FUTURE PLANS

See "Business — Our Strategies" in this document for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive [**REDACTED**] from the [**REDACTED**] of approximately HK$[**REDACTED**], after deducting [**REDACTED**], fees and estimated expenses payable by us in connection with the [**REDACTED**], and assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range stated in this document and that the [**REDACTED**] is not exercised. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the high end of the indicative [**REDACTED**] range, the [**REDACTED**] from the [**REDACTED**] will increase by approximately HK$[**REDACTED**]. If the [**REDACTED**] is set at HK$[**REDACTED**] per Share, being the low end of the indicative [**REDACTED**] range, the [**REDACTED**] from the [**REDACTED**] will decrease by approximately HK$[**REDACTED**].

Assuming an [**REDACTED**] at the mid-point of the indicative [**REDACTED**] range and that the [**REDACTED**] is not exercised, we currently intend to apply these [**REDACTED**] for the following purposes:

- approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for our worldwide research and development efforts. We plan to further expand the footprint of our global research centers to enhance our ability to localize our products. We also intend to expand our research and development team around the world, and attract and retain R&D talent with relevant academic backgrounds and industry experience. Specifically, we will primarily deploy the R&D funds in the following fields:

  - approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for the research and development of new products and the continual upgrading of our existing products:

    - We plan to develop research and development capabilities for full-chain power grid equipment. Our R&D efforts in this area will primarily focus on new product types such as the main grid transmission and transformation sector, developing a new product portfolio characterized by high-altitude adaptability, large capacity, and intelligence, primarily targeting main transformers and gas-insulated switchgear (GIS). For main transformers, we will leverage our deep expertise in power transformer R&D and manufacturing to continuously enhance technical specifications across dimensions including high voltage levels, large capacity and low loss. For GIS products, we will capitalize on their irreplaceable market positioning in specialized application scenarios such as urban underground substations and high-altitude, extreme-cold environments, to increase R&D investment and production capacity deployment for expansion into overseas markets and to build a globally competitive product matrix.

    - We plan to iterate and upgrade our existing product lines. In particular, we will focus on (i) upgrading our AMI integrated architecture, advancing grid-edge IoT and edge-autonomous capabilities, and accelerating the intelligentization of energy infrastructure. We plan to develop next-generation AI-powered smart grid solutions based on multi-protocol communication technologies; (ii) in the energy storage product domain, strategically focusing on residential storage, commercial and industrial storage and utility-scale storage systems, and in the inverter domain, focusing on high-power inverters for residential and commercial/industrial users, to enrich our one-stop energy storage solutions; and (iii) continuously exploring the integrated PV-storage-charging business, driving technological upgrades and product portfolio expansion of our new energy products.

- ○ approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for constructing and upgrading R&D centers and expanding our global R&D team:

  - ■ We plan to establish overseas R&D centers and expand our global R&D team. By establishing R&D centers in key global regions, we can gain deeper understanding of local consumer preferences, usage habits and grid environment characteristics, enabling us to develop products that are better tailored to the needs of target markets. These centers will also enhance our ability to respond more efficiently to local technical specifications and certification requirements, ensuring compliance with regulatory standards and improving market entry efficiency. Furthermore, the establishment of these centers will help us attract and retain top-tier international R&D talent, expanding the expertise and global reach of our R&D team. This will allow us to integrate advanced technologies such as the Internet of Things into our products, and streamline our product development processes.

  - ■ We plan to expand and upgrade our existing R&D centers, including R&D supporting facilities for next-generation IoT meters, gateway meters, energy gateways/smart terminals, distribution area digital twins, and automated integrated testing platforms. We plan to acquire testing equipment and R&D supporting systems, and to upgrade our existing ISO/IEC 17025-accredited laboratory, CNAS-certified national laboratory, EMC laboratory, AMI communications laboratory and reliability laboratory, among other specialized facilities.

- approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for upgrading our intelligent manufacturing system and supply chain management:

  - ○ approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for expanding our manufacturing capacity both domestically and internationally:

    - ■ approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for enhancing our manufacturing capabilities and establishing more domestic production bases. We plan to further expand our domestic production capacity across our three core business lines of smart power distribution equipment and solutions, smart power utilization equipment and solutions, and new energy products. In particular, we plan to construct our Ningbo Qianwan New Base, which is expected to further expand our manufacturing capacity. Investments will primarily be applied to: (i) land acquisition and construction of production bases and ancillary infrastructure; (ii) procurement of automated production equipment, processing equipment and testing and inspection equipment; and (iii) recruitment of professional production technicians and operations management personnel. These investments aim to expand the production capacity of our key products, meet the demand for high-quality products driven by domestic grid upgrades and the new energy sector, and further consolidate our industry-leading position in procurement tenders conducted by the large national-level grid groups.

- ■ approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for establishing and expanding our overseas production bases and enhancing our supply chain management. We plan to construct or expand production bases in strategic markets across South America, Europe and the Middle East, and to establish new sales centers in North America, Europe and other locations, strengthening our overseas manufacturing, sales and after-sales service network. By increasing the proportion of local supply in international markets, we aim to enhance the stability and efficiency of our supply chain, better respond to regional market demands, and mitigate potential uncertainties of supply.

- ○ approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for enhancing the digitalization and intelligence of our manufacturing and supply chain. We plan to further upgrade our intelligent manufacturing system centered on digital twins to enable real-time monitoring, analysis, and optimization of production workflows leveraging information technologies such as IoT, big data and AI. We also plan to increase automation and implement more intelligent manufacturing technologies across our production bases, including industrial robot applications, AGV intelligent scheduling, AI+APS integrated production scheduling and other advanced production models, to boost productivity and adaptability. Additionally, we will deepen the integration of core systems including SAP, CRM, SRM, MES and APS, strengthening the end-to-end digital supply chain network from order to delivery.

- approximately [**REDACTED**]% of the [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for global strategic investments and acquisitions:

  We expect to invest in or acquire innovative enterprises possessing core technologies in the high-voltage/ultra-high-voltage domain, to strengthen our reserves of cutting-edge technologies, reinforce our industry chain barriers, and enhance our core technological capabilities in the main grid transmission and transformation market. In addition, we expect to invest in or acquire quality regional smart power distribution and utilization and energy sector equipment manufacturers or service providers, to quickly enter local markets and improve our overseas production and service network. As of the Latest Practicable Date, we had not entered into any letters of intent or agreements with respect to the above strategic investments and acquisitions, and had not identified any definite acquisition targets.

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

The above allocation of the [**REDACTED**] from the [**REDACTED**] 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 stated in this document.

If the [**REDACTED**] is exercised in full, the [**REDACTED**] that we will receive will be approximately HK$[**REDACTED**], assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] range). In the event that the [**REDACTED**] is exercised in full, we intend to apply the additional [**REDACTED**] to the above purposes in the proportions stated above.

To the extent that the [**REDACTED**] from the [**REDACTED**] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, they will only be placed in 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).

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