FUTURE PLANS

For a detailed description of our future plans, see "Business – Our Strategies".

USE OF [REDACTED]

Assuming an **[REDACTED]** of **[REDACTED]** per H Share (being the midpoint of the range of the **[REDACTED]** stated in this Document), we estimate that we will receive **[REDACTED]** of approximately **[REDACTED]** from the **[REDACTED]** after deducting the **[REDACTED]** and other estimated expenses in connection with the **[REDACTED]** (assuming the **[REDACTED]** is not exercised). We currently intend to apply the **[REDACTED]** as follows:

(1) Approximately **[REDACTED]**, or **[REDACTED]**, is expected to be used for the expansion of our domestic production lines over the next five years, primarily in our Kunshan production base. Our production expansion aims to augment the annual production capacity to fulfill the escalating market demand for power inductors in the high-performance computing and new energy vehicles industry. According to CIC Report, with the continuous development of large-scale AI models, the demand for powerful parallel computing capabilities from complex AI workloads has directly driven a surge in demand for high-performance GPGPU, NPU, and ASIC chips based on advanced processes. We plan to (i) expand and consolidate the layout and application of customized solutions for power inductors; (ii) engage in the reference designs of leading enterprises in the semiconductor industry; and (iii) enrich our product matrix to fulfill board applications in AI computing, new energy vehicles, humanoid robotics, and high-end consumer electronics. See "Business – Our Strategies – Expansion of market share within the high-performance computing sector". Specifically,

a) Approximately **[REDACTED]**, or **[REDACTED]**, will be used for the purchase of new automatic production lines, such as winding machine, laser welding machine, spot welding, machine, and AOI inspection devices, to further enhance our production capacity. Specifically, we plan to build two production lines in 2027, three production lines in 2028, and four production lines annually from 2029 to 2031.

b) Approximately **[REDACTED]**, or **[REDACTED]**, will be used for the recruitment of production personnel for our production bases over the next five years. Specifically, to build a professional and international production team that aligns with our increasing market needs in each application field, we plan to recruit approximately 60 staff and engineers with mechanical operations skills annually over the next five years, and increase their annual salaries by 0.5% every year.

c) Approximately **[REDACTED]**, or **[REDACTED]**, is expected to be used for the renovation of supporting facilities of the workshop. We plan to renovate production areas with a total gross floor area of approximately 20,367.5 square meters. Our renovation cost will be incurred in the first year, with subsequent annual maintenance fees to follow.

(2) Approximately **[REDACTED]**, or **[REDACTED]**, is expected to be used for enhancing our in-house R&D capabilities over the next five years to strengthen our ability to deliver integrated power inductor solutions for advanced process chips used in the high-performance computing industry. We plan to (i) continuously develop our five internally-developed technology platforms; (ii) enhance our production portfolios to meet the needs of complex scenarios such as high-performance computing and new energy vehicles; (iii) realize the supply of complete solutions from magnetic components to semiconductor power modules, and further improve the integration and energy efficiency of the

board-level power supply systems. See "Business – Our Strategies – Exploration in semiconductor devices to enhance technical capabilities and product offerings" and "Business – Our Strategies – Exploration in Board-Level Power Management Solutions". Specifically,

a) Approximately **[REDACTED]**, or **[REDACTED]**, is expected to be used to invest in purchasing and upgrade R&D equipment and machinery at our production bases, such as CT scanners, high-temperature heaters, noise inspection devices, and infrared thermal imaging analyzers, as well as for other research and development expenses.

b) Approximately **[REDACTED]**, or **[REDACTED]**, is expected to be used to invest in expanding our R&D team. We plan to recruit approximately 180 R&D personnel and technicians with experience in production design over the next five years, and increase their annual salaries by 0.5% every year.

(3) Approximately **[REDACTED]**, or **[REDACTED]**, is expected to be allocated for the repayment of certain interest-bearing bank borrowings so as to optimize our financial structure and reduce our borrowing cost. We incurred such borrowings primarily for working capital purposes.

(4) Approximately **[REDACTED]**, or **[REDACTED]**, is expected to be used for working capital and other general corporate purposes.

The **[REDACTED]** of the **[REDACTED]** will be adjusted on a pro rata basis if the final **[REDACTED]** is set at a higher or lower level within the indicative range. We will receive **[REDACTED]** of **[REDACTED]** assuming an **[REDACTED]** of **[REDACTED]** (being the **[REDACTED]** of the range of the **[REDACTED]**), and **[REDACTED]** of **[REDACTED]** assuming an **[REDACTED]** of **[REDACTED]** (being the high-point of the range of the **[REDACTED]**), assuming the **[REDACTED]** is not exercised. If the **[REDACTED]** is exercised in full, we will receive additional **[REDACTED]** of approximately **[REDACTED]**, (after deducting the estimated **[REDACTED]** and other fees and expenses payable by us in connection with the **[REDACTED]** and assuming an **[REDACTED]** of **[REDACTED]** per Share, being the **[REDACTED]** of the range of the **[REDACTED]**), and we intend to apply such **[REDACTED]** in the same proportions as stated above.

To the extent that the **[REDACTED]** are not immediately required, and subject to applicable laws and regulations, such funds will be placed in short-term interest-bearing deposits with licensed banks or other authorized financial institutions. In such an event, we will comply with the appropriate disclosure requirements under the Listing Rules. We will publish an announcement if there is any material change to the proposed use of **[REDACTED]**.

To the extent that our **[REDACTED]** of the **[REDACTED]** are insufficient to fund our proposed projects, we intend to fund the shortfall through our internal resources, including cash generated from our operations and cash on hand.