FUTURE PLANS

See "Business — Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

Assuming an [**REDACTED**] of [**REDACTED**] per H Share (being the mid-point of the [**REDACTED**] range stated in this document), we estimate that we will receive net [**REDACTED**] from the [**REDACTED**] of approximately [**REDACTED**], after deducting [**REDACTED**] commissions, fees and estimated expenses payable by us in connection with the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised. In line with our strategies and based on the priority of business development needs, we plan to apply these net [**REDACTED**] for the following intended purposes in the amounts set forth below:

- approximately 50% of the net [**REDACTED**], or [**REDACTED**], is expected to be used for production capacity expansion to meet the fast growing market demands in the electric drive solution industry. In furtherance of the foregoing, we intend to allocate roughly 25% of the net [**REDACTED**], or [**REDACTED**], to each of industrial control segment and NEV segment, respectively. Specifically:

  (i) approximately 40% of the net [**REDACTED**], or [**REDACTED**], will be used to expand our production capacity in China. Our production capacity expansion plan will be implemented in stages, after carefully considering our business growth trajectory, industry demands and capital availability. The implementation plan comprises the following:

    (a) We plan to allocate approximately 35% of the net [**REDACTED**], or [**REDACTED**], to establish a new production facility in China (the "**New Facility**"). The New Facility will be equipped with flexible production lines for both industrial control segment and NEV segment, with a designed annual production capacity of approximately 60,000 sets of electric drive systems and 240,000 sets of powertrains, respectively. We currently intend, subject to further evaluation, to locate the New Facility in the Yangtze River Delta region or at a location where we already maintain a subsidiary, in order to optimize operational efficiency.

    During the Track Record Period, we maintained high capacity utilization rates, exceeding 65% across our production facilities for both the industrial control segment and the NEV segment. As of the Latest Practicable Date, we operated three production facilities at strategic locations in China, two of which are leased and primarily dedicated to the production of NEV products, and the remaining self-owned facility supports the production of both industrial control products and NEV products. In addition, we had three new production facilities currently under construction in Beilun, Ningbo, Jinan, Shandong and Yibin, Sichuan. The Beilun and Jinan facilities are designated for industrial control products tailored to specific application scenarios, whereas the Yibin facility is intended for NEV products. See "Business — Production — Production Facilities" for further details. In light of the relatively high utilization levels and the specialized nature of certain existing and pipeline facilities, we consider it necessary to construct an additional production facility with flexible production lines to enable cross-segment allocation. This initiative will not only alleviate capacity constraints, but also enhance our ability to dynamically adjust production between segments to meet evolving customer demands, thereby improving overall manufacturing efficiency, broadening product diversity and supporting our long-term strategic expansion.

We plan to acquire the land and commence construction of the New Facility by the end of 2026, with operations expected to commence in stages around mid-2028. The table below sets forth the expected timeframe for the New Facility to achieve its full designed annual production capacity:

	Designed annual production capacity as of December 31,		
	2028	2029	2030
Electric drive systems for industrial control segment	18,000 sets	48,000 sets	60,000 sets
Powertrains for NEV segment	72,000 sets	192,000 sets	240,000 sets

The main expenses will include costs associated with land acquisition, building construction, procurement of production machinery and equipment, and operational costs of the New Facility, of which:

- approximately 4% of the net [**REDACTED**], or [**REDACTED**], will be used to acquire the land needed for the construction of the New Facility, with a total GFA of approximately 67,000 sq.m.;

- approximately 28% of the net [**REDACTED**], or [**REDACTED**], will be used for the (1) the construction of the New Facility and (2) the procurement and installation of production equipment; and

- approximately 3% of the net [**REDACTED**], or [**REDACTED**], will be used to recruit approximately 240 personnel for the New Facility, primarily related to production, quality control and administrative support functions.

Similar to our existing production facilities, the New Facility to be constructed will be required to complete the investment project filing procedures and obtain the planning permits for land use and construction project as well as the construction permit. In accordance with applicable PRC laws and regulations, the New Facility will also be required to obtain a Real Property Ownership Certificate upon completing the relevant acceptance procedures, environmental protection approval and other requisite approvals and permits. As advised by our PRC Legal Advisor, subject to our compliance with the aforementioned laws and regulations, there are no material legal impediments to the establishment of the New Facility. We will comply with all applicable regulatory requirements and obtain the relevant licenses and permits prior to the commencement of operations of the New Facility.

(b) We plan to allocate approximately 5% of the net [**REDACTED**], or [**REDACTED**], to continue the construction of our Beilun facility, including 2% [**REDACTED**] for internal works and 3% [**REDACTED**] for the procurement of related equipment. As part of our strategic deployment to support the expansion of our specialized precision electric drive systems business and industrial automation solutions business, we began the construction of Beilun facility in June 2022 and completed the structural works in December 2024. We are currently progressing with the interior decoration of office buildings. In addition, the production lines of the Hangzhou Bay facility dedicated to supplying servo motor products to overseas customers have been relocated to the Beilun facility. We plan to bring Beilun facility into operation on a phased basis, and upon reaching full operations by the end of June 2027, it is expected to achieve a designed annual production capacity of a total of 33,480 sets of electric drive systems for industrial control segment.

As of December 31, 2025, our annualized production capacity at existing facilities was approximately 143.8 thousand sets of electric drive systems for industrial control segment and 287.6 thousand sets of powertrains for NEV segment. Upon the implementation of the aforementioned production expansion plans, our total annualized production capacity in China is expected to reach approximately 247.5 thousand sets of electric drive systems for industrial control segment and 627.6 thousand sets of powertrains for NEV segment, significantly enhancing our overall production capacity and strengthening our supply capabilities.

(ii) approximately 10% of the net [**REDACTED**], or [**REDACTED**] will be used to establish our production capacity in Italy with a focus on industrial control products. We strategically target Italy to complement our established local capabilities in R&D and sales capabilities, thereby forming a complete end-to-end value chain from innovation to production to market delivery. This is particularly important facing uncertainties associated with geopolitical tensions, trade disruption and supply chain volatility.

To enhance synergies with our existing overseas operations, we intend to pursue opportunities to acquire an Italian motor manufacturer and, subject to the completion of such acquisition, to expand its industrial production capacity through investments in additional production equipment, with a view to aligning production scale with the growth of our overseas business. As of the Latest Practicable Date, we have not identified any definitive acquisition target nor entered into any binding agreement in this regard.

In identifying potential acquisition targets, we expect that a suitable target would, among other things, (a) have over 10 years of experience in the manufacturing of electric drive systems for the industrial sector; (b) own production facilities and manufacturing equipment with clear title and have existing or available vacant space which, following appropriate equipment investments, would be capable of supporting a designed annual production capacity of over 40,000 sets of electric drive systems; (c) have a clear equity structure, with its shareholders having expressed an intention to dispose of a controlling interest; (d) have maintained sound compliance and financial records and not be involved in any material litigation or legal disputes; and (e) be located in Northern Italy, including within the "Industrial Triangle" region (Turin–Milan–Genoa), to better align with our existing Italian subsidiary. Based on information available to us and the advice of our industry consultant, our Directors believe that there are acquisition targets available in the market that meet the above criteria.

The intended use of [**REDACTED**] from the [**REDACTED**] for overseas production capacity expansion is as follows:

- approximately 4% of the net [**REDACTED**], or [**REDACTED**], is expected to be used to acquire the equity interest in an Italian motor manufacturer, with the acquisition anticipated to be completed by early 2027;

- approximately 3% of the net [**REDACTED**], or [**REDACTED**], is expected to be used for equipment upgrades and production line expansion; and

- approximately 3% of the net [**REDACTED**], or [**REDACTED**], is expected to be used for the operation of the overseas facility, covering expenses such as staffing, training, raw material procurement, utility costs and other operating expenses necessary to sustain the daily operations of the overseas facility.

We plan to capitalize on our established wholly-owned Italian subsidiary, OSAI ITA, to expand our local production capacity. As advised by our Italian legal advisor, OSAI ITA is not required to obtain licenses, authorizations, permissions, declarations, certificates, approvals, orders, registrations, clearances, reports, permits, or consents from Italian governmental authorities to do so, given that it is already duly incorporated in Italy.

- approximately 20% of the net [**REDACTED**], or [**REDACTED**], is expected to be used for R&D activities. Specifically:

(i) Approximately 15% of the net [**REDACTED**], or [**REDACTED**], is expected to be used for our R&D initiatives, focusing on (a) advancing platform-based and modular design architectures. This strategic approach significantly shortens product development cycles, while simultaneously enabling lighter-weight, lower-cost, and higher-efficiency outcomes; (b) investing in and strengthening our bespoke engineering capabilities; and (c) targeting and developing solutions for emerging industries with high growth potential, capitalizing on our Innovation Center. Our focused areas include embodied robotics, low-altitude economy and various application scenarios where specialized precision electric drive systems are required. To implement the above plans, we intend to allocate:

(a) approximately 6% of the net [**REDACTED**], or [**REDACTED**], to expand our R&D team. Over the next three years, we plan to recruit around 36 technical professionals across various levels in the electric drive system field, including (1) senior technical leadership, such as a chief scientist and other senior research management personnel, to formulate research strategies, identify frontier technologies and lead exploratory and pre-research initiatives; (2) other technical professionals, including industry experts, NEV and industrial engineers at principal and senior levels, as well as product line managers, to support our research, development and commercialization activities; and (3) early-career professionals to form a graduate talent pool and strengthen our long-term technical capabilities.

(b) approximately 6% of the net [**REDACTED**], or [**REDACTED**], to procure and upgrade software and hardware to support our R&D initiatives. Specifically, we plan to (1) adopt advanced three-dimensional design and simulation software to improve product development efficiency through parametric design, solid modeling, assembly management and automated parameter calculations; (2) apply digital simulations, including motor electromagnetic design, thermo-fluid simulation as well as mechanical and structural strength simulation, to accelerate design cycles and reduce validation time and costs; and (3) establish a private R&D cloud platform to centralize design work, enhance collaboration on large-scale models, securely store design data and mitigate risks from staff turnover; and

(c) approximately 3% of the net [**REDACTED**], or [**REDACTED**], to invest in other R&D related activities.

(ii) Approximately 5% of the net [**REDACTED**], or [**REDACTED**], is expected to be used for lab-testing capability enhancement. During the Track Record Period, we have two laboratories in Ningbo. We plan to purchase more equipment to enhance our lab-testing capability to suit our business development, as detailed below.

Equipment type	Quantity	Approximate amount
EMC (Electromagnetic Compatibility) laboratory testing equipment	1 set	[**REDACTED**]
High-speed dynamometer test bench (25,000 rpm)	1 set	[**REDACTED**]

Equipment type	Quantity	Approximate amount
HALT (Highly Accelerated Life Test) equipment	1 set	[**REDACTED**]
Electric spindle high-speed dynamometer test bench	1 set	[**REDACTED**]
Durability test bench	2 sets	[**REDACTED**]
Total		[**REDACTED**]

- approximately 10% of the net [**REDACTED**], or [**REDACTED**], is expected to be allocated to expand our global sales channel and enhance our brand presence in Europe and the United States, to maximize our market reach and better capture the market opportunities. This will be achieved through targeted initiatives such as participating in key industry exhibitions and expanding our dedicated sales team. Furthermore, we are committed to strengthen post-sales relationships with our customers by deploying onsite engineers to provide immediate, high-value technical support and service.

  We plan to strengthen our sales and customer support capabilities by recruiting personnel across different levels of sales management, sales engineering and field service functions.

  - Sales management: Our sales management team is expected to comprise senior and mid-level sales management personnel, who will be responsible for formulating and executing sales strategies, managing regional and industry-specific sales teams, and overseeing sales targets, profitability and customer relationships. Our selection criteria are based on managerial capability, industry expertise and over 12 years of relevant experience, including at least five years managing teams of more than 20 members or cross-regional teams with proven sales performance. We expect to recruit approximately six sales management personnel in aggregate.

  - Sales engineering: We plan to recruit sales engineering personnel at principal, senior and mid levels to support customer engagement, solution design, technical communication and the execution of complex sales projects. Such personnel are expected to work closely with customers to deliver integrated solutions and support the achievement of sales objectives. In terms of selection criteria, we expect them to have the capability and relevant experience in (a) managing large-scale, complex projects and engaging in strategic discussions with customer senior executives for principal-level roles; (b) overseeing key regions or customer portfolios and building stable customer relationships for senior-level roles; and (c) handling end-to-end process for designated regions or customer groups for mid-level roles. We expect to recruit approximately 20 to 25 sales engineering personnel in aggregate.

  - Filed service engineering: We also intend to recruit field service engineering personnel to provide on-site technical support, commissioning, troubleshooting and after-sales services. Our selection criteria include strong skills in diagnosing and troubleshooting complex issues, the ability to adapt to frequent and extended business trips, and preferably an electrician certification. We expect to recruit approximately eight field service engineering personnel.

- approximately 10% of the net [**REDACTED**], or [**REDACTED**], is expected to be allocated for strategic investments and/or acquisitions. In particular, we plan to focus on potential targets in China or in Italy of upstream and downstream business in the industry chain, to further strengthen and supplement our established business layout. In evaluating potential targets, we will consider various factors including the level of synergy, the degree of innovation of the underlying technology as well as the potential growth and profitability of the business. Such vertical acquisition and integration in the industry chain aim to help us achieve cost reduction, strengthen control over supply chain, and explore new application scenarios.

In identifying potential acquisition targets, we expect that suitable targets would generally (a) possess the necessary qualifications to carry out the relevant business and have an established market position or demonstrated market growth potential; (b) have a track record of operations of more than five years; (c) have a clear ownership structure, together with sound compliance, internal control and financial management records, and not be involved in any material legal disputes; and (d) demonstrate a solid financial position and stable operations. We also prioritize targets with meaningful scale and sustainable profitability, such as those generating over RMB30 million in revenue and a net profit margin of at least 5% in the most recent financial year. Based on information currently available to us, and the advice of our industry consultant, our Directors believe that potential acquisition targets meeting the above criteria are available in the relevant market. Subject to our strategic priorities, internal assessment and prevailing market conditions, we intend to pursue a limited number of acquisitions over the medium term and may adjust our acquisition plans from time to time. We will maintain flexibility in structuring acquisitions, including minority investments in larger targets, controlling stakes in small- to medium-sized targets, and staged acquisitions where appropriate.

As of the Latest Practicable Date, we have not identified any specific acquisition targets (either overseas or in the PRC), formed any specific acquisition plans or entered into any agreements with potential targets.

- approximately 10% of the net [**REDACTED**], or [**REDACTED**], is expected to be allocated for working capital and other general corporate purposes.

The table below sets forth the expected timeframe for the intended use of our net [**REDACTED**] from the [**REDACTED**], which is subject to changes based on our actual needs and market conditions at the relevant time:

	2026	2027	2028	2029	Approximate % of the total	Approximate amount
						(HK$ million)
Production capability expansion	**9%**	**19%**	**13%**	**9%**	**50%**	[REDACTED]
Expand production capability in China	7%	16%	10%	7%	40%	[REDACTED]
– establish a new production facility	4%	14%	10%	7%	35%	[REDACTED]
– continue the construction of Beilun facility	3%	2%	–	–	5%	[REDACTED]
Establish production capability in Italy	2%	3%	3%	2%	10%	[REDACTED]
– acquire the equity interest in an Italian motor manufacturer	2%	2%	–	–	4%	[REDACTED]
– equipment upgrades and production line expansion	–	0.5%	2%	0.5%	3%	[REDACTED]
– operation costs of the overseas facility	–	0.5%	1%	1.5%	3%	[REDACTED]
R&D activities	**4%**	**6%**	**5%**	**5%**	**20%**	[REDACTED]
Undertake R&D initiatives	3%	4%	4%	4%	15%	[REDACTED]
– expand R&D team	1.2%	1.6%	1.6%	1.6%	6%	[REDACTED]
– procure and upgrade software and hardware	1.2%	1.6%	1.6%	1.6%	6%	[REDACTED]
– invest in other R&D related activities	0.6%	0.8%	0.8%	0.8%	3%	[REDACTED]
Enhance lab-testing capability	1%	2%	1%	1%	5%	[REDACTED]
– procure equipment	1%	2%	1%	1%	5%	[REDACTED]
Global sales channel expansion and brand presence enhancement	**2%**	**3%**	**3%**	**2%**	**10%**	[REDACTED]
Strategic investments and/or acquisitions[(1)]	**–**	**3%**	**3%**	**4%**	**10%**	[REDACTED]
Working capital and other general corporate purposes	**2%**	**3%**	**3%**	**2%**	**10%**	[REDACTED]
Total	**17%**	**34%**	**27%**	**22%**	**100%**	[REDACTED]

Note:

(1) The implementation timeline for strategic investments and/or acquisitions depends on investment and acquisition opportunities and the selection process based on our selection criteria.

If the [**REDACTED**] is set at the high end of the indicative [**REDACTED**] range or the low end of the indicative [**REDACTED**] range, the net [**REDACTED**] we receive will increase or decrease by approximately [**REDACTED**], assuming the [**REDACTED**] is not exercised. In the event that the [**REDACTED**] is exercised in full, the additional net [**REDACTED**] that we would receive would be [**REDACTED**] (assuming an [**REDACTED**] of [**REDACTED**] per H Share, being the mid-point of the [**REDACTED**] range stated in this document). To the extent our net [**REDACTED**] from the [**REDACTED**] (including the net [**REDACTED**] from the exercise of the [**REDACTED**]) are either more or less than expected, we will adjust our allocation of the net [**REDACTED**] for the above purposes on a pro-rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net [**REDACTED**] from the [**REDACTED**].

To the extent that the net [**REDACTED**] of the [**REDACTED**] are not immediately used for the above purposes or if we are unable to put into effect any part of our future development plan as intended, and to the extent permitted by the relevant laws and regulations, we will only deposit such net [**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 the applicable laws and regulations in other jurisdictions) so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.