
FUTURE PLANS AND [REDACTED]

FUTURE PLANS

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

[REDACTED]

We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED], after deducting the estimated [REDACTED] commissions and other estimated [REDACTED] expenses payable by us in connection with the [REDACTED], assuming that an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range stated in this document) and assuming that the [REDACTED] is not exercised.

We intend to use the net [REDACTED] as follows:

- Approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for enhancing our R&D and innovation capabilities, including:
 - i. approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to invest in R&D infrastructure and upgrade our R&D center. Specifically, we plan to purchase equipment and other fixed assets and upgrade our R&D center for in-depth research and analysis of processing technology.
 - ii. approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to upgrade our R&D technology. We plan to introduce cutting-edge technologies such as deep learning and AI, and continue to upgrade the key technologies applied in our proprietary EDA software and IP library to further optimize our design capabilities.
 - iii. approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to expand our R&D team to increase our competitive advantages in the industry. We plan to recruit R&D staff with around three years of work experience in the IC industry.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to further enrich our product portfolio and expand our business, including:
 - i. approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to improve and upgrade our analog IC product line. We will further upgrade the performance of analog IC power management and signal chain product lines and focus on the development of new products to meet the needs of our downstream industries, including automotive electronics, healthcare, industrial automation, industrial Internet of Things, industrial lighting, instrumentation, communications, electric power, energy storage and high-end consumer electronics. We also plan to expand applications of our products to other downstream industries such as new energy.

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- ii. approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to develop a mixed-signal IC product line to further enrich our main product categories and meet our customers’ growing demand in diversified and emerging application fields, such as industrial, automotive and aerospace areas.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to expand our customer base and strengthen our relationship with customers, including:
 - i. approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to establish sales centers. We plan to recruit sales and marketing staff to expand the geographical coverage of our sales network and provide local customers with better services.
 - ii. approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to maintain customer relationship and develop new customers. We will continue to deepen our relationship with existing customers, and expand sales channels to attract new customers in key targeted industries such as new energy.
- Approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for strategic investments and/or acquisition to achieve our long-term growth strategies. We seek potential investment and acquisition opportunities in China’s semiconductor industry chain and select potential targets based on the following general selection criteria:
 - (i) the target should be in the growth stage of development;
 - (ii) the business of the target should have synergies with or is complementary to our business. Specifically, the target should (a) have strong technological capabilities that are complementary to ours and unique insights in analog IC design; (b) be able to enhance the functionalities of our analog IC design platform and improve our design efficiency; or (c) be able to expand our product offerings and accelerate our market penetration into additional industry verticals; and
 - (iii) the management team should have appropriate knowledge and substantial experience in the semiconductor industry.

Our Directors are of the view that there are sufficient number of targets available for us to acquire. According to Frost & Sullivan, it is estimated that there could be above 200 potential targets that meet the above criteria in China’s semiconductor industry. As of the Latest Practicable Date, we had not identified or pursued any acquisition target.

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- Approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for working capital and general corporate purposes.

The above allocation of the net [REDACTED] from 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] range.

If the [REDACTED] is fully exercised, the net [REDACTED] that we will receive will be approximately HK\$[REDACTED] million, assuming the [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range). In the event that the [REDACTED] is exercised, we intend to apply the additional net [REDACTED] to the above purposes on a pro rata basis.

If the net [REDACTED] of the [REDACTED] are not immediately applied to the above purposes, we will only deposit those net [REDACTED] into short-term interest-bearing accounts at (i) licensed commercial banks in Hong Kong or the PRC, and/or (ii) other authorized financial institutions (as defined under the SFO) in Hong Kong.

We will issue an appropriate announcement if there is any change to the above proposed use of [REDACTED].