FUTURE PLANS

See "Business – Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that the net **[REDACTED]** of the **[REDACTED]**, after deducting the estimated **[REDACTED]** and other fees and expenses payable by us in connection with the **[REDACTED]**, will be approximately HK$**[REDACTED]**, at the **[REDACTED]** of HK$**[REDACTED]** per H Share (being the mid-point of the indicative **[REDACTED]** and assuming that the **[REDACTED]** is not exercised). We currently intend to use the net **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts as set out below:

- **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to expand our production capacity and enhance the automation, digitalization and operational efficiency of our production facilities. In particular:

  ➢ **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to expand our production capacity for PMDD pulleys and various application-specific PM motors across industrial scenarios, optimize our production system and enhance our in-house manufacturing and level of automation for key production processes to improve our production efficiency, product quality and delivery capacity. Specifically, we plan to:

    (i) Construct new production lines to ensure production line efficiency and stable product quality, and secure in-house control of our production chain to further enhance product quality stability, boost production efficiency, shorten delivery lead times and reduce overall production costs;

    (ii) Procure and deploy high-precision production and assembly equipment to further enhance the stability and reliability of product quality, build high-efficiency production lines, reduce human operational errors and material waste and boost our production efficiency;

    (iii) Build a comprehensive testing and operating condition simulation platform covering all production stages to form a complete closed loop from production to testing and verification and ensure product reliability and consistency; and

    (iv) Establish a global supply chain, smart warehousing and logistics system to ensure the stable supply of core materials throughout our production process, improve our response efficiency for global order fulfillment and strengthen our global operational capabilities;

  - **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used on the digital upgrading of our existing and new production lines to build a flexible production system integrating intelligent blanking, precision machining, automatic inspection as well as digital management and control. Such upgrade is expected to drive standardized production, enable end-to-end traceability, optimize our production scheduling and improve our overall operational management efficiency;

- **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for R&D investments and continuous technological innovation. In particular:

  - **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for (i) continuous iteration of our five core technology pillars, as well as optimization of electromagnetic design, thermal management, insulation systems and control algorithms, to consolidate our technological leadership and drive lightweighting, cost reduction and efficiency improvement across our PM electric-drive products; and (ii) advancement of the development of platform-based design software and modular design architecture for PMDD and control technologies, with a portion of the net proceeds allocated to the procurement and upgrading of hardware and software equipment to enhance our R&D efficiency;

  - **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for the construction of our R&D center and its dedicated laboratories. We plan to focus on building specialized labs for electromagnetic simulation, insulation performance, reliability and extreme working condition simulations. We expect these specialized labs to comprehensively improve our R&D and verification system for our low-speed and high-speed PMDD products, strengthen our testing capabilities and enhance the efficiency of our technological achievement transformation and the speed of product iteration; and

  - **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for recruitment of domestic and international talent and training for R&D personnel. We plan to strengthen the cultivation of technical talent through platforms such as our postdoctoral research station to build an interdisciplinary talent pool with both technical depth and industry vision. We plan to focus on recruiting and cultivating internationally competitive technical talent and enhancing our R&D capabilities in cutting-edge technology and the field of renewable energy to improve overall R&D efficiency;

- **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to establish and refine our global sales and service network to support our global expansion. In particular:

  - **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used to establish a global service network with plans to set up local sales and technical service centers in key overseas markets to enable rapid response to customer needs, and set up integrated dedicated service teams to enhance our local service capabilities; and

  - **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for (i) pursuing international product certifications to obtain access qualifications for high-end overseas markets, break down market entry barriers and expand our high-end overseas customer base; and (ii) deepening strategic cooperation with leading global equipment manufacturers to further expand our sales network and increase the global market coverage of our products;

- **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for industrial chain integration and creation of upstream and downstream synergy. In particular, We plan to use the net **[REDACTED]** to (i) strengthen our cooperation with core material suppliers with cost advantages or mature process capabilities to secure supply chain stability and optimize our cost structure; and (ii) continue to explore the establishment of joint ventures with downstream customers to co-develop PM electric-drive solutions and ultimately build core competitive barriers; and

- **[REDACTED]**% of the net **[REDACTED]**, or HK$**[REDACTED]**, will be used for working capital and other general corporate purposes.

In the event that the **[REDACTED]** is set at the maximum **[REDACTED]**, being HK$**[REDACTED]**, or the minimum **[REDACTED]**, being HK$**[REDACTED]**, of the indicative **[REDACTED]**, the net **[REDACTED]** of the **[REDACTED]** will increase or decrease by approximately HK$**[REDACTED]**, respectively. The above allocation of the **[REDACTED]** will be adjusted on a pro rata basis if the **[REDACTED]** is fixed at a higher or lower level compared to the mid-point of the indicative **[REDACTED]**.

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 Share (being the mid-point of the indicative **[REDACTED]**). In the event that the **[REDACTED]** is exercised in full, we intend to apply the additional net **[REDACTED]** to the above purpose in the proportions stated above.

To the extent that the net **[REDACTED]** are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, so long as it is deemed to be in the best interests of our Group, we may hold such funds in 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 issue an appropriate announcement if there is any material change to the above proposed use of **[REDACTED]**.