
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

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

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$989.9 million (after deducting underwriting commissions and other estimated expenses paid and payable by us in the Global Offering), assuming an Offer Price of HK\$12.00 per Share, being the mid-point of the indicative Offer Price range of HK\$10.50 to HK\$13.50 per Share, and that the Over-allotment Option is not exercised. We intend to use the net proceeds of the Global Offering for the following purposes:

- (i) approximately 35%, or HK\$346.5 million, will be used to enhance our R&D capabilities and increase our presence and market share in the emerging data-driven operation services, IoT and intelligent network markets, among which:
 - approximately 32.5%, or HK\$112.6 million, will be used over the next three years to enhance our existing core products and maintain their technology leadership. For example, we plan to continue to upgrade the technology structure of our products and apply advanced technologies such as Microservices, big data and high-performance computing in the centralized systems we develop for telecom operators’ corporate groups or headquarters. In addition to in-house research and development, we will also establish strategic alliances and joint labs with third parties to explore marketing and R&D cooperation opportunities in these areas;
 - approximately 35%, or HK\$121.3 million, will be used over the next three years to develop our intelligent network products, a complete product suite designed for the 5G network environment and the emerging SDN/NFV trend, which, through the convergence of business and network resources, enable faster and more flexible product planning and launch and more automatic and intelligent operation and maintenance. These products primarily include (1) network virtualization products; (2) telecom AI-enabled machine learning and big data analytics products designed for the 5G network environment, (3) telecom AI-enabled self-organization, self-optimization and self-recovery products designed for the 5G network environment, (4) customer experience management products based on network personalization, and (5) DevOps integrated development and operation products. We plan to collaborate extensively with telecom operators during the R&D and testing phase of these products. In addition, we will also establish strategic alliances and joint labs with third parties to explore marketing and R&D cooperation opportunities in these areas;
 - approximately 12%, or HK\$41.6 million, will be used over the next three years in the research and development of products applying the IoT technologies in order to cater to growing market demand, including but not limited to (1) smart community and related products, (2) smart firefighting and related products, and (3) Internet of vehicles and related products. We will introduce new technologies such as AI, big data, cloud computing and mobile edge computing into our research and development in order to strengthen the technology leadership of our products and create additional value for our customers. In addition to in-house research and development, we will

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also establish strategic alliances and joint labs with third parties to explore marketing and R&D cooperation opportunities in these areas;

- approximately 12.5%, or HK\$43.3 million, will be used over the next three years to expand our data-driven operation service business, including but not limited to (1) enhance and upgrade the technologies for our existing data-driven operation products, (2) R&D on new data-driven operation products for finance, transportation and energy sectors. These products will combine the application scenarios of these specific industries with AI, big data analytics and communication technologies and will feature advanced functionalities such as financial data analysis, smart traffic, traffic planning, enterprise customer sales management, smart recommendation, multiple form interaction (such as via SMS, WeChat and mobile apps) for a large number of customers and application programming interfaces for business partners, (3) make additional investments in sales and marketing and organize marketing events, and (4) recruit more technology and marketing talents from banking, insurance, transportation and travel sectors to help us design industry-specific scenarios and data structure. In addition to in-house research and development, we will also establish strategic alliances and joint labs with third parties to explore marketing and R&D cooperation opportunities in these areas;
 - approximately 8%, or HK\$27.7 million, will be used over the next three years to establish joint labs with our customers, universities and research institutions with respect to domestic and international industry standards and participate in events organized by industry standards organizations and industry open-source communities;
- (ii) approximately 30%, or HK\$297.0 million, will be used to repay a portion of our outstanding bank loans, including a one-year loan from China Merchants Bank Hong Kong branch with a principal amount of US\$91 million and a variable interest rate based on three-month LIBOR plus 150 basis points, which will mature on February 14, 2019 and can be extended for another year;
- (iii) approximately 25%, or HK\$247.5 million, will be used to selectively pursue strategic investments and acquisitions that will enable us to broaden our business scope and explore the application of emerging technologies in our products and services. We intend to invest in or acquire assets and businesses that complement our business and are consistent with our development strategies (such as developers of innovative software products), in order to accelerate our expansion in new business areas and complement our software product and service capabilities in these areas. As of the Latest Practicable Date, we had not entered into any binding commitment, whether oral or written, for any business or asset acquisitions; and
- (iv) the remaining approximately 10%, or HK\$98.9 million, will be used for our working capital and other general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated offer price range.

In the event that the Over-allotment Option is exercised in full, we estimate that we will receive additional net proceeds of approximately HK\$149.5 million, after deducting underwriting commissions, fees and other estimated expenses payable by us, assuming an Offer Price of HK\$12.00

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per Share (being the mid-point of the Offer Price range of HK\$10.50 to HK\$13.50 per Share). We intend to apply all additional net proceeds for the same purposes as set out above on a pro rata basis.

If the Offer Price is set at the high-end of the indicative Offer Price range, being HK\$13.50 per Share, the net proceeds from the Global Offering will increase by approximately HK\$124.6 million (assuming the Over-allotment Option is not exercised) or approximately HK\$143.3 million (assuming the Over-allotment Option is exercised in full), in which case we intend to apply the additional net proceeds as set out above on a pro rata basis. If the Offer Price is set at the low-end of the indicative Offer Price range, being HK\$10.50 per Share, the net proceeds from the Global Offering will decrease by approximately HK\$124.6 million (assuming the Over-allotment Option is not exercised) or approximately HK\$143.3 million (assuming the Over-allotment Option is exercised in full), in which case we intend to reduce the net proceeds applied for the same purposes as set out above on a pro rata basis. If we make a Downward Offer Price Adjustment to set the Offer Price at HK\$9.45 per Share, the net proceeds of the Global Offering will decrease by approximately HK\$211.8 million (assuming the Over-allotment Option is not exercised) or approximately HK\$243.6 million (assuming the Over-allotment Option is exercised in full), in which case we intend to reduce the net proceeds applied for the same purposes as set out above on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately required for the above purposes or if we are unable to put into effect any part of our development plan as intended, we may hold such funds in short-term deposits so long as it is deemed to be in the best interests of the Company. In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.