REDACTED]) to HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the high-end of the proposed [REDACTED]), after deduction of [REDACTED] fees and commissions and estimated expenses payable by us in connection with the [REDACTED].

To the extent that the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we will place the [REDACTED] in short-term interest-bearing accounts at authorized licensed banks. We will make an appropriate announcement if there is any change to the above proposed use of [REDACTED] or if any amount of the [REDACTED] will be used for general corporate purpose.