

---

## 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] from the [REDACTED], after deducting the estimated [REDACTED] 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], is expected to be used for enhancing our R&D and innovation capabilities, including:
  - i. approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used to invest in R&D infrastructure and upgrade our R&D center. Specifically, we plan to (i) purchase approximately 75 R&D equipment, most of which has a ten years useful life for depreciation, including (a) equipment used for trial production, such as thin film deposition equipment, photolithography equipment, glue remover, etching equipment and wafer cleaning equipment; (b) equipment to upgrade our EDA platform, such as laptops, virtual private network hardware devices, simulation accelerators, computer clusters and semiconductor parametric test equipment; and (c) IC testers for laboratory use; and (ii) upgrade our R&D center for in-depth research and analysis of processing technology. We will renovate the building premise and purchase furnitures in order to accommodate the increase in the number of our R&D equipment and R&D personnel. The upgrade of R&D center serves the purpose for supporting the development and improvement of our processing technology for analog IC products, thereby providing support to the design of analog IC products and enabling us to timely respond to our customers’ demand in the future. We are in the process of communicating with the property owner and consider to purchase our leased building in Suzhou for R&D activities around 2028, primarily because (i) we can avoid damage to our R&D equipment during the relocation since we currently own and plan to purchase additional R&D equipment; (ii) having a stable business address is beneficial for enhancing business reputation and attracting talents; and (iii) considering our rental expenses, purchasing the property is more economically viable in the long term.

---

## FUTURE PLANS AND [REDACTED]

---

- ii. approximately [REDACTED]%, or HK\$[REDACTED], 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], is expected to be used to expand our R&D team to support our R&D center upgrade and increase our competitive advantages in the industry. We plan to recruit approximately 20 R&D staff with around three years of work experience in the IC industry in the next five years with average annual salary per employee of approximately RMB282,000.
- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used to further enrich our product portfolio and expand our business, including:
    - i. approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used to improve and upgrade our analog IC product line. We plan to purchase around 430 items categorized into approximately 20 types of additional R&D equipment to support the enrichment of our product portfolio and diversify our product line to meet our customers’ needs. The equipment we plan to purchase are primarily used for the analysis and testing of chips and IC, including spectrum analyzers, chip testers, chip sorters and probe stations, which have three to 10 years useful life for depreciation.

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 consumer electronics. The development of any new analog IC products requires us to (a) conduct market research to learn about customer demand from various industries; (b) conduct the feasibility study of a proposed new product; (c) design and develop the new product; (d) conduct trial production; and (e) conduct testing and verification. To commercialize and manufacture new analog IC product, we will incur additional cost from the procurement of wafers and relevant chip probing service from our wafer-channel partners and chip-probing service providers.

We also plan to expand applications of our products to other downstream industries, including rail transit and data centers. Rail transit equipment industry is an important part of China’s high-end manufacturing field. Driven by the promotion and application of intelligent detection, monitoring, and operation and maintenance technologies for national transportation equipment, the market size of China’s rail transit equipment is expected to increase from

## FUTURE PLANS AND [REDACTED]

---

RMB967 billion in 2022 to RMB1,434 billion in 2027, with a CAGR of 8.2%, according to Frost & Sullivan, which further promotes the demand for analog ICs to achieve functions such as voltage and current detection. According to Frost & Sullivan, as the extensive usage of IC products causes an increase in the lighting surge and leads the electromagnetic environment of railway transit system to become more complex, in order to ensure reliable operation and reduce damage caused by lightning strike, analog IC products used on railway transit systems need to have lightning protection function and satisfy a series of detailed and strict requirements. Therefore, the entry barrier for analog IC patterned wafer providers to enter the railway transit industry is high. In addition, the data center market is expected to witness notable growth. The continuous growth of data volume has accelerated the construction of data centers in recent years. According to Frost & Sullivan, the number of data center cabinet in China has reached six million in 2022, and is expected to reach 18 million by 2027, with a CAGR of 24.6%. The increasing data volume will drive the demand for analog ICs, such as power management functions. As data centers are transforming toward greener and lower-carbon emissions in carbon neutral area, such transformation requires analog IC products to increase their algorithm capabilities and reduce power consumption, which put forward high requirements for analog IC patterned wafer providers according to Frost & Sullivan. Since customers in these two industries typically require analog IC products with more advanced specifications and few analog IC patterned wafer providers can meet such demand, the competition in these industries is less intense. Our existing high-performance industrial grade product portfolio, in particular our switching regulators and monitoring and modulating ICs, enable us to meet such demands. We will continue to upgrade our analog IC products based on demands from downstream industries, and in particular develop products targeting the needs of railroad transit and data center industries. We plan to expand into these categories through the resource of our distribution channels, and actively reach out to customers in these industries by participating in industry exhibitions and conferences. As we are the only analog IC design company in China equipped with proprietary EDA software, and we have the most comprehensive IP coverage among all analog IC design companies in China, we believe we can perform product design efficiently, and speed up our market penetration of rail transit and data centers. Moreover, as we have established robust business cooperation with our distributors, we could receive feedback from them and develop analog IC patterned wafers that match market demand.

---

## FUTURE PLANS AND [REDACTED]

---

- ii. approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used to develop a mixed-signal IC product line to further enrich our main product categories and optimize our product structure, and meet our customers’ growing demand in diversified and emerging application fields. This mixed-signal IC product line involves R&D, design and industrialization of analog IC products in diversified application fields, such as industrial, automotive and aerospace areas. We plan to develop a specific mixed-signal IC product, namely microcontrollers (“MCUs”). According to Frost & Sullivan, China’s MCU market reached RMB34.8 billion in 2022, and the market is expected to grow at a CAGR of 5.0% from 2022 to 2027. The competition in China’s MCU market is relatively concentrated, with foreign manufacturers occupying a dominant position. We believe we can take the opportunity to expand into China’s MCU market because (a) the successful development of high-performance MCUs relies on experienced designers. We have established a comprehensive R&D system, and recruited and provided training to our R&D talents, which will support our expansion into the new markets; (b) we expect the market demand for domestic MCUs to increase, as there is a trend of replacing imported analog IC products with price-competitive domestic substitute in China. We plan to take the opportunity, continue to expand our reach to a larger variety of industries and meet the increasing customer demand; and (c) some domestic manufacturers have realized the mass production of automotive-level MCU chips, and we can take advantages of the matured production technologies through cooperation. Besides, a mixed-signal IC product has both analog circuits and digital circuits on a single semiconductor die. According to Frost & Sullivan, the difficulty of developing mixed-signal IC lies in developing analog circuits rather than digital circuits, as the architectures, modules, and protocols for digital circuits are already well developed in the market. Therefore, as an analog IC patterned wafer provider, we have a greater advantage in developing mixed-signal IC products. As a provider of industrial grade analog IC products, we accumulated a deep knowledge on and experience with the development of products with high-precision and high-reliability, and had built up a broad product portfolio that can meet the demands of different customers. As such, this enables us to develop MCUs with better product precision, reliability and adaptability, as well as customer experience.
- Approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used to expand our customer base and strengthen our relationship with customers, including:
    - i. approximately [REDACTED]%, or HK\$[REDACTED], is expected to be used to establish two sales centers in the pearl river delta region and central China, potentially in Shenzhen and Wuhan considering the market size, potential customers and R&D resources. In addition, we believe in our ability to effectively expand into the new market, considering (a) competition in the

---

## FUTURE PLANS AND [REDACTED]

---

analog IC market in China’s pearl river delta region and central China is not intense, according to Frost & Sullivan. None of the top ten analog IC companies in China in terms of revenue in 2022 is headquartered in pearl river delta region and central China; and (b) our technical capabilities, especially in-depth capabilities in automated IC design, product category coverage and downstream application coverage. Approximately HK\$[REDACTED] will be used to recruit approximately 18 sales and marketing staff with average annual salary per employee of approximately RMB182,000 in the next five years to expand the geographical coverage of our sales network and provide local customers with better services. Approximately HK\$[REDACTED] will be used to cover our increased marketing expenditure to strengthen our brand promotion, including attending exhibitions and conferences, and visiting our potential customers to provide pre-sale consultations and recommendations.

We have established a branch office in Shanghai as our sales center in December 2022. The sales and marketing staff in Shanghai and Suzhou together comprised our sale and marketing function supporting our business operation and customer maintenance nationwide, as well as providing after-sales technical support both remotely and on-site. The branch office is not a separate legal entity and does not generate revenue by itself, and our customers still enter into agreements directly with our Company. As our two largest customers during the Track Record Period, Arrow and Customer A, both located in Shanghai, our sales center in Shanghai played an active role in customer maintenance, providing after-sales services and developing new customers. We are considering to set up sales centers in Shenzhen and Wuhan because we have downstream customers in pearl river delta region and central China, and our staff frequently travels to these regions to provide technical support. We plan to establish sales centers to (i) enhance the recognition of our analog IC patterned wafer products among downstream customers and promote a better understanding of our business model in the market; (ii) maintain and strengthen our relationship with our existing customers, patterned wafer channel partners and downstream customers and explore new market opportunities; (iii) improve both direct sales and sales to distributors; and (iv) enable us to have in-depth understanding of the latest market information and industry trends, better understand customers’ needs and improve our competitiveness in the market. Setting up sales centers in Shenzhen and Wuhan provides convenience for customer maintenance and our business trip to nearby cities. In addition, considering the large analog IC market size in these regions and our potential customers, we can have in-depth understanding of local market conditions, visit potential customers more frequently and penetrate into the markets effectively through the sales centers. Therefore, we believe that establishing sales centers can effectively expand our customer base.

---

## FUTURE PLANS AND [REDACTED]

---

- ii. approximately [REDACTED]%, or HK\$[REDACTED], 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. We will provide training sessions to our employees to furnish them with necessary knowledge about the analog IC industry and our customers' industries, in order to facilitate our communication and maintenance of relationship with our customers. Except for the increased marketing expenditure arising from the establishment of sales centers, we also conduct regular marketing activities at headquarter level. Our regular marketing activities include customers-visiting, advertising, and attending conferences to attract and meet new customers, including distributors and direct sale customers.
  
- Approximately [REDACTED]%, or HK\$[REDACTED], 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, with annual R&D expenditures of no less than RMB10.0 million;
  
  - (ii) the business of the target should have synergies with or is complementary to our business. We plan to invest in and/or acquire companies in the industry chain of patterned wafer, such as wafer manufacturing companies, IP supply companies, and EDA companies to further expand our design capabilities, secure manufacturing capacity and improve our processing technologies. 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. If necessary, we will seek for additional equity and/or debt funding to facilitate the acquisition.

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

**FUTURE PLANS AND [REDACTED]**

The table below sets forth the expected implementation timetable of our planned use of our [REDACTED]:

	<b>Year Ended December 31,</b>					
	<b>2024</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>	<b>2028</b>	<b>Total</b>
	<i>(HK\$ in millions)</i>					
<b>Enhancing R&amp;D and innovation capabilities</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Invest in R&D infrastructure and upgrade R&D center	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Upgrade R&D technology	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Expand R&D team	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Enrich product portfolio and expand our business</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Improve and upgrade analog IC product line	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Develop a mixed-signal IC product line	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Expand customer base and strengthen our relationship with customers</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Establish sales centers	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Maintain customer relationship and develop new customers	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Strategic investments and/or acquisition<sup>(1)</sup></b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Working capital and general corporate purposes</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

*Note:*

- (1) The implementation timeline for strategic investments and/or acquisition depends on investment and acquisition opportunities and the selection process based on our selection criteria.

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], 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.



## FUTURE PLANS AND [REDACTED]

---

To the extent that our [REDACTED] are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings.

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 [REDACTED].