

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

For further details of our future plans, see “Business—Our Strategies”.

USE OF [REDACTED]

We estimate that we will receive aggregate net [REDACTED] from the [REDACTED] (after deducting [REDACTED] fees and estimated [REDACTED] in connection with the [REDACTED] payable by us and assuming that the [REDACTED] is not exercised and an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] stated in this Document) of approximately HK\$[REDACTED] million.

We intend to use the net [REDACTED] we will receive from the [REDACTED] for the following purposes:

- (i) **Invest Further in Research and Development.** We intend to invest approximately [REDACTED]%, or HK\$[REDACTED] million, of the net [REDACTED] in further strengthening our research and development capabilities. This investment will be critical to sustain our leadership in China’s smart vehicle solutions industry. In particular:
 - a. Expand and refine AI algorithms for in-vehicle deployment. Approximately [REDACTED]%, or HK\$[REDACTED], of the net [REDACTED] will be used to further develop and enhance our portfolio of AI algorithms purpose-built for vehicle applications, including those for ADAS, intelligent human-machine interaction, and perception-fusion capabilities. These efforts will focus on driving real-world performance improvements, such as enabling safer autonomous behaviors, more intuitive cabin interactions, and more responsive in-vehicle system. These initiatives will focus on advancing the integration of AI across our entire product lifecycle—from product planning, R&D, mass production validation and post-production over-the-air (OTA) support. Looking ahead, we plan to continue investing heavily in research and development to strengthen our AI capabilities, particularly in autonomous driving and intelligent cockpit integration. Specifically, we plan to continue investing in R&D of our World Model and multimodal LLM to drive generative, human-like reasoning capabilities, which will further enhance our Autonomy Frontier. On the product level, we plan to continue to develop MegaClaw and advance specialized AI agents to offer more intuitive user experience. Over the next three to five years, we expect to expand our AI team by approximately 80 professionals, with a primary focus on enlarging our ADAS team to accelerate the development of integrated cockpit-driving products. Correspondingly, our total personnel expenses for the AI team are expected to be approximately RMB[REDACTED] over the next three to five years. We will be focusing on applying AI to real-world challenges, such as accelerating code development, improving system testing and validation, and enabling data-driven performance tuning after vehicles are on the road. A core part of these efforts will include expanding our team with top-tier AI talent who can bring both technical depth and practical experience in turning advanced research into production-grade solutions. In parallel, we also plan to allocate approximately RMB[REDACTED] million over the next three to five years for the acquisition and continuous renewal of high-quality datasets and computing resources, which are essential to training our AI models and improving product performance.
 - b. Expanding proprietary software toolkit. Approximately [REDACTED]%, or HK\$[REDACTED], of the net [REDACTED] will be used to enhance our proprietary software development toolkit. This toolkit is a suite of standardized, reusable modules designed to streamline the development, customization, and deployment of smart vehicle solutions. As OEMs increasingly demand faster development cycles, lower integration costs, and greater software scalability across vehicle models, our ability to provide modular, production-ready software components that can be tailored to specific vehicle platforms has become a key competitive advantage.

A central focus of this enhancement will be upgrading the toolkit’s modular and AI-compatible architecture. We plan to further develop standardized software components and reusable modules that can be reliably integrated by AI systems, thereby reducing the risks of inconsistency or error when applying AI to large-scale system development.

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We have already embedded AI across multiple stages of our software development workflow, which has significantly improved development efficiency. Building on this foundation, we plan to expand AI applications to a broader range of development tasks, including:

- **AI-assisted code generation.** For example, when developing dashboard software, we use AI Agents to convert customer requirement documents into structured requirement tables. Based on these, our modular framework can automatically generate the relevant code. We plan to extend this approach into more complex domains beyond dashboards.
- **AI-driven testing.** Once code development is completed, we use AI to automatically generate testing scripts according to customer requirements, which are then executed by our proprietary testing tools to validate code quality and functionality.

Through these measures, we will further shorten iteration cycles, reduce manual coding workload, and improve code consistency and reliability, thereby achieving greater automation, accuracy, and scalability in our development processes.

- c. Enhance modular software architecture. Approximately [REDACTED]%, or HK\$[REDACTED], of the net [REDACTED] will be allocated to strengthening our core software architecture, i.e. the foundational layer that supports the modular, and cross-domain deployment of our solutions. While our proprietary software toolkit focuses on the development and reuse of software modules, this architecture initiative is intended to standardize the deeper system structure that governs how these modules interact, scale, and integrate across different vehicle models and hardware environments. Our goal is to further reduce fragmentation and avoid redundant redevelopment by creating a unified architecture that allows key smart vehicle capabilities to be deployed through standardized interfaces across multiple vehicle models. For example, with a unified architecture, shared capabilities such as sound source localization and voice-zone separation—used across driver monitoring systems—can be deployed through a single module rather than developed separately, which reduces engineering redundancy, improves system consistency, and accelerates deployment across vehicle platforms.
- (ii) **Expand Product Matrix.** Approximately [REDACTED]%, or HK\$[REDACTED], of the net [REDACTED] will be invested to expand our product portfolio by integrating additional features into the domain control solutions. This will enable us to deliver more comprehensive and integrated solutions suite of solutions to our customers. By combining integrated domain control capabilities with select functionalities from adjacent domains such as ADAS and body control, we aim to further reduce system complexity for our customers while enabling more responsive, intelligent in-cabin experiences. In particular:
 - a. Advance ADAS-related solutions. Approximately [REDACTED]%, or HK\$[REDACTED] will be allocated to advancing our ADAS-related solutions, including further enhancing our smart parking technologies. Specifically, we plan to further develop our highway NOA and urban NOA capabilities. Over the next three to five years, we expect to expand our Urban NOA team by approximately 25 professionals, with corresponding personnel expenses of approximately RMB[REDACTED]. In addition, we plan to commit approximately RMB[REDACTED] to RMB[REDACTED] in datasets and computing resources to support the development of Urban NOA.
 - b. Additional domain control functionalities. Beyond ADAS, approximately [REDACTED]%, or HK\$[REDACTED] will be allocated to investing in developing and upgrading additional domain control functionalities that have not been deployed in mass-production vehicles yet, such as AI-powered sound system (which delivers immersive 3D audio experiences and optimized experience to users, without the need of luxury audio equipment), as well as intelligent proactive service features, including context-aware journey reminders based on real-time traffic conditions, and smart decision-feedback mechanisms powered by long- and short-term memory of user habits and preferences. See “Business—Who We Are—The Experience Foundation: Smart Cockpit +X” and “—The Autonomy Frontier: ADAS” for more information.

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- (iii) **Expand Market Reach.** Approximately [REDACTED]%, or HK\$[REDACTED], of the net [REDACTED] will be invested to expand our sales and go-to-market network across both domestic and international markets. We plan to broaden our commercial footprint, diversify our customer base, and build the operational foundations to support long-term growth outside our home market.
- a. **Overseas expansion.** Approximately [REDACTED]%, or HK\$[REDACTED], of the net [REDACTED] will be invested to expand our presence in selected international markets, particularly in Asia and Europe, where innovation in vehicle architecture, domain control solutions adoption, and user-centric cockpit design is accelerating.
- To drive our global expansion, we plan to deepen our engagement with global OEMs operating in China. Many of them are actively transitioning toward software-defined vehicle architectures and are seeking suppliers with strong software expertise and delivery track records. We aim to position ourselves as their preferred technology partner capable of delivering smart vehicle solutions for both of their China-based and global vehicle models. Additionally, we aim to extend our reach to leading Tier 1 suppliers outside of China and leverage these strategic relationships as a gateway to access global OEM customers.
 - Additionally, we plan to establish a globally minded sales and customer service team with deep industry experience and international exposure to expand our presence beyond the domestic market. They will be able to bridge technical, cultural, and executional gaps as we scale outside China. We also aim to set up local operations in selected markets, enabling us to respond more quickly to region-specific product requirements, enhance our product competitiveness, and elevate our global visibility. Over the next few years, we plan to add approximately 10 new sales and customer service staff per year, primarily to support customers in Japan, Korea, and Europe.
 - Overseas OEMs most directly exposed to competitive pressure from Chinese OEMs—particularly those operating in similar price ranges—have shown the strongest incentives to accelerate their transformation. In Japan, we are maintaining active dialogue with leading Japanese automakers on potential cooperation. In Korea, we have entered into a strategic cooperation agreement with a leading OEM to jointly advance intelligent vehicle technologies. In Europe, our initial focus has been on mainstream mass-market OEMs, where we are currently in discussions with leading players. Looking ahead, we plan to broaden our engagement to include premium brands, extending our reach across the full spectrum of the European market.
- b. **Strengthen domestic presence.** Approximately [REDACTED]%, or HK\$[REDACTED], of the net [REDACTED] will be invested to strengthen our domestic presence through reinforcing our sales and marketing capabilities and diversifying our customer base. As China remains the largest and most dynamic market for smart vehicle innovation, we believe there is significant headroom to expand our commercial footprint beyond our existing customer base domestically. We plan to fund targeted initiatives aimed at increasing customer engagement, including expanding our domestic sales team and executing transformative benchmark projects. We expect these projects to serve as critical trust-building and validation opportunities, allowing prospective customers to evaluate our reliability and performance before committing to full-scale adoption.
- (iv) **Working Capital and Other General Corporate Purposes.** Approximately [REDACTED]%, or HK\$[REDACTED], of the net proceeds will be allocated to working capital enhancement and other general corporate purposes.

If the [REDACTED] is determined at the highest point of the stated range, the net [REDACTED] from this [REDACTED] would be increased to approximately HK\$[REDACTED]. If the [REDACTED] is determined at the lowest point of the stated range, the net [REDACTED] to our Company would be decreased to approximately HK\$[REDACTED]. The above allocation of the net [REDACTED] will be adjusted on a pro rata basis in the event that

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the [REDACTED] is fixed at a higher or lower level compared to the mid-point of the indicative [REDACTED] stated in this Document.

If the [REDACTED] is exercised in full, the net [REDACTED] that we will receive will be approximately HK\$[REDACTED], assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint of the indicative [REDACTED]). In the event that the [REDACTED] is exercised in full, we intend to apply the additional net [REDACTED] to the aforementioned purposes in the proportions stated above.

To the extent that the net [REDACTED] are not immediately applied toward the purposes outlined above, and insofar as permitted by applicable laws and regulations, we will place the net [REDACTED] exclusively in short-term interest-bearing accounts with licensed commercial banks and/or authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions).

We will issue an appropriate announcement if there is any material change to the above proposed use of [REDACTED].