
FUTURE PLANS AND USE OF [REDACTED]

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We intend to expand our business in line with the strategies set out in the section headed “Business – Our strategies and future plans” of this document.

USE OF [REDACTED]

We estimate that the [REDACTED] we will receive from the [REDACTED], after deducting the estimated [REDACTED] fees and expenses payable by us in connection with the [REDACTED], will be in the amounts as set out below:

- Assuming an [REDACTED] of [REDACTED] per Share (being the low-end of the proposed [REDACTED]), the [REDACTED] will be approximately [REDACTED] million;
- Assuming an [REDACTED] of [REDACTED] per Share (being the mid-point of the proposed [REDACTED]), the [REDACTED] will be approximately HK\$[REDACTED] million; or
- Assuming an [REDACTED] of [REDACTED] per Share (being the high-end of the proposed [REDACTED]), the [REDACTED] will be approximately [REDACTED] million.

The aggregate [REDACTED] that we expect to receive from the [REDACTED] (after deducting [REDACTED] fees and estimated expenses in connection with the [REDACTED] and assuming an [REDACTED] of [REDACTED] per Share, being the mid-point of the indicative [REDACTED] of [REDACTED] to [REDACTED] per Share) will be approximately HK\$[REDACTED] million, assuming that the [REDACTED] is not exercised.

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The table below sets forth the expected implementation timetable of the planned use of our [REDACTED]:

	For the years ending December 31,			Total
	2023	2024	2025	
	<i>(HKD in millions)</i>			
Diversification of product portfolio	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Research and development of food and beverages	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Research and development of skincare products	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Strategic investments and acquisitions	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Research and development of other new product lines	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Research and development of products associated with proprietary IPs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Increase brand exposure and product sales on MCN	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cooperation with selected KOLs and/or placement of sale-based advertisement in KOLs’ livestream broadcast	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Development of proprietary livestream broadcast programs and cultivation of KOLs and KOCs	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Creation of unique celebrity IPs and associated IP contents	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
IP content creation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Event planning	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Celebrity IP creation, registration and operation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Upgrade of our IT infrastructure and increase investment in IT development	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Working capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

We intend to use such [REDACTED] that we will receive from the [REDACTED] for the following purposes:

- Approximately HK\$[REDACTED] million, representing [REDACTED] of the [REDACTED] from the [REDACTED], will be used to diversify our product portfolio. With the expansion in our R&D capabilities and collaboration with third party institutes, we plan to further launch no fewer than 30 food and beverages and 30

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skincare products in the three years ending December 31, 2025. Please refer to the section headed “Business – Our strategies and future plans” for further details. In particular, our plan for the diversification of our product portfolio include:

- approximately HK\$[REDACTED] million, representing [REDACTED] of the [REDACTED] from the [REDACTED] will be used for research and development of food and beverages, in particular health management or low-carb food and beverages by strengthening our abilities in basic research, applied research and product innovation through methods such as cooperation with research institutes on the research and development of formulas, ingredients, food processing techniques, and research on the nutritional and health benefits of different ingredients or products, and expansion of in-house research and development work force and equipment. We plan to further employ [seven] employees in 2023 focusing on our research and development of food and drinks, and purchase equipment and raw materials in the three years ending December 31, 2025 such as sterilizers, centrifuge and viscometer, which are equipment used in food applications. We intend to continue our cooperation with Hengmei Group and other institutes for some of our pipeline products. For example, we are in discussions with universities that have food science and technology departments, which possess technologies in developing ingredients for pre-packaged food and other technologies related to our business that would enable us to enhance our existing product offerings. As of the Latest Practicable Date, we commenced research and development of a variety of pipeline products which will be gradually rolled out based on our business plans. For details about our pipeline products, please refer to the section headed “Business – Our business – New retail business – Product development and Pipeline products” in this document;
- approximately HK\$[REDACTED] million, representing [REDACTED] of the [REDACTED] from the [REDACTED] will be used for research and development of skincare products, including cooperation with research institutes on the research and development of recipes or ingredients, and expansion of in-house research and development work force and equipment. We plan to further employ [four] and [two] employees in each of the years ending December 31, 2023 and 2024, respectively, focusing on our research and development of skincare products, and cooperate with well-known research institutes, OEMs and other companies to develop active ingredients for our skincare products which are more unique. At the same time, we will explore various opportunities with third party institutions such as universities, cosmetics and beauty solution providers and testing organizations in relation to research and development of formulas and testing of cosmetics and beauty products;

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- approximately HK\$[REDACTED] million, representing [REDACTED] of the [REDACTED] from the [REDACTED], will be used for acquisition of companies specializing in technology and research, and having extensive capabilities in developing formulas for new products;

To promote our competitive position and in line with our expansion plan, we will seek opportunities to acquire companies engaged in research and development of active ingredients or formula, especially companies which focuses on the development of skincare products because the development cycle of ingredients for skincare products are much longer, and more research and trials need to be undergone before it can be introduced to the market. By acquiring such targets, we believe that they can supplement and complement our existing offerings through enhanced access to relevant technologies and thus positively synergize with our current business operations in the immediate short term. We also believe that in the long term, such acquisitions can assist us in launching distinct products and shortening the time spent by our internal research and development personnel in developing new product offerings, therefore supporting our sustainable and stable development. In evaluating potential acquisition targets, we will consider various factors including technologies, intellectual properties and licenses held by the target, relevant experience and qualification of the target's senior management, track record of the target and its principal place of operation, the level of synergy that could be created with us, the degree of innovation of the underlying technology, as well as the potential growth and profitability of the target.

When determining the amount of [REDACTED] allocated for each acquisition and investment, we will make reference to the consideration paid for comparable companies, and the consideration for acquiring each target will be determined depending on the actual shareholding to be acquired, the then valuation agreed and the financial performance and prospects of the relevant target company. We may reallocate the [REDACTED] to be used for such purpose among the next three years and any shortfall may be filled by our internal resources or external financing (if necessary).

As at the Latest Practicable Date, we did not have any definitive targets for acquisition. We will seek potential targets through internal market search and/or referrals from our business partners.

- approximately HK\$[REDACTED] million, representing [REDACTED] of the [REDACTED] from the [REDACTED] will be used for research and development of other new product lines. We plan to diversify our product offerings to other categories, such as pet food, pet toys, early child education and other related products. We will recruit [four] new employees in 2023 to explore our options for diversification. Expenses will also be incurred for other expenses, including testing and consumer survey, and sampling in the coming three years; and

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- approximately HK\$[REDACTED] million, representing [REDACTED] of the [REDACTED] from the [REDACTED] will be used for research and development of products associated with proprietary IPs. Based on our existing IPs and resources, such as our cooperation with Mr. Fang and our ownership of the *ChouMate* and *Chaxiaojie* trademarks, we plan to build on and create new product varieties based on them, such as creative or cultural products with strong traditional Chinese characteristics, including tea, pottery and traditional Chinese clothing which are interlinked with poetry and calligraphy created by Mr. Fang. We will recruit [three] new employees in 2023 to explore our options for diversification. Expenses will also be incurred for research and development and the registration of IPs, sampling and marketing in the three years ending December 31, 2025.
- Approximately HK\$[REDACTED] million, representing [REDACTED] of the [REDACTED] from the [REDACTED], will be used to increase our brand awareness and drive product sales on MCN, in particular:
 - approximately HK\$[REDACTED] million, representing [REDACTED] of the [REDACTED] from the [REDACTED] will be used for cooperation with selected KOLs and/or placement of sale-based advertisement in KOLs' livestream broadcast. Following the introduction of e-commerce features and one-stop online shopping businesses on online video platforms, popular streamers and KOLs on these platforms can more effectively introduce the products to a wider group of end consumers by providing them with immersive shopping experience. We believe the recent tightening of regulations on the livestreaming market will improve the quality of its contents and content providers and enhance its credibility among consumers. As such, quality and law-biding influencers and streamers will benefit from such policy changes in the long run. We plan to cooperate with top-tier livestreamers (livestreamers with over 10 million followers) and second-tier livestreamers (livestreamers with five to 10 million followers). Our Directors are of the view that livestreamers in the PRC typically charge a fixed fee for a "slot" on a livestreaming sessions, plus a certain percentage commission fee from the total sale generated from such slot. Each slot normally involve the promotion of one product and there could be more than one slot in each livestreaming session. Some livestreamers may also charge on hourly basis. Based on the preliminary quotations obtained by us. Fixed fees for one livestream slot generally range from RMB100,000 to RMB350,000 for livestreamers with more than 10 million followers and RMB50,000 to RMB100,000 with five to 10 million followers, respectively. For each of the years ending December 31, 2023, 2024 and 2025, we expect to acquire not less than [REDACTED], [REDACTED] and [REDACTED] livestream slots, respectively, from top-tier livestreamers; and we expect to acquire not less than [REDACTED], [REDACTED] and [REDACTED] livestream slots, respectively, from second-tier livestreamers. As each livestream slot offered by the famous livestreamers normally only involve the promotion of one product, assuming that,

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for illustrative purpose, we will organize livestreaming sessions for the promotion of three to nine products on a weekly basis, we expect to acquire around [REDACTED] to [REDACTED] livestream slots in each month, and approximately [REDACTED] to [REDACTED] livestream slots per year. The actual schedule of the upcoming livestreaming sessions would be subject to various factors. For example, we may arrange additional livestreaming sessions when there are special events such as launch of new products, festivals and other promotional activities; and

- approximately HK\$[REDACTED] million, representing [REDACTED] of the [REDACTED] from the [REDACTED] will be used for developing our own livestream broadcast programs, including operating livestream accounts and creating livestreaming contents, and cultivating KOLs and KOCs for product promotion purposes. We plan to conduct livestream sales through our proprietary social media accounts. We intend to carry out such activities in three, six and nine of our proprietary accounts in the next three years. Such funds will be used to produce up to [40] videos and/or livestreams for each proprietary account each year, which is used to attract audience for the marketing and promotion of our proprietary IPs and products. Meanwhile, we intend to cultivate [three] new proprietary KOL accounts in each of the next three years to amplify our advertising messages and marketing and promotional effort. We plan to incubate KOLs on our own through cooperation with celebrities or from our existing distribution network as we are able to better understand their previous behavior and activities on social media, making it easier for us to identify those who are more popular among our target end consumers and conform with our brand image. Based on the support, guidance and training given to them, these KOLs and KOCs cultivated by us could host their own livestream broadcast to promote and sell our products and those supplied by other business partners.
- Approximately HK\$[REDACTED] million, representing [REDACTED] of the [REDACTED] from the [REDACTED], will be used for the creation of unique celebrity IPs and associated IP contents, and more specifically:
 - approximately HK\$[REDACTED] million, representing [REDACTED] of the [REDACTED] from the [REDACTED] will be used for IP content creations on various medias. It can be entertainment shows on traditional media, including future seasons and episodes of *J-Style Trip*. We expect to spend approximately RMB[REDACTED] million to RMB[REDACTED] million for each of the years ending December 31, 2023, 2024 and 2025 on shooting one season of *J-Style Trip* or other programs with similar cast or production budget each year, totaling RMB[REDACTED] million in the next three years. IP content creations also include new media entertainment shows. For example, we are planning a weekly music talk show based on a music talk show called *You Can Run But You Can't Hide* (既來之則樂之) aired during the Chinese New Year in 2021, and we incurred approximately RMB13.9 million for the organization of such one-off

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special event. We expect to organize similar recurring new entertainment programs of around 10 to 12 episodes each year in the years ending December 31, 2023, 2024 and 2025.

- approximately HK\$[REDACTED] million, representing [REDACTED] of the [REDACTED] from the [REDACTED] will be used for event planning, including the planning of two Superstar Performance Mega Nights each year in the years ending December 31, 2024 and 2025, which typically require initial investment of up to RMB[REDACTED] million per concert, including pre-payments required to secure the performance of celebrities, venue, audio and lighting equipment, and stage engineering operations.
- approximately HK\$[REDACTED] million, representing [REDACTED] of the [REDACTED] from the [REDACTED] will be used for celebrity IP creation, registration and operation. We plan to create new designs of *ChouMate* and original IPs and other authentic celebrity IPs including nijigen associated with other celebrities or KOLs and production of marketing and promotion materials such as stickers on social media. Meanwhile, expenses will also be incurred for IP registration and operation, including renewing the registration of our existing IPs and, registration of new IPs and registrations of our existing IPs in other jurisdictions to safeguard our rights.
- Approximately HK\$[REDACTED] million, representing [REDACTED] of the [REDACTED] from the [REDACTED] will be used for upgrading our IT infrastructure and increase investment in IT development. We plan to (i) employ approximately [six], [three] and [one] additional IT professionals for our internal IT development team in each of the three years ending December 31, 2025, who will be mainly responsible for the development of our project management and database management software and digital prototype designs; (ii) implement an ERP system which will integrate our operational management and financial management functions and improve our operational efficiency, enhance our ability to perform information analysis to support our business growth, monitor and control supply chain-related matters and improve budget control and perform cost analysis; and (iii) purchase hardware such as computers and development and testing equipment, software such as office automation system, customer service system, data management system, financial management system and other daily business resolution software, as well as other miscellaneous expenses. We believe the above investments in hardware and software are essential to accommodate our planned business expansion and expected increase in headcount, taking into consideration our existing IT systems are relatively basic and may not be able to support our expected expansion of distribution channels, increase in sales orders and product diversity. We also expect the said investments to empower our internal financial management to process a larger volume of transactions going forward.

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- Approximately HK\$[REDACTED] million, representing [REDACTED] of the [REDACTED] from the [REDACTED], will be used for working capital.

If the [REDACTED] is set at the high end of the indicative [REDACTED], being [REDACTED] per Share, the [REDACTED] of the [REDACTED] (assuming that the [REDACTED] Option is not exercised) will increase by approximately HK\$[REDACTED] million. If the [REDACTED] is set at the low end of the indicative [REDACTED], being [REDACTED] per Share, the [REDACTED] of the [REDACTED] (assuming that the [REDACTED] is not exercised) will decrease by approximately HK\$[REDACTED] million. We will adjust the allocation of the [REDACTED] for the above purposes on a pro-rata basis.

If the [REDACTED] is exercised in full, the [REDACTED] of the [REDACTED] will increase to approximately HK\$[REDACTED] million, assuming the [REDACTED] is set at the mid-point of the indicative [REDACTED]. If the [REDACTED] is set at the high end of the indicative [REDACTED], the [REDACTED] of the [REDACTED] (including the [REDACTED] from the exercise of the [REDACTED]) will increase by approximately HK\$[REDACTED] million. If the [REDACTED] is set at the low end of the indicative [REDACTED], the [REDACTED] of the [REDACTED] (including the [REDACTED] from the exercise of the [REDACTED]) will decrease by approximately HK\$[REDACTED] million. We intend to apply the additional [REDACTED] from the exercise of the [REDACTED] to the above purposes on a pro-rata basis.

The [REDACTED] of the [REDACTED] Shares, being an aggregate of [REDACTED] Shares, assuming an [REDACTED] of [REDACTED] per [REDACTED], being the mid-point of the proposed [REDACTED] of [REDACTED] to [REDACTED] per [REDACTED], would be approximately HK\$[REDACTED] million after deducting the estimated [REDACTED] commission. The [REDACTED] of the [REDACTED] Shares will be attributable to the [REDACTED] only and will not belong to the Company.

The implementation timeframe for our [REDACTED] will be determined with reference to (i) the capital needs of our various businesses; (ii) the development plans, nature and actual progress of the relevant projects; and (iii) the stage of negotiation process of our investments and acquisitions, and will be adjusted from time to time in accordance with our business needs.

As of the Latest Practicable Date, we did not identify potential acquisitions or investments that we will pursue by utilizing the [REDACTED] from the [REDACTED].

To the extent that the [REDACTED] of the [REDACTED] are not immediately used for the above purposes, or if we are unable to put into effect any part of our plan as intended, and to the extent permitted by the relevant laws and regulations, we will only hold such [REDACTED] in short term interest-bearing deposits with authorized financial institutions and/or licensed banks (as defined under the SFO or applicable laws and regulations in the PRC). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.