FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

For a detailed description of our future plans, see "Business — Our Growth Strategies."

USE OF [REDACTED]

Assuming an [REDACTED] of HK$[REDACTED] per H Share (being the midpoint of the range of the [REDACTED] stated in this Document), we estimate that we will receive net [REDACTED] of approximately HK$[REDACTED] from the [REDACTED] after deducting the [REDACTED] commissions and other estimated expense paid and payable by us in connection with the [REDACTED] (assuming that the [REDACTED] is not exercised). In line with our strategies, we intend to use our [REDACTED] for the purposes and in the amounts set forth below.

- Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used to strengthen our core technological capabilities and support continuous product innovation in residential and C&I ESS with the aim of improving our products' performance, reliability and scalability, including:

  - Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used to R&D relating to C&I ESS. Specifically, the [REDACTED] are expected to be used primarily for the following over the next three years: (i) personnel costs for relevant R&D staff; (ii) the purchase of equipment, such as RLC loads, higher power AC sources, high-precision oscilloscopes, DC sources and high/low temperature chambers; and (iii) the purchase of design, simulation and verification software;

  - Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used for research and development relating to residential ESS. Specifically, the [REDACTED] are expected to be used primarily for the following over the next three years: (i) personnel costs for relevant R&D staff; (ii) the purchase of equipment, such as printed circuit board assembly production equipment for circuit control applications; and (iii) the purchase of design, simulation and verification software; and

  - Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used to further enhance our product and system design and development capabilities relating to PCS, BMS and EMS through the recruitment and retention of R&D personnel, as well as related ancillary expenses.

- Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used for our capacity expansion and smart manufacturing capability upgrades to support our production expansion plans and improve manufacturing efficiency and quality control, including: the establishment of new production lines for C&I ESS and other new ESS products. The investment is expected to include the procurement of equipment such as a fully automated warehousing and logistics system, an SMT fully automated production testing line, and a 16ppm fully automated module laser welding line. The new production lines are expected to have an annual designed capacity of approximately 5 GWh, with construction and commissioning expected to be completed over a period of approximately three years. These investments are intended to enhance production efficiency, product consistency and capacity scalability.

- Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used to develop our global marketing and after-sales service system in support of our expansion in key overseas markets, including:
  - o Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used to strengthen our overseas brand building and marketing efforts. Specifically, we plan to use it for: (i) advertisement through online and offline channels, including digital media, industry platforms and trade publications; (ii) participation in international industry exhibitions, conferences and roadshows; and (iii) the organization and implementation of promotional activities in selected overseas markets. These initiatives are intended to enhance brand recognition, increase market visibility, expand customer reach and support demand generation in key international markets, underpinned by a reputation for product quality and customer trust that translates into brand loyalty that is difficult for competitors to displace; and
  - o Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used to expand the coverage of our distributor network and establish localized overseas after-sales service centers. Specifically, we plan to use it for:
    - the expansion of our overseas marketing channels, with a focus on enhancing brand recognition, customer engagement and market penetration in major markets, including: (a) personnel-related expenses for our marketing staff; and (b) e-commerce platform-related costs for our online sales channels, including platform operation, maintenance and related service costs. These investments are intended to strengthen our sales execution capabilities, expand customer reach and support the continued growth of our overseas sales network; and
    - the expansion of our sales and after-sales infrastructure, including: (a) the establishment of call center systems to improve customer support responsiveness; (b) the establishment of logistics systems to support timely spare parts replenishment and shorten order fulfillment lead times; (c) site-related costs; (d) IT system development costs; and (e) personnel-related expenses. These investments are intended to improve after-sales response times and enhance our customer service capabilities in overseas markets.
- Approximately [REDACTED]%, or approximately HK$[REDACTED], is expected to be used for potential strategic investments or acquisitions to strengthen our technological leadership and market position in our core businesses. We may selectively pursue strategic partnerships, equity investments or acquisitions that complement our existing business and enhance our long-term competitiveness. Potential targets are expected to have a clear strategic fit within our upstream or downstream industry chain and may include businesses with technological strengths in power conversion systems, ESS battery cells or related fields. In assessing potential targets, we will consider, among other things: (i) the degree of technological synergy with our existing products and business lines, including the ability to quickly supplement our PCS-related technologies and products or expand our R&D and production capabilities into the ESS battery cell segment in order to improve supply chain stability and enhance gross margin potential; (ii) the stability, experience and technical depth of the target's management and core technical teams; (iii) the scale of the target's operations and financial profile, with indicative criteria including a team size of approximately 50 to 150 personnel and annual revenue of approximately RMB50.0 million to RMB200.0 million; and (iv) the target's geographic presence, with a preference for businesses located in China, Europe and/or North America.

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

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the indicative [REDACTED] range, the net [REDACTED] of the [REDACTED] will increase or decrease by approximately HK$[REDACTED], respectively (assuming that the [REDACTED] is not exercised). We intend to apply the additional or reduced net [REDACTED] to the above uses on a pro rata basis.

The additional net [REDACTED] that we would receive if the [REDACTED] was exercised in full would be (i) HK$[REDACTED] (assuming an [REDACTED] of HK$[REDACTED] per H Share, being the maximum [REDACTED]), (ii) HK$[REDACTED] (assuming an [REDACTED] of HK$[REDACTED] per H Share, being the mid-point of the [REDACTED] range) and (iii) HK$[REDACTED] (assuming an [REDACTED] of HK$[REDACTED] per H Share, being the minimum [REDACTED]). To the extent that the net [REDACTED] from the [REDACTED] (including the net [REDACTED] from the exercise of the [REDACTED]) are either more or less than expected, we may adjust our allocation of the net [REDACTED] for the above purposes on a pro rata basis.

In the event that certain parts of our development plans are hindered due to factors such as changes in government policies or force majeure events, our directors will carefully evaluate the situation and may reallocate the net [REDACTED] from the [REDACTED]. Should there be any significant changes to the intended use of [REDACTED], we will make appropriate disclosures in accordance with the Hong Kong Listing Rules.

To the extent that the net [REDACTED] from the [REDACTED] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we will only deposit such funds 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 jurisdiction). In such event, we will comply with the appropriate disclosure requirements under the Hong Kong Listing Rules.