
FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS AND PROSPECTS

Please see the section titled “Business — Our Strategies” in this Document for details of our future plans.

USE OF [REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED], after deducting [REDACTED], fees and expenses paid and payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised and an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the midpoint of the indicative [REDACTED] stated in this Document.

We intend to use the [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

Capacity Expansion

Approximately [REDACTED]%, or HK\$[REDACTED], of the [REDACTED] is expected to be used for the expansion of our production capacity and to enhance our production efficiency. This comprises capital expenditure on new buildings and machinery, construction of new production and assembly lines, and the expansion of our production-related workforce, to be deployed from 2027 to 2031. All capacity expansion activities are expected to be carried out on our existing land and facilities, with no acquisition of new land anticipated. In particular, we intend to allocate:

- approximately [REDACTED]%, or HK\$[REDACTED], of the [REDACTED] towards the purchase and installation of new assembly lines and machinery (including, but not limited to: flexible manufacturing systems capable of producing a range of products with minimal reconfiguration, new production equipment, machining centers, and related fixtures and ancillary tools), and upgrades to existing lines and machinery. These investments are expected to enhance our manufacturing capacity, support future product launches and improve operational efficiency and scalability;
- approximately [REDACTED]%, or HK\$[REDACTED], of the [REDACTED] towards the expansion of our production-related workforce to support of the expansion of our production and operational capabilities. This includes both direct production workers and indirect plant-level support personnel across core manufacturing activities, equipment operation, maintenance, logistics and warehouse operations, and quality control functions. These investments are expected to support higher production volumes, operational continuity and consistent product quality; and
- approximately [REDACTED]%, or HK\$[REDACTED], of the [REDACTED] towards the construction of new buildings and expansion of existing facilities. This includes adding production workshop buildings, expanding warehouse facilities for components and finished goods, and refurbishing and expanding ancillary office and plant-support areas. These investments are expected to support higher production volumes and improved operational efficiency.

Product R&D

Approximately [REDACTED]%, or HK\$[REDACTED], of the [REDACTED] is expected to be used to enhance our research and development capabilities in upgrading existing products and developing new products, to be deployed progressively from 2027 to 2031. In particular, we intend to allocate:

- approximately [REDACTED]%, or HK\$[REDACTED], of the [REDACTED] towards R&D capital expenditure. This includes (i) developing dedicated test bench infrastructure and related facilities for the development, testing, and validation of electrified and hydrostatic driveline solutions and integrated driveline systems, and (ii) product-specific capital expenditure,

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including tooling, fixtures and other development-related equipment for new products. These investments are expected to strengthen our in-house testing and validation capabilities, support the launch preparation of new products and technologies and strengthen our ability to respond to evolving technical requirements and customer needs;

- approximately [REDACTED]%, or HK\$[REDACTED], of the [REDACTED] towards R&D operating expenditures. This includes project-based development expenses for system design, engineering, prototyping, testing, validation, and software development for electric drives, hydrostatic drives, and integrated powertrain solutions, as well as external engineering support and prototyping-related costs. These investments are expected to support the development of new products and technologies and enhance the quality and efficiency of our development process; and
- approximately [REDACTED]%, or HK\$[REDACTED], of the [REDACTED] towards R&D personnel-related expenses. This includes the recruitment and retention of engineers, control systems specialists, testing and validation personnel, and other technical staff. These investments are expected to be carried out in line with the expansion of our R&D centre of excellence and are expected to strengthen our internal innovation and R&D execution capabilities and enhance our long-term product development, testing, and validation capacity.

Efficiency and Quality Enhancement

Approximately [REDACTED]%, or HK\$[REDACTED], of the [REDACTED] is expected to be used for efficiency and quality enhancement initiatives across our manufacturing operations, to be deployed progressively from 2027 to 2031. In particular, we intend to allocate:

- approximately [REDACTED]%, or HK\$[REDACTED], of the [REDACTED] towards purchases and integration of robotics, AGV systems and other automation solutions for automated material handling, intra-plant material transfer, and selected machining and painting processes. These investments are expected to enhance production efficiency, improve process stability, and optimize labor utilization; and
- approximately [REDACTED]%, or HK\$[REDACTED], towards our quality control and environmental impact management initiatives. This includes continuous improvements relating to our testing and inspection equipment, quality control and process monitoring systems, and environmental, health, and safety (“EHS”) initiatives, in line with the growth of our operations. These investments are expected to strengthen our quality assurance capabilities, improve process control and support compliance with applicable EHS standards.

M&A

Approximately [REDACTED]%, or HK\$[REDACTED], of the [REDACTED] is expected to be used to fund potential M&A opportunities (which may take the form of acquisitions, strategic partnership, joint ventures, or other M&A activities) in Mainland China as appropriate opportunities arise, primarily to support our supply chain integration strategy.

We plan to systematically assess high-potential targets and focus principally on foundries and suppliers of critical raw materials, key components, and other upstream or adjacent businesses relevant to our operations, with a view to strengthen our vertical integration, streamlining raw material sourcing, reducing reliance on third-party suppliers, and securing reliable access to mission-critical inputs. We would generally seek majority-controlled acquisitions, typically involving an ownership interest of more than 67%, or, where appropriate, full ownership acquisitions, in order to facilitate effective operational integration, implementation of operational improvements, and timely realization of synergies.

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In assessing whether an acquisition is suitable for integration with our existing business, we will, among other factors, take into account (1) the quality of the target business' products and their market potential, (2) the target's historical operational and financial performance, (3) the expertise and capabilities of the target's management team, and (4) the potential to create strategic and operational synergies with our existing business.

Our approach to such opportunities is expected to be selective and opportunistic in nature. According to F&S, there are sufficient potential investment targets of over 50 suitable targets available in the market, that would meet our Company's acquisition criteria. As at the Latest Practicable Date, we had not identified any specific acquisition target or entered into any legally binding agreement, arrangement or commitment in relation to any such acquisition. Based on our current internal funding assumption, the use of [REDACTED] contribution would represent approximately one-third of the total funding required for a transaction, with the balance funded through equity and/or debt financing, subject to financing availability, target valuation, and transaction structure.

Headcount Expansion

Approximately [REDACTED]%, or HK\$[REDACTED], of the [REDACTED] is expected to be used for the expansion of our headcount in business-critical operational and support functions, in line with our planned capacity expansion. This includes engineers, analysts and management roles across plant operations management, supply chain management, sales support, customer service and other supporting functions.

Working Capital

Approximately [REDACTED]%, or HK\$[REDACTED], of the [REDACTED] is expected to be for general working capital.

The above allocation of the [REDACTED] will be adjusted on a pro-rata basis in the event that the [REDACTED] is fixed below or above the mid-point of the indicative [REDACTED]. If the [REDACTED] is set at HK\$[REDACTED], which is the high end of our indicative [REDACTED], the [REDACTED] from the [REDACTED] will increase to approximately HK\$[REDACTED]. If the [REDACTED] is set at HK\$[REDACTED], which is the low end of our indicative [REDACTED], the [REDACTED] from the [REDACTED] will decrease to approximately HK\$[REDACTED].

Any additional [REDACTED] received from the exercise of the [REDACTED] will also be allocated to the above purposes on a pro-rata basis. In the event that the [REDACTED] is exercised in full, we will receive [REDACTED] of HK\$[REDACTED] (after deducting the estimated [REDACTED] and other fees and expenses payable by us in connection with the [REDACTED] and assuming an [REDACTED] of HK\$[REDACTED], being the midpoint of our indicative [REDACTED]).

To the extent that the [REDACTED] of the [REDACTED] are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we may deposit the [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). In such event, we will comply with all applicable disclosure requirements as mandated by the Listing Rules.