FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

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

USE OF [REDACTED]

Assuming an [REDACTED] of HK$[REDACTED] per [REDACTED] (being the midpoint of the stated range of the [REDACTED] of between HK$[REDACTED] and HK$[REDACTED] per [REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK$[REDACTED] from the [REDACTED] after deducting the [REDACTED] commissions and other estimated expenses in connection with the [REDACTED].

We intend to use the net [REDACTED] we expect to receive from the [REDACTED] for the purposes and in the amounts set out below:

- Approximately [REDACTED]%, or HK$[REDACTED], will be used to enhance our R&D capabilities and drive product innovations. Our current memory technologies face several technical bottlenecks. In advanced AI application scenarios, inference processes generate a surge in parallel data reading requirements, imposing heightened demands on memory transmission efficiency and random access speeds that existing controller chips often struggle to handle effectively. In addition, power consumption presents a significant challenge for edge AI devices, where mobile and battery-powered products must support always-on AI functions with ultra-low energy use to maintain optimal user experience. Furthermore, escalating storage capacity pressures arise from rapid data volume growth, necessitating adaptation to higher-layer and higher-density NAND dies to accommodate this expansion. These issues are compounded by limitations in packaging and testing capabilities, as AI model inference and high-end edge AI applications require superior signal transmission speeds, greater packaging signal density and expanded data bandwidth, yet current technologies frequently fall short in heat dissipation and structural stability, potentially compromising long-term reliability. We plan to invest in the self-developed controller chips, high-performance semiconductor memory solutions, and wafer-level packaging and testing capabilities. Additionally, we plan to hire over 300 R&D personnel with diverse academic and professional backgrounds in the next four years to support the enhancement of our R&D capabilities. As our R&D projects are expanding in both scope and technical depth, our technology must iterate to keep up with industry developments, and we want to bring more highly qualified and experienced people into our R&D team to strengthen our ability to innovate. For controller chip R&D, we plan to hire candidates holding a master's degree or above in microelectronics, electronic information or related disciplines, or with at least five years of IC design or verification experience, so that we can strengthen our controller chip design for NAND-based memory solutions and extend our work into higher-value areas such as AI computing and edge computing, which call for upgraded chip architectures capable of supporting more diverse and scalable storage demands. For memory solutions, we plan to hire personnel with backgrounds in electronics, computer science, communications or related engineering fields, or relevant industry experience, to support the development and upgrade of UFS, eMMC and PCIe products, the use of new memory media in mature products, and product work for smart wearable devices, intelligent automotive and other applications, PC OEM products, our own-brand products and enterprise-grade products. For advanced packaging and testing, we plan to hire personnel with backgrounds in electronic packaging, micro- and nano-electronics, microelectronics manufacturing, electronic information engineering or related fields, or relevant industry experience, to help us develop packaging and testing processes that connect computing chips and memory chips with higher density, higher speed and greater reliability. We plan to hire

these personnel in stages based on our project progress, business needs and the availability of suitable candidates, and we expect these hires to help us carry out these R&D projects as planned and support future product development. In particular:

(1) **Self-Developed Controller Chips.** Building upon the successful mass production of our SP1800 controller chip, we aim to further optimize chip architecture to minimize energy loss in core processing units and strategically upgrade our technology from the eMMC standard to the UFS standard. These proprietary controller chips, which leverage UFS's superior transmission rates to satisfy the real-time processing demands of AI devices, enable us to deliver customized and differentiated solutions, shorten delivery cycle and facilitate solution maintenance. By integrating our upgraded controller chips with advanced firmware algorithms and ensuring compatibility with high-capacity NAND dies, we will establish solutions optimized for AI applications.

(2) **Memory Solutions Design.** We aim to invest in the upgrades and innovations of semiconductor memory solutions, such as UFS, eMMC, MCPs, enterprise SSDs and PCIe SSDs. We intend to deeply integrate our self-developed controller chips with proprietary firmware algorithms and advanced packaging and testing technologies. This approach allows us to fine-tune performance, power consumption, and stability at a granular level. These solutions are designed to meet technical requirements of AI applications with substantial market potential, including smart wearables, smart mobiles, AI PCs and servers. Furthermore, to meet the urgent demand for high-bandwidth, high-efficiency memory in AI data centers, we are prioritizing the development of advanced memory modules such as RDIMM, LPCAMM and MRDIMM. This involves strengthening our capabilities in software-hardware integration, high-speed signal design, simulation, precise DRAM failure analysis, and full-link testing to ensure the high reliability.

(3) **Advanced Packaging and Testing Capabilities.** We intend to strengthen our advanced packaging and testing capabilities, especially wafer-level packaging, by focusing on heterogeneous integration technologies. We plan to offer compact, low-latency and high-capacity semiconductor memory solutions to customers, addressing the stringent technical requirements of ultra-thin AI applications and differentiating us from industry peers. We also intend to implement AI-based inspection and intelligent control systems to enable real-time monitoring of production processes and optimization of key parameters. In addition, we plan to recruit industry-leading experts in advanced packaging to build a core technical team, and to acquire specialized production equipment to further enhance our packaging and testing efficiency.

The following table sets forth the detailed allocation of the [REDACTED] to enhance our R&D capabilities and drive product innovations in the next four years.

	2026	2027	2028	2029	Total
	RMB in thousands				
Self-Developed Controller Chips	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Equipment and Material Procurement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
R&D Personnel Compensation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
IP & EDA Authorization	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Backend Design and Testing Services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Memory Solutions Design	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Equipment and Material Procurement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
R&D Personnel Compensation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Laboratory Construction Expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Backend Design and Testing Services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Advanced Packaging and Testing Capabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Equipment and Material Procurement	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
R&D Personnel Compensation	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Laboratory Construction Expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Backend Design and Testing Services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

While we anticipate that these investments will impact our cost structure and cash flow in the near term due to increased R&D expenses and capital expenditures, we intend to manage these impacts prudently. We are committed to maintaining strict cost control and may dynamically adjust the pace and scope of our R&D activities by carefully monitoring the utilization of [REDACTED]. Our strategy focuses on ensuring that our R&D efforts are directed towards commercially viable products capable of generating sufficient revenue to recoup upfront investments, thereby mitigating adverse effects on our liquidity and financial position. Regarding profit margins, although initial investments are substantial, our goal is to develop high-value-added products with high profit margins, which we believe will sustain and potentially enhance our overall profitability in the long run. We are also aware of the inherent risks associated with R&D, including the potential failure to achieve technical breakthroughs or the risk that new products may not achieve market acceptance or commercial success. To address these risks, we adopt a cautious approach to product development and risk management, ensuring that our innovation efforts are aligned with market demand and technological trends.

- Approximately [REDACTED]%, or HK$[REDACTED], will be used for our sales and marketing, international operations and global customer services. We aim to capitalize on local manufacturing strength and strategic collaborations with industry partners to reach global customers. Additionally, we plan to recruit in total 136 sales and marketing personnel, all located in China, in the next four years to support our expansion strategy. In particular:

  (1) **Sales Network Expansion and International Branding Strategy.** We plan to enhance our sales networks and strengthen channel partnerships to better serve our domestic customers and customers in overseas markets, including the Americas, the EU, the Asia-Pacific region and the Middle East. We intend to expand our sales presence in key economically developed cities and regions across China, including Beijing, Shanghai, Guangdong, Hubei, Zhejiang, Jiangsu and Sichuan, where there are growing demands for memory solutions in consumer electronics, automotive, industrial and AI applications. To further penetrate the domestic market, we intend to recruit more in-house sales and marketing personnel with relevant background and expertise in China, while engaging distributors to diversify our sales channels, as the business scale has continued to grow, and our existing sales personnel may not effectively support our planned customer coverage, project and channel management in those key regions. These new hires will mainly be responsible for customer development, key-account coverage, product promotion, channel coordination and customer follow-up. Meanwhile, we aim to strengthen the global branding efforts. These sales and branding initiatives will help establish a premium international brand image. To strengthen our international branding and market presence, we intend to combine in-depth market analysis capabilities and channel diversification initiatives to facilitate successful entry into new international markets. For overseas markets, we plan to expand our overseas sales coverage through China-based sales and marketing personnel with experience in serving overseas customers, together with overseas distributors and channel partners who can provide local customer access and market feedback. In the meantime, we plan to drive marketing expansion through participation in industry exhibitions, targeted media and e-commerce campaigns, and significant investment in our digital infrastructure and visual identity, such as website development and high-quality product design.

  (2) **Localized Operations and Technical Support Services.** We intend to establish and expand experienced operation and customer service teams by recruiting domestic talent with global operation experience, enabling us to deliver more prompt and customized services to global customers, such as Meta and Google. These teams will be based in China, leveraging robust coordination with our China-based manufacturing and R&D teams, together with close collaboration with overseas agents and distributors who provide local responsiveness. Our operation team with global vision and technical support will enhance customer experience.

  (3) **Resilient Global Manufacturing and Delivery System.** We aim to continue upgrading our production bases in Dongguan and Huizhou and building a China-based resilient manufacturing and delivery system that serves global customers. This production base is intended to primarily manufacture eMMC, UFS, SSD and LPDDR5 products. We do not intend to increase our overall production capacity through the upgrade. Instead, a portion of the net [REDACTED] will be applied to improve operational efficiency and optimize the delivery schedule at the production bases in Dongguan and Huizhou through two specific initiatives: (i) enhancing the level of automation by acquiring advanced equipment such as semiconductor overhead crane handling systems and warehouse automated guided vehicles (AGVs); and (ii) constructing and maintaining additional warehouse and supporting logistics

facilities. These measures enable us to shorten delivery lead times, reduce handling costs, and provide more reliable and responsive service to international customers, including major technology companies, without expanding our manufacturing output. This will not only optimize delivery efficiency to global customers but also strengthen our overall service capabilities and ensure a stable supply of our solutions.

The following table sets forth the detailed allocation of the [REDACTED] for our global expansion strategy in the next four years.

	2026	2027	2028	2029	Total
	RMB in thousands				
Sales Network Expansion and International Branding Strategy	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Localized Operations and Technical Support Services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Resilient Global Manufacturing and Delivery System	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

These initiatives will increase selling and distribution expenses in the near term and may widen the gap between cash outflows and inflows. However, we will track these costs closely, scaling or pausing campaigns that fall short of expectation to safeguard liquidity. Although the higher spend is expected to compress operating margins during the initial investment stage we believe the resulting uplift in brand visibility and market penetration will drive revenue growth, thereby supporting margin recovery over time. We recognize that marketing investments carry certain risks, such as slower-than-anticipated customer conversion, intensifying competition or adverse macroeconomic conditions, and we manage these risks through phased roll-outs, real-time performance analytics and periodic strategy reviews to ensure that capital is redeployed swiftly towards the most productive channels.

- Approximately [REDACTED]%, or HK$[REDACTED], will be used for potential strategic investments, collaborations, merger and acquisition opportunities. While we have not formulated a specific plan regarding the number of such projects, we intend to adopt a flexible approach in our investment methods, which may include equity acquisitions, the establishment of joint ventures, or asset acquisitions. In particular, we intend to focus on targets with complementary technologies in controller chip design, firmware algorithms, chip IP, SLC and MLC NAND media analysis, and advanced packaging and testing capabilities. For example, we plan to invest in companies with enterprise-grade storage controller chip design and firmware algorithm capabilities. This would strengthen the competitiveness of our enterprise SSD products, give us greater control over the supply chain, and allow us to offer more competitive enterprise-grade storage solutions for AI data centers. In addition, we plan to invest in companies with SLC and MLC NAND media analysis and design capabilities. This would build our expertise in memory media analysis and design, which is essential for embedded and edge computing applications such as automotive-grade memory solutions and smart wearable devices. For instance, combining MLC NAND media design with our existing eMMC and UFS controller chip designs would improve reliability and performance in automotive applications and enhance power efficiency in embedded applications and edge AI devices. We also seek for companies with established customer bases for AI applications to accelerate our market penetration in end markets for semiconductor memory solutions,

such emerging edge AI devices, data centers, intelligent computation and interconnection solutions, as well as intelligent automotive. Our target companies include those that already serve, or have ongoing business relationships with, customers in AI-related application scenarios. These include enterprise-grade storage solution developers for AI data centers, industrial and automotive-grade storage solution providers for autonomous driving, robotics and edge AI applications, and premium memory solution providers for AI PCs and other intelligent consumer electronics. We believe these initiatives will enable us to acquire or collaborate with businesses that possess complementary technologies and customer resources. This will strengthen our full-stack technical capabilities, enrich our product portfolio, and expand our customer coverage across AI data centers, intelligent automotive, robotics, industrial edge AI, AI PCs and other key verticals, thereby accelerating our penetration into downstream markets. We pursue targets located in China only, and do not impose rigid restrictions on the business scale, operating history, or specific revenue and profit thresholds of potential targets. According to Frost & Sullivan, there are over 100 potential targets in the market that meet our selection criteria. These initiatives will generate synergies by enabling us to rapidly acquire leading complementary technologies to enhance our full-stack technical capabilities, as well as assisting us in expanding our customer coverage and enriching our product matrix, thereby accelerating our market penetration. As of the Latest Practicable Date, we have not identified any specific targets for potential investments or acquisitions.

- Approximately [REDACTED]%, or HK$[REDACTED], will be used for working capital and general corporate purposes.

To the extent our net [REDACTED] from the [REDACTED] are either more or less than expected, we will increase or decrease the intended use of our net [REDACTED] for the above purposes on a pro rata basis.

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the above purposes or if we are unable to effect any part of our future development plans as intended, we will only deposit such funds 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 the applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net [REDACTED] from the [REDACTED].