
FUTURE PLANS AND [REDACTED]

FUTURE PLANS

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

[REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] (after deducting the [REDACTED] fees and [REDACTED] and estimated expenses payable by us in connection with the [REDACTED], and assuming the [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the [REDACTED] of the [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per Share and assuming the [REDACTED] is not exercised).

We intend to use the [REDACTED] that we will receive from [REDACTED] for the following purposes:

1. Approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be allocated to the construction of new production plants for additional two machining lines and two assembly and testing lines, which are intended to produce medium-speed and high-power, high-speed engines, and to the procurement of essential machinery. This investment is intended to meet the production needs of our new products and to support the anticipated growth in demand for our new engine series. The new production plants will be located in Yulin city, with site selection criteria requiring flat industrial land with an area greater than 150,000 sq.m. The two assembly and testing lines are expected to have an annual production capacity of approximately 300 to 400 units for medium-speed engines and 1,200 to 1,500 units for high-power, high-speed engines respectively. See “Business — Production — Production Facilities” for further details on the assumption of production capacity.

The new high-power, high-speed series represents a continued upgrade of our existing product series, with improvements across key performance indicators. We aim to further expand our product offering to include 1,800 r/min 60Hz models targeting data center and distributed power station applications. The development of 1,800 r/min 60Hz models will enable us to further explore the overseas markets with 60Hz grid frequency such as the United States, Canada, Japan and South Korea, countries of which also have substantial demand for power generator sets. According to Frost & Sullivan, driven by the robust demand from downstream applications such as data centers, distributed power stations and infrastructure, and supported by the ongoing technological upgrades, the global power generator engine market is expanding rapidly. In particular, the market grew from RMB48.0 billion in 2021 to RMB66.9 billion in 2025 in terms of revenue, representing a CAGR of 8.7%. The global power generator engine market is expected to reach RMB159.6 billion of revenue by 2030, representing a CAGR of 19.0% from 2025 to 2030, while revenue from the data center segment and distributed power stations segment are projected to reach RMB107.3 billion and RMB13.8 billion by 2030, respectively, representing a CAGR of 22.9% and 12.7% over the corresponding period, respectively.

The new medium-speed engine series will operate at a rated speed of 600 to 800 r/min, and is applicable to both marine and power generation applications. For marine applications, while our existing high-speed engines serve vessels under 10,000 tonnes, the medium-speed series can power larger vessels of 10,000 to 20,000 tonnes or above. For power generation applications, the medium-speed series is capable of burning heavy fuel oil and operates with lower vibration and noise, making it suitable for heavy oil power stations. The medium- and high-speed marine engine market is exhibiting strong momentum. According to Frost & Sullivan, the market size increased from approximately RMB2.3 billion in 2021 to RMB5.4 billion in 2025, representing a CAGR of 23.5%, and is projected to reach RMB7.7 billion by

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2030, reflecting a forecast CAGR of 7.5% from 2025 to 2030. Supported by steady global trade and deepening decarbonization policies, medium- and high-speed marine power systems are poised for a new wave of technological upgrades and product iteration.

Accordingly, we believe there will be sufficient demand for our products to support our expansion plans. By expanding our production capabilities in these segments, we aim to capture new market opportunities, leveraging the growing demand, and reinforce our market leading position within the industry.

In particular:

- a. approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be used for the construction of machining lines which are intended to produce high-power, high-speed engines for power generation and marine propulsion. Among HK\$[REDACTED], approximately HK\$[REDACTED] will be used for the acquisition or rental of new production premises; approximately HK\$[REDACTED] will be used for the construction of production plant, machining lines and ancillary facilities including warehouse and factory office; approximately HK\$[REDACTED] will be used for the purchase of equipment and machinery; approximately HK\$[REDACTED] will be used for recruitment of production and technical staff and employee training; approximately HK\$[REDACTED] and HK\$[REDACTED] will be used for material purchase and operating expense respectively;
- b. approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be used for the construction of assembly and testing lines which are intended to produce high-power, high-speed engines for power generation and marine propulsion. Among HK\$[REDACTED], approximately HK\$[REDACTED] will be used for the acquisition or rental of new production premises; approximately HK\$[REDACTED] will be used for the construction of production plant, machining lines and ancillary facilities including warehouse and factory office; approximately HK\$[REDACTED] will be used for the purchase of equipment and machinery; approximately HK\$[REDACTED] will be used for recruitment of production and technical staff and employee training; approximately HK\$[REDACTED] and HK\$[REDACTED] will be used for material purchase and operating expense respectively;
- c. approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be used for the construction of machining lines which are intended to produce medium-speed engines for power generation and marine propulsion. Among HK\$[REDACTED], approximately HK\$[REDACTED] will be used for the acquisition or rental of new production premises; approximately HK\$[REDACTED] will be used for the construction of production plant, machining lines and ancillary facilities including warehouse and factory office; approximately HK\$[REDACTED] will be used for the purchase of equipment and machinery; approximately HK\$[REDACTED] will be used for recruitment of production and technical staff and employee training; approximately HK\$[REDACTED] and HK\$[REDACTED] will be used for material purchase and operating expense respectively; and
- d. approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be used for the construction of assembly and testing lines which are intended to produce medium-speed engines for power generation and marine propulsion. Among HK\$[REDACTED], approximately HK\$[REDACTED] will be used for the acquisition or rental of new production premises; approximately HK\$[REDACTED] will be used for the construction of production plant, assembly and testing lines and ancillary facilities including warehouse and factory office; approximately HK\$[REDACTED]

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will be used for the purchase of equipment and machinery; approximately HK\$[REDACTED] will be used for recruitment of production and technical staff and employee training; approximately HK\$[REDACTED] and HK\$[REDACTED] will be used for material purchase and operating expense respectively.

The new machining lines and assembly and testing lines will enable the adoption of advanced manufacturing technologies such as ductile iron machining technology to achieve tight geometric accuracy and use of robots to increase the automation level in the assembly line, enhance product quality and further strengthen our competitive position. The essential machinery we plan to purchase for the two machining lines primarily include: (i) 22 five-axis machining centers and 7 gantry machining centers which are used for the machining of the engine component including cylinder block and cylinder head; (ii) 8 cleaning machines for the cleaning and final rinse of the engine component during the production process; (iii) 2 coordinate measuring machines used for the inspection of dimensional accuracy of machined components. The essential machinery we plan to purchase for the two assembly and testing lines primarily include: 12 engine test benches which are used to verify and test key performance indicators of an assembled engine under firing condition and 20 engine assembly equipment used to assemble major components into complete engine and 12 coating equipment for automatic engine painting.

The construction of the two machining lines and two assembly and testing lines requires approximately six months for land acquisition/leasing, approximately two years and six months for plant construction, layout design, equipment tendering and procurement, personnel recruitment (among which plant construction takes approximately one year and certain imported equipment has a production cycle of more than two years), and approximately one year for equipment commissioning and trial production. Accordingly, the new production lines are expected to be completed and become operational in or before 2031. The following sets out the estimated timeline of our investment in the respective machining lines and assembly and testing lines:

	<u>1H2027</u>	<u>2H2027</u>	<u>1H2028</u>	<u>2H2028</u>	<u>1H2029</u>	<u>2H2029</u>	<u>1H2030</u>	<u>2H2030</u>	<u>1H2031</u>	<u>Total</u>
	(HK\$ in million)									
Machining line for high-power, high-speed engines	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Assembly and testing line for high-power, high-speed engines	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Machining line for medium-speed engines	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Assembly and testing line for medium-speed engines	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>

- approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be used for the enhancement of existing product series and research and development of four new product series of large engines, comprising one new series for high-power, high-speed engines (which is expected to be commercialized in the second half of 2027), and three new series for medium-speed engine (which are expected to be commercialized between second half of 2028 to second half of 2030). According to Frost & Sullivan, the global power generator engine market is evolving and upgrading toward heavy-duty and large engine applications characterized by higher efficiency and greater intelligence, in order to meet the heightened demands for power and reliability in various scenarios including data center, distributed power station and marine applications. Hence, continued research and

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development is essential for us to further strengthen our technical capabilities and expand our product portfolio to better meet evolving market demands and the needs of our customers across different industries. Specifically:

- a. approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be used for the research and development of one new product series for high-power, high-speed engines which engines shall have power output ranging from 800 kW to 5,400 kW, and three new product series for medium-speed engines, which engines shall have power output ranging from 2,250 kW to 7,500 kW, 1,500 kW to 3,000 kW, and 4,000 kW to 12,400 kW, respectively. Among HK\$[REDACTED], approximately HK\$[REDACTED] will be used for recruitment of R&D personnel and fees for external expert consultants; approximately HK\$[REDACTED] will be used for R&D equipment, software, materials, and components; approximately HK\$[REDACTED] will be used for engine testing, verification, and certification expenses; approximately HK\$[REDACTED] will be used for intellectual property and technical cooperation expenses; and approximately HK\$[REDACTED] will be used for R&D premises, ancillary expenses and contingency reserves; and
- b. approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be used for the development and further enhancement of existing product series. Among HK\$[REDACTED], approximately HK\$[REDACTED] will be used for recruitment of R&D personnel and fees for external expert consultants; approximately HK\$[REDACTED] will be used for R&D equipment, software, materials, and components; approximately HK\$[REDACTED] will be used for engine testing, verification, and certification expenses; approximately HK\$[REDACTED] will be used for intellectual property and technical cooperation expenses; and approximately HK\$[REDACTED] will be used for R&D premises, ancillary expenses and contingency reserves.

These product series are designed to serve both power generation and marine propulsion applications, and are compatible with a wide range of fuel types, including traditional diesel as well as new energy sources such as natural gas, biogas, methanol and hydrogen. According to Frost & Sullivan, there is increasing adoption in new energy fueled power generator engines across multiple application scenarios including data center, distributed power stations, infrastructure construction, and medium- and high-speed marine engines, which is expected to broaden use cases and support continued market expansion. Through these investments, we aim to enhance our competitiveness in both conventional and emerging energy markets by broadening our product portfolio to meet the evolving demand for heavy-duty and large engines, drive sustainable growth, close the gap above the previous product ceiling, and deliver long-term value to our shareholders.

The R&D and production of new products may face compliance risks and uncertainties in technology pathways arising from increasingly stringent environmental regulations and decarbonization policies in PRC (including the Medium- and Long-Term Plan for the Hydrogen Industry Development (2021–2035) (《氢能產業發展中長期規劃(2021–2035年)》) and the 14th Five-Year Plan for Industrial Green Development (《“十四五”工業綠色發展規劃》)) and globally, potentially resulting in increased research and development costs and restricted market access. To address these risks, R&D department of the Company conducts and will continue to conduct forward-looking research and development to ensure that product designs comply with current and anticipated regulatory requirements; meanwhile, it is establishing diverse fuel technology pathways to flexibly adapt to regulatory changes. As the new product series are compatible with a wide range of fuel types, including new energy sources, our Directors are of the view that PRC and/or global regulatory developments will not have a material impact on the feasibility, commercial prospects or demand for these new product series.

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3. approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be used for strategic investments in, or acquisitions of, business opportunities in companies or entering into joint venture with companies within our core component supply chain. This includes, but is not limited to, investing in, entering into joint venture with, or acquiring companies capable of manufacturing low-speed finished engine and/or components such as alternators, crankshafts, and turbochargers, with the objective of further strengthening and completing our core component supply chain, generating synergies to reduce production costs, and enhancing product quality and overall competitiveness.

In evaluating potential investment, joint venture or acquisition opportunities, we will primarily consider: (i) synergy with our existing business, with priority given to upstream component suppliers where there are supply bottlenecks or where such suppliers have strong bargaining power, as acquiring such targets would mitigate supply chain risks and secure access to critical components, and we will also prioritize direct or indirect suppliers to the Company whose component quality has been validated by us; (ii) the target's product portfolio, with a focus on targets whose key technologies are self-developed and who possess the technical capability to continuously upgrade and iterate their products; (iii) the target's market share of the relevant products which shall not be less than 5%; (iv) business scale; (v) growth potential; (vi) financial condition; (vii) valuation; (viii) target's location, with priority given to companies headquartered in the PRC; and (ix) any potential tax or financial impact such investment or acquisition may have on us. According to Frost & Sullivan, there are around 50 available targets in PRC. As of the Latest Practicable Date, we had not identified any specific investment, joint venture or acquisition targets, nor had we entered into any definitive investment or acquisition agreements.

4. approximately [REDACTED]% of the [REDACTED], or HK\$[REDACTED], will be used for working capital and general corporate purposes.

The above allocation of the [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]. Any additional [REDACTED] received from the exercise of [REDACTED] will also be allocated to the above purposes on a pro rata basis.

In the event that the [REDACTED] is set at the maximum [REDACTED] or the minimum [REDACTED] of the [REDACTED], the [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED], respectively, assuming the [REDACTED] is not exercised. The additional [REDACTED] that we would receive if the [REDACTED] is 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]), and (iii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per H Share, being the minimum [REDACTED]).

To the extent that the [REDACTED] from the [REDACTED] are not immediately used for the purposes described above or if we are unable to put into effect any part of our plan as intended, and to the extent permitted by the relevant laws and regulations, we will hold 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 jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.