
FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] stated in this Document) and that the [REDACTED] is not exercised, we estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED], after deducting the [REDACTED] commissions and other estimated expenses paid and payable by us in connection with the [REDACTED]. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], is expected to be used to upgrade and optimise our existing products, expand our product portfolio by conducting continuous research and development in power distribution equipment, and further solidify our industry position.
 - (i) approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], is expected to be used for the continuous upgrading and optimization of our current product offerings and technologies. Specifically, we plan to carry out performance and structural upgrades to our core products, including various types of high-voltage and low-voltage switchgears such as metal-closed switchgears, micro modules, integrated power modules and transformers. As of the Latest Practicable Date, these upgrades have already commenced and are currently ongoing, and will continue to be implemented through September 2028. The [REDACTED] will be primarily used to cover three categories of research and development expenses: testing and verification expenses, prototype manufacturing costs, and salaries, benefits and other related costs for our R&D personnel. These upgrades are intended to enhance product functions and performance, maintain our competitiveness and respond effectively to evolving market demands.
 - (ii) approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], is expected to be used for the development of new products and expansion of our product portfolio. We plan to focus on the research and development of next-generation intelligent power distribution products, including new types of high-voltage switchgears such as metal-closed switchgears, energy storage DC main control cabinets and prefabricated power modules. As of the Latest Practicable Date, these new product development projects have already been initiated and are in progress, and will continue to be implemented through 2028. The [REDACTED] will also be mainly used for the same three expense categories: testing and verification

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expenses, prototype manufacturing costs, and salaries, benefits and other related costs for our R&D personnel. This initiative aims to capture emerging market opportunities, broaden our customer base and further strengthen our competitiveness.

- Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], is expected to be used for technological upgrading and transformation in our existing production lines and production capacity expansion, to enhance our production efficiency and capacity, product quality and our ability to meet market demand.
 - (i) [REDACTED]% of the [REDACTED], or HK\$[REDACTED], is expected to be used for the technological upgrading and transformation of our existing production lines, covering ring main unit, complete switchgear and circuit breaker production technologies. The [REDACTED] will be primarily used for equipment procurement and facility upgrading across core production areas, including the ring main unit workshop, ring main unit welding workshop, sheet metal and busbar processing areas, assembly area and circuit breaker production workshop. We plan to procure and install a series of advanced automated production equipment, testing facilities and supporting systems in phases through 2027 and 2028. Major equipment and systems include helium leak testing equipment, partial discharge laboratories, fresh air systems, intelligent transfer vehicles, upgraded MES systems, welding robots, laser welding and cutting equipment, giant roller-type automated production lines, automatic offline machines, special-shaped and tube busbar processing centers, busbar processing three-dimensional warehouses, as well as supporting hoisting equipment, tooling, shelves and various testing instruments. We also plan to construct purification workshop to improve production environments. These investments are intended to comprehensively improve production efficiency, enhance product quality, increase testing accuracy and efficiency, strengthen full-process production control, optimize production environments and reduce material loss rates.
 - (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED], is expected to be used for new product capacity development and expansion through the construction of new production workshops, which consists of the following two parts:
 - *pole-mounted switchgears production capacity development and expansion.* We plan to establish a dedicated production line for our new pole-mounted switchgear products. We plan to commence and complete this construction in the first half of 2028. The [REDACTED] are expected to be used for purification workshop construction and procurement of production and testing

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equipment, including automated production lines, testing equipment for partial discharge, burn-in, voltage withstand and mechanical characteristics, as well as supporting hoisting equipment, tooling and shelves.

- *transformer production capacity development and expansion.* We plan to construct two-story steel structure workshop for our transformer production capacity expansion in August 2027. This expansion is expected to be implemented in two phases: the first-floor expansion will commence in August 2027 and is expected to be put into operation in January 2028, and the second-floor expansion will commence in August 2028 and is expected to be put into operation in February 2029. In addition to the workshop construction, we also plan to procure a full range of core production and testing equipment, including automated production lines, silicon steel sheet cross-cutting lines, amorphous alloy cutting lines, curing furnaces, winding machines, vacuum casting equipment, as well as a comprehensive test laboratory for lightning impulse, partial discharge and temperature rise tests, no-load/load loss test equipment, and supporting hoisting equipment, tooling and shelves.

The above capacity development and expansion initiatives are designed to meet the growing market demand for our products, further expand our market share and strengthen our competitiveness in the industry.

- Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], is expected to be used for strategic investments along the value chain of our industry. We plan to focus on targets that demonstrate strong synergies with our core business operations, including, but not limited to, companies engaged in intelligent components manufacturing. For intelligent components, we plan to target manufacturers of switches and operating mechanisms in China, with annual revenue of approximately RMB[REDACTED] and net profit of around RMB[REDACTED]. We aim to enhance our integrated industrial capabilities, optimize our supply chain layout and further strengthen our market position through such strategic investments. As of the Latest Practicable Date, we have not identified any specific investment or acquisition target.
- Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], is expected to be used for branding, marketing and upgrading of our global sales and service network, to enhance our market competitiveness and customer satisfaction.
 - (i) approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], is expected to be used to strengthen our domestic sales and after-sales service capabilities. Specifically, we plan to recruit over 20 professional staff for

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our domestic customer service, marketing and technical support team, including customer service managers, marketing support engineers, quality engineers and on-site after-sales technical support engineers. Meanwhile, we plan to increase investment in marketing activities, including brand building, industry forum participation, major customer maintenance and regional market development, to further expand our market coverage. The [REDACTED] will be primarily used to cover the three-year salary and benefits of these newly recruited personnel, as well as expenses related to marketing and promotion. This initiative is intended to improve our pre-sales technical support capabilities, enhance after-sales service delivery efficiency and after-sales quality management and better respond to the needs of our domestic customers.

- (ii) approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], is expected to be used for global brand building and international sales channel expansion, particularly in the Middle East and South America. We plan to implement a comprehensive brand building plan, including digital marketing campaigns, localized promotion activities, participation in major international electrical industry trade fairs and cooperation with regional industry associations and influencers, to raise brand awareness, enhance our international reputation and expand our reach to potential customers and business partners worldwide. In addition, we plan to strengthen our international sales and service system through the following measures: (i) we plan to establish and deepen long-term strategic partnerships with global distributors and agents, covering our key target regions, to expand our global market coverage and increase the international recognition of our power distribution products and technologies; and (ii) we plan to recruit and build a professional overseas customer service, marketing and technical support team with over 15 staff, consisting of customer managers, pre-sales technical support engineers, after-sales operation and maintenance engineers and documentation specialists. Such team will provide support for our international business from pre-sales consultation to after-sales service, ensuring that we are able to effectively respond to the needs of overseas customers and support the sustainable growth of our overseas business.
- Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], is expected to be used for the intelligent upgrading of our existing technical systems across production, operations and other core business segments through the application of AI and digital technologies. The [REDACTED] will be primarily [REDACTED] to relevant talent recruitment and training, as well as the procurement and deployment of relevant intelligent software solutions and hardware infrastructure. We plan to leverage these technologies and systems to enhance our product design capabilities, advance the

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development of intelligent manufacturing, optimize our supply chain, sales and marketing, and human resource management systems, as well as improve the digitalization of our financial management processes.

- Approximately [REDACTED]% of the [REDACTED], or approximately HK\$[REDACTED], is expected to be used for the working capital and general corporate purposes.

In the event that the [REDACTED] is set at the high-end or low-end of the indicative [REDACTED], the [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED], respectively.

To the extent that the [REDACTED] from the [REDACTED] (including the [REDACTED] from the exercise of the [REDACTED]) are either more or less than expected, we may adjust our [REDACTED] of the [REDACTED] for the above purposes on a pro rata basis.

If the [REDACTED] of the [REDACTED] are not immediately applied to the above purposes, and to the extent permitted by the relevant laws and regulations, we will only deposit those [REDACTED] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). We will make an appropriate announcement if there is any material change to the above proposed use of [REDACTED].