

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

Please see the section entitled “Business — Our Business Strategies” in this document for a detailed description of our future plans.

[REDACTED]

The table below sets forth the estimate of the [REDACTED] of the [REDACTED] which we will receive after deduction of [REDACTED] fees and commissions and estimated expenses payable by us in connection with the [REDACTED]:

	Assuming the [REDACTED] is not exercised	Assuming the [REDACTED] is exercised in full
Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] stated in this document)	Approximately HK\$[REDACTED] million	Approximately HK\$[REDACTED] million
Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the high end of the [REDACTED] stated in this document)	Approximately HK\$[REDACTED] million	Approximately HK\$[REDACTED] million
Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the low end of the [REDACTED] stated in this document)	Approximately HK\$[REDACTED] million	Approximately HK\$[REDACTED] million

We intend to use the [REDACTED] of the [REDACTED] for the following purposes (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] stated in this document, after deduction of [REDACTED] fees and commissions and other estimated expenses in connection with the [REDACTED], and the [REDACTED] is not exercised):

- approximately [REDACTED]% of our estimated [REDACTED], representing approximately HK\$[REDACTED] million, will be used to improve and enhance our operation and supply chain systems mainly through enhancement of R&D capacities, incubation of self-branded products, systematic improvements in processing, distribution logistics and warehousing systems, and membership management, which further included:
 - o approximately [REDACTED]% of our estimated [REDACTED], representing approximately HK\$[REDACTED] million, will be used to improve our R&D capabilities which we believe is critical for us to maintain diverse and

FUTURE PLANS AND [REDACTED]

high-quality product offerings; proceeds to be used in this regard primarily include (a) plantation: we intend to establish specialized laboratories for core plantation processes, for example, we have identified different products and plan to establish three specialized laboratories for product quality research, plantation materials and product commercialization by 2024, and to establish demonstration plantation bases for technology promotion by 2024, and (b) product categories: we intend to enhance product experiments and development, and we currently target to launch at least four new commercialized product categories; to this end, we expect to hire 21 staff for our product development department by the end of 2023, comprising 3 product information system assistants who will be responsible for the maintenance of product development related information, 10 product development managers who will be in charge of new product development and management, and 8 industry experts who have in-depth expertise with respect to various product categories so as to provide supervision and consulting services during the process of our product development;

- o approximately [REDACTED]% of our estimated [REDACTED], representing approximately HK\$[REDACTED] million, will be used to incubate self-branded products by further penetrating into supply chain; to this end, we plan to identify appropriate locations and establish two specialized processing factories near places of origin for selected core products by 2024; we will provide advanced post-harvest processing technologies, fruit quality classification system, automated packaging capabilities for various sales channels which are tailored for such individual core products; we believe that such involvement in the upstream supply chain will improve the supply chain efficiency, enhance product quality and shelf-life on one hand, and enable us to involve in the process of stabilizing product quality and establishing branded products at an early stage on the other hand, which, in turn, further increases our competitiveness; in this regard, we have contemplated two projects in Jiangxi Province and Hainan Province, the major place of origin for citrus and pineapple, respectively, and are in the preparation to establish specialized processing factories with tailored equipment for such products;
- o approximately [REDACTED]% of our estimated [REDACTED], representing approximately HK\$[REDACTED] million, will be used to increase the automation level in our current processing and distribution centers, including the launch of autonomous vehicle solutions within the centers, and the addition of automated production lines for product delivery and packaging processes; with respect to autonomous vehicle solutions, we expect to complete the vehicle model selection and testing by 2023 and launch in selected distribution centers in phases between 2024 and 2025; with respect to automated production lines, we intend to complete the installation in 2023 and 2024, subject to the different conditions of each of the relevant distribution centers;

FUTURE PLANS AND [REDACTED]

- o approximately [REDACTED]% of our estimated [REDACTED], representing approximately HK\$[REDACTED] million, will be used to improve the efficiency and eco-friendliness of logistics and warehousing systems, including (a) increasing processing capacity and efficiency for processing and distribution centers to improve the overall warehousing capacity; in particular, we intend to set up processing areas for other fresh groceries in selected processing and distribution centers in six cities, which is expected to be completed by 2024; (b) reallocating existing processing and distribution centers to separated zones for standardized product sorting and packaging to deliver pre-packaged products for different sales channels; we currently plan to transform six centers by reallocating such separation zone, including in cities of Shenzhen, Guangzhou, Shanghai and others, within the next three years, with two centers in each year; and (c) renovation for energy-saving photovoltaic lightening systems in logistics and warehousing centers, which is expected to be commenced in 2023 and completed in 2025; and
- o approximately [REDACTED]% of our estimated [REDACTED], representing approximately HK\$[REDACTED] million, will be used to improve our membership operation and management capacities and expand member base; we had accumulated over 73 million members and over 930 thousand paying members as of the Latest Practicable Date; the monthly purchase frequency and monthly purchase amounts of our paying members have been generally higher than those of non-paying members; as such, we believe efficient membership operation driving member acquisition, retention and conversion is critical for our future success, and we intend to continue to invest in our ability of membership operations; proceeds to be used in this regard are primarily for our continuous studies on consumer experience and needs so as to effectively stimulate repeat purchases and cross-sales opportunities;
- approximately [REDACTED]% of our estimated [REDACTED], representing approximately HK\$[REDACTED] million, will be used to for the upgrades and improvement of our core backbone IT systems and infrastructure, mainly the mid-end platforms; our OMO strategy requires a constantly efficient information system that allows us to process and synchronize massive data across the entire industry chain; proceeds to be used in this regard primarily include (a) establishment of different mid-end platforms serving supply chain, OMO and data analytic capabilities, and (b) upgrading Pagoda ERP systems by enhancing accessibility of the relevant mid-end platform capacity for more participants across our industry value chain, increasing our empowering effects; we believe such enhanced systems will facilitate the establishment of a more efficient and collaborative ecosystem, we plan to (i) optimize the system infrastructure by 2023 in preparation for system expansion in 2023, and (ii) roll out system modules catering to scenarios for new industry participants since 2024;

FUTURE PLANS AND [REDACTED]

- approximately [REDACTED]% of our estimated [REDACTED], representing approximately HK\$[REDACTED] million, will be used to repay part of our following interest-bearing bank borrowings, all of which were denominated in Renminbi and for our working capital purpose: (i) an interest-bearing bank loan with the principal amount of RMB50.0 million bearing an interest rate of 3.70% per annum, which expires on February 28, 2023; and (ii) an interest-bearing bank loan with the principal amount of RMB35.0 million bearing an interest rate of 3.70% per annum, which expires on March 29, 2023; and
- approximately [REDACTED]% of our estimated [REDACTED], representing approximately HK\$[REDACTED] million, will be used as our working capital and for general corporate purposes.

Except for the amount of HK\$[REDACTED] million that we expect to use to repay our interest-bearing bank borrowings, 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 midpoint of the [REDACTED] stated in this document.

In the event that the [REDACTED] is exercised in full, we intend to apply the additional [REDACTED] to the above uses in the proportions stated above, except for the amount of HK\$[REDACTED] million that we expect to use to repay our interest-bearing bank loans.

To the extent that the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we will only deposit the [REDACTED] into short-term interest-bearing accounts at licensed banks or financial institutions as defined under the Securities and Futures Ordinance/the applicable laws in the relevant jurisdiction for non-Hong Kong based deposits. We will make an appropriate announcement if there is any change to the above proposed [REDACTED].