FUTURE PLANS

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

USE OF [REDACTED]

Assuming that the [**REDACTED**] is not exercised, after deducting the [**REDACTED**] commissions and other estimated [**REDACTED**] expenses payable by us in connection with the [**REDACTED**], and assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] and HK$[**REDACTED**]), we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] million from the [**REDACTED**]. We intend to use the [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used as one of the fund sources to expand our production capacity of wafers and modules over the next four years as well as purchase and upgrade equipment and machinery for production. During the Track Record Period, the sales volume and revenue of our SiC power modules and power semiconductor gate drivers experienced substantial growth. See "Business — Key Operational Data" and "Financial Information — Description of Major Components of our Results of Operations — Revenue." We expect that such trend will continue as we have achieved economies of scale and demonstrated our technological capabilities. In the meantime, driven by the increasing penetration of SiC power semiconductors, the SiC power device market is projected to grow exponentially from RMB28.3 billion in 2025 to RMB110.6 billion in 2029, at a CAGR of 40.5%. In response to the growing demand in the end markets that adopt our products, we plan to further expand our production capacity prudently and efficiently. In particular:

  i. Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to purchase and upgrade equipment and machinery for the expansion of production lines at our production bases. We intend to adopt a sophisticated suite of advanced equipment and machinery in wafer fabrication and module packaging, such as high-temperature ion implanters for doping semiconductor materials at elevated temperatures, high-temperature oxidation furnaces for high-temperature oxidation of SiC wafers to form gate oxide layers, high-temperature activation furnaces for high-temperature activation of ions implanted in SiC wafers, stepper lithography machines for projecting circuit patterns onto the photoresist on the wafer surface through photolithography, as well as the relevant equipment for photoresist coating and developing, to ensure quality output, high production efficiency and manufacturing safety standards within our production operations;

  The table below sets forth details of our proposed allocation of net [**REDACTED**] for purchasing and upgrading equipment and machinery to expand the production lines at our production bases:

	Intended allocation of net [REDACTED] from the [REDACTED]	**Specific plans for the net [REDACTED]**
	(HK$ in millions)	
Guangming production base .	[**REDACTED**]	Expand the wafer production lines of our Guangming production base

	Intended allocation of net [REDACTED] from the [REDACTED]	Specific plans for the net [REDACTED]
	(HK$ in millions)	
Other production bases	[**REDACTED**]	Expand the module production lines of our Wuxi production base, Zhongshan production base and Pingshan production base
Total	[**REDACTED**]	

ii. approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used for constructing buildings and installing supporting facilities of the Guangming, Zhongshan and Pingshan production bases. This primarily involves material costs and utility expenses to be incurred during the design, construction and/or exterior and interior fitting-out of relevant buildings and installing supporting facilities such as the ventilation and power systems. We plan to source the remaining funding required for the construction of these production bases from new bank and other borrowings.

The table below sets forth details of our proposed allocation of net [**REDACTED**] for constructing buildings and installing supporting facilities at each of our production bases:

	Intended allocation of net [REDACTED] from the [REDACTED]	Specific plans for the net [REDACTED]
	(HK$ in millions)	
Guangming production base	[**REDACTED**]	Install supporting facilities
Zhongshan production base	[**REDACTED**]	Construct buildings
Pingshan production base	[**REDACTED**]	Construct buildings
Total	[**REDACTED**]	

The table below sets forth the production capacity and utilization rates of our existing and new production bases for the years indicated:

	Current capacity and utilization rate		Expected capacity and utilization rate									
	2025		2026		2027		2028		2029		2030	
	Production Capacity[1]	Utilization Rate[2]	Production Capacity[1]	Utilization Rate[2]	Production Capacity[1]	Utilization Rate[2]	Production Capacity[1]	Utilization Rate[2]	Production Capacity[1]	Utilization Rate[2]	Production Capacity[1]	Utilization Rate[2]
		(%)		*(%)*		*(%)*		*(%)*		*(%)*		*(%)*
Guangming production base (pieces)	8,625	68.9	12,000	70.0	16,000	85.0	18,000	85.0	18,000	85.0	18,000	85.0
Wuxi production base (units)	120,000	40.0	200,000	80.0	200,000	85.0	200,000	85.0	200,000	85.0	200,000	85.0
Pingshan testing/ production base (units)	750,000	91.5	–	–	–	–	300,000	50.0	300,000	80.0	300,000	80.0
Zhongshan production base (units)	–	–	–	–	200,000	50.0	200,000	80.0	200,000	85.0	200,000	85.0

Notes:

(1) The production capacity for each year is calculated based on the hourly capacity and working hours of the respective production base.

(2) The utilization rate during the year or period is calculated by dividing production volume by the production capacity for the same period.

We are committed to diligently completing the requisite filing processes and securing the necessary approvals within the appropriate time frames, which encompass, among others, construction land use planing permit, construction planning permit, construction planning permit, investment project filing, environmental impact assessment approval and work safety acceptance report. As advised by our PRC Legal Adviser, there is no substantial legal impediment for us to complete such filing processes and securing the necessary approvals, provided that there are no significant adverse changes in our production and operations.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used for our R&D efforts in new SiC products and technological innovation over the next five years. In particular:

  i. approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used for attracting and recruiting additional qualified R&D and technical personnel to serve both domestic and strategically selected overseas markets, including Germany and Japan. Germany's electrification policies boost demand for SiC power semiconductors and offer subsidies for local projects, while top institutions like the Fraunhofer Society and leading automotive OEMs provide talent and cutting-edge R&D opportunities. The Japanese government continuously supports low-power semiconductor R&D through policies, has strong vertically integrated IDM companies for talent cultivation, and provides ample application scenarios via leading automotive OEMs as well as robust industrial automation and consumer electronics sectors. As of December 31, 2025, our R&D team comprises 155 employees, which accounted for approximately 29.5% of our workforce. We plan to recruit 36 middle to senior level R&D personnel, all of whom possess extensive R&D experience in the SiC power device market, to enhance our technological and innovation capabilities. All middle level R&D personnel will hold master's degrees, while senior level R&D personnel will hold doctoral degrees. Specifically, we plan to recruit 23 R&D personnel in China and 13 R&D personnel in overseas markets;

  ii. approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**] million, will be used for strengthening our R&D infrastructure and procuring relevant equipment as well as for other R&D expenses to support our increasing business needs. For example, we plan to purchase static and dynamic test equipment, insulation and withstand voltage test equipment and power cycling test equipment, environmental test chamber, laser welding equipment and sintering equipment primarily for the design, prototyping and testing of our SiC discrete devices and SiC power modules.

  The table below sets forth the details of quantity and unit price of the R&D equipment that we plan to purchase:

Category of R&D Equipment	**Number of Equipment**	**Unit Price**
	(Unit)	*(RMB in thousands)*
Static and dynamic test equipment	4	1,200-2,050
Insulation and withstand voltage test equipment	1	115-500
Power cycling test equipment	8	1,670-1,780
Environmental test chamber	10	300-500
Laser welding equipment	1	340-1,800
Sintering equipment	3	2,000-5,500
Others	18	800-990[(1)]

Note:

(1) The range of average unit price of all other dozen types of equipment planned to be purchased.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for expanding the global distribution network of our SiC products over the next five years. In particular:

  i. Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used to scale up our sales and marketing in the PRC and overseas markets, including Germany, Japan and Hong Kong. We will identify target regions for future development through comprehensive market research, focusing on factors including market size, potential customers and R&D resources of the target regions. In particular we will recruit 59 sales and marketing personnel, among whom 43 will be in China and 16 in overseas markets, including seven in Germany, four in Japan, three in South Korea and two in Hong Kong, and pay for their employee remuneration and benefits for the next five years. It will also be used to pay for other expenses related to the establishment of sales centers in Japan and Hong Kong, including expenses of property leasing and other ancillary expenses. We believe that this will expand the geographical coverage of our sales network as well as attract more customers involved in the relevant downstream applications of SiC products, particularly in the EVs, data centers and renewable energy industries;

  ii. Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for marketing activities, such as organizing and participating in industry conferences, exhibitions and forums, as well as relevant travelling and transportation. We believe that engaging in these marketing activities will enable us to establish connections with potential customers and demonstrate the technical superiority of our SiC products, thereby facilitating and accelerating the market penetration rate of our products.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or HK$[**REDACTED**] million, will be used for working capital and other general corporate purposes.

In the event that the [**REDACTED**] is set at the maximum [**REDACTED**] or the minimum [**REDACTED**] of the indicative [**REDACTED**] range, the net [**REDACTED**] of the [**REDACTED**] will increase or decrease by approximately HK$[**REDACTED**] million, respectively.

The additional net [**REDACTED**] that we would receive if the [**REDACTED**] were exercised in full would be (i) approximately HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the maximum [**REDACTED**] of the indicative [**REDACTED**] range), (ii) approximately HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range), or (iii) approximately HK$[**REDACTED**] million (assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the minimum [**REDACTED**] of the indicative [**REDACTED**] range).

To the extent that the net [**REDACTED**] from the [**REDACTED**] are either more or less than expected, we will adjust our allocation of the 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 may 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) for so long as it is deemed to be in our best interests. 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 hinder the development of any of our projects, or the occurrence of force majeure events, the Directors will carefully evaluate the situation and may reallocate the net [**REDACTED**] from the [**REDACTED**].