FUTURE PLANS

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

USE OF [REDACTED]

We estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] from the [**REDACTED**], after deducting the [**REDACTED**] fees and [**REDACTED**] and estimated expenses payable by us in connection with the [**REDACTED**], assuming the [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**]) and assuming that the [**REDACTED**] is not exercised. Based on our growth strategies, we intend to use the net [**REDACTED**] from the [**REDACTED**] for the following purposes:

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used in product development and platform and technology development to enhance our market competitiveness.

  (i) Approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used to fund the development of new products and the enhancement and iteration of existing products, over the next two years. In particular:

  - ***Development of NEPV models***. We intend to focus on building a comprehensive portfolio covering SUVs and sedans, introducing new flagship models based on user demand and market trends. To support these efforts, we plan to recruit additional product development personnel. We will prioritize the development of premium and luxury NEPV SUVs that combine both sales scale and profit potential, equipped with next-generation technologies. The new models will adopt modular platform architectures to support diverse powertrain configurations, tailored to the needs of global markets. We will also optimize interior space design through innovative cabin layouts and advanced material applications to improve travel experience for users.

    We plan to invest in overseas market expansion by recruiting technical personnel with extensive experience in overseas product development to assist us in designing models tailored to the characteristics and market demand of regions such as Southeast Asia and Europe. We aim to build a diversified product portfolio that combines premium models with high-demand, volume-driving models to enhance brand recognition in overseas markets. In addition, we intend to invest in the R&D of localized product adaptation, including the development of right-hand-drive models, high-specification models and overseas intelligent cockpit solutions. These initiatives will enable us to build regionally focused product development capabilities, strengthen our long-term competitiveness, and support our overseas expansion.

  - ***Launch of new iteration for existing models***. We plan to upgrade and iterate our current vehicle lineup based on user feedback and market trend research. Specifically, we plan to enhance powertrain systems by optimizing the battery, electric motor and electronic control systems of our current models to improve acceleration performance and charging efficiency. We will refine driving dynamics through performance tuning based on the Taihang chassis. We also plan to improve vehicle structural design by adopting innovative engineering solutions to increase body stiffness and achieve weight reduction, thereby enhancing energy efficiency and extending driving range. We will further advance our intelligent cockpit systems by introducing more natural voice interaction capabilities, supporting multi-round conversations and contextual understanding.

(ii) Approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] will be used in platform and technology development to support our technology development over the next two years. In particular:

- ***Platform development***. We plan to invest in the next-generation development of our proprietary AEEA intelligent platform architecture to improve the integration of central controllers and advance communication technologies. At the same time, we will continue to collaborate with Yinwang on the intelligent digital base (iDVP) to build an open-source ecosystem supporting multi-scenario and multi-modal interactions.

- ***Core technology development***. We expect to recruit additional engineers and specialists across assisted driving algorithms, intelligent cabin applications and systems, chassis engineering and safety technologies, most of whom will have undergraduate or graduate degrees in automotive engineering, computer science, electronics or related disciplines, with relevant industry experience. These new hires will primarily be responsible for core technology development, system integration, software iteration, testing and validation, and advancing our proprietary technology roadmap. Their compensation levels are expected to be consistent with prevailing market benchmarks for technical and R&D talent in the automobile industry in the PRC. We will also focus on the development of core proprietary and integrated technologies by expanding our R&D team, and advancing development in key areas such as assisted driving, intelligent space, the Taihang chassis and safety and wellness technologies, thereby reinforcing our overall technological capabilities and maintaining our leadership in the industry. In particular:

  - *Assisted driving*. We will collaborate with Yinwang to advance autonomous driving technologies, upgrade sensor fusion solutions and enhance AI decision-making capabilities in complex road conditions. We will also continue to enhance our collision avoidance system and an active DMS for fatigue detection to strengthen safety standard.

  - *Intelligent space*. We plan to explore multi-modal interactive cockpit features powered by large AI models, seamlessly integrating advanced hardware elements such as remote display and zero-gravity seats to support personalized in-cabin functions and user interaction.

  - *Taihang chassis*. We will continue to iterate and upgrade the Taihang intelligent control chassis platform by introducing features such as magnetic adaptive dampers, steer-by-wire and rear-wheel steering, combined with AI-driven cross-domain control optimization to enhance handling stability and ride comfort under extreme road conditions.

  - *Safety and wellness technologies*. We plan to develop advanced safety and wellness-focused cockpit configurations and features to support vehicle safety, cabin comfort and user wellbeing.

  Our ongoing R&D in intelligent platform architecture, assisted driving, intelligent space, the Taihang chassis and safety and wellness technologies is conducted in tandem with our vehicle development cycle. Next-generation intelligent platform architecture, new versions of our assisted driving systems, the next-generation Taihang chassis and safety and wellness technologies are expected to be applied to new models planned for launch in the second half of 2026, while intelligent space is planned to be deployed in selected models to be launched in overseas markets in the same period. Our development of assisted driving systems is primarily conducted in collaboration with Yinwang, while R&D relating to AEEA architecture, intelligent space, the Taihang chassis and safety and wellness technologies is primarily led in-house. We also engage selected external technology partners and component suppliers for specific hardware, software modules and engineering services that complement our capabilities. Under these collaborations, we generally retain ownership of IP developed internally, while third-party suppliers retain ownership of their underlying proprietary technologies.

- Approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] is expected to be used for brand building and the expansion of our sales and service network. In particular:

  (i) Approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] is expected to be used for brand building and product promotion. Specifically, we will continue to implement our global marketing strategy, reinforcing our image with a more modern and international visual identity and narrative. We also plan to expand into premium overseas markets such as Europe, to support brand recognition in overseas and domestic markets.

  (ii) Approximately [**REDACTED**]%, or HK$[**REDACTED**], of the net [**REDACTED**] is expected to be used for market channel operations, development of overseas sales networks, and market expansion initiatives. In particular:

  - ***Market channel operations***. We plan to strategically increase the number of flagship AVATR Centers and Experience Centers in tier-1 and tier-2 cities in China, while expanding into other cities through a "direct sales + distributorship" model to enhance overall city coverage and presence in key commercial districts. We also plan to upgrade certain existing stores. These efforts will support after-sales service, customer experience and enhance customer feedback.

  - ***Overseas sales network development and market expansion plan***. We continue to focus on building our overseas sales network and implementing market expansion initiatives. We will focus on developing overseas supply chain to ensure delivery capacities and service quality, and support our overseas expansion. Guided by the specific needs of regional markets, we plan to offer a diversified product portfolio tailored to the characteristics of markets such as Southeast Asia and Europe, including battery electric and range-extended models. By providing a 'premium + volume' product mix, we aim to strengthen our brand awareness in overseas markets. We plan to accelerate the development of our overseas sales network through a tiered market strategy. Based on our assessment of global markets, we have identified 12 strategic markets and will adopt differentiated channel approaches tailored to each market tier, combining subsidiaries, general distributors and authorized dealers. We intend to expand our presence in regions such as Southeast Asia and Europe by establishing over 30 new stores to accelerate the rollout of our overseas sales network. To support brand building and market penetration, we will implement concrete measures such as: (i) developing an overseas supply-chain system with localized logistics and after-sales service capabilities, including the establishment of core parts centers, dedicated technical support teams and a standardized global system, to ensure delivery quality and reliability; (ii) adopting a market-driven product portfolio strategy focused on core models, and offering tailored battery-electric and range-extended vehicles based on local climate and user preferences; and (iii) deploying standardized retail, service and digital engagement operations centered on the full user journey.

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

If the [**REDACTED**] is set at the high-end of the [**REDACTED**] range or the low-end of the [**REDACTED**] range, the net [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**], respectively. The additional net [**REDACTED**] that we would receive if the [**REDACTED**] were exercised in full would be: (i) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the maximum [**REDACTED**] of the indicative [**REDACTED**] range); (ii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range); and (iii) HK$[**REDACTED**] (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the minimum [**REDACTED**] of the indicative [**REDACTED**] range).

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 purposes described above and to the extent permitted by the relevant laws and regulations, we will only deposit the unused 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 applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules. We will issue an appropriate announcement if there is any material change to the above proposed use of net [**REDACTED**].