

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

Please see “Business – Our Growth Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive net [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] million, after deducting [REDACTED] commissions, fees and estimated expenses payable by us in connection with the [REDACTED], assuming no [REDACTED] is exercised and an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the midpoint of the indicative [REDACTED] range stated in this Document.

In line with our strategies, we intend to use the net [REDACTED] for the following purposes, subject to changes in light of our evolving business needs and changing market conditions:

- (a) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] will be allocated over the next five years for enhancing our R&D capabilities. See “Invest in R&D to Strengthen Core Competitive Barriers” as described in “Business – Our Growth Strategies” Our R&D expenses have grown from RMB436.4 million in 2023 to RMB548.9 million in 2024 and RMB562.1 million in 2025, and increased from RMB182.4 million in the four months ended April 30, 2025 to RMB222.9 million in the four months ended April 30, 2026, and this [REDACTED] allocation is intended to fund a further incremental increase in R&D spending to support continued product development. In particular:

Our R&D expenses primarily consist of (a) employee benefit expenses for R&D personnel (we had 868 R&D staff, representing 14.4% of our workforce, as of December 31, 2025), (b) materials consumed in R&D activities, (c) office and travel expenses, (d) depreciation and amortization of R&D equipment, and (e) other costs including certification and consultancy fees. The [REDACTED] allocated to R&D are expected to be expensed as incurred, and will therefore increase our operating expenses in the relevant periods. The expected benefit is improved product competitiveness and gradual margin support over time as new and upgraded products reach market.

We expect to deploy the R&D [REDACTED] over a five-year period, with approximately [REDACTED]%, [REDACTED]%, [REDACTED]%, [REDACTED]% and [REDACTED]% of such [REDACTED] to be utilized in 2026, 2027, 2028, 2029 and 2030, respectively.

- (i) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] is expected to be allocated to R&D of residential energy storage system upgrades and iterations, including the R&D of energy storage inverters and energy storage battery products. Specifically, approximately (a) [REDACTED]% or HK\$[REDACTED] million, of the net [REDACTED] will be used to conduct R&D activities for new energy products targeting Germany and other European markets, and the United States and other North American markets focusing on enhancements to our applications of third-generation semiconductor technology, inverter and battery management technology to provide integrated high-end residential energy storage solutions, as well as integrating inverter and battery management system technology; and (b) approximately [REDACTED]% or HK\$[REDACTED] million, of the net [REDACTED] will be used to conduct R&D activities mainly for developing DC/DC boost system of batteries targeting Southeast Asia, Africa and Latin America to enhance our capabilities of offering convenient, reliable, and low-cost off-grid residential storage solutions with larger capacity batteries to meet the demand for large-capacity battery systems in these regions.

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The following table summarizes our planned R&D initiatives for the European and American markets:

No.	Product Line	Specification
1	Single-phase energy storage inverter	3.6kW–6kW, 6th generation
2	Single-phase energy storage inverter	8kW–12kW, 6th generation
3	Three-phase energy storage inverter	30kW, 2nd generation
4	Three-phase energy storage inverter	50kW, 2nd generation
5	Portable energy storage	1kW–5kW series
6	Resonant-type micro-inverter	1kW–2.5kW
7	Three-phase inverter	6kW–8kW, 6th generation

The key R&D focus for the Asia, Africa and Latin America markets will be on the battery DC/DC boost system to improve efficiency and reduce costs, with development centered on battery series 588, 628 and 688 for large-capacity off-grid solutions.

- (ii) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] is expected to be allocated to R&D of commercial, industrial, and large-scale energy storage systems to capture growth in these sectors, including the R&D of high-power inverters and energy storage battery pack products.

Specifically, approximately (a) [REDACTED]% or HK\$[REDACTED] million, of the net [REDACTED] will be used to R&D for large-scale energy storage systems. We intend to develop and deploy large-scale energy storage power stations, which is a grid-connected facilities that store and dispatch electricity at the grid level, to provide GW-level standard solutions. We plan to launch a new platform utilizing large-capacity batteries for large-scale energy storage solutions in 2026 and commence mass production in 2027; (b) [REDACTED]% or HK\$[REDACTED] million, of the net [REDACTED] will be used to R&D for the medium-to-large-scale energy storage systems, which is megawatt-level (1MW–5MW) systems typically deployed for industrial parks or C&I customers. We target to build a comprehensive solution spanning design, hardware, software, operation and maintenance; and (c) [REDACTED]% or HK\$[REDACTED] million, of the net [REDACTED] will be used to R&D for the small-to-medium-scale energy storage systems which is sub-500kW all-in-one systems designed for smaller commercial or light-industrial premises.

Specifically, we plan to launch a 600Ah+ large-capacity battery platform for four-hour large-scale energy storage solutions in 2026, with mass production expected to commence in 2027.

For the medium-to-large-scale energy storage systems, our R&D efforts will focus on 1MW–5MW containerized all-in-one solutions, PCS products ranging from 125kW to 430kW, and 125kW–150kW energy storage inverters. We also plan to develop a microgrid system, with project initiation expected in Q4 2025, a first-generation product targeted for completion by end of 2026, and market launch in 2027. Additionally, we intend to self-develop a microgrid controller and energy management system.

We intend to focus on further integration and develop sub-500kW all-in-one solutions for the global market.

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- (iii) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] is expected to be allocated to the R&D and commercialization of solid-state transformers. We will focus on advancing the research and industrialization of solid-state transformers based on wide bandgap semiconductor technology, aiming to enhance overall system efficiency while reducing equipment size and installation space. This approach is designed to precisely meet the high-power density energy support needs of AIDC, providing advanced and efficient energy solutions for data centers.

The R&D will focus on 1MW–5MW solid-state transformer products.

- (iv) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] is expected to be allocated to additional R&D initiatives, including (i) environmental appliances, such as new energy heating, ventilation, and air conditioning equipment with solar power functionality, and new household appliances and equipment including mist-free humidifiers, dryers, and new-generation dehumidifiers; and (ii) a cloud platform for high-concurrency device access and energy management, with a focus on developing key foundational models and applications such as energy scheduling, intelligent operations and maintenance, safety warnings, and smart services. We believe this platform will enhance efficiency and advance our digital transformation.

Of the allocation to additional R&D initiatives, approximately [REDACTED]%, or approximately HK\$[REDACTED] million, is expected to be allocated to environmental appliances, including solar-powered HVAC products (commercial ceiling cassette units, ducted units, whole-house heat pump water heaters, pool heat pumps, mini-VRF with heat recovery, small cold storage systems and high-power solar deep-well pumps), as well as mist-free humidifiers, dryers and total heat recovery fresh air dehumidifiers. The remaining approximately [REDACTED]%, or approximately HK\$[REDACTED] million, is expected to be allocated to a cloud platform providing unified computing capabilities, supporting tens-of-millions-level device access and energy management, with a focus on developing key AI models for energy scheduling, intelligent operations and maintenance, safety warnings and smart services.

- (b) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] will be allocated over the next five years for construction of our two production base and warehouse in Malaysia and Beilun, Ningbo to expand our overall production capacity and enhance our in-house warehousing capabilities. The establishment of production base and warehouse enables us to be closer to our customers and better meet their delivery requirements, while also playing an important role in advancing our localization strategy and supporting our long-term development. See “Business-Our Production Bases”. In particular:

- (i) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] will be used for construction of our overseas production base. To better serve the growing demand of the global market and adapt to the complex international trade environment, we plan to enhance our global production capabilities by establishing a production base in Malaysia, primarily for string inverters and energy storage inverters for industrial and commercial use. Planned with annual production capacity of approximately 3GW for inverters and 200,000 units for energy storage batteries, the Malaysia production base is expected to enhance our service efficiency, improve delivery flexibility, further optimize our cost structure, bring us closer to our core international customers, shorten

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product delivery cycles and allow us to respond flexibly to the trade policies of different countries and regions and strengthen our ability to serve global clients. More specifically:

The Malaysia production base is a new greenfield facility, separate from any existing production base of the Group. Based on our feasibility study, the total investment for the Malaysia production base is estimated at approximately [REDACTED] (approximately [REDACTED]).

- approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] will be used for acquisition of land and construction of facilities, as well as for customized modifications of production areas to meet our production requirements.
- approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] will be used for the purchase and installation of production equipment. We plan to procure equipment, mainly including assembly and integration equipment, testing equipment and auxiliary equipment.
- approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] will be used for utility expenses and other daily operating costs during the initial production phase to ensure the smooth launch and stable operation of our Malaysia production base.
- approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] will be used for recruiting personnel. We intend to recruit a dedicated team of technical and quality control personnel to participate in the management and operations of our production base. Additionally, we intend to build a professional function team comprising engineers, designers and production planning specialists to ensure the efficient operation of the production system.

The following table summarizes the estimated capital expenditure breakdown for the Malaysia production base:

Item	Amount (HK\$ million)
Land (199.86 mu at US\$11,500/mu)	[REDACTED]
Construction of facilities	[REDACTED]
Equipment – inverter production lines (453 units)	[REDACTED]
Equipment – energy storage battery production lines (260 units)	[REDACTED]
Equipment subtotal	[REDACTED]
Utilities, personnel costs and working capital	[REDACTED]
Total estimated investment	<u>[REDACTED]</u>

Construction of the Malaysia production base is planned to be carried out during the period from 2025 to 2028. The facility is expected to initially employ approximately 331 staff based on an average monthly salary of MYR 6,000 (approximately HK\$140,000 per annum), with plans to scale to approximately 1,500 persons as operations ramp up.

We note that inverter utilisation was lower in 1H2025 primarily because the Ningbo Beilun 246 production base was newly commissioned during that period, and energy storage battery pack utilisation was lower during the Track Record

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Period primarily due to production line technology upgrades, which increased design capacity.

Notwithstanding the foregoing, we believe the establishment of the Malaysia production base is strategically justified for the following reasons: (i) cost efficiency, as the facility is expected to benefit from lower labor and transport costs in Malaysia; (ii) trade risk mitigation, as the facility will help reduce international trade and tariff risks; and (iii) market expansion, as we plan to enter Southeast Asian markets where demand for energy storage products is expected to grow.

In terms of impact on our cost structure and profitability, our inverter business follows an asset-light production model with relatively higher return on equity. During the construction period, the impact on our profitability is expected to be limited. Post-completion, the Malaysia production base is expected to lower labor and transport costs and further improve our profit margins.

- (ii) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] will be allocated over the next five years for construction of a production and warehouse base in Beilun, Ningbo, primarily for manufacturing and storing string inverters, microinverters and energy storage batteries purposes. This construction plan involves construction of warehouse and production base, purchase and installation of storage and manufacturing equipment, control systems and equipment, and hiring more employees.

The total investment for the Ningbo production and warehouse base is estimated at approximately [REDACTED]. The facility will serve as an R&D testing center and warehousing and trade headquarters, with storage capacity for approximately 1.8GW of inverters.

The following table summarizes the estimated investment breakdown for the Ningbo facility:

Item	Amount (HK\$ million)	% of Total
Construction works	[REDACTED]	[REDACTED]
Equipment procurement	[REDACTED]	[REDACTED]
Installation	[REDACTED]	[REDACTED]
Other engineering costs	[REDACTED]	[REDACTED]
Contingency	[REDACTED]	[REDACTED]
Subtotal (construction investment)	[REDACTED]	[REDACTED]
Working capital	[REDACTED]	[REDACTED]
 Total	 <u>[REDACTED]</u>	 <u>[REDACTED]</u>

- (c) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] will be allocated over the next five years for enhancement of marketing and service network layout to drive expansion of our global customer base and business coverage. To better position ourselves to capture the attractive growth potential, we believe it is in our best interest to continue to scale our business across a global platform, leveraging on our existing competitive advantages and strengthening our marketing and after-sales services. In particular:

We expect to deploy the marketing and service network [REDACTED] over a five-year period, with approximately [REDACTED]%, [REDACTED]%, [REDACTED]%, [REDACTED]% and [REDACTED]% of such [REDACTED] to be utilized in 2026, 2027, 2028, 2029 and 2030, respectively.

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- (i) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] is expected to be used to carry out marketing and promotional activities, such as product exhibitions, to enhance customer interaction, strengthen brand awareness and preference to attract new customers.
- (ii) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] is expected to be used for product certification in our new markets.
- (iii) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] is expected to be used to develop our digital customer service platform for delivery, service and warranties across key markets, which we expect to improve our ability to quickly respond to after-sales requests, enhancing user experience. This customer service platform will enable end-to-end visibility and automation for warranty tracking, fault reporting and service coordination, ultimately reducing support costs and improving service reliability as we scale globally. Specifically, the platform will comprise the following functional modules: (a) an order and delivery tracking module; (b) a warranty registration and claims module; (c) a fault-reporting and diagnostic module; (d) a spare-parts and technician dispatch coordination module; and (e) a customer self-service portal.
- (iv) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] is expected to be used to expand our sales and marketing team. We aim to further expand the geographical coverage of our sales network and enhance localized technical support and service capabilities to provide local customers with better services. We plan to recruit more sales, marketing and customer service personnel over the next five years.

Specifically, we plan to recruit approximately 448 sales, marketing and customer service personnel over the next five years, at an average annual salary and training cost of approximately HK\$250,000 per person.

- (d) approximately [REDACTED]%, or approximately HK\$[REDACTED] million, of the net [REDACTED] will be allocated as a supplement to the working capital and other general corporate purposes, providing us with sufficient financial flexibility to address ongoing operational needs, explore strategic growth initiatives, and maintain stability in unforeseen circumstances.

The entire amount of the working capital allocation is expected to be utilized in 2026.

To the extent that our net [REDACTED] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash available on hands, bank loans and other borrowings.

The above allocation of the net [REDACTED] will be adjusted on a pro-rata basis in the event that the [REDACTED] is fixed below or above the mid-point of the [REDACTED]. If the [REDACTED] is set at HK\$[REDACTED] per Share, which is the high end of our indicative [REDACTED] range, the net [REDACTED] from the [REDACTED] will increase to approximately HK\$[REDACTED] million. If the [REDACTED] is set at HK\$[REDACTED] per Share, which is the low end of our indicative [REDACTED] range, the net [REDACTED] from the [REDACTED] will decrease to approximately HK\$[REDACTED] million.

Any additional [REDACTED] received from the exercise of the [REDACTED] will also be allocated as a supplement to the working capital and other general corporate purposes. In the event that the [REDACTED] is exercised in full, we will receive net [REDACTED] of HK\$[REDACTED] million (after deducting the estimated [REDACTED] commissions and other

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fees and expenses payable by us in connection with the [REDACTED] and assuming an [REDACTED] of HK\$[REDACTED] per Share, being the midpoint of our indicative [REDACTED] range).

To the extent that the net [REDACTED] of the [REDACTED] are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we will only deposit the 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 all applicable disclosure requirements as mandated by the Listing Rules.