

FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

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

USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the stated range of the [REDACTED] of between HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED]), we estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED] and other estimated expenses in connection with the [REDACTED] and assuming that the [REDACTED] is not exercised. In line with our strategies, we intend to use our [REDACTED] from the [REDACTED] for the purposes and in the amounts set forth below:

- Approximately [REDACTED] or HK\$[REDACTED] million, for enhancing our research and development capabilities over the next four years, including:
 - i. approximately [REDACTED] or HK\$[REDACTED] million, for further enhancing our existing proprietary AI platforms and technology assets, and upgrading our ABS/RDP and industry solutions including AInnovation Intelligent Manufacturing System (AIMS). Specifically, we intend to implement with the detailed breakdown of the [REDACTED] to be allocated as follows:
 - approximately [REDACTED]% or HK\$[REDACTED] million, will be used to improve our AI platforms. In particular, we plan to allocate [REDACTED]% or HK\$[REDACTED] million on enhancing Runtime, Trainer and Designer components of our ManuVision platform, [REDACTED]% or HK\$[REDACTED] million on video encoding/decoding component, model inference component of Matrix Vision platform, and [REDACTED]% or HK\$[REDACTED] million on IRC, DAC and AutoML functionalities of Orion platform.

The following table sets forth the further details to the estimated use of [REDACTED] by R&D project with nature of expenditure:

Allocation of the estimated use of [REDACTED]	R&D project name	R&D project plan	Estimated No. of Staff to be hired
Approximately [REDACTED]% or HK\$[REDACTED] million	R&D of ManuVision	enhancing Runtime/Trainer/	2022: 20
	Intelligent Machine Vision	Designer components, AI	2023: 19
	Platform and relevant	algorithm models,	2024: 11
	applications	applications of our	2025: 8
		ManuVision platform	Total: 58
Approximately [REDACTED]% or HK\$[REDACTED] million	R&D of MatrixVision	enhancing video encoding/	2022: 15
	Intelligent Edge Video	decoding component, model	2023: 13
	Platform and relevant	inference component, AI	2024: 12
	applications	algorithm models,	2025: 11
		applications of MatrixVision platform	Total: 51
Approximately [REDACTED]% or HK\$[REDACTED] million	R&D of Orion Distributed	enhancing IRC/DAC/AutoML	2022: 15
	Machine Learning Platform	functionalities, AI algorithm	2023: 13
	and relevant application	models and applications of	2024: 12
		Orion platform	2025: 11
			Total: 51

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In this regard, we plan to hire approximately 160 AI and software talents and industry experts for our planned enhancement or upgrade described above over the next four years, which will be 50, 45, 35 and 30 staff, respectively. We plan to supplement any shortfall in the recruitment costs with internal resources, having considered the available financial resources, including our cash and cash equivalents as of September 30, 2021, and the cashflow from our operating activities. The table below sets forth our recruitment plan over the next four years:

<u>Position</u>	<u>Estimated average salary per annum (HK\$ in million)</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Specialist engineers					
Software engineers	0.8	13	12	9	8
Hardware design engineers . . .	0.5	5	4	3	3
Data engineers	0.6	6	5	5	4
Algorithm engineers	0.8	12	11	8	6
User experience engineers	0.5	3	3	2	2
Testing engineers	0.3	3	3	2	2
Product managers	0.7	3	3	3	3
Researchers	0.9	5	4	3	2
Total		50	45	35	30

- approximately [REDACTED]% or HK\$[REDACTED] million, will be used to improve our existing ABS/RDP and industry solutions including AIInnovation Intelligent Manufacturing System. In particular, we plan to allocate [REDACTED]% or HK\$[REDACTED] million on enhancing our Intelligent Molten Iron Transportation Solution by more intelligent environment perception sub-system, [REDACTED]% or HK\$[REDACTED] million on upgrading our Intelligent Engineering Radar Inspection to support more types of radar instruments and [REDACTED]% or HK\$[REDACTED] million on developing other ABS/RDP industry solutions. Specifically, we intend to enhance our modules in AIInnovation Intelligent Manufacturing System for both operation efficiency and information intelligence.

The following table sets forth the further details by R&D project with nature of expenditure:

<u>Allocation of the estimated use of [REDACTED]</u>	<u>R&D project name</u>	<u>R&D project plan</u>	<u>Estimated No. of Staff to be hired</u>
Approximately [REDACTED]% or HK\$[REDACTED] million	R&D of Intelligent Molten Iron Transportation	enhancing intelligent	2022: 22
		environment perception sub-	2023: 17
		system of our Intelligent	2024: 12
		Molten Iron Transportation Solution	2025: 7
			Total: 58
Approximately [REDACTED]% or HK\$[REDACTED] million	R&D of Intelligent Engineering Radar Inspection	upgrading to support more	2022: 13
		types of radar instruments of	2023: 11
		our Intelligent Engineering	2024: 11
		Radar Inspection	2025: 11
			Total: 46

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Allocation of the estimated use of [REDACTED]	R&D project name	R&D project plan	Estimated No. of Staff to be hired
Approximately [REDACTED]% or HK\$[REDACTED] million	Development of central control system based on AI-based IoT for automated transportation robots	enhancing the capabilities of a central control system that supports more transportation robots	2022: 13 2023: 11 2024: 11 2025: 11
			Total: 46

In this regard, we plan to hire approximately 150 AI and software talents and industry experts for our planned enhancement or upgrade described above over the next four years, which will be 48, 39, 34 and 29 staff, respectively. We plan to supplement any shortfall in the recruitment costs with internal resources, having considered the available financial resources, including our cash and cash equivalents as of September 30, 2021, and the cashflow from our operating activities.

The table below sets forth our recruitment plan over the next four years:

Position	Estimated average salary per annum (HK\$ in million)	2022	2023	2024	2025
Specialist engineers					
Software engineers	0.8	12	10	9	7
Hardware design engineers	0.5	5	4	3	3
Data engineers	0.6	6	5	5	4
Algorithm engineers	0.8	11	9	7	6
User experience engineers	0.5	3	2	2	2
Testing engineers	0.3	3	2	2	2
Product managers	0.7	3	3	3	3
Researchers	0.9	5	4	3	2
Total		48	39	34	29

- approximately [REDACTED]% or HK\$[REDACTED] million, will be used to outsource technical services in non-critical R&D activities, such as software and hardware design development. Historically, we have engaged such suppliers on contract basis in three main areas: (i) technician personnel, (ii) software application development, and (iii) data labeling. See “Business – Research and Development.” We intend to continue engaging such suppliers for non-critical R&D tasks, so as to enhance our cost effectiveness and delivery efficiency, and the estimated expenditure per annum are at HK\$[REDACTED] million, HK\$[REDACTED] million, HK\$[REDACTED] million and HK\$[REDACTED] million, respectively over the next four years. We plan to supplement any shortfall in such expenditure with internal resources, having considered the available financial resources, including our cash and cash equivalents as of September 30, 2021, and the cashflow from our operating activities.
- ii. approximately [REDACTED] or HK\$[REDACTED] million, for developing new functionalities on our AI-based platforms, expanding our technology capabilities, and creating new ABS/RDP and solution offerings, including PaaS, SaaS, software and cloud-based

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products. Specifically, we intend to implement with the detailed breakdown of the [REDACTED] to be allocated as follows:

- approximately [REDACTED] or HK\$[REDACTED] million, will be used to develop new ABS/RDP and solution offerings, including PaaS, SaaS, software for subscription and cloud-based products. In particular, we plan to allocate [REDACTED]% or HK\$[REDACTED] million on developing open ecosystems for ManuVision and MatrixVision; [REDACTED]% or HK\$[REDACTED] million on providing license-based and subscription-based ManuVision and MatrixVision capabilities to our customers in four years; and [REDACTED]% or HK\$[REDACTED] million on upgrading our existing ABS/RDP in Paas/SaaS service mode to medium/small size enterprise customers. In addition, we plan to allocate [REDACTED]% or HK\$[REDACTED] million on developing our industry cloud technology platform.

The following table sets forth the further breakdown of [REDACTED] by R&D project with nature of expenditure:

Allocation of the estimated use of [REDACTED]	R&D project name	R&D project plan	Estimated No. of Staff to be hired
Approximately [REDACTED]% or HK\$[REDACTED] million	R&D of cloud-based	developing open ecosystems	2022: 24
	ManuVision and	for ManuVision and	2023: 22
	MatrixVision platforms for	MatrixVision	2024: 15
	open ecosystems		2025: 10
	Total:		71
Approximately [REDACTED]% or HK\$[REDACTED] million	R&D of license-based	providing license-based and	2022: 24
	ManuVision and	subscription-based ManuVision	2023: 22
	MatrixVision platforms for	and MatrixVision capabilities	2024: 15
	subscription	to our customers	2025: 10
	Total:		71
Approximately [REDACTED]% or HK\$[REDACTED] million	R&D of PaaS/SaaS mode of	upgrading our existing ABS/	2022: 16
	ABS	RDP in Paas/SaaS service	2023: 14
		mode to medium/small size	2024: 9
		enterprise customers	2025: 9
	Total:		48
Approximately [REDACTED]% or HK\$[REDACTED] million	R&D of industry cloud	developing our	2022: 14
	platform supporting big data	industry cloud technology	2023: 14
	analytics with AI technology	platform	2024: 12
			2025: 10
	Total:		50

In this regard, we plan to hire approximately 240 AI and software talents and industry experts for our planned enhancement and upgrade described above over the next four years, which will be 78, 72, 51 and 39, respectively. We plan to supplement any shortfall in the recruitment costs with internal resources, having considered the available financial resources, including our cash and cash

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equivalents as of September 30, 2021, and the cashflow from our operating activities.

The table below sets forth our recruitment plan over the next four years:

<u>Position</u>	<u>Estimated Average salary per annum (HK\$ in million)</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Specialist engineers					
Software engineers	0.8	15	15	12	8
Hardware design engineers	0.5	9	9	4	4
Data engineers	0.6	9	9	8	4
Algorithm engineers	0.8	18	16	8	6
User experience engineers	0.5	6	5	4	4
Testing engineers	0.3	7	5	4	4
Product managers	0.7	5	5	5	5
Researchers	0.9	9	8	6	4
Total		78	72	51	39

- approximately [REDACTED] or HK\$[REDACTED] million, will be used to expand our technology research capabilities. In particular, we plan to research cutting-edge AI technologies including self-supervised contrastive learning, few-shot learning (FSL), multi-object tracking, low-power deep learning in computer vision, and multimodal machine learning (MML). As the training of such AI algorithm models require huge computing power, we intend to allocate [REDACTED] or HK\$[REDACTED] million on building a dedicated high performance computing power pool, which include the procurement of approximately 500 AI accelerator chips and 60 high performance servers over the next four years. The cost of such server is estimated at HK\$[REDACTED] million, and we plan to supplement any shortfall in the procurement costs with internal resources, having considered the available financial resources, including our cash and cash equivalents as of September 30, 2021, and the cashflow from our operating activities. Such computing power pool shall be able to manage and monitor all underlying computing power to perform the designated tasks in training our algorithm models. Further, the management system of such a computing power pool will provide a flexible and user friendly platform to manage and monitor, which will enhance the utilization of our computing resources.

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The following table sets forth the further breakdown of [REDACTED] by nature of expenditure in relation to building a dedicated high performance computing power pool:

Allocation of the estimated use of [REDACTED]	Nature of expenditure	Estimated cost per unit (HK\$ in million)	Estimated number of hardware equipment	Estimated total cost of hardware / service (HK\$ in million)
Approximately [REDACTED]% (approximately HK\$[REDACTED] million)	Procurement of high performance servers ⁽¹⁾	1.0	2022: 11 2023: 13 2024: 16 2025: 20	2022: 11.0 2023: 13.0 2024: 16.0 2025: 20.0
			Total: 60	Total: 60.0
Approximately [REDACTED]% (approximately HK\$[REDACTED] million)	Procurement of IT storage servers	0.5	2022: 3 2023: 3 2024: 5 2025: 5	2022: 1.5 2023: 1.5 2024: 2.5 2025: 2.5
			Total: 16	Total: 7.9
Approximately [REDACTED]% (approximately HK\$[REDACTED] million)	Procurement of network safety equipment	0.2	2022: 6 2023: 7 2024: 8 2025: 10	2022: 1.1 2023: 1.3 2024: 1.4 2025: 1.8
			Total: [REDACTED]	Total: 5.6
Approximately [REDACTED]% (approximately HK\$[REDACTED] million)	Procurement of data center server services	0.04	N/A	2022: 0.6 2023: 0.7 2024: 0.9 2025: 1.0
				Total: 3.1

Note:

(1) Each high performance server can accommodate approximately eight AI accelerator chips.

In addition, we plan to allocate [REDACTED]% or HK\$[REDACTED] million on hiring approximately 70 AI experts and talents for our planned AI technologies described above over the next four years, which will be 24, 24, 12 and 10 staff, respectively. We plan to supplement any shortfall in the recruitment costs with internal resources, having considered the available financial resources, including our cash and cash equivalents as of September 30, 2021, and the cashflow from our operating activities. The table below sets forth our recruitment plan over the next four years:

Position	Estimated average salary per annum (HK\$ in million)	2022	2023	2024	2025
Scientists	1.2	9	9	4	4
Researchers	0.9	15	15	8	6
Total		24	24	12	10

- approximately [REDACTED]% or HK\$[REDACTED] million, will be used to expand our Scientific Research Committee. In particular, we plan to attract approximately 15 additional world renowned AI researchers and scientists to join our Scientific Research Committee. According to Frost & Sullivan, as of 2020, there are approximately over 4,000 world renowned AI researchers and scientists in the world.

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- Approximately [REDACTED] or HK\$[REDACTED] million, for enhancing our commercialization capabilities over the next four years. We plan to expand our in-house sales team and strengthen our cooperation with third-party system integrators and business partners such as joint ventures and strategic alliance. We will penetrate into more geographic regions, more industries and verticals where we believe there is significant unmet demand for our AI solutions. Specifically, we intend to implement with the detailed breakdown of the [REDACTED] to be allocated as follows:
- approximately [REDACTED] or HK\$[REDACTED] million, will be used to hire approximately 400 additional sales personnel with competitive remuneration, to strengthen our sales network to help further increase market penetration through our 15 sales subsidiaries located in 11 cities and expand existing customer base in manufacturing and financial services industries as well as expand our footprints in China to cover more cities. We intend to hire 30, 80, 120 and 160 sales staff over the next four years. We plan to supplement any shortfall in the recruitment costs with internal resources, having considered the available financial resources, including our cash and cash equivalents as of September 30, 2021, and the cashflow from our operating activities. The table below sets forth our recruitment plan over the next four years:

Position	Estimated average salary per annum (HK\$ in million)	Estimated number of staff to be hired			
		2022	2023	2024	2025
Sales personnel	0.5 - 1.4	30	80	120	160

According to Frost & Sullivan, there are plenty of sales personnel that have basic understanding on AI, meeting the demand of AI companies to expand their business footprint; and

- approximately [REDACTED] or HK\$[REDACTED] million, will be used to strengthen our cooperation with third-party system integrators and business partners in the form of joint ventures. During the Track Record Period, we successfully established joint ventures with industry leaders in manufacturing industry with capital injections of RMB5.1 million each, and collaborated with third-party system integrators to serve end-users in manufacturing and financial services industries. One of such joint ventures, namely CISAI Tech, we established in partnership during the Track Record Period with CISDI Group, which is a system integrator. In addition, we acquired 45% non-controlling interests in RewinCloud at a total consideration of approximately RMB124.0 million. We believe the strengthened cooperation with business partners and third-party system integrators through joint ventures or strategic alliance could help further execute our go-to-market strategy and allow us to gain industry insights in industry verticals, which are of significant benefits for the development of our AI-based products and solutions and business growth. According to Frost & Sullivan, it is a common practice for AI companies to cooperate with third-party system integrators and business partners to expand their businesses, and there are also plenty of third party system integrators in the market that have the capabilities to provide such services. We consider a few criteria when pursue suitable targets including, among others, (i) third-party system integrators that have strong end-user resources and established information technology or software sales network; and (ii) business partners that have in-depth industry expertise that is complementary and synergetic to our AI-based product and solution offerings. As of the Latest Practicable Date, we had not identified any potential joint venture partners as it takes time for us to collect business intelligence, conduct initial due diligence and evaluate the suitability of potential targets.

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- Approximately [REDACTED] or HK\$[REDACTED] million, for potential strategic investments and acquisitions over the next five years. We plan to acquire assets and businesses via equity investments or asset acquisitions that will strengthen our value propositions to our customers, such as those with business focus in differentiated proprietary insights in computer vision and deep learning technologies, as well as software or SaaS products that could be complementary to our AI-based offerings. Specifically, we plan to pursue suitable targets in China which meets the following criteria: (i) proven monetization models in the Enterprise AI market to broaden our customer base; (ii) software or SaaS products in manufacturing or financial services industries that could be complementary to our AI-based product and solution offerings; and (iii) cutting-edge technologies in AI and applications for specific industry verticals such as machine learning, 3D technologies based on computer vision, robotic arm logic control algorithm and other technologies related to our core business that would enhance our AI platforms.

Our Directors believe that there is a sufficient number of potential targets we could choose from. According to Frost & Sullivan, there are more than 300 potential acquisition and investment targets in AI and SaaS industry in China that provide manufacturing focused or financial focused solutions in China in 2020, that could be the targets of potential strategic investments and acquisitions for us. We determined the amount of allocated net [REDACTED] for these purposes based on our past transactions and estimation of future market condition. As at December 31, 2020, we acquired 45% non-controlling interests in RewinCloud at a total consideration of approximately RMB124.0 million. During the Track Record Period, we established two joint ventures with capital injections of RMB5.1 million each.

We intend to invest in targets located in China. We seek to invest as the majority stakeholder in joint ventures, as it commits significant resources in R&D to develop products and solutions. Further, our investment into such joint ventures is by capital injection, and thus cost breakdown by nature would not be applicable. In relation to potential acquisition of businesses, it would also be by equity and we seek to hold majority shareholding (more than 50% equity), though it would remain subject to commercial negotiation. As of the Latest Practicable Date, we had not identified or pursued any acquisition target or potential JV partnership.

- Approximately [REDACTED] or HK\$[REDACTED] million, for enhancing our internal system and upgrading our information infrastructure over the next four years. Specifically, we plan to enhance our IT systems by strengthening computing power and storage capabilities as follows and any shortfall in the procurement costs will be supplemented with internal resources, having considered the available financial resources, including our cash and cash equivalents as of September 30, 2021, and the cashflow from our operating activities:
 - i. approximately [REDACTED]% (approximately HK\$[REDACTED] million) on procuring advanced servers, efficient hardware equipment and software license. Specifically, we intend to implement with the detailed breakdown of the [REDACTED] to be allocated as follows:
 - approximately [REDACTED]% (approximately HK\$[REDACTED] million) to purchase an average of approximately 30 advanced servers to upgrade our CPU/GPU computing power per year to enhance the efficiency of our algorithms training process, and the cost for an advanced server is estimated at HK\$0.96 million;
 - approximately [REDACTED]% (approximately HK\$[REDACTED] million) on purchasing an average of approximately 35 IT storage facilities per year for storage of business data and the data for algorithm training, and the cost for a IT storage facility is estimated at HK\$0.4 million;

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- approximately [REDACTED]% (approximately HK\$[REDACTED] million) on purchasing an average of approximately 70 network safety equipment per year to enhance the data security and safety level, and the cost for a network safety equipment is estimated at HK\$0.2 million;
 - approximately [REDACTED]% (approximately HK\$[REDACTED] million) on purchasing an average of approximately 60 virtualization software and SaaS solutions on customer relationship management and enterprise resource management per year, which will further improve the efficiency of our information management, and the cost for a virtualization software and SaaS solution is estimated at HK\$0.2 million and HK\$0.7 million, respectively; and
 - approximately [REDACTED]% (approximately HK\$[REDACTED] million) on procuring an average of approximately 155 leases of data center server service and internet bandwidth service per year to support the increased hardware equipment and facilities as detailed above, and the cost for a lease of data center server service is estimated at HK\$6.0 million per year;
- ii. approximately [REDACTED] (approximately HK\$[REDACTED] million) on our internal systems to improve our internal information management and to enhance data privacy protocols and information security management. Specifically, we intend to implement with the detailed breakdown of the [REDACTED] to be allocated as follows:
- approximately [REDACTED]% (approximately HK\$[REDACTED] million) on procuring security hardware, security software, third-party security advisory services, and the costs for one system are estimated at HK\$1.2 million, HK\$0.8 million, HK\$0.4 million and HK\$12.0 million, respectively. Given that we intend to establish five internal information management systems, the estimated costs in aggregate are HK\$12.0 million per annum; and
 - approximately [REDACTED]% (approximately HK\$[REDACTED] million) on procuring external security services provider to review the holistic performance of our overall IT infrastructure, including cybersecurity, network, and information system;
- Approximately [REDACTED] or HK\$[REDACTED] million, for working capital and general corporate use.

If the [REDACTED] is set at the high-end of the [REDACTED] range or the low-end of the [REDACTED] range, the net [REDACTED] of the [REDACTED] will increase or decrease by approximately HK\$[REDACTED] million and HK\$[REDACTED] million, respectively. To the extent our net [REDACTED] from the [REDACTED] are either more or less than expected, we will increase or decrease the intended use of our net [REDACTED] for the above purposes on a pro rata basis.

If the [REDACTED] is fully exercised, our Company will receive additional net [REDACTED] of approximately HK\$[REDACTED] million for [REDACTED] to be [REDACTED] and [REDACTED] upon the full exercise of the [REDACTED] based on the [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the [REDACTED] range, and after deducting the [REDACTED] fees and [REDACTED] payable by our Company. The additional amount raised will be applied to the above areas of use of [REDACTED] on pro-rata basis.

If any part of our development plan does not [REDACTED] as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the

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occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net [REDACTED] from the [REDACTED].

To the extent that the net [REDACTED] of the [REDACTED] are not immediately used for the purposes described above and to the extent permitted by the relevant laws and regulations, we only intend to place such [REDACTED] in short-term interest-bearing deposits with licensed banks or authorized financial institutions in Hong Kong or China.