

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

For a detailed description of our future plans, see “Business – Our Strategies” in this document.

USE OF [REDACTED]

We estimate that we will receive net proceeds from the [REDACTED], after deducting the [REDACTED] fees and expenses payable by us in the [REDACTED], of approximately HK\$[REDACTED] million (i.e. approximately RMB[REDACTED] million), assuming (i) an [REDACTED] of HK\$[REDACTED] per H Share, being the midpoint of the indicative [REDACTED] range, and (ii) no exercise of the [REDACTED]. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the purposes in the amounts and timeframe set forth below.

	For the period from 1 January 2026 to 31 December 2026 <i>(RMB million)</i>	For the period from 1 January 2027 to 31 December 2027 <i>(RMB million)</i>	After 1 January 2028 <i>(RMB million)</i>	Approximate Total <i>(RMB million)</i>	Approximate % of net proceeds
R&D advancement					
– Development of new materials and structural design	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Development of AI-powered CNC system	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Development of forward design simulation platform technology	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Development of intelligent sensing and measurement system	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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	For the period from 1 January 2026 to 31 December 2026 <i>(RMB million)</i>	For the period from 1 January 2027 to 31 December 2027 <i>(RMB million)</i>	After 1 January 2028 <i>(RMB million)</i>	Approximate % of net proceeds Total <i>(RMB million)</i>
Expansion of sales and marketing network				
– Establishment of sales channel	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Marketing and brand promotion	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Localization of sales and marketing efforts	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Subtotal	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Strategic acquisitions and investments	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Repayment of bank borrowings	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
General working capital	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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- approximately RMB[REDACTED] million (i.e. approximately HK\$[REDACTED] million), representing [REDACTED]% of the net proceeds, will be allocated for R&D advancement. In particular,
 - approximately RMB[REDACTED] million (i.e. approximately HK\$[REDACTED] million), representing [REDACTED]% of the net proceeds, will be used for the **development of new materials and structural designs**, namely development of lightweight carbon fiber composites and 3D-printed cellular structures for moving components of our products, of which (i) approximately RMB[REDACTED] million will be used for acquiring hardware such as testing and inspection machinery and equipment; (ii) approximately RMB[REDACTED] million will be used for acquiring software for (1) design, (2) simulation and (3) product lifecycle management; and (iii) approximately RMB[REDACTED] million will be used for part of the staff costs of additional 22 R&D personnel;
- Particulars of the major hardware we intend to acquire are as follows:

Hardware	Functions	Estimated costs (RMB'000)
Multi-line laser test system (多線激光測試系統)	Calibrate machine tool errors	[REDACTED]
Three-dimensional coordinate measuring machine (三坐標測量機)	Test geometric accuracy and tolerance of raw materials	[REDACTED]
Laser interferometer (激光干涉儀)	Calibrate positioning accuracy of linear/rotary axes	[REDACTED]
Laser measurement system (激光測量系統)	Align machine tools geometrically	[REDACTED]

The hardware has an estimated useful life of around ten years. While the Group has similar hardware in use with estimated useful life ranging from ten to 13 years and similar software in use with estimated indefinite useful life, additional units are required to meet the growing demands during the R&D, production calibration and quality assurance stages for the development of new materials and structural designs;

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- Particulars of the additional 22 R&D personnel we intend to hire are as follows:

Positions	No. of headcounts	Roles and functions
Materials process specialist	3	Lead material innovation and development of composites
Software engineer	5	Develop simulation tools for screening materials
Manufacturing specialist	2	Develop production methods for complex material-structure system
Mechanical structure engineer	6	Design and validate mechanical structure
Testing specialist	2	Validate performance under extreme cutting conditions
Electrical engineer	4	Lead production line integration and optimize manufacturing system for new material implementation

- approximately RMB[REDACTED] million (i.e. approximately HK\$[REDACTED] million), representing [REDACTED]% of the net proceeds, will be used for the **development of AI-powered CNC system** to simplify the complex, multi-stage five-axis machining operations, of which (i) approximately RMB[REDACTED] million will be used for acquiring intellectual property rights; (ii) approximately RMB[REDACTED] million will be used for acquiring hardware such as testing and inspection machinery and equipment; (iii) approximately RMB[REDACTED] million will be used for acquiring software for (1) 3D modeling, (2) AI management and (3) system integration; and (iv) approximately RMB[REDACTED] million will be used for part of the staff costs of additional 72 R&D personnel;

- Particulars of the major hardware we intend to acquire are as follows:

Hardware	Functions	Estimated costs (RMB'000)
AI-CNC system test platform (AI-CNC系統測試平台)	Verify stability and precision of AI algorithms in machining	[REDACTED]

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Hardware	Functions	Estimated costs (RMB'000)
Graphics processing unit compute clusters (大模型訓練硬件模塊)	Accelerate parallel computations for large model training	[REDACTED]
Scanning measurement system for test platform (測試平台掃描測量系統)	Verify accuracy of machined parts and collect data for process optimization	[REDACTED]

The hardware has an estimated useful life of around ten years. Except for the additional machine tools to be acquired for testing of processing with AI-CNC technology, which have an estimated useful life of around ten years, the Group does not have similar hardware and software in use.

- Particulars of the additional 72 R&D personnel we intend to hire are as follows:

Positions	No. of headcounts	Roles and functions
AI R&D engineer	29	Develop AI modules, data pipelines, and embedded algorithm implementation
Motion control engineer	22	Design high-precision control algorithms and AI-hardware communication interfaces
Test engineer	9	Validate performance under extreme cutting conditions
AI specialist	6	Lead AI/ML framework design and CNC control integration strategies
CAM specialist	6	Integrate CAD/CAM with AI systems and develop intelligent post-processors

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- approximately RMB[REDACTED] million (i.e. approximately HK\$[REDACTED] million), representing [REDACTED]% of the net proceeds, will be used for the **development of forward design simulation platform technology** for five-axis machine tools, which digitally predicts and optimises machine performance before production begins to allow us to refine designs upfront, of which (i) approximately RMB[REDACTED] million will be used for acquiring hardware such as testing and inspection machinery and equipment; (ii) approximately RMB[REDACTED] million will be used for acquiring software for design and engineering simulation; and (iii) approximately RMB[REDACTED] million will be used for part of the staff costs of additional 35 R&D personnel;
- Particulars of the major hardware we intend to acquire are as follows:

Hardware	Functions	Estimated costs (RMB'000)
Tracker (跟蹤儀)	Measure 3D volumetric accuracy	[REDACTED]
Telescoping laser ballbar (可伸縮激光球杆儀)	Verify dynamic accuracy of mid-to-small machine tools	[REDACTED]
Interferometer (干涉儀)	Linear error measurement	[REDACTED]

The hardware has an estimated useful life range of around 15 years. While the Group has similar hardware in use with estimated useful life ranging from eight to ten years and similar software in use with estimated indefinite useful life, additional units are required to meet the growing demands during the development of forward design simulation platform technology;

- Particulars of the additional 35 R&D personnel we intend to hire are as follows:

Positions	No. of headcounts	Roles and functions
System engineer	5	Lead integrated machine design framework and cross-disciplinary problem resolution
Mechanical designer	10	Develop high-rigidity modular structures and innovative components

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Positions	No. of headcounts	Roles and functions
Motion control algorithm engineer	6	Create five-axis RTCP compensation algorithms for nanoscale interpolation accuracy
Servo systems specialist	4	Configure high-dynamic servo drives to eliminate creep and vibration
Thermal compensation engineer	4	Build thermal error digital twins with multi-sensor real-time compensation
Hydraulics / lubrication engineer	3	Design hydrostatic bearing systems and AI-driven lubrication strategies
Test engineer	3	Validate performance under extreme cutting conditions

- approximately RMB[REDACTED] million (i.e. approximately HK\$[REDACTED] million), representing [REDACTED]% of the net proceeds, will be used for the **development of intelligent sensing and measurement system** which features automatic calibration technology and on-machine workpiece measurement technology, of which (i) approximately RMB[REDACTED] million will be used for acquisition of hardware such as testing and inspection machinery and equipment; (ii) approximately RMB[REDACTED] million will be used for acquisition of software for design and engineering simulation; and (iii) approximately RMB[REDACTED] million will be used for part of the staff costs of additional 31 technical staff;
- Particulars of the major hardware we intend to acquire are as follows:

Hardware	Functions	Estimated costs (RMB'000)
Spindle analyzer (主軸檢測儀)	Calibrate and evaluate the dynamic stability of machine tools	[REDACTED]
Rotary axis tester (旋轉軸測試儀)	Detect motion errors and evaluate rotation accuracy of machine tools	[REDACTED]

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The hardware has an estimated useful life of around 15 years. While the Group has similar hardware in use with estimated useful life ranging from eight to 12 years and similar software in use with estimated indefinite useful life, additional types and units of testing hardware and engineering software are required to meet the growing demands during the development of intelligent sensing and measurement system;

- Particulars of the additional 31 R&D personnel we intend to hire are as follows:

Positions	No. of headcounts	Roles and functions
Hardware engineer	6	Design sensor circuits and signal conditioning modules
Algorithm engineer	7	Develop AI calibration models & data filtering
Embedded engineer	4	Program low-power sensor firmware
Backend engineer	6	Build cloud data storage and analysis platforms
Frontend engineer	2	Create visualization dashboards
Test engineer	2	Validate performance under extreme cutting conditions
Process engineer	4	Optimize sensor mass-production yield

For details of our strategies in relation to R&D advancement, see “Business – Our Strategies – Technological advancements through R&D” in this document.

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- approximately RMB[REDACTED] million (i.e. approximately HK\$[REDACTED] million), representing [REDACTED]% of the net proceeds, will be allocated for expansion of sales and marketing network, of which (i) approximately RMB[REDACTED] million will be used for establishment of sales channels including building up of overseas sales teams and expansion of customer base; (ii) approximately RMB[REDACTED] million will be used for marketing and brand promotion; and (iii) approximately RMB[REDACTED] million will be used for localization of sales and marketing efforts including translation of product materials, products certification and standards compliance, development and maintenance of multilingual website, and training for employees;

For details of our strategies in relation to expansion of sales and marketing network, see “Business – Our Strategies – Expansion of sales and marketing network” in this document.

- approximately RMB[REDACTED] million (i.e. approximately HK\$[REDACTED] million), representing [REDACTED]% of the net proceeds, will be allocated for possible acquisitions of and investments in manufacturers of key components, such as servo drives and direct-drive torque motors, which form the technological backbone of our precision machining capabilities and future product development. Our acquisition strategy targets established suppliers with annual revenues within the range of RMB10.0 million to RMB100.0 million, and we intend to acquire a majority stake of such key component manufacturers. As advised by CIC, there are not fewer than 50 companies in the PRC operating at this scale which could potentially enhance our technology portfolio. As of the Latest Practicable Date, we had not identified any acquisition or investment or enter into any definitive acquisition or investment agreement;
- approximately RMB[REDACTED] million (i.e. approximately HK\$[REDACTED] million), representing [REDACTED]% of the net proceeds, will be allocated for partial repayment of interest-bearing bank borrowings of our Group to improve our financial position and liquidity:

Nature of bank loans	Principal amounts	Interest rate	Due date	Purpose of bank loans
Bank working capital loans	90.0 million	2.55% to 3.4%	21 April 2026 to 18 February 2028	Working capital

- approximately RMB[REDACTED] million (i.e. approximately HK\$[REDACTED] million), representing [REDACTED]% of the net proceeds, will be allocated for working capital and general corporate purposes.

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The above allocation of the net proceeds 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 or the [REDACTED] is exercised.

If the [REDACTED] is determined at HK\$[REDACTED] per [REDACTED], being the high end of the [REDACTED] range stated in this document, after deducting the [REDACTED] fees and expenses payable by us in respect with the [REDACTED], we will receive net proceeds of approximately HK\$[REDACTED] million, assuming that the [REDACTED] is not exercised.

If the [REDACTED] is determined at HK\$[REDACTED] per [REDACTED], being the low end of the [REDACTED] range stated in this document, after deducting the [REDACTED] fees and expenses payable by us in connection with the [REDACTED], we will receive net proceeds of approximately HK\$[REDACTED] million, assuming that the [REDACTED] is not exercised.

If the [REDACTED] is exercised in full, we will receive the additional net proceeds from approximately HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the low end of the indicative [REDACTED] range) to HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the high end of the indicative [REDACTED] range), after deducting the [REDACTED] fees and expenses payable by us in connection with the [REDACTED].

To the extent that the net proceeds of the [REDACTED] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, to the extent permitted by applicable law and regulations, we will only deposit those net proceeds 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). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules. Our Directors consider that the net proceeds from the [REDACTED] together with the internal resources of our Group will be sufficient to finance the implementation of our Group’s business plans as set out in this section.