
FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business—Our Growth Strategies” in this Document for a detailed description of our future plans.

USE OF [REDACTED]

The table below sets forth the estimated net [REDACTED] of the [REDACTED] which we will receive after deduction of [REDACTED] fees and [REDACTED] and estimated expenses payable by us in connection with the [REDACTED] (assuming the [REDACTED] is not exercised):

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the [REDACTED] range stated in this Document)	HK\$[REDACTED] [REDACTED]
Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the high end of the [REDACTED] range stated in this Document)	HK\$[REDACTED] [REDACTED]
Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the low end of the [REDACTED] range stated in this Document)	HK\$[REDACTED] [REDACTED]

We intend to use the net [REDACTED] as follows (based on the midpoint of the [REDACTED] range stated in this Document):

- approximately [REDACTED]%, or HK\$[REDACTED], will be used to improve our overall operation capabilities and strengthen our supply chain, including the following:
 - approximately [REDACTED]%, or HK\$[REDACTED], will be used to improve the level of automation and intelligence in our existing warehousing and delivery capabilities as follows:
 - (i) to upgrade the automated equipment in the warehousing facilities operated by us to enhance the accuracy and efficiency of inventory selection and categorization, which, in turn, helps us to reduce human labor and related costs. In particular, we intend to adopt advanced inventory equipment and systems in such warehousing facilities, such as upgraded forklifts, light-guiding pathway and pickup systems and intelligent shelves; and
 - (ii) to improve our multi-temperature controlled warehousing and delivery systems to enhance our province-level and pre-positioned warehousing capabilities. We plan to build key delivery capabilities, such as intelligent cold storage and delivery and fruit processing hubs to serve ChaPanda

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stores in Beijing, Shanghai, Guangzhou, Wuhan and other regional centers. We will improve supply chain system for fruits by, among others, (i) leveraging local resources of high-quality fruits and other agricultural products and (ii) improving our deep-processing and regional supply capacities with refrigeration and storing technologies.

In particular, in 2024, we plan to carry out the upgrading of the automated equipment in the self-operated warehousing facilities and enhance the warehousing capabilities across China. In 2025, we plan to improve our supply chain capabilities and develop intelligent delivery centers and fruit processing centers in cities in Eastern and Southern China, such as Shanghai and Guangzhou. In 2026, we plan to improve our supply chain capabilities and develop intelligent delivery centers and fruit processing centers in cities in Central and Northern China, such as Wuhan and Beijing.

- approximately [REDACTED]%, or HK\$[REDACTED], will be used to upgrade our store equipment to further automate and streamline the product-making process in selected ChaPanda stores as follows:
 - (i) to conduct comprehensive offline store upgrade across the ChaPanda store network with our latest brand image, such as storefront and in-store decoration. In this regard, we believe a comprehensive offline store upgrade is important to the continuous growth of our store network. In particular, the store upgrade helps franchisees improve the store-level operating efficiency and profitability, which, in turn, motivates the franchisees to operate multiple stores and attract new franchisees through word-of-mouth marketing strategy; and
 - (ii) to promote upgraded store equipment in ChaPanda store network, including smart tea drink machines that produce tea drinks automatically after employees input key product metrics, and automated fruit processors that are able to squeeze and peel fruits and extract juice.

Through the above-mentioned efforts, we intend to implement the upgrade of store decoration and equipment across the store network in China. As the competition in China’s freshly-made tea shop market continues to intensify, we believe the foregoing decoration and equipment upgrade will allow us to enhance our store image, promote our brand and strengthen our competitiveness, thus delivering sustainable growth and success to us and our franchisees in the future. We plan to utilize the [REDACTED] from this [REDACTED] to support our franchisees in store decoration and equipment upgrade. We will determine the specific amount and implementation strategy in relation to offering such support based on various factors, such as the specific business needs and conditions as well as operating performance of different franchisees and stores. By doing so, we believe we are able to ensure the

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consistency in store decoration and equipment, as well as help franchisees develop their business with reduced costs, which, in turn, enables us to realize business growth amid intensified competition. For instance, with the purchase and use of the abovementioned smart tea drink machines and automated fruit processors, we believe the operating efficiency and service quality of ChaPanda stores will be further improved going forward. As part of the foregoing upgrade store decoration and equipment plan, in the next three years, we plan to purchase approximately seven thousand sets of each of these store equipment for the supply to ChaPanda stores, the specific amount of which is subject to the business needs in the near future.

- approximately [REDACTED]%, or HK\$[REDACTED], will be used to make strategical investment in the upstream of the supply chain, which helps us strengthen our control over the supply chain from the manufacturing stage and ensure product quality. Our investments in the supply chain might take the form of equity investment in key suppliers or joint ventures in manufacturing facility projects. In particular, we plan to select the investment targets who are able to enhance our business performance and strengthen our key operating capabilities. Accordingly, we expect the potential investment targets will have the following features, among others, (i) enriching our product matrix or promoting our business development with their existing capabilities or products, (ii) having the operating capabilities to support the expansion of our supply chain system in domestic and overseas markets, (iii) having the capabilities to offer core raw materials, such as tea leaves, for our current or future product offerings, thus supporting our ongoing product development with quality raw materials, (iv) providing technology capabilities required for our business growth, and (v) having the market size and production capabilities suitable for our business needs. Our Directors shall review and, where appropriate, approve investment proposals and ensure that our investments comply with applicable laws, regulations and the Listing Rules.

With our efforts, we intend to further strengthen food safety management system to realize full cycle tracking, supervision and monitoring from production areas to endpoint stores in 2024. We also plan to build facilities to manufacture packing materials. In comparison with the packaging materials we purchased from third parties, the unit cost of straws that we saved by using our self-manufactured packaging materials amounted to 26% and 29% in 2021 and 2022, respectively, and the unit cost of bags that we saved by using our self-manufactured packaging materials amounted to 29% and 28% in 2021 and 2022, respectively.

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- approximately [REDACTED]%, or HK\$[REDACTED], will be used to support our supply chain capabilities in overseas markets. Specifically, we plan to build manufacturing and delivery facilities to cater to the demand for production capabilities driven by our overseas expansion.

In 2024, we plan to start the development of supply chain system to cover Southeast Asia markets, such as Thailand, Vietnam and Malaysia. In 2025, we plan to begin the development of delivery centers to support our expansion in Southeast Asia markets. According to Frost & Sullivan, in 2023, the market size of freshly-made tea shops in Southeast Asia was RMB32.9 billion, and is expected to rise to RMB78.3 billion in 2028, providing ample market potential due to the relatively high temperature and rapid development of urbanizations.

- approximately [REDACTED]%, or HK\$[REDACTED], will be used to develop our digitalization capabilities, and engage and train professional talents. We will develop and improve digital solutions enabling our front-end, middle-end and back-end operations, thus achieving full cycle operation digitalization, business automation, and decision-making intelligence in all of the key business aspects, such as sales and marketing, franchisee management, store operation, supply chain management, warehousing, business planning and corporate management.
 - (i) to enhance our operation digitalization, such as building a middle-end platform to support our operating process with data integration, enhancing our online presence through private traffic pool, advancing full life cycle digitalized franchisee management and promoting intelligent store operation;
 - (ii) to improve the intelligence level in our supply chain, such as building intelligent warehousing and delivery capabilities, developing a middle-end platform to optimize supply chain and warehousing capabilities, launching a tracking system to monitor supply chain and raw material procurement, and partnering with upstream suppliers to achieve intelligent procurement;
 - (iii) to enhance our big-data capabilities and digitalized product development by, among others, building data warehousing, management and integration capabilities, launching business intelligence for business analysis and decision-making, developing algorithms for intelligent recommendation, precise marketing, intelligent inventory management, supply chain planning and intelligent store location selection; and
 - (iv) to support digitalization in other key business aspects, such as operation and finance management, IT infrastructure, human resources and external consulting management.

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The foregoing expansion plans in relation to our digitalization capabilities will be consistently implemented in the future in light of its importance to our development and expansion. In particular, we will advance our digitalization capabilities with specific key areas of development in each of the next three years as follows. In 2024, we intend to enhance the digitalization capabilities in our supply chain by, among others, building big data systems based on IoT capabilities and warehousing network connection. In 2025, we plan to improve store level intelligence and AI capabilities in the key business aspects such as online ordering, user empowerment, product quality management, production planning, inventory management and financial management. In 2026, we intend to achieve data-powered warehousing network and business management utilizing industry data, competition analysis and public opinion study.

- approximately [REDACTED]%, or HK\$[REDACTED], will be used in branding and promoting activities, including:
 - approximately [REDACTED]%, or HK\$[REDACTED], will be used in holding online and offline branding and marketing activities to increase consumer engagement and store performance. In particular, we plan to (i) increase online brand exposure with various promotion measures, such as live broadcasting promotion, sales incentives on online social networking platforms and member activities via mini program portals; (ii) collaborate with well-known online platforms to promote existing and new products and launch IP marketing; (iii) develop private traffic pool and increase consumer interaction with offline ChaPanda stores; and (iv) launch ChaPanda stores in key regions or cities and hold related marketing campaigns during ramp-up periods or peak seasons.
 - approximately [REDACTED]%, or HK\$[REDACTED], will be used in marketing activities during the store network expansion as follows: (i) to develop a digitalized store location planning platform based on accumulated data on existing store networks, commercial information and demographic data; (ii) to launch specialized stores in key cities, business districts and commercial centers to increase brand awareness and recognition; (iii) to invest in city-level commercial exhibits to increase brand exposure in local markets. During this process, we plan to take various measures to source and attract more franchisees to support the growth of our store network. For instance, using our expertise and capabilities in store location and planning, we strategically select and decide optimized store locations in cities across China. Therefore, when we reach out to potential franchisees, we are able to recommend suitable store locations to them based on their individualized business needs. In this process, we introduce to the franchisees how we carry out the store location and planning process utilizing our big-data capabilities and extensive industry knowledge to gain their trust.

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As a key aspect to support our business expansion, our branding and promoting activities will be implemented consistently in the near future with the expansion of ChaPanda store network. For instance, we intend to launch flagship stores in Chengdu and other key markets in the next three years, and the specific store launch plan will be determined based on our business development in the future.

- approximately [REDACTED]%, or HK\$[REDACTED], will be used to promote our self-operated coffee brand and develop the coffee shop network across China.

We intend to develop our coffee brand through: (i) unique positioning. In terms of product offering, we plan to offer coffee, bagel, hamburger or other cuisine featuring mid-range pricing and quality ingredients from reputable suppliers. Utilizing our existing and extensive industry knowledge and operating experience relating to market trends and customer tastes and preferences, we plan to sell varied product combinations through coffee shops at different locations to cater to specific consumer groups with diverse needs. In terms of operating capabilities, we intend to leverage our existing supply chain and product development in ChaPanda store network to gain competitive advantages in the market. For instance, we plan to use our existing supply chain to source key ingredients, such as fresh fruits. We also intend to utilize our existing product development capabilities to launch new products through our coffee brand. In terms of coffee shop setup, we plan to provide well-designed store decoration with in-store social spaces; (ii) extensive product portfolio. Our product portfolio is designed to be diverse, including classic coffee, specialized coffee, and creative cuisine. Classic coffee will be available year-round, while specialized coffee and creative cuisine will be introduced at specific times or in particular regions. To excel in this aspect, we will utilize our well-established product development capabilities, supply chain expertise, and sales and marketing proficiency to create products based on seasonal ingredients, local specialties, and the preferences of consumers in various local markets; (iii) competitive business model. Our primary focus in the near term will be on an offline sales model for our coffee brand. This approach emphasizes an innovative consumption experience of coffee, bakery items, and other light foods. It capitalizes on our strengths in the supply chain, allowing us to source fresh fruits and raw materials efficiently, while also leveraging our product development capabilities to continuously enhance our offerings.

We believe our coffee brand’s unique market position and robust business model will enable us to establish a distinctive presence in China’s coffee shop market. Our plan to launch coffee brand and develop coffee shop network across China is well-founded, supported by our strategic positioning, operational capabilities, focus on consumer experience, and comprehensive product offerings underpinned by an effective supply chain.

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- Our coffee brand will adopt both the self-operated and franchise models, allowing us to enjoy scalability and flexibility as we expand the store network across different city tiers in China. Each store will be meticulously maintained for consistent quality, enhancing customer satisfaction and brand loyalty. This expansion is supported by our extensive store network management, staff training capabilities, and a nationwide supply chain and distribution network. We utilize our data analytics to optimize market entry, store location planning, and customer engagement. Additionally, we rely on a dedicated product research and development team to ensure ongoing product innovation.
- By offering a broad range of products based on materials sourced from trusted suppliers, our coffee brand caters to various consumer preferences and tastes. Our product portfolio, comprising mainly classic and specialized coffee, is designed to cater to diverse tastes with regional specialties, enhancing our coffee brand’s ability to secure a distinctive position in the market.
- Our coffee brand intends to capitalize on our established supply chain and product development capabilities. This foundation is crucial for ensuring consistent product quality, a vital element for differentiation in China’s coffee shop market.
- Our coffee shops will offer both (i) larger, café-style stores of over 50 square meters that provide a relaxing dining experience, and (ii) smaller quick-service stores of under 50 square meters designed for speedy pickups and takeaways. This approach allows us to cater to different market segments and urban densities, ensuring a captivating consumer experience that encourages repeat visits.

Our expansion strategy for the coffee shop network reflects a deep understanding of market dynamics and needs. In the next three years, we plan to launch 15 coffee shops in selected cities, subject to specific market demands and our business development strategy. We have designed a growth model that unfolds in phases. In 2024, we intend to focus on the establishment and promotion of our coffee brand, while we plan to begin to develop franchised store network and supply chain system in 2025 and 2026. This careful, step-by-step growth plan underlines the importance we place on laying down a loyal customer base before striving for rapid growth. Meanwhile, our strategy to transition into a franchise model aims to accelerate expansion and deepen market penetration for our coffee store network in the long term.

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- approximately [REDACTED]%, or HK\$[REDACTED], will be used for our product development and innovation, including recruiting, training and retaining in-house product development personnel and building a product development center at our headquarters equipped with advanced software and hardware to streamline and enhance our product development endeavors. The foregoing advanced software and hardware will be specifically designed to empower our product development management, helping us continue to develop, upgrade and launch classic tea drinks and seasonal and regional tea drinks.

In particular, we will implement the following hiring plans for our in-house product development personnel:

- (i) approximately 50 personnel with the experience in freshly-made tea drinks and beverage industry who may receive the individual salary between [REDACTED] per year. In particular, we intend to hire 20 personnel in each of the next two years and 10 personnel in the third year. In addition, in 2024, we plan to begin R&D efforts for data analysis, product R&D management, product lifecycle management, intelligent equipment and material category management.
 - (ii) approximately 50 personnel with the experience in coffee shop industry who may receive the individual salary between [REDACTED] per year. In particular, we intend to hire 20 personnel in each of the next two years and 10 personnel in the third year.
 - (iii) approximately 30 personnel with the experience in food industry who may receive the individual salary between [REDACTED] per year. In particular, we intend to hire 10 personnel in each of the next three years.
 - (iv) approximately 30 personnel with the experience in tea drinks product development in overseas markets who may receive the individual salary between [REDACTED] per year. In particular, we intend to hire 10 personnel in each of the next three years.
- the remaining approximately [REDACTED]%, or HK\$[REDACTED], will be used for working capital and general corporate purposes.

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 estimated [REDACTED] range.

To the extent our net [REDACTED] are either more or less than expected, we will increase or decrease the allocation of the net [REDACTED] to the above purposes on a pro rata basis.

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To the extent that the net [REDACTED] are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, we can only place the net [REDACTED] into short-term interest bearing deposits with licensed commercial banks and authorized financial institutions in Hong Kong or the PRC (as defined under the Securities and Futures Ordinance and the applicable laws in the PRC). 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.

If the [REDACTED] is fully exercised, our Company will receive additional net [REDACTED] of approximately HK\$[REDACTED] [REDACTED] for [REDACTED] Shares to be allotted and issued upon the full exercise of the [REDACTED] based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the midpoint of the [REDACTED] range, and after deducting the [REDACTED] fees and [REDACTED] payable by our Company. The additional amount raised will be applied to the above areas of use of [REDACTED] on pro rata basis.