

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

Please refer to the section headed “Business — Our Business Strategies” in this Document for a detailed description of future plans.

[REDACTED]

We estimate that we will receive [REDACTED] from the [REDACTED] of approximately HK\$[REDACTED] after deducting the [REDACTED] and expenses payable by us in the [REDACTED], assuming the [REDACTED] is not exercised and an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-point of the indicative [REDACTED] range of HK\$[REDACTED] per Share to HK\$[REDACTED] per share in this Document.

We intend to use the [REDACTED] we receive from the [REDACTED] as follows.

- (i) Approximately [REDACTED]% of the [REDACTED] from the [REDACTED], or HK\$[REDACTED] (equivalent to RMB\$[REDACTED]), is expected to be used for further research and development to improve our private 5G network solutions. In a typical private 5G network, 5G pRRU equipment receives signal in the front end and transmits the signal received to 5G BBU. To strengthen our competitiveness in the private 5G network solution market, we are required to upgrade our existing 5G pRRU equipment and launch new research to develop our proprietary 5G BBU equipment, which will require recruitment of more professionals, licensing of software and purchases of hardware. Specifically, we plan to use:
 - Approximately [REDACTED]% of the [REDACTED] from the [REDACTED], or approximately HK\$[REDACTED] (equivalent to RMB[REDACTED]), to recruit technology talents to expand our R&D team by recruiting new talents, based on the estimate of RMB[REDACTED] per headcount annually with reference to the current market standard. As the development of private 5G network solutions is a highly technical and complicated process that requires various skillsets, we plan to recruit talents in different specialty areas. In particular, we plan to recruit talents who hold bachelor’s degrees or above in electrical engineering or computer science with at least three years of experience in the relevant expertise divisions, including but not limited to the development of 5G pRRU, 5G BBU and supporting hardware and systems. The recruitment expenses are expected to include:
 - (a). Approximately [REDACTED]% of the [REDACTED] from the [REDACTED], or approximately HK\$[REDACTED] (equivalent to RMB[REDACTED]) on the recruitment of 22 R&D talents in total by the end of 2024 (11 in 2022, 5 in 2023 and 6 in 2024) for our 5G pRRU upgrade. We expect such R&D talents to (i) improve the data processing algorithm of our pRRU to reduce the error vector magnitude, deviation of the actual signal point from ideal signal point, (ii) optimize the

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hardware design in the printed circuit board to reduce power consumption and (iii) support intellectual network resource management (INRM), a new functionality to improve adaptive parameter tuning in complex radio environment and facilitate synergy of heterogeneous networks at network connectivity layer;

- (b). Approximately [REDACTED]% of the [REDACTED] from the [REDACTED], or approximately HK\$[REDACTED] (equivalent to RMB[REDACTED]) on the recruitment of 25 R&D talents in total by the end of 2024 (10 in 2022, 10 in 2023 and 5 in 2024) for our 5G BBU development. We expect our new talents who focus on 5G BBU development to build a functional framework that will be the basis of our 5G BBU equipment, based on which we will develop advanced functionalities and efficiently integrate the testings of 5G BBU and 5G RRU. With new talents on board, we aim to accomplish the following goals: (i) by the end of 2022, we expect to complete the design of the hardware and software architecture for our 5G BBU (“**5G BBU architecture**”), based on which we will tailor-make a real-time platform and build a 5G protocol stack prototype; (ii) by the end of 2023, we expect to complete the development of baseband processing pool within the 5G BBU architecture, a mechanism of grouping multiple baseband processing units into a common resource pool shared by different task divisions in order to maximize resource efficiency, and then coordinate the software framework with the baseband processing pool to support advanced features, such as MIMO. With the 5G BBU architecture, baseband processing pool and the software framework, we can build and commercialize a scalable and robust 5G BBU by the end of the same year; (iii) in 2024, we expect to keep upgrading our 5G BBU architecture, adding more advanced features, such as positioning and sensing, to our 5G protocol stack and optimizing our 5G BBU products based on customer feedbacks. Compared to our existing 5G BBU equipment, we expected that our proprietary 5G BBU equipment will be able to support higher transmission speed, adapt to more application scenarios and manage intelligent network resources across different networks; and
- (c). Approximately [REDACTED]% of the [REDACTED] from the [REDACTED], or approximately HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]) on the recruitment of seven R&D talents in total by the end of 2024 (2 in 2022, 4 in 2023 and 1 in 2024) for the research and development for a plug-and-play (PnP) and container-based hardware and software architecture that enhances the scalability and flexibility of our private 5G network.

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For further details on the development plans for 5G BBU, 5G pRRU and hardware and system, see “Business — Our Business Strategies — Further upgrade and improve our IoT solutions at network connectivity layer.” We intend to recruit such talents mainly through recruiting websites, recruiters and internal referrals.

- Approximately [REDACTED]% of the [REDACTED] from the [REDACTED], or HK\$[REDACTED] (equivalent to approximately RMB[REDACTED]), is expected to be used for software licensing such as FlexRAN, a software that can be used to build and deploy highly optimized 5G physical layer solution, and purchasing customized hardware equipment, such as 5G BBU hardware, O-RAN fronthaul, and FPGA semiconductor device. O-RAN fronthaul can provide multi-functional interface, while FPGA semiconductor device can be used to design application-specific integrated circuits.

In light of the industry trends that (i) private 5G networks are expected to be the preferred choices for enterprises and (ii) the penetration rate of 5G applications is expected to increase in the near future, we believe that continuous improvement of our private 5G network solutions is necessary for us to remain competitive in the industry and adapt to the evolving customer demands. Nevertheless, we currently have insufficient R&D personnel to support the continuous improvement of our private 5G network solution technology and accommodate more private 5G network solution projects, which requires us to hire new R&D talents as listed above. We believe that with the planned expansion of our talent pool and inventory of essential hardware and software, we can further improve the compatibility of our private 5G network equipment with different systems, which is the key driver to expand the applications of our private 5G network solutions to different industry sectors.

- (ii) Approximately [REDACTED]% of the [REDACTED] from the [REDACTED], or HK\$[REDACTED] (equivalent to RMB[REDACTED]), is expected to be used for research and development of industrial WLAN, a wireless communication technique that is adopted in IIoT applications but distinct from private 5G network. We intend to develop this technique to support ultra-speed data transmission, strict delay/jitter limits and high reliability. Different from the consumer-level WLAN, the industrial WLAN generally has higher requirements for speed, stability, security and robustness of data collection and transmission. For example, the peak throughput for industry-level WLAN should be around 15Gbps, but the consumer-level WLAN can rarely exceed 1Gbps. The consumer-level WLAN also cannot control jitter and is more susceptible to interference and disruption, which can potentially cause great loss in IIoT applications. According to Frost & Sullivan, there were only approximately 20 market participants in the industrial WLAN market in the PRC in 2021, while the market size of industrial WLAN in the PRC is expected to reach approximately RMB4.4 billion at a CAGR of 34.6% from 2021 to 2026. Considering that (a) the currently prevailing technologies and products originally designed for consumer-level WLAN cannot adequately serve industry usage, (b) few of our competitors have yet offered telecommunication products that

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can completely meet the above industrial-use standards, and (c) the industrial WLAN market in the PRC is expected to grow rapidly in the next few years, we desire to be one of the earliest movers and leading players in the market that launch WLAN products for industrial use. We expect that our industrial WLAN will have the following features: (i) the peak throughput could reach up to 15Gbps, with user-perceived throughput of over 1Gbps; (ii) the latency could be controlled within one millisecond; (iii) jitter could be limited within 5%; (iv) the reliability could support 99.999% availability, which means no more than 0.01% downtime within a specific period; and (v) high flexibility of customization for the various application processes. In order to achieve these goals, we plan to use [REDACTED]% of the [REDACTED] from the [REDACTED], or HK\$[REDACTED] (equivalent to RMB[REDACTED]) on recruiting 22 new R&D staff by the end of 2024 (11 in 2022, 6 in 2023 and 5 in 2024) with reference to the current market standard. We expect the candidates to hold bachelor’s degrees or above in electrical engineering or computer science with at least three years of experience in developing telecommunication products or similar IT products. We intend to recruit such talents mainly through recruiting websites, recruiters and internal referrals. For further details on the development plans for industrial WLAN, see “Business — Our Business Strategies — Further upgrade and improve our IoT solutions at network connectivity layer.” We will also use [REDACTED]% of the [REDACTED] from the [REDACTED], or HK\$[REDACTED] (equivalent to RMB[REDACTED]) for software IP licensing to effectively accelerate development and shorten delivery lead time. Considering the suggestions by our existing and potential clients who indicated interests in our industrial WLAN, we believe that our further investment in this field to reduce latency and improve reliability, capacity and the security of our telecommunication equipment and solutions for IIoT can solve the pain points of operation for our clients, which in turn could assist us to better serve our clients in different industry sectors and capture the future growth opportunities in the IIoT market in the PRC;

- (iii) Approximately [REDACTED]% of the [REDACTED] from the [REDACTED], or HK\$[REDACTED] (equivalent to RMB[REDACTED]), is expected to be used for developing a common digitalization foundation to further upgrade our Universal IoT Platform. We are of the view that the upgraded platform with the common digitalization foundation incorporated could further solve information island issue and transform data collected from various end-sensors/equipment into reusable digitalized assets and support fast development and deployment of applications under different application scenarios. To achieve this goal, we plan to recruit 11 new R&D staff, divided into device management staff and data management staff, to build a common IIoT platform with (a) integrated management of data and device and (b) open API to facilitate free data flow among different IIoT applications. by the end of 2024. R&D staff for device management will be responsible for handling protocols of equipment under various network, while R&D staff for data management will be responsible for data processing, such as data cleaning and filtering. Meanwhile, the new R&D staff from both divisions will be responsible for re-arching the platform architecture based on container and micro-service concept, an approach to software development incorporating small independent components

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that can reduce risks of delay and integrate new features to applications in an easier way, to support integrated development and deployment. The hiring expenses are expected to include (i) HK\$[REDACTED] (equivalent to RMB[REDACTED]) on the recruitment of around five staff members in total (3 in 2022 and 2 in 2023) for device management and (ii) HK\$[REDACTED] (equivalent to RMB[REDACTED]) on the recruitment of around six staff members in total (3 in 2022 and 3 in 2023) for data management;

- (iv) Approximately [REDACTED]% of the [REDACTED] from the [REDACTED], or HK\$[REDACTED] (equivalent to RMB[REDACTED]), is expected to be used for R&D infrastructure upgrades. The equipment that we have in stock is insufficient in terms of volume and functionality to support our future R&D endeavor mentioned above. As such, we plan to purchase new types of lab equipment and replace certain outdated equipment with updated functions by the end of 2024, including but not limited to four spectrum analyzers, four signal analyzers, five signal generators, two channel simulators, one shield box and consumables, which are estimated to cost approximately HK\$[REDACTED], HK\$[REDACTED], HK\$[REDACTED], HK\$[REDACTED] and HK\$[REDACTED], respectively. We also intend to obtain permanent licenses for EDA software, which is estimated to cost approximately HK\$2.4 million. We also plan to purchase computers and consumables for general R&D purposes, which we estimate to cost approximately HK\$1.5 million, collectively. Since the equipment that we plan to buy can (i) visualize the signal transmission process for us to test the performance of our products, (ii) simulate signal transmission under extraordinary circumstances, e.g. loud noise, signal strength fluctuations, and high speed, and (iii) shield interferences, we believe that further investment in R&D infrastructure could significantly expand our test scope, improve test result accuracy, strengthen our R&D capability, and in turn, improve the adaptability and reliability of our products and solutions;
- (v) Approximately [REDACTED]% of the [REDACTED] from the [REDACTED], or HK\$[REDACTED] (equivalent to RMB[REDACTED]) is expected to be used for further strengthening our business development capabilities. In particular, we plan to recruit 25 business development staff by the end of 2024 (3 in 2022, 17 in 2023 and 5 in 2024) with an annual salary range between RMB0.1 million and RMB0.3 million to boost our sales team. We plan to divide such newly recruited business development staff evenly to five different teams responsible for sales in Southern China, Eastern China, Central to Southwestern China, Central to Northwestern and Northern to Northeastern China, respectively. We expect our business development staff to hold bachelor’s degrees or above in electronic engineering, telecommunication or computer science and have relevant industry experience from top-tier companies in the telecommunication industry. For further details, see “Business — Our Business Strategies — Further strengthen our business development capabilities and broaden our customer base;” and
- (vi) Approximately [REDACTED]% of the [REDACTED] from the [REDACTED], or HK\$[REDACTED] (equivalent to RMB[REDACTED]), for additional working capital and other general corporate purpose.

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The table below sets forth further discussions on the purpose and value-add of each research and development plan as discussed above, along with the respective implementation timelines:

	Implementation Timeline			Purpose	Value Add
	For the years ending December 31,				
	2022	2023	2024		
<i>(HKD in millions, except number of talents)</i>					
I. Improving Private 5G Network Solutions					
A. Recruiting R&D staff for upgrading 5G pRRU					
- Number of talents	11	5	6	(i) Improve the data processing algorithm of our pRRU to reduce the error vector magnitude, deviation of the actual signal point from the ideal signal point in a transmission path;	1. Enhanced performance and reduced power consumption Power consumption is a major operating cost for 5G service providers, while the RRU occupies a large proportion of total power consumption for private 5G network solutions. As a result, 5G service providers have a great demand for power-saving 5G device. More and more research indicated that algorithm improvement and hardware optimization, can effectively reduce 15%-20% RRU power consumption. Therefore, we believe that our effort on upgrading 5G pRRU could help us reduce the power consumption of our private 5G network solutions and in turn, attract more customers.
- Corresponding salary	[REDACTED] ⁽¹⁾ [REDACTED]	[REDACTED]	[REDACTED]	(ii) Optimize the hardware design in the printed circuit board to reduce power consumption; and	
				(iii) Support intellectual network resource management (INRM), a new functionality to improve adaptive parameter tuning in complex radio environment and facilitate synergy of heterogeneous networks at network connectivity layer.	
B. Recruiting R&D staff for developing 5G BBU					
- Number of talents	10	10	5	Build a functional framework for 5G BBU equipment, based on which we will develop advanced functionalities and efficiently integrate the testing of 5G BBU and 5G RRU.	2. Adaptive parameter tuning and synergy of heterogeneous network Compared to previous generation networks, 5G network is more complex in structure, applicable to more scenarios and synergistic in heterogeneous networks, which requires the intellectual network resource management that can continuously improve parameter tuning, detect and avoid risks automatically and proactively adjust network resources based on prediction of end-users’ intentions. As such, we believe that if we solve the particular needs of 5G network as discussed above, our products and solutions will be more popular in the market.
- Corresponding salary	[REDACTED] ⁽¹⁾ [REDACTED]	[REDACTED]	[REDACTED]		
C. Recruiting R&D staff for developing hardware and system					
- Number of talents	2	4	1	Research and develop a plug-and-play (PnP) and container-based hardware and software architecture that can enhance the scalability and flexibility of our private 5G network.	
- Corresponding salary	[REDACTED] ⁽¹⁾ [REDACTED]	[REDACTED]	[REDACTED]		
D. Licensing software and purchasing hardware					
- FlexRAN (Software)	[REDACTED]	[REDACTED]	[REDACTED]	(i) FlexRAN: build and deploy highly optimized 5G physical layer solution;	
- O-RAN	[REDACTED]	[REDACTED]	[REDACTED]	(ii) O-RAN fronthaul: provide multi-functional interface; and	
- FPGA	[REDACTED]	[REDACTED]	[REDACTED]	(iii) FPGA semiconductor device: design application-specific integrated circuits;	
- 5G BBU hardware	[REDACTED]	[REDACTED]	[REDACTED]	Along with customized 5G BBU hardware, they can effectively accelerate development and shorten delivery lead time.	

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Implementation Timeline	Purpose	Value Add
For the years ending December 31,		
2022 2023 2024		
<i>(HKD in millions, except number of talents)</i>		
		<p>3. A comprehensive 5G-RAN portfolio (BBU+RRU) brings more revenue</p> <p>Our sales of 5G telecommunication equipment during the Track Record Period and up to the Latest Practicable Date did not cover any self-proprietary BBU, which had to be purchased from third-party BBU vendors. Considering that it would be more convenient for customers to purchase BBU and RRU from the same vendor, developing our own BBU products will make our products more appealing to customers and bring more revenue.</p>
		<p>4. Self-developed BBU allows better customization</p> <p>Unlike public 5G networks, the private 5G network will have to meet more specific customer requirements. With self-developed BBU, we will be able to further enhance our customization capability and win a more advantageous position in the market.</p>
		<p>5. Self-proprietary BBU and RRU can accelerate integrated testing and reduce trouble shooting time</p> <p>When BBU and RRU are provided by different vendors, it requires much more efforts to perform thorough integrated testing for BBU and RRU, which on average takes 1-3 months for trouble-shooting. However, the BBU and RRU of same vendor can complete the testing during development, which will significantly reduce delivery lead time to only 2-3 weeks for trouble-shooting. Moreover, it also facilitates the synergy between BBU and RRU through introducing the specific procedure (such as RRU ring deployment, backup and resume).</p>

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	Implementation Timeline			Purpose	Value Add
	For the years ending December 31,				
	2022	2023	2024		
	<i>(HKD in millions, except number of talents)</i>				
II. Developing industrial WLAN					
A. Recruiting new R&D staff					
- Number of talents	11	6	5	We are planning to recruit new R&D staff for developing industry WLAN in order to meet the industrial needs for such technology and grasp the further market opportunities. The proposed research projects to be conducted by such staff are aimed to realize the following breakthroughs:	Compared to private 5G network which is less susceptible to device mobility, covers larger areas but costs more, the industrial WLAN offers a robust and cost-effective solution to mesh network and low-mobility settings, such as a factory workshop. As the industrial WLAN is heterogeneous to our private 5G network solutions, the addition of the industrial WLAN will enrich its solution portfolio.
- Corresponding salary	[REDACTED] ⁽¹⁾	[REDACTED]	[REDACTED]		
				(i) The peak throughput could reach up to 15Gbps, with user-perceived throughput of over 1Gbps;	Given the features of industrial WLAN, we believe that industrial WLAN is the technology that can solve the pain points of our manufacturer customers, who indicated a great demand to replace cable to solve problems of low throughput, severe latency and frequent jitter. Therefore, we believe that our investment in industrial WLAN and the resulting effects will satisfy the needs of different customers, which in turn will diversify our revenue sources.
				(ii) The latency could be controlled within one millisecond;	
				(iii) Jitter could be limited within 5%;	
				(iv) Improved reliability could support 99.999% availability, which means no more than 0.01% downtime within a specific period; and	
				(v) High flexibility of customization for the various application processes.	
B. Licensing software	[REDACTED]	[REDACTED]	[REDACTED]	Effectively accelerate development and shorten delivery lead time	

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	Implementation Timeline			Purpose	Value Add	
	For the years ending December 31,					
	2022	2023	2024			
III. Upgrading Universal IoT Platform						
A. Recruiting device management staff						
- Number of talents	3	2	-	Handle protocols of equipment under various network and re-arch the platform architecture based on container and micro-service concept to support integrated development and deployment.	The upgraded Universal IoT Platform will allow free data flow among different applications and devices, which facilitated synergy along the whole production lifecycle. With the synergy of data, our customers (particularly manufacturer customers) can improve their productivity. The data mining and management function of our upgraded Universal IoT platform can also convert raw data into reusable and informative information for our customers, including but not limited to user preferences, device status and production procedure, which will be valuable reusable digital assets of our customers. Therefore, we believe our investment in upgrading our Universal IoT Platform could assist us to attract more customers and in turn bring more revenue.	
- Corresponding salary	[REDACTED] ⁽¹⁾ [REDACTED]	[REDACTED]	[REDACTED]			
B. Recruiting data management staff						
- Number of talents	3	3	-	Process data, including data cleaning and filtering		
- Corresponding salary	[REDACTED] ⁽¹⁾ [REDACTED]	[REDACTED]	[REDACTED]			

Note:

(1) Such expenses are calculated on the assumption that the R&D talents to be recruited in 2022 will only serve for one quarter of the year on average.

Our Directors confirm that our existing R&D employees have been fully utilized, and the current size of our R&D team is insufficient to support the aforementioned R&D endeavors that we would need to strengthen our position in this competitive market. Thus, we believe there is a need to hire more talents with relevant industry experience, ideally from top-tier firms in the industry.

Since the end of Track Record Period and up to the Latest Practicable Date, we have been actively screening candidate profiles and approaching potential candidates to expand our R&D team. We have had candidates of interest in our talent pool, and we expect to accelerate the hiring process and extend offers to such candidates once [REDACTED] from the [REDACTED] are in place.

If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the high-end of the [REDACTED] range stated in this document) and assuming the [REDACTED] is not exercised, we will receive additional [REDACTED] of approximately HK\$[REDACTED]. If the [REDACTED] is fixed at HK\$[REDACTED] per [REDACTED] (being the low-end of the [REDACTED] range stated in this document) and assuming the [REDACTED] is not exercised, the [REDACTED] we receive will be reduced by approximately HK\$[REDACTED]. The above allocation of 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-end of the estimated [REDACTED] range.

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The additional [REDACTED] that we would receive if the [REDACTED] were exercised in full would be (i) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the high-end of the [REDACTED] range stated in this document), (ii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-end of the [REDACTED] range stated in this document) and (iii) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the low-end of the [REDACTED] range stated in this document). Additional [REDACTED] received due to the exercise of any [REDACTED] will be used for the above purposes accordingly on a pro rata basis in the event that the [REDACTED] is exercised.

To the extent permitted by applicable laws and regulations, the [REDACTED] which are not immediately applied to the above purposes will be only placed as short-term deposits in authorized financial institutions and licensed banks (as defined under the Securities and Futures Ordinance).