
FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See “Business — Our Development Strategies” for a detailed description of our future plans.

USE OF [REDACTED]

We estimate the net [REDACTED] of the [REDACTED], assuming an [REDACTED] of HK[REDACTED] per [REDACTED] (being the mid-point of the [REDACTED] range stated in this Document), will be approximately HK\$[REDACTED] million, after deduction of [REDACTED] and commissions and estimated expenses payable by us in connection with the [REDACTED] and assuming the [REDACTED] is not exercised.

We intend to use the [REDACTED] of the [REDACTED] for the following purposes, subject to changes with respect to our evolving business needs and changing market conditions:

- Approximately [REDACTED] of the [REDACTED], or HK[REDACTED], will be utilized to implement our overseas expansion and global sales network construction mainly in Europe and North America. This will be used to enhance our global brand influence and strengthen our comprehensive competitiveness in overseas markets. We expect the recruitment to expand from approximately 30 sales personnel in 2026 to a total of 86 sales personnel by 2030. In addition, the remaining [REDACTED] in this part is planned for the further construction and operation of our global sales channels and localized service systems, by establishing local sales company, recruiting local sales and service personnel (such as sales managers or sales director), carrying out overseas marketing and promotion activities, as well as developing and maintaining localised company websites. We aim to increase the number of our global sales channels from 6 to 20 between 2026 and 2030. We believe that further investment in overseas sales teams and localized service systems will help consolidate our existing overseas market presence, enhance customer retention, strengthen our pricing capability and market responsiveness in overseas markets, and support the continued expansion of our overseas business.
- Approximately [REDACTED] of the [REDACTED], or HK[REDACTED], will be utilized for the digital and intelligent upgrade of our domestic and overseas manufacturing facilities. These [REDACTED] are intended to align with the global energy transition trend to achieve a strategic upgrade in smart manufacturing capabilities — from automated equipment to intelligent systems, and address the surge in market demand brought by the global energy transition and the inevitable trend of manufacturing towards flexibility, green development, and intelligence. Traditional manufacturing models struggle to meet the extreme requirements for production efficiency, product consistency, and rapid response. Investing in advanced manufacturing capabilities centered on digital twin is our strategic choice to transition from “equipment automation” to “system intelligence.” We plan to build a core competitive barrier by building digital twin factories that create real-time mapping and two-way interactive digital models with physical factories, covering the entire life cycle from design and production to O&M, effectively improving Overall Equipment Effectiveness (OEE) and shortening production cycles. Through AI applications, we will deploy algorithms in specific scenarios like AOI, predictive maintenance, optimization of production process parameters, and intelligent energy scheduling to shift from “experience-driven” to “data-driven” decision-making, significantly improving first-pass yield and reducing quality-related costs. Through the application of industrial simulation technologies, we conduct digital simulations in areas including new production line layout, logistics routing, and production scheduling optimization. This enables virtual validation and refinement of solutions prior to physical implementation, substantially lowering trial-and-error costs and lead times. Collectively, these initiatives will enhance the precision and foresight of management decisions and strengthen our factories flexible manufacturing capabilities to respond effectively to demand volatility.

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This allocation is further broken down as follows:

- (1) Approximately [REDACTED] of the [REDACTED], or [REDACTED], will be utilized to promote the digital upgrade of our domestic manufacturing facilities. We have introduced and integrated core information systems, such as, ERP, APS, MES and WMS into our production operations, enabling end-to-end digital management from sales orders and production scheduling to product delivery. Through real-time collection and analysis of production progress, process parameters and quality data, our manufacturing processes have achieved visualization, traceability and optimization. We believe that continued advancement of intelligent manufacturing systems centered on digital twins will further improve production efficiency, shorten delivery cycles and enhance our factories’ flexible response to order fluctuations, thereby providing stable and efficient manufacturing support for the Group’s scalable development. In particular:
 - i. Approximately [REDACTED] of the [REDACTED], or HK[REDACTED], will be utilized for digital factory infrastructure upgrades, including necessary automated production equipment, intelligent logistics facilities, and industrial-grade network and data infrastructure, to strengthen the foundational capabilities for digital and intelligent operations.
 - ii. Approximately [REDACTED] of the [REDACTED], or HK[REDACTED], will be utilized for the deployment and implementation of digital factory software systems and personnel training, to enhance system utilization efficiency and ensure that digital capabilities are effectively applied and continuously optimized.
 - iii. Approximately [REDACTED] of the [REDACTED], or HK[REDACTED], will be utilized for the implementation and development of key application scenarios, promoting the practical deployment and application of intelligent manufacturing technologies in production processes.
 - iv. Approximately [REDACTED] of the [REDACTED], or HK[REDACTED], will be utilized as operating and maintenance expenses and risk reserves for digital factories, to address uncertainties arising from technological changes and project delays and to ensure the steady advancement of digital upgrade projects.
- (2) Approximately [REDACTED] of the [REDACTED], or HK[REDACTED], will be utilized to promote the digital upgrade of our overseas manufacturing facilities, to enhance overseas production and operation efficiency and strengthen coordination across our global manufacturing system. The overseas production base established by us in Thailand forms a globally coordinated production capacity layout with our domestic facilities in China. By front-loading capacity into target markets, we have achieved positive results in shortening delivery cycles and enhancing supply chain stability. Based on this, we plan to replicate and roll out domestically proven digital manufacturing experience and management systems to overseas factories, helping to realize unified management and coordinated operations of our global production system, further improving operational efficiency and delivery certainty of overseas factories and enhancing the resilience and flexibility of the Group’s overall supply chain. The specific investment will be applied to the following aspects: overseas digital factory infrastructure upgrades to support automated and intelligent production requirements; the deployment, implementation and related personnel training of overseas digital factory software systems; the implementation and development of application scenarios for advanced intelligent manufacturing productivity in the transformer industry; and the digital factory-related services and risk reserves to address uncertainties during technological upgrades and project implementation.

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- Approximately [REDACTED] of the [REDACTED], or HK[REDACTED], will be utilized to the research, development and industrialization of next-generation solid-state transformers (SST) and Panama power systems, with the aim of strengthening technological barriers in the power electronics field and enhancing core product R&D and scalable manufacturing capabilities. Leveraging our long-standing technical accumulation in power electronics, electromagnetic technologies and transformer equipment, we have actively deployed next-generation power electronic technologies such as solid-state transformers and have commenced R&D of SST-related products. Meanwhile, we continue to invest resources to expand the application of efficient power supply systems such as “Panama power” in high-end application scenarios including data centers. We believe that sustained investment in SST products and Panama power systems will help consolidate our core technological advantages in relevant fields, accelerate the transition of frontier technologies from R&D to industrialization and commercialization, enable us to better capture market opportunities in high-growth application scenarios, such as, data centers and new energy. In particular:
 - (1) Approximately [REDACTED] of the [REDACTED], or HK[REDACTED], will be primarily used to construct our R&D laboratories and production lines, including infrastructure construction and the configuration of precision instruments and equipment. Our newly constructed R&D laboratories will add GFA for R&D facilities and be equipped with advanced equipment, such as, programmable grid simulators, regenerative electronic loads, hardware-in-the-loop simulation platforms, power analyzers, and high-bandwidth oscilloscopes, which will provide core support for the design, verification and testing of high-reliability SST and Panama power products. Our newly constructed production lines will add GFA and be configured with key equipment including SMT machines, reflow ovens, solder paste inspection systems, AOI equipment and electronic material warehouses, so as to ensure production quality, process control and delivery efficiency. Upon completion of the project, our core product development and production capabilities will be significantly enhanced, laying a solid foundation for timely response to market demand.
 - (2) Approximately [REDACTED] of the [REDACTED], or HK[REDACTED], will be primarily used for R&D personnel remuneration and benefits expenses for SST and Panama teams, so as to ensure the stability of the core technical team and the continuous progress of related projects. The product development team is led by the R&D Director, who is responsible for the overall technical roadmap, master plans, project and cost management. The team comprises four specialized groups, namely the “System Group”, “Software Group”, “Hardware Group” and “Testing Group”. The System Group is responsible for the design and simulation of the overall machine architecture, structural and electrical interfaces, and thermal management solutions; the Software Group focuses on power module communication, algorithm logic, master-slave FPGA and DSP frameworks, and the implementation of interactive interfaces; the Hardware Group undertakes the design, debugging, reliability and safety compliance control of main power units and single-board hardware; and the Testing Group leads the work of functional and performance verification and certification. Sustained investment will ensure the efficient collaboration of all these specialized groups, supporting the rapid iteration and high-quality delivery of products.
- Approximately [REDACTED] of the [REDACTED], or HK[REDACTED], will be utilized to make investments and acquisitions in the upstream and downstream segments of the industry chain and in strategic industries through possible formats, such as (i) establishing joint venture subsidiaries with local partners where we may hold controlling or minority interests; (ii) direct equity investments in promising local enterprises; and (iii) selective mergers and acquisitions of targets that offer synergistic value, aiming to complement organic growth with inorganic expansion, improve industry layout and enhance overall competitiveness. In addition to organic growth, we plan to continue

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selectively seeking strategic industry-related cooperation, investments and acquisitions both domestically and overseas to enhance overall competitiveness and drive sustainable development. Our strategic investments and acquisitions will focus on R&D and manufacturing enterprises related to transformer insulation materials, main transformers, PV-storage-charging integration and data center applications, including transformer manufacturers with core technological advantages or power equipment suppliers aligned with industry trends in new energy and data centers, with emphasis on teams possessing mature R&D, sales and operational capabilities. We will select high-quality targets that can create synergies with our existing business, enrich our product portfolio and/or strengthen our technological capabilities, with annual revenue of not less than RMB200 million, subject to market conditions and target availability. Based on industry analysis, suitable targets are generally available in the market. According to Frost & Sullivan, the global number of potential targets in the transformer and power equipment industry is estimated to be approximately over 1,000 companies as of the Latest Practicable Date, primarily in China, Southeast Asia, Europe and Americas. Please see “Business — Our Development Strategies — We plan to continue our global expansion.” We believe that strategic investments or acquisitions will help accelerate the integration of key technological capabilities and industrial resources, further enrich our product matrix and support the Group’s long-term development in key application fields. In addition, we expect our strategic investments and acquisitions to have a positive financial and operational impact on our Group. Operationally, the integration of overseas resources will enhance our market access and channel efficiency. Financially, although such activities may involve significant capital expenditure and affect our short-term cash flow, they are expected to optimize our cost structure and improve profit margins through synergies. Furthermore, global expansion will help diversify our risk profile, though we remain mindful of potential integration challenges. As of the Latest Practicable Date, we had not identified or committed to any investment or acquisition targets for our use of [REDACTED] from the [REDACTED].

- Approximately [REDACTED] of the [REDACTED], or HK[REDACTED], will be utilized to supplement working capital and for general purpose.

If the [REDACTED] is fixed at HK[REDACTED] per [REDACTED] (being the high-end of the [REDACTED] range stated in this Document) and assuming the [REDACTED] is not exercised, we will receive additional [REDACTED] approximately HK[REDACTED]. If the [REDACTED] is fixed at HK[REDACTED] per [REDACTED] (being the low-end of the [REDACTED] range stated in this Document) and assuming the [REDACTED] is not exercised, the [REDACTED] we receive will be reduced by approximately HK\$[REDACTED]. The above allocation of 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-end of the estimated [REDACTED] range. We intend to apply the additional [REDACTED] to the above purposes on a pro rata basis in the event that the [REDACTED] is exercised.

To the extent that the [REDACTED] are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we will only place the [REDACTED] from the [REDACTED] which are not immediately required for the disclosed purpose in short-term interest-bearing accounts at licensed commercial banks and/or authorized financial institutions (as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions). We will make an appropriate announcement if there is any change to the proposed use of [REDACTED] above or if any amount of the [REDACTED] will be used for general corporate purpose.