
FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

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

USE OF [REDACTED]

We estimate that the net [REDACTED] of the [REDACTED], after deducting the estimated [REDACTED] and other fees and expenses payable by us in connection with the [REDACTED], will be approximately HK\$[REDACTED] million, assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative range of the [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per [REDACTED]), without the exercise of the [REDACTED].

We currently intend to use the net [REDACTED] from the [REDACTED] for the purposes and in the amounts as set out below:

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for the enhancement of our R&D capabilities for advanced technologies and product iterations across existing product series such as AI Scaler, STDI chips, general-purpose MCUs and TMCUs, and the development of next-generation chips for AMOLED touch IC and audio driver applications. Specifically, we plan to use:
 - (1) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for the research and development of high-performance automotive-grade chips. We will recruit 25 to 35 talents specializing in areas such as analog, digital, algorithms, applications, and automotive-grade functional safety compliance, with at least three years of experience in the semiconductor industry and an expected salary level comparable to that of industry peers. We believe that there are a sufficient amount of candidates for such talents with relevant professional background and experience that meet our requirements. Furthermore, we aim to extend our portfolio from single core to include multi-core product, and we plan to develop general-purpose MCUs with the RSIC-V architecture, to meet the demands for automotive domain controllers and battery management systems for electric vehicles and embodied intelligence. We will procure EDA tools and automotive-grade reliability testing equipment to support our in-house R&D;
 - (2) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to develop high-performance display chips. We plan to drive iterative improvements in image processing capabilities through advanced algorithms and machine learning and develop display chips with high-resolution option. We aim to extend the applications of our display chips beyond mobile phone displays to include automotive displays, laptops, tablets, among other display applications. Meanwhile, we will also expand our offerings to include AMOLED touch ICs and audio drivers, combined with our AI Scaler and STDI chips, to form a comprehensive product portfolio that deepens our customer relationships;
 - (3) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to develop advanced perception algorithms and multimodal sensor fusion technologies. Our TMCUs will undergo further optimization of its algorithms, enhancing sensing accuracy and anti-interference capabilities. This will enable our TMCU to stably operate in harsh conditions, such as high temperatures, rain and snow, meeting the requirements for applications including automotive door handles and dexterous hands. Concurrently, we are optimizing edge AI inference frameworks to create a fully integrated technology ecosystem; and
 - (4) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to develop embodied intelligence and AI intelligent device chipset. We will focus on the definition and development of robot perception and control SoCs to expand into new application scenarios in the embodied intelligence market, such as motion control for robots and touch sensing for dexterous hands. We will further iterate our AI algorithms and, based on the application needs, develop SoCs or motion-control chips for embodied intelligence.

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For the development of high-performance display chips, advanced perception algorithms and multimodal sensor fusion technologies, as well as embodied intelligence and AI intelligent device chipsets, we will utilize the proceeds to procure development equipment and platforms for data measurement, algorithm testing and iterative validation, such as FPGA prototyping platform and test equipment for chip development and to deploy small-scale servers to support edge AI algorithm training. In addition, we plan to selectively acquire mature third-party IPs relating to computing modules, such as DSP cores, where appropriate, in order to accelerate development cycles and enhance system stability. When selecting mature third-party IPs, we will consider reliability, and its compatibility and integration stability with our chips. According to F&S, it is an industry norm for companies in the semiconductor industry to procure mature third-party IPs for its chip development process to avoid redundant development and accelerate development cycles.

The following sets forth our potential research and development plans and indicative launch timelines, for enhancing advanced technologies and product iterations across our existing product series, as well as for the development of next-generation chips for AMOLED touch IC and audio driver chips.

- **AI Scaler.** We plan to develop next-generation AI Scaler chips incorporating upgraded technologies, including intelligent image enhancement algorithms and compression algorithms with higher visually lossless compression ratios, and expect to commence mass production in 2026. Building on this foundation, we plan to extend our AI Scaler algorithm technologies to automotive display applications in 2027 and develop AI Scaler image processing chips for SCCUs.
- **STDI chips.** We plan to develop STDI chips supporting high-speed eDP interfaces and FHD solutions for large-size displays, with planned mass production in 2026. In 2027, we plan to extend our STDI panel display technologies to automotive display applications and develop next-generation in-vehicle display chips incorporating display enhancement technologies such as local dimming.
- **AMOLED touch ICs.** We plan to complete the development of core IPs and key technologies for AMOLED touch applications in 2026, followed by the development and planned mass production of touch controller chips supporting flexible AMOLED displays in 2027.
- **Audio driver chips.** We plan to develop automotive audio power amplifier chips and commence customer sampling in 2026, and expect to achieve mass production in 2027, together with a gradual expansion of the related product portfolio.

Despite the gross loss margins recorded for our STDI chips and general-purpose MCUs during the Track Record Period, we believe it is commercially justifiable and strategically imperative to continue investing in the R&D of these two product segments, including utilizing a portion of the net [REDACTED] from the [REDACTED], for the following reasons:

- **Anticipated realization of economies of scale with product iterations.** We are actively developing the next iterations of our STDI chips and general-purpose MCUs. With the launch of these upgraded products and our continuous market penetration efforts, we expect our production and sales volumes to scale up. The gradual realization of economies of scale is expected to optimize our unit manufacturing costs, which we anticipate will ultimately achieve the gross profit margins of these two product lines.
- **Strategic and foundational role of general-purpose MCUs.** Our general-purpose MCUs serve as the essential baseline technology for our broader MCU product lines. The continuous R&D activities and technological accumulation associated with general-purpose MCUs are indispensable for the development of our other, more advanced MCU products. For instance, the successful development and commercialization of our TMCU products, which are built upon the core technological foundation of our general-purpose MCUs and have already successfully achieved positive gross profit margins, would not have been possible without our sustained R&D investments in general-purpose MCUs.

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- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used for establishment of an assembly facility with an annual design production capacity of 2.0 million units for automotive electronics modules to serve both automotive OEMs and Tier 1 suppliers. Based on the following assumptions: (i) our business plans and strategies focus on enhancing our capabilities for assembly of automotive electronics modules; (ii) our competitive advantages in the current market conditions, including selling prices, cost of sales and our ability to secure orders in the automotive industry; and (iii) operating costs and expenses for machinery, primarily comprising maintenance costs, utilities and depreciation, with no significant changes in market, fiscal and economic conditions, our Directors expect that the breakeven period will be approximately three years and the investment payback period will be approximately six years. As of the Latest Practicable Date, we had not started the planning nor identifying the location of the automotive electronic module assembly facility. According to F&S, it is an industry norm for fabless semiconductor companies, particularly in the automotive industry to establish in-house production, assembly and testing facilities to better support application-specific products development for customers and to ensure consistency and reliability of product quality. Such facilities are distinct from wafer fabrication lines and primarily focus on module assembly, system-level testing and automotive-grade validation, rather than semiconductor manufacturing. We will invest in such assembly facility through long-term lease. Specifically, we plan to use:
 - (1) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to develop the base operational system and fund working capital requirements. More specifically, we plan to establish a full-process line spanning from assembly to automotive-grade testing, among which, (i) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for long-term lease of the land and premises; and (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for funding working capital, such as used to procure wafers and chip packaging and testing services, and establish production management systems of the assembly facility. This production management system is a digital platform that can plan, schedule, execute and monitor the entire assembly process, enabling centralized control over each stage from order placement to finished goods warehousing. The system collects real-time data from equipment, work orders and materials and presents such data through visual dashboards, enabling management to monitor production status and achieve transparent control over workshop operations. It also integrates process parameter control, real-time statistical process control monitoring and full lifecycle traceability, helping prevent defects at source and ensuring that quality issues are detectable, manageable and traceable. By leveraging data-driven decision-making, including intelligent production scheduling, pull-based material management and overall equipment effectiveness analysis, the system helps shorten delivery cycles, reduce inventory levels and improve equipment utilization, thereby enhancing overall operational efficiency. We plan to commence deployment of this system after the relevant equipment has been installed and becomes operational; and
 - (2) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to invest in fixed assets. We plan to introduce automated optical inspection and functional circuit test equipment, implement automotive-grade traceability and MES systems, and upgrade our electromagnetic compatibility (“EMC”) laboratory to ensure product quality and compliance. Our current in-house laboratory was equipped with certain basic testing equipment, and we relied in part on third-party testing institutions to conduct EMC testing. With the planned establishment of our module assembly facility, to meet our growing business needs in terms of testing efficiency, development turnaround time and cost control, we plan to upgrade our EMC laboratory to strengthen our in-house testing capabilities. The upgraded laboratory will enable us to conduct pre-compliance testing during the research and development stage, allowing us to identify and address potential design issues at an early stage, thereby improving product quality and reducing the risk of repeated testing and redesign. In addition, the establishment of the EMC laboratory will support our ability to meet applicable regulatory and certification requirements, such as China Compulsory Certification (CCC) and relevant international standards for overseas markets. It will also help satisfy the supplier qualification and audit requirements of automotive OEMs and leading Tier-1 suppliers, thereby enhancing customer confidence and facilitating the introduction and commercialization of our products.

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The assembly facility will be dedicated to the assembly of our products that are mainly deployed in the automotive industry, such as SCCUs. We believe that there will be sufficient demand to support the establishment of our in-house assembly facility, mainly because it is intended to serve automotive OEMs and Tier 1 suppliers by providing application-specific electronic modules that require close collaboration, rapid product validation and stringent automotive-grade quality control. According to the F&S Report, driven by the continued release of demand from new energy vehicles and other sectors, the global MCU market is expected to grow from approximately RMB144.8 billion in 2025 to RMB228.4 billion in 2030, representing a CAGR of 10.1% from 2026 to 2030. In particular, with the rising penetration of smart cockpits, autonomous driving and body-control systems, the global market size of automotive-grade MCUs is expected to grow at a CAGR of 13.6% from 2026 to 2030, reaching approximately RMB68.2 billion in 2030. Applications such as capacitive steering wheel hands-off detection, touch door handles and multi-function electric seat systems are increasingly becoming standard features in mass-market vehicle models. These applications typically require integrated module products and efficient assembly and testing support, thereby providing sustained and structural demand for our in-house facility.

Although the establishment of the assembly facility for automotive modules may result in higher upfront capital expenditures and operating costs, over time, we can improve cost efficiency through scale, process optimization and reduced integration friction, thereby supporting margin improvement.

- approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, will be used to enhance our global market presence and expand our international sales network. We plan to actively develop a global sales network to cover the Asia-Pacific region. Specifically, we plan to use:
 - (1) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to expand our international headquarter and business center in Hong Kong, forming local sales, R&D and operations teams to enhance our regional management capabilities. Our operations in Hong Kong can also act as a regional coordination platform to support and expand our business presence in Southeast Asia and Europe. Furthermore, leveraging Hong Kong’s role as an international business and financial center, establishing a local headquarter in Hong Kong will be able to better support our overseas customer engagement, technical support, cross-border project execution and international capital management, as well as facilitate communication and coordination between our domestic operations and overseas customers and partners. We will establish a cross-border legal team to strengthen our compliance, governance and international business execution capabilities. We plan to reinforce our brand-building efforts in Hong Kong through exhibitions, industry forums and online marketing;
 - (2) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to build a globalized R&D system among which (i) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for our cooperation with Asia-Pacific leading semiconductor manufacturers to co-develop new products. We plan to cooperate with Asia-Pacific semiconductor manufacturers through joint research and development arrangements, under which the parties collaborate in various stages of product development. Such cooperation enables us to enhance the global credibility of our products through collaboration with internationally recognized partners, while supporting the development of differentiated product features, which can be tailored to overseas customer requirements, thereby strengthening our overall competitiveness and positioning in international markets. The detailed terms of such cooperation may vary depending on the specific project. Development of new products in the semiconductor industry typically involve multiple stages, including design, simulation, tape-out, testing, prototyping and certification, which require substantial upfront investment. In terms of the estimated expenditure, a single tape-out may cost approximately RMB3.0 million to RMB5.0 million, and one development project may require one to two tape-outs. Taking into account tape-out costs together with other development-related expenses such as EDA tools, testing, verification, prototyping and

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certification, the total R&D expenditure for developing a single chip amounts to approximately RMB20.0 million or more. As of April 2026, we had successfully cooperated with overseas wafer foundries and semiconductor partners to develop two general-purpose MCUs and one audio power amplifier chip, representing upgrades and iterative enhancements of our existing offerings. The intellectual property arising from such collaborations will be owned by us. We plan to collaborate with such manufactures to research and develop products and technologies for data storage and hardware security, which provide differentiated features and performance and serve as extensions of our existing product offerings; and (ii) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, for the recruitment of top overseas AI and chip design talent to accelerate our next-generation product development. We plan to recruit five to 10 such talents; and

- (3) approximately [REDACTED]% of the net [REDACTED], or HK\$[REDACTED] million, to enhance our overseas sales network and strengthen customer relations by (i) establishing a more proactive and systematic customer-engagement mechanism through regular visits to leading customers in consumer electronics, automotive and embodied intelligence industries, which will allow us to better capture market demand and reinforce long-term strategic cooperation. More specifically, we plan to recruit 10 to 15 local sales personnel and application engineers in East Asia and Southeast Asia with relevant industry experience and local market knowledge, with a primary focus on field-based technical role that provides on-site engineering support to enhance our ability to efficiently and effectively address technical issues raised by local customers. The customer coverage of such hires will primarily focus on the East Asian and the Southeast Asian markets. Although most of our customers are currently located in Chinese Mainland, following our overseas expansion, we expect to gradually establish and expand our customer base in the relevant overseas markets. The recruitment of local technical personnel will therefore be important to support such overseas expansion, as they will enhance our ability to efficiently respond to technical issues raised by local customers, tailor our products and solutions to local market requirements, and provide timely on-site engineering support throughout customer engagement, product validation and commercialization processes; and (ii) deploying dedicated on-site technical service teams to deliver timely support and after-sales services. Leveraging the localized team, we can then convert our regional networks into a sustainable market share.

The following table sets forth the planned timeframe of the allocation of our [REDACTED] by year for the uses discussed above.

	2026	2027	2028	2029	2030	Total
	(HK\$ in millions)					
Enhancement of our R&D capabilities for advanced technologies and product iterations	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Construction of a production and assembly facilities for automotive electronics modules	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Enhance our global market presence and expand our international sales network	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

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

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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 indicative price range. We will receive net [REDACTED] of HK\$[REDACTED] million assuming an [REDACTED] of HK\$[REDACTED] (being the low-point of the indicative range of the [REDACTED]), and net [REDACTED] of HK\$[REDACTED] million assuming an [REDACTED] of HK\$[REDACTED] (being the high-point of the indicative range of the [REDACTED]), without the exercise of the [REDACTED]. Any additional [REDACTED] received from the exercise of the [REDACTED] will also be allocated to the above purposes on a pro rata basis. In the event that the [REDACTED] is exercised in full, we will receive net [REDACTED] of HK\$[REDACTED] million (after deducting the estimated [REDACTED] and other fees and expenses payable by us in connection with the [REDACTED] and assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of our indicative [REDACTED] range).

To the extent that the net [REDACTED] are not immediately applied to the above purposes, we will deposit the net [REDACTED] into short-term interest-bearing accounts with licensed banks or other authorized financial institutions as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions, so long as it is deemed to be in the best interests of our Company.