
FUTURE PLANS AND [REDACTED]

BUSINESS OBJECTIVES AND STRATEGIES

Our long-term objective is to leverage upon our current business model become one of the leading automotive testing services provider in the PRC while seeking to expand to new areas through taking advantage of emerging market opportunities. Please refer to “Business – Business strategies” in this document for details of our business objectives and strategies.

REASONS FOR THE [REDACTED]

According to the F&S Report, the market for automotive testing services in the PRC has demonstrated consistent growth, increasing from approximately RMB14.8 billion in 2020 to approximately RMB22.9 billion in 2025, representing a CAGR of approximately 9.1%. The overall growth in the automotive testing solutions industry in the PRC has been driven by increasing vehicle complexity and regulatory standards for safety emissions as well as rising investments in the research and development of NEV.

Given the vast market size and demand for automotive testing services in the PRC, we have placed significant effort in developing this business segment and during the Track Record Period, it was the key contributor to our overall profitability. During the Track Record Period, revenue derived from our automotive testing services accounted for approximately 81.8% and 75.3% of our total revenue respectively. Our automotive testing services rely on specialised testing equipment and machinery and given the rapidly changing market and technological landscape, there is significant pressure on us to continuously upgrade our major testing equipment and machinery to maintain our competitiveness. For details, please refer to “Industry Overview – Market Challenges and Threats” and “Business – Market and Competition” in this document.

Our Directors have considered various means of financing including both debt and equity financing to raise the necessary funds to finance our Group’s business strategies and believe that equity financing through the [REDACTED] is the more preferable means, despite its relatively higher immediate cost, after taking into account the interest obligations, potential amount of funds that can be raised and collateral requirements associated with debt financing. Our Directors also believe that equity financing can broaden our Group’s capital base and entails less risks on the part of our Group, as Shareholders may look to the long-term benefits that can be provided by our Group.

Without the [REDACTED], our Group remains a privately held company and there is no guarantee that banks or other financial institutions would lend to our Group for the purposes of implementing our business strategies at all or on favourable terms and without the imposition of stringent financing requirements. We believe that through the [REDACTED], our Group’s ability to access debt financing will be enhanced, as we will be able to access the debt capital markets and as a publicly listed company banks and other financial institutions are generally more willing to provide financing on more favourable terms.

Aside from the financing benefits arising from the [REDACTED], our Directors also believe that the [REDACTED] will serve to enhance our corporate profile, reputation and market presence. As such, it will serve to distinguish our Group from other market players and may provide reassurance and confidence to our customers and suppliers as to the sustainability and commitment of our Group towards its growth in the industry, which in turn may provide stronger bargaining power to our Group for future endeavours and negotiations.

For the reasons set out above, our Directors consider that the [REDACTED] and the [REDACTED] is in the long-term commercial interests of our Group.

FUTURE PLANS AND [REDACTED]

[REDACTED]

It is estimated that the [REDACTED] from the [REDACTED] (after deducting [REDACTED] commissions and estimated expenses payable by the Group in connection with the [REDACTED]), assuming the [REDACTED] is not exercised and an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range), will be approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million). Our Group currently intends to apply the [REDACTED] in the following manner:

Strengthening our ability to provide automotive testing services

1. Strengthening our ability to provide ICEV testing

Approximately [REDACTED]% or HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used for strengthening our ability to provide ICEV testing at our Changxing Headquarters. While the ICEV market is expected to experience a slight decline, the ICEV segment remains one of our core businesses, with its associated testing equipment accounting for a substantial portion of our asset base. We currently face occasional capacity constraints or a lack of specialised testing equipment, such that we may subcontract a portion of the testing services to Independent Third Parties. As such, we plan to allocate our net proceeds toward upgrading our ICEV testing capabilities, as it will resolve our capacity mismatch, bridge our testing technological gaps, and enable us to capture more orders. Moreover, this upgrade will facilitate our expansion into the non-road sector, enabling us to test engines for agricultural machinery, ships, and aircraft, while also developing our HICEV testing capabilities and ensuring full compliance with new regulatory requirements. While the specialised equipment required for high-power non-road applications is capital-intensive, we view that the strategic upgrade is vital to maintaining the long-term stability and resilience of our ICEV business. Specifically, we intend to implement the following upgrades:

- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used to upgrade one of our hydraulic dynamometer test benches and acquire new auxiliary facilities, including intake air conditioning, environmental air conditioning, and exhaust systems (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)), in order to expand the scope of our testing capabilities and further develop high-power ICE testing business;
- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used to upgrade one of our electric dynamometer test benches and acquire new measurement, control, and data acquisition systems (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to support our testing capacity to carry out performance development, calibration, durability and emission tests for HICEV. Specifically, this upgrade is achieved through purchasing gas analysers and PN10 particle counters to meet hydrogen engine emission standards, alongside new temperature and pressure modules for precise calibration. We will also upgrade the central control systems with the required software drivers to ensure data transmission between the new hardware and our main control network, while also upgrading our software to run the latest regulatory emission tests;

FUTURE PLANS AND [REDACTED]

- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used to upgrade one of our electric dynamometer test benches and acquire external auxiliary equipment and construct environmental protection support facilities (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to enhance high-power hybrid testing service capabilities;
- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used to upgrade one of our electric dynamometer test benches and acquire new auxiliary systems for water, electricity, oil, and gas measurement, as well as related infrastructure construction (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to enhance our testing capabilities on off-road environment;
- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used to upgrade one of our electric dynamometer test benches and acquire engine exhaust emission analysis and measurement systems (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to enhance our testing capabilities on off-road environment and expand our testing capacities in response to the new regulatory standards; and
- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used to upgrade one of our electric dynamometer test benches and acquire environmental monitoring systems, measurement systems, and constructing environmental protection facilities (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to expand our testing capacities in response to the new emission standards.

2. *Strengthening our ability to provide NEV testing*

- Approximately [REDACTED]% or HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used for strengthening our ability to provide NEV testing services which we intend to utilise as follows:
 - approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used to upgrade two of our electric motor & electric drive test benches at our Changxing Headquarters (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to meet the increasing demand for NEV testing driven by growth in this business segment. Specifically, this upgrade is achieved through purchasing two new advanced calibration testing systems, one for high-speed, high-torque applications and another for high-power, heavy-duty performance, that will provide the necessary high-speed and heavy-duty power requirements to test individual motors used in NEVs; and
 - approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used to upgrade four of our electric motor & electric drive test benches and acquire ancillary systems at our Jiashan Testing Facility (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to fill the gap in NEV testing capacity and expand into the robotics testing business. Specifically, this upgrade is achieved through purchasing new power sourcing units and combining it with our existing testing equipment to form a complete, unified testing system capable of testing highly integrated vehicle components.

FUTURE PLANS AND [REDACTED]

3. *Strengthening our ability to provide ADAS testing*

- Approximately [REDACTED]% or HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million) will be used for strengthening our ability to provide ADAS testing services, which will primarily be stationed at our ADAS testing base in Suzhou; though, given the highly mobile nature of the equipment, it can be conveniently deployed to other testing venues as requested by our customers.
- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used to purchase one set of new equipment for ADAS testing. We intend to purchase a specialised ultra-flat crushable moving platform, which is a highly durable, impact-absorbing mobile platform used to carry dummy vehicle, so that the testing vehicle can safely collide with the dummy vehicle and drive directly over the platform without sustaining damage during collision simulations, for testing active safety systems, such as automatic emergency braking (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to increase testing capacity and meet growth in this business segment; and
- approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used to purchase one set of new equipment and systems for road testing. Specifically, we intend to purchase testing equipment and systems for anti-lock braking systems, noise, vibration and harshness testing and data acquisition equipment (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to to enhance our on-road testing capabilities.

4. *Strengthening our ability to provide whole vehicle testing*

- Approximately [REDACTED]% or HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million), will be used for upgrading one of our roller test benches at our Changxing Headquarters to a four-wheel drive chassis dynamometer equipped with an environmental chamber (estimated unit price of approximately HK\$[REDACTED] million (equivalent to approximately RMB[REDACTED] million)) in order to enhance our vehicle performance and thermal management testing services. Specifically, this upgrade is achieved through a custom modification of the two existing two-wheel drive dynamometers where our team independently handles the electromechanical design, software development, and final integration of procured components with the new environmental chamber to establish a fully operational testing facility.

Intensifying our research and development efforts to enhance our capabilities in providing Automotive Testing Solutions to drive our growth

We adopt an in-house research and development approach to enhance our testing capabilities. Our business strategy involves the independent design and development of systems and core components, complemented by the procurement of conventional or standard parts to build new testing capabilities. Therefore, the aforementioned planned upgrades and acquisitions of testing equipment inherently intensify our research and development initiatives. Specifically, these upgrades will facilitate our research and development strategy in the following manner:

- In relation to the upgrade of our ICEV testing facility, the upgraded test benches serve as the operational platform required to run our custom emission-testing software that fulfills new regulatory standard. This enables us to deploy our in-house developments;

FUTURE PLANS AND [REDACTED]

- In relation to the upgrade of our NEV testing facility, the procured and upgraded test benches serve as foundational platforms for our research and development, as it enables us to develop our new testing solutions on the upgraded testing benches; and
- In relation to the upgrade of our whole-vehicle testing facility, the four-wheel-drive chassis dynamometer is independently developed by us, and the upgrade by integrating the external parts enables us to complete our development of our proprietary test bench.

Expanding our automotive testing services to new industries to diversify our customer and revenue base

The aforementioned planned upgrades and acquisitions of testing equipment will also serve to diversify our testing services, allowing us to expand into new, emerging industries and broaden our customer and revenue base. Specifically, the upgrades will further our business strategies in the following manner:

- In relation to the upgrade of our ICEV testing facility, we can significantly enhance our capabilities to test higher-power engines. It will enable us to meet the testing demands for power generator engines and the power systems of construction machinery, thereby expanding our operations and customer base within the non-road sector. It will also enable us to handle higher power outputs, allowing us to test engines for agricultural equipment, ships and aircrafts; and
- In relation to the upgrade of our NEV testing facility, the enhanced testing capabilities will equip us the ability to meet the stringent testing requirements for the electric drive systems of drones, thereby expanding our business into the low-altitude aircraft and drone sectors, the enhanced capabilities will also allow us to fulfill the testing requirements for motors and electric drive systems used in robots, thereby facilitating our expansion into the robotics and broader vehicle industries, expanding into new business areas and diversifying our customer portfolio.

IMPLEMENTATION PLANS

Our Directors have drawn up an implementation plan for the six months ending 30 June 2027 to 31 December 2028 with a view to achieving our business objective. The detailed implementation plan and expanded timetable are set out below:

Implementation plans	Six months ending				Total	% of total [REDACTED]
	30 June 2027 RMB'000	31 December 2027 RMB'000	30 June 2028 RMB'000	31 December 2028 RMB'000		
1. Strengthening our ability to provide ICEV testing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2. Strengthening our ability to provide NEV testing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
3. Strengthening our ability to provide ADAS testing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

FUTURE PLANS AND [REDACTED]

	30		Six months ending		Total	% of total [REDACTED]
	June 2027 RMB'000	December 2027 RMB'000	June 2028 RMB'000	December 2028 RMB'000		
Implementation plans						
4. Strengthening our ability to provide whole vehicle testing	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

To the extent that the [REDACTED] from the [REDACTED] are insufficient to fund our Group’s business strategies, our Directors may delay the pace of the implementation of our Group’s business strategies until its internal resources are sufficient. Our Directors may also consider other factors when determining the pace of implementation, such as the long term funding needs of our Group and the need to maintain a healthy level of working capital. Alternatively, our Directors may also consider bank financing or other debt or equity fund raising exercises, though this may affect our Group in such ways as disclosed in the paragraph headed “Reasons for the [REDACTED]” in this section.

If the [REDACTED] is fixed at the high-end of the indicative range of the [REDACTED], being HK\$[REDACTED] per [REDACTED], the [REDACTED] to be received by our Group from the [REDACTED] will increase by approximately HK\$[REDACTED] million. Our Group intends to apply the additional [REDACTED] for the above purposes on a pro-rata basis. If the [REDACTED] is set at the low-end of the indicative range of the [REDACTED], being HK\$[REDACTED] per [REDACTED], the [REDACTED] to be received by our Group from the [REDACTED] will decrease by approximately HK\$[REDACTED] million. Our Group intends to reduce the [REDACTED] for the above purposes on a pro-rata basis.

If the [REDACTED] is exercised in full, it is estimated that the additional [REDACTED] from the [REDACTED] of these additional Shares to be received by our Group, after deducting the estimated [REDACTED] fee, incentive fee and estimated [REDACTED] payable by it, will be approximately (i) HK\$[REDACTED] million, assuming the [REDACTED] is fixed at the high-end of the indicative range of the [REDACTED], being HK\$[REDACTED] per [REDACTED]; (ii) HK\$[REDACTED] million, assuming the [REDACTED] is fixed at the mid-point of the indicative range of the [REDACTED], being HK\$[REDACTED] per [REDACTED]; and (iii) HK\$[REDACTED] million, assuming the [REDACTED] is fixed at the low-end of the indicative range of the [REDACTED], being HK\$[REDACTED] per [REDACTED]. Any additional [REDACTED] received by our Group from the exercise of the [REDACTED] will also be allocated to the above purposes on a pro-rata basis.

To the extent that the [REDACTED] from the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, our Group will only deposit the [REDACTED] into short-term interest-bearing accounts at licenced commercial banks and/or other authorised financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). Our Group will make appropriate announcement if there is any material change to the above proposed use of [REDACTED].

FUTURE PLANS AND [REDACTED]

BASES AND ASSUMPTIONS

[REDACTED] should note that our ability to achieve our business objectives and implementation plans depends on a number of bases and assumptions, in particular:

- there will be no material changes in the existing political, legal, fiscal, social or economic conditions in the PRC and any other places in which any member of our Group will carry on business and provides services;
- we will have sufficient financial resources to meet the planned capital expenditure and business development requirements during the period to which the business objectives relate;
- there will be no material changes in the prevailing laws (whether in the PRC or any other part of the world), policies or industry or regulatory treatments relating to us, or in the political, economic and market conditions in the places in which we operate or will operate our business;
- we will retain our key staff in our management team;
- there will be no material changes in the bases or rates of taxation in the PRC;
- there will be no significant changes in our business relationship with our existing strategic and business partners;
- there will be no significant changes in our business relationship with our major customers and suppliers;
- the [REDACTED] will be completed in accordance with and as described in “Structure and Conditions of the [REDACTED]” in this document;
- there will be no material changes in the funding required for each of the scheduled achievements as outlined under “Implementation Plans” in this section;
- we will not be materially affected by the risk factors as set out in “Risk Factors” in this document; and
- we will be able to continue its operations in substantially the same manner as we have been operating during the Track Record Period and we will be able to carry out the development plans without disruptions adversely affecting its operations or business objectives in any way.