## FUTURE PLANS AND PROSPECTS

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

## USE OF [REDACTED]

We estimate the net **[REDACTED]** of the **[REDACTED]** which we will receive, assuming an **[REDACTED]** of HK$**[REDACTED]** per Share (being the mid-point of the **[REDACTED]** stated in the document), will be approximately HK$**[REDACTED]**, after deduction of **[REDACTED]** fees and **[REDACTED]** and estimated expenses payable by us in connection with the **[REDACTED]** and assuming the **[REDACTED]** is not exercised.

In accordance with our strategy, we plan to use the **[REDACTED]** for the following intended purposes in the amounts set forth below:

- **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for continuously enhancing research and development capabilities and expanding our product offerings. Including:

  o **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for the development of our infrastructure to optimize our underlying technological capabilities. See "Business — Our Strategies — Continuously to Improve the Virtual IDM Model, Increase R&D Investment, and Drive Technological Innovation". In particular:

  - **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for the procurement of R&D equipment and software tools. By world-class research and testing infrastructure, we are able to significantly enhance our technical capabilities in device reliability, thermal management, and multiphysics collaborative design. Specifically, we will establish a comprehensive validation system in compliance with automotive standards, thereby significantly enhancing the performance and long-term reliability of our products under high power, high frequency, and high-temperature conditions. In order to support the development of the above core technologies, we plan to procure (i) new R&D equipment and software tools focusing on design verification and testing of SiC products, such as [high-temperature SiC power device dynamic testing system and high-voltage source measure unit; (ii) new R&D software tools focusing on thermal failure analysis and thermal coupling analysis applied in power device products, such as high-precision infrared thermal imaging system, steady-state thermal resistance testing system, and ANSYS multiphysics coupling simulation software, (iii) new R&D software tools applied in the process-structure coupled simulation of MEMS products, such as CoventorWare MEMS design suite, and (iv) additional production and testing-related equipment for the IPM production line. In particular, we expect to incur HK$**[REDACTED]** in 2026 to procure the racks and basic function modules for new R&D equipment and software tools focused on SiC product design verification and testing, software tools for thermal failure analysis and thermal coupling analysis in power device products, and software tools for process-structure coupled simulation of MEMS products. Over the next four years, we will gradually add test modules and molds for the R&D equipment used in SiC product design verification and testing, while renewing the MEMS process-structure coupled simulation software tools on an annual subscription basis. Additionally, we will commence the phased procurement of additional production and testing-related equipment for the IPM production line starting in 2028.

- **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for expansion and upgrade of our R&D center. We plan to expand our R&D center located in China to further increase our R&D capacity and capabilities in product research validation, production process development and reliability testing, which can help us to establish a complete experimental area to match the growing business needs and the application of new technology capabilities. In particular, we plan to (i) lease new premises to expand our R&D center; (ii) enhance the laboratory with cleanroom specifications; (iii) establish additional CP testing lines will allow us to construct a comprehensive R&D closed loop, encompassing process development, device design, and packaging and testing; and (iv) establish production lines dedicated to IPM, to significantly enhance the thermal performance and long-term reliability of our products, thereby meeting the stringent demands for high power density and extended lifespan in sectors such as industrial and energy, and automotive. Concurrently, we aim to develop a comprehensive IPM technology platform that integrates design, manufacturing, and testing, which will enable us to deliver products of outstanding performance and stable quality to downstream customers. In particular, we plan to lease an additional 3,000 sq. m R&D center for a five-year term commencing in 2026. Concurrently, we will phase in the upgrade of the 1,000 sq. m laboratory's cleanroom to the ISO 8 standard alongside the construction of the CP production line. Separately, we intend to commence construction of the IPM production lines in 2027, with the goal of building a 2,000 sq. m laboratory.

  The above expansion of R&D infrastructure constitutes capital expenditure and will accordingly not have a material impact on our cost structure, however, as our technology continues to advance, our product costs may decrease. We expect these initiatives to fortify our R&D capabilities and elevate product performance, thereby driving higher revenue, improving our profit margins, and increasing our operating cash flow over the long term.

o **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for the research and development of products targeted at emerging applications, including automotive, AI, and alternative energies, thereby enriching our product matrix and optimizing our existing products. By fueling ongoing product iteration and technological innovation, we will be able to further enrich and optimize our product portfolio, capitalize on the opportunities presented by the development of technologies, and strategically expand customer base, thereby supporting the continued growth of our business. See "Business — Our Strategies — Fully Embrace the Historic Opportunities Presented by the Development of the Automotive, Energy and Industrial Sectors".

In this regard, we plan to recruit compound talents with experience in the research and development of power devices, signal chain ICs and edge-side AI audio algorithm and other related vertical fields to enhance or expand the capabilities of our R&D capabilities. Specifically, we intend to recruit twelve R&D professionals for power devices to expand our GaN product line and iterate on our existing product portfolios, alongside six specialists specializing in system architecture, design, layout, and simulation for audio chips, as well as six AI audio algorithm engineers. In addition, to capture with technological advancements and market demands, we plan to continuously iterate our existing products to integrate advanced technologies and to enrich our product matrix to meet the evolving needs of our downstream customers. We will continue to drive the rapid implementation of innovative technologies to deliver higher performance and higher value-added products, thereby strengthening our industry leadership.

The expenses related to talent recruitment, the iteration of existing products, and the expansion of our product matrix will be recorded as R&D expenses. Therefore, these expansion initiatives will not materially impact our cost structure. However, as new products enter sustained mass production and existing products undergo ongoing iteration and process optimization, our overall product costs are expected to decline further. We also anticipate that these investments in talent recruitment, product expansion, and iteration will drive top-line growth, expand our profit margins, and boost our operating cash flow over the long term.

- **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for expanding our strategic expansion, including enhancing our distribution and service network and improving our operational efficiency. In particular:

  - **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used to enhance customer partnerships and expand market reach. See "Business — Our Strategies — Deepen Collaboration with Key Strategic Customers and Continuously Expand Our New Client". In this regard, we plan to expand our sales force by recruiting 39 seasoned sales professionals, including 12 specializing in the sales of automotive-grade power devices, 15 in signal chain chips, and 12 in server power products; and recruiting 15 customer support engineers to strengthen product installation support and enhance the after-sales experience for our clients. We also plan to expand our distribution networks by strengthening in-depth cooperation with local distributors, to reach a broader customer base. In addition, we plan to increase our investment in marketing activities, including but not limited to participating in more global and domestic industry exhibitions and technology launches, to promote and showcase the advantages of our products and expand customer exposure, and lease of additional 3,000 sq. m of space for product showrooms, business reception, and other sales purposes.

    The expenses relating to our expansion of sales force and customer support force, and marketing activities will be recorded as selling expenses. The lease of additional 3,000 sq. m of space will be recored as right-of-use assets. The above expansion plans will have no material impact on our cost structure. We expect to enhance our sales and marketing capabilities through such plans, which enables us generate more revenue and increase our operating cash inflow in the long-term.

- o **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used to enhance operational efficiency in managing customer requirements and delivery schedules. In particular, we plan to (i) establish integrated requirements and delivery planning management system to dynamically manage customer demands, raw materials, work-in-progress, and inventory information, enabling real-time monitoring and feedback on production and delivery status, and provision of production forecasts; (ii) upgrade customer management system, to enhance distributors management and optimize pre-sales and after-sales management of customer demands; and (iii) deploy localized intelligent agents, which specifically include AI-based automated review processes to enhance efficiency, and train industry and department-specific AI experts to handle business operations and conduct training. Specifically, we will initiate the procurement of these systems in 2026, followed by the phased upgrade and refinement of their deployment.

  The deployment of planning management system, customer management system and locailized intelligent agents will be recored as intangible property and subsequent amortization will be charged to administrative expense. The above expansion plans will have no material impact on our cost structure. With the improved operational efficiency and enhanced level of process automation, we expect to improve profit margin in the long term.

- **[REDACTED]**, or approximately HK$**[REDACTED]**, will be used for potential industry-related strategic investments and acquisition opportunities. Our focus will be on targets that possess differentiated technological capabilities that can enhance our technology portfolio, such as electronic component suppliers with customer synergies; or facilitate the expansion of our product offerings or the entry into new market segments, such as manufacturers specializing in power-related analog chip design products. As of the Latest Practicable Date, we had not proposed to invest in any specific expansion target or identified any such targets for the use of **[REDACTED]** from the **[REDACTED]**; and

  - o We primarily focus on investment opportunities that exhibit a high degree of synergy with our existing business, and we expect to adopt a controlling investment approach so that such targets may be integrated into our business portfolio. In identifying suitable investment targets, we mainly consider the following factors: (i) Business synergy with our existing markets and customers. This includes microcontroller units (MCUs) and driver ICs for automotive applications, as well as analog chips for AI data-centre power systems. These products are highly complementary to our existing power device business and are procured by the same customer base for different application needs. Such complementarities enable cross-selling and allow us to expand the breadth of our business with existing customers.(ii) Strategic alignment with our target niche markets. Such targets will not only bring complementary technologies, products, or customer resources, but also significantly enhance our differentiated competitive edge in target markets. Through such strategic M&A, we can quickly fill gaps in our product line while seizing a first-mover position in emerging niche markets, thereby driving long-term growth and profitability improvement.

o According to CIC, there are over 500 companies that meet our selection criteria.

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

In accordance with our above strategy, we intend to use our **[REDACTED]** from the **[REDACTED]** for the purposes and in the amounts set forth below:

| | | | Year ending December 31, 2026 | 2027 | 2028 | 2029 | 2030 | Total *(HK$ in million)* | Approximate % of the total [REDACTED] | Total Capital Expenditure *(HK$ in million)* |
|---|---|---|---|---|---|---|---|---|---|---|
| Continuously enhancing research and development capabilities and expanding our product offerings | Development of our infrastructure | Procurement of R&D equipment and software tools | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | | Expansion and upgrade of our R&D center | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | Research and development of products targeted at emerging applications | | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Expanding our strategic expansion | Enhance customer partnerships and expand market reach | | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| | Enhance operational efficiency | | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Potential industry-related strategic investments and acquisition opportunities globally | | | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |
| Working capital and general corporate purposes | | | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] | [REDACTED] |

If the **[REDACTED]** is fixed at HK$**[REDACTED]** per Share (being the high end of the **[REDACTED]** stated in this document), we will receive additional net **[REDACTED]** of approximately HK$**[REDACTED]**, assuming the **[REDACTED]** is not exercised. If the **[REDACTED]** is fixed at HK$**[REDACTED]** per Share (being the low end of the **[REDACTED]** stated in this document), the net **[REDACTED]** we receive will be reduced by approximately HK$**[REDACTED]**, assuming the **[REDACTED]** is not exercised. 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-point of the estimated **[REDACTED]**.

In the event that the **[REDACTED]** is exercised in full, the additional net **[REDACTED]** that we would receive would be HK$**[REDACTED]** (assuming an **[REDACTED]** of HK$**[REDACTED]** per Share, being the mid-point of the **[REDACTED]** stated in the document). Additional net **[REDACTED]** received due to the exercise of any **[REDACTED]** will be used for the above purposes accordingly on a pro rata basis if the **[REDACTED]** is exercised.

To the extent that the net **[REDACTED]** from the **[REDACTED]** are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we will only 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 the applicable laws and regulations in other jurisdictions). We will issue an appropriate announcement if there is any material change to the above use of **[REDACTED]**.