
FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS AND PROSPECTS

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

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED] commissions, fees and estimated expenses payable by us in connection with the [REDACTED] and assuming an [REDACTED] of HK\$[REDACTED] per Share, which is the mid-point of the indicative [REDACTED] range stated in this document. If the [REDACTED] is set at HK\$[REDACTED] per Share, which is the high end of the indicative [REDACTED] range, the net [REDACTED] from the [REDACTED] will increase by approximately HK\$[REDACTED]. If the [REDACTED] is set at HK\$[REDACTED] per Share, which is the low end of the indicative [REDACTED] range, the net [REDACTED] from the [REDACTED] will decrease by approximately HK\$[REDACTED].

Assuming an [REDACTED] at the mid-point of the [REDACTED] range, we currently intend to apply these net [REDACTED] for the following purposes:

- [REDACTED]%, or approximately HK\$[REDACTED], will be allocated to expand our vending machine network and increase market penetration over the next four years. Specifically:
 - [REDACTED]%, or approximately HK\$[REDACTED], will be allocated towards the expansion of our vending machine network across tier one and new tier one cities in China. We plan to extend our coverage and penetration by targeting various locations including shopping malls, office premises, and rental apartments. The selection of these locations will be based on a detailed assessment process, taking into account factors such as local consumer behavior and characteristics of the locations. Currently, we intend to purchase and put into use 1,000 new vending machines per year over the next two years, 800 new vending machines in the third year and 580 new vending machines in the fourth year by using the net [REDACTED] to keep pace with evolving customer preferences and expected recovery in customer demand due to the lifting of COVID-19-related restrictions after late 2022 and the abatement of the COVID-19 pandemic. Our plan to expand our vending machine network corresponds to our projection on the growth of future market demand. Such projection was based on the following factors that give rise to our business needs:
 - (i) **Industry Tailwinds.** The overall market demand for FMCG outdoor marketing service has experienced and is expected to accelerate its stable growth. Capitalizing on the continuous growth of FMCG industry in China and leveraging FMCG outdoor marketing service’ technological advantages and ability to effectively address the unsolved needs from

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FMCG brands, FMCG outdoor marketing market in China has experienced steady growth in recent years at a CAGR of 3.0% from 2019 to 2023, which is expected to keep growing with a CAGR of 10.2% from 2023 to 2028. For more details regarding the expected sufficiency of market demand, see “Industry Overview – China’s FMCG Outdoor Marketing Market – Market Size of FMCG Outdoor Marketing” and “Industry Overview – China’s FMCG Outdoor Marketing Market – Trends of FMCG Outdoor Marketing Market in China”; and

- (ii) **Endogenous Growth.** The robust demand for our marketing service has been evidenced by our market position, and we expect it to continue its growth basing on our operational and financial performance during and subsequent to the Track Record Period. According to CIC, FMCG outdoor marketing market accounts for 6.4% market share of the FMCG marketing market in 2023, and we are the fourth largest FMCG outdoor marketing service provider in China in terms of revenue in 2023, with a market share of approximately 1.2%, while the largest market player had a market share of 14.3%, and we experienced rapid growth in revenue throughout the Track Record Period. Especially, we have observed the revitalization of offline shopping and consumption activities, as well as increase in outdoor social and tourism activities since early 2023. To fully harness the business opportunities therein, we need to expand and upgrade our vending machine network to improve its capabilities that could further enhance our competitiveness. Furthermore, considering (i) the number of vending machines that will be decommissioned typically due to the expiration of their service life, and (ii) the necessity to maintain a vending machine redundancy rate⁽¹⁾ of 10-15%, estimated based on our redundancy rates during the Track Record Period, which were approximately 14.0%, 14.2%, and 14.7%, in 2021, 2022 and 2023, respectively, to allow us to rapidly reallocate vending machines across different cities and locations, we have the business need to procure additional vending machines to maintain our vending machine network.

Overall, leveraging our competitive strengths that laid the foundation of our historical strong growth during the Track Record Period, the gradual recovery of utilization of vending machines and through the implementation of our strategies, we plan to seize the trend of industry consolidation, replacement needs and industry upgrade in China, so that we can continue to achieve above-average growth and further capture market share.

¹ The redundancy rate for a year = 1 – (the average of the number of vending machines on site at the beginning and end of a year)/(the average of the number of total vending machines at the beginning and end of a year).

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- [REDACTED]%, or approximately HK\$[REDACTED], will be allocated to cover the placement costs of new locations intended for the installation of additional vending machines. The placement costs primarily comprises site fees and site expansion fees. As we currently intend to use the net [REDACTED] to purchase and put into use 1,000 new vending machines per year over the next two years, 800 new vending machines in the third year and 580 new vending machines in the fourth year, we expect the sum of such site fees and site expansion fees per vending machine to fluctuate between RMB[REDACTED] to RMB[REDACTED] per year depending on the sites and locations for vending machines. In addition, we plan to acquire additional operations and maintenance personnel to support our vending machine network expansion. Commensurate with the expected increase in our number of vending machines, we currently intend to use the net [REDACTED] to engage on average around 18 operations and maintenance personnel per year with an average annual remuneration package of approximately RMB[REDACTED]. These personnel will be primarily responsible for equipment maintenance and replenishment, as well as other operational tasks related to site management. For the years subsequent to the first one in which such fees and personnel expenses are incurred, we plan to pay for such fees and expenses using our operating cashflow.

We expect our expanded vending machine network and increased market penetration to increase our revenue while incurring additional fixed costs primarily related to depreciation and amortization charges and site fees and also increasing expenses. Through effectively shortening the radius to reach target consumers, minimizing their cost to experience products, and further improving consumer access, we believe such measures will further enhance our profitability. However, if the revenue generated from these new vending machines could not sufficiently cover the increase in our corresponding costs, our gross profit margin and cash flow may be adversely affected. See “Business – Our Strategies – Further Optimize and Expand our Vending Machine Network Layout and Improve Effective Consumer Reach” for further details. For risks related to the plan, please see “Risk Factors – If the FMCG outdoor marketing market in our primary operating regions grows more slowly than expected or fails to grow, it could adversely affect the demand for our services”, “Risk Factors – We may not be able to find suitable sites for our vending machines on commercially acceptable terms, if at all. Any substantial increase in occupancy fee and/or utilization cost, non-renewal, or unexpected early termination of cooperation agreements may affect our business” and “Risk Factors – If we fail to achieve our vending machine network expansion plan as expected, our business, financial condition and results of operations may be materially and adversely affected.”

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- [REDACTED]%, or approximately HK\$[REDACTED], will be allocated to provide enhanced marketing service over the next four years, with a focus on improving user operations and enhancing our service offerings. Specifically:
 - [REDACTED]%, or approximately HK\$[REDACTED], will be allocated to expand our user pool and continue to enhance our membership system. Our digital strategies, including online marketing and social media promotions, aim to attract a broader audience and encourage them to become our users. We plan to continue to enhance our membership system. We aim to strengthen our marketing strategies related to our members by implementing the following initiatives: (i) hosting regular promotional events like exclusive discount days and limited-time offers to encourage more frequent shopping among our members, (ii) implementing a points and rewards system to allow our members to earn points through purchases and participation, with features including points redemption for goods, coupons, and discounts, and (iii) considering the introduction of a subscription-based premium membership program, offering additional benefits to our premium members such as extra coupons, exclusive pricing on products, complimentary trials of new products, and free shipping. We may consider to charge fixed membership fees to our premium members for the premium membership program.

Additionally, we will continue operating various content platforms, such as social media, and producing compelling content to foster user interaction and engagement. By collaborating with venue operators, we plan to leverage our vending machines to execute innovative offline marketing activities, including utilizing their sensory interaction modules to encourage interaction between users and our vending machines, holding in-store promotions, anniversary events, and holiday campaigns. These online content platform operations and offline marketing activities are estimated to incur an average total cost of approximately RMB[REDACTED] per year over the next four years.

In addition, our user pool expansion plan and membership system enhancement will witness moderate increases in average user acquisition and premium member operation costs to encourage users' conversion and retention. Due to such efforts, we currently expect to expand our user pool by approximately 350,000 annually on average at a user acquisition cost of around RMB[REDACTED] per user. Upon our launch of the premium membership program when we deem appropriate, we expect 10% of such expanded users may convert to our premium members in our membership system and incur an operating cost of around RMB[REDACTED] per premium member over the next four years.

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Such user acquisition and premium member operating costs and conversion rate are in line with the industry standard. As our premium members in our membership system increase in number, we expect to benefit from their strong loyalty via increased FMCG product promotion and their product feedbacks that could serve our marketing efforts.

- [REDACTED]%, or approximately HK\$[REDACTED], will be allocated to recruit additional marketing planning personnel with more than five years of relevant industry experience. We plan to hire marketing planners with extensive experience in digital marketing, business planning, and media relationship management to further enhance our overall service offerings. To keep pace with our expected increase in marketing activities brought about by our growth in scale, we currently intend to use the net [REDACTED] to hire on average around 7 such marketing planners each year over the next four years with an average annual remuneration package of approximately RMB[REDACTED], which is in line with the industry standard. In addition, we expect to incur training costs for our marketing personnel averaging around RMB[REDACTED] per year, which could further enhance their ability to effectively conduct marketing activities. For the years subsequent to the first one in which personnel expenses are incurred, we plan to pay for such expenses using our operating cashflow.

We expect to leverage our enhanced marketing service to better support user operations and customer needs, which could increase our competitiveness and foster opportunities for additional sales and cross-selling among different business segments at a cost of increased selling and distribution expenses, which would further enhance our profitability. See “Business – Our Strategies – Focus on User Operation and Customer Needs to Broaden and Enrich Marketing Service Offerings” for further details. For risks related to the plan, please see “Risk Factors – If we fail to innovate as well as adapt and respond timely and effectively to rapidly changing technologies, brand customers’ preferences and new marketing trends, our business may become less competitive or obsolete.”

- [REDACTED]%, or approximately HK\$[REDACTED], will be allocated to further expand our brand customer base over the next three years by enhancing our brand awareness. Specifically:
 - [REDACTED]%, or approximately HK\$[REDACTED], will be allocated to expand our brand customer base and promote the “Quna (趣拿)” brand. Our initiatives aim to increase market influence and attract additional brand customers. These efforts include offline promotional events like the “99 Quna Festival” (99趣拿節) and industry trade shows. Currently, we expect to use the net [REDACTED] to host one offline promotional event and one industry trade show per year at an aggregated average annual cost of around RMB[REDACTED] over the next three years. We will also utilize our

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self-operated online platforms, including our App and mini-programs, as well as strategically leverage third-party online media and promotion platforms to promote, increase awareness, and retain brand customers for our marketing service. To that end, we expect to use the net [REDACTED] to gradually increase our investment in this field, averaging around RMB[REDACTED] annually over the next three years.

- [REDACTED]%, or approximately HK\$[REDACTED], will be allocated to recruit business development personnel with more than three years of relevant industry experience. Their role will involve seizing new product launch opportunities, identifying potential market demands, and actively promoting our marketing service. Our goal is to continuously attract brand customers from diverse industries, including cosmetics and other sectors, to expand our customer base and increase market penetration among our target customers. Furthermore, we plan to provide professional training to our team members to enhance their ability to effectively serve our customers. We will seek experienced business development personnel with expertise in external market resource development and maintenance, public relations, and business channel expansion. Therefore, we currently plan to use the net [REDACTED] to hire an average of around 24 business development personnel per year with an average annual total remuneration package of approximately RMB[REDACTED], which is in line with the industry standard. In addition, we expect to incur training costs for our business development personnel averaging around RMB[REDACTED] per year, which could further enhance their ability to effectively conduct business development activities. For the years subsequent to the first one in which personnel expenses are incurred, we plan to pay for such expenses using our operating cashflow.

We expect the measures that aim to expand brand customer base to help us further solidify user retention, enhance repeat purchase and reinforce our market position at a cost of increased selling and distribution expenses. We believe our profitability will increase as a result of the virtuous cycle of exposure and marketing of new products. See “Business – Our Strategies – Continue to Expand Brand Customer Base and Create Benchmark Marketing Cases in Various Industry Segments” for further details. For risks related to the plan, please see “Risk Factors – We may fail to provide services that cater to the preferences of our brand customers, or our marketing service business may not be successful in achieving the desired outcomes.”

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- [REDACTED]%, or approximately HK\$[REDACTED], will be allocated to enhance our technological capabilities and research and development efforts over the next four years, with the goal of improving operational efficiency. Specifically:
 - [REDACTED]%, or approximately HK\$[REDACTED], will be allocated to further enhance our R&D investments. This will involve developing and customizing innovative functionalities for operations of our vending machines to ensure our long-term sustained growth. We intend to intensify our R&D investment as some of our R&D projects were paused or delayed in 2022 due to the resurgence of COVID-19. Specifically, we will focus on expanding our capabilities in areas like AIGC content generation to efficiently cater to creative customer demands, automated work orders for enhanced vending machine data analytics, AI-enhanced predictive maintenance, AI-aided visual assistance in inventory management, supply chain system for dynamic operational planning, and an NLP-enabled consumer feedback analysis algorithm that could elevate our overall operating efficiency through automation. Such increased investments are expected to allow us to equip ourselves with cutting-edge hardware devices and software, which will enable us to resume and speed up these and our new projects, which could in turn facilitate our efforts to cement and widen our lead in our industry. We plan to invest in high-performance servers, enterprise-level storage devices, and other hardware devices. Additionally, we will optimize software algorithms, conduct system upgrades, and enhance data analysis capabilities to further increase our operating efficiency. Therefore, we currently expect to use the net [REDACTED] to procure around 18 hardware devices per year with an average price of approximately RMB[REDACTED], and our software operating and upgrading expenses are expected to average around RMB[REDACTED] annually in the next four years. Such expenses are required for hard- and software that are in line with our intended development needs. To enhance our cloud capabilities, we also intend to incur around RMB[REDACTED] annually on cloud services in the next four years. Furthermore, while we focus on continuously enhancing our in-house R&D capabilities, we expect to continue investing around RMB[REDACTED] of our net [REDACTED] annually in outsourced R&D in the next four years so that we can continue focusing on our core research and development activities.
 - [REDACTED]%, or approximately HK\$[REDACTED], will be allocated to strengthening the construction of digital systems within our internal operations. This includes improving system compatibility and establishing a unified middle and back-end system for integrating business and finance operations, which is expected to streamline our operations and increase our operating efficiency, as such systems have shown such capabilities in some other FMCG marketing companies. Furthermore, we will enhance IT operations management and maintenance to ensure the reliability and security of our services. We currently estimate the average development and operating expenses for such a unified middle and back-end system to reach RMB[REDACTED] per year, and we plan to rent around 53 new servers annually to host this new system in the next three years.

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- [REDACTED]%, or approximately HK\$[REDACTED], will be allocated to recruiting experienced technical and R&D personnel with three to ten years of relevant industry experience. This includes individuals with expertise in software and hardware development, data engineering, AI engineering, product planning, product growth, visual design, and more. These additions will enhance our capabilities in digital business operations and effective marketing service. Moreover, we plan to provide training to our employees for technical skills, soft skills, and industry-specific training opportunities. As such, we currently intend to use the net [REDACTED] to hire on average around 11 such experienced technical and R&D personnel each year over the next four years with an average annual remuneration package of approximately RMB[REDACTED], which is in line with the industry standard. In addition, we currently expect to incur training costs for our technical and R&D personnel averaging around RMB[REDACTED] per year, which could further enhance their ability to effectively conduct R&D activities. For the years subsequent to the first one in which personnel expenses are incurred, we plan to pay for such expenses using our operating cashflow.

We expect that our strengthened technological capabilities and research and development will empower us to develop more interactive marketing service, enlarge our user base, and achieve better marketing effects at the cost of increased depreciation and amortization of procured hardware and elevated R&D expenses. As we expect to benefit from increased revenue derived from marketing service that are attractive to a larger user base, increased operation efficiency and lower labor costs, we believe our profitability will increase. See “Business – Our Strategies – Further Invest in Technology Research and Development to Improve User Experience and Operation Efficiency” for further details. For risks related to the plan, please see “Risk Factors – Our business may be adversely affected if we fail to anticipate consumer preferences, or adjust the functionality, performance, reliability, design and security of our technology in a manner that responds to our brand customers’ evolving needs.”

- [REDACTED]%, or approximately HK\$[REDACTED], will be allocated to pursuing strategic alliances and acquisitions. Over the next four years, we will actively seek opportunities that contribute to increasing our overall value proposition. Our primary focus will be on obtaining majority stakes in upstream/downstream enterprises in China that have synergistic effects with our business, including but not limited to expanding our service offerings, enhancing marketing content creation capabilities, expanding our customer base, strengthening our technological capabilities, and consolidating our market position. In screening candidates, we currently will consider companies that have generated a revenue of more than RMB10 million in the most recent fiscal year, and we may prioritize emerging FMCG brands that have outstanding test run results for its new products and a low price-to-sales ratio, and upstream/downstream service providers that have strong synergistic effects and exhibit great performance. We would also prioritize

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private, China-located and domestically controlled targets that (i) have their principal business located in East, South, or Central China, especially in first or second-tier cities with a permanent urban population of more than 10 million; (ii) have a registered capital of more than RMB1 million, an asset-to-liability ratio of less than 70%, and a substantial operating history of over three years to demonstrate stability and experience in its field; (iii) a clear equity structure and no significant changes in key management personnel in the past two years, ensuring leadership stability and consistency. Our investment plans will be evaluated based on multiple factors, including the target company’s competitive advantage, market position, historical financial performance, the expected returns, and the risks involved. Our Directors, as advised by CIC, are of the view that there are sufficient number of potential targets as there are well over 100 synergistic upstream and downstream companies that meet our criteria.

Through leveraging cash for investing activities, we expect to benefit from the synergies that the targets have with us, including, but not limited to broadened service offerings, enhanced content production capabilities, expanded customer base, strengthened technical capabilities and reinforced market position. In acquiring upstream enterprises, we may become better able to assist in our brand customers’ sales and operation through e.g. enhanced private domain operations, live streaming, and operation consulting, where we help them achieve better positioning and strategic planning. In acquiring downstream enterprises, we aspire to invest in brands that already have or are able to co-develop potentially popular products with us so that we can incubate high-quality brands that benefit our future growth. See “Business – Our Strategies – Selectively Pursue Strategic Alliances, Investments and Acquisitions for Long-Term Growth” for further details. For risks related to the plan, please see “Risk Factors – Our investments, strategic alliances or acquisitions may fail and have a material and adverse effect on our business, reputation and results of operations.”

As of the Latest Practicable Date, we had no specific acquisition plans, nor had we identified any specific targets. We expect to seek such collaboration opportunities in a sustainable and prudent manner after the [REDACTED].

- [REDACTED]%, or approximately HK\$[REDACTED], will be allocated to our general working capital and general corporate purposes.

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 mid-point of the indicative [REDACTED] range stated in this document.

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To the extent that the net [REDACTED] from the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, so long as it is deemed to be in the best interests of the Company, we will only hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance) in Hong Kong. We will issue an appropriate announcement if there is any material change to the above use of [REDACTED].

IMPLEMENTATION TIMELINE

The table below sets forth the expected implementation timetable of our planned use of [REDACTED]. Any discrepancies between totals and sums of amounts are due to rounding.

	For the Year ending December 31,				Total	% of Total
	2024	2025	2026	2027		
<i>(HK\$ in millions, except for percentages)</i>						
Expand vending machine network and increase market penetration	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Expansion of vending machine network across tier one and new tier one cities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Placement costs of new locations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Provide enhanced marketing service	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Expand our user pool and continue to enhance our membership system	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Recruit additional marketing planning personnel	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Expand our brand customer base by enhancing our brand awareness	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Expand our brand customer base and promote the “Quna (趣拿)” brand	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Recruit business development personnel	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%

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	<u>For the Year ending December 31,</u>				<u>% of</u>	
	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>	<u>Total</u>	<u>Total</u>
	<i>(HK\$ in millions, except for percentages)</i>					
Enhance our technological capabilities and R&D efforts	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Further enhance our R&D investments	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Strengthening the construction of digital systems within our internal operations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Recruiting experienced technical and R&D personnel	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Pursuing strategic alliances and acquisitions	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
General working capital and general corporate purposes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]%
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[100.0]%</u>