
FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

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

USE OF [REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the midpoint 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] from the [REDACTED] after deducting the [REDACTED] and other estimated expenses in connection with the [REDACTED].

We intend to use the net [REDACTED] we expect to receive from the [REDACTED] for the purposes and in the amounts set out below.

- Approximately [REDACTED]%, or HK\$[REDACTED], will be allocated over the next three years to enhance our fundamental research, technological capabilities and solution development. We plan to further apportion the use of [REDACTED] as follows.
 - Approximately [REDACTED]%, or HK\$[REDACTED], will be used to strengthen our research and development team over the next three years, including:
 - (i) approximately [REDACTED]%, or HK\$[REDACTED] for the research and development team of our core technologies. Specifically, we intend to allocate:
 - approximately [REDACTED]%, or HK\$[REDACTED] for our AutoML technologies. Advancements in AutoML will lower the barrier for AI application development, help us attract more developers, and expand and upgrade our developer suites, especially the HyperCycle series;
 - approximately [REDACTED]%, or HK\$[REDACTED] for our transfer learning technologies, which will further enhance the ability of our solutions to be applied across difference scenarios, thereby reducing the cost of expansion into new use cases and industry vectors;
 - approximately [REDACTED]%, or HK\$[REDACTED] for our environment learning technologies, which helps further improve data quality and reduce the cost of model training;
 - approximately [REDACTED]%, or HK\$[REDACTED] for our AutoRL technologies, which will further lower the barriers for reinforcement learning by automating the process.

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For details, see “Business – Our Technology.”

- (ii) approximately [REDACTED]%, or HK\$[REDACTED] for the research and development team of new areas which may lead to the next generation of AI technologies. For example, we are dedicated to developing technologies in the area of data privacy protection, including privacy preserving learning, which is able to enhance data privacy in the process of machine learning, and federated learning which entails training algorithm on local datasets without exchange data samples, thereby enhancing data security and privacy. Moreover, to stay abreast of rapid technological developments, we will also develop cutting-edge technologies such as large language models and generative AI to enhance efficiency and productivity. For details, see “Business – Research and Development.”

To achieve the plans above, we plan to (i) recruit scientists, researchers, architects and engineers with experience in AI and software development, and (ii) increase the compensation levels for our present research and development personnel. To maintain our competitive edges and further innovate our solutions and technologies, we plan to hire over 600 additional scientists, researchers, architects and engineers over the next five years. Qualified candidates include both (1) experienced laterals from renowned AI companies or academic institutions, have published relevant papers on international journals, or have extensive experience in commercialization of AI technologies, and (2) outstanding and talented fresh graduates from leading universities. We believe that qualified and experienced talents are crucial to sustain our leadership in the core technologies, including AutoML, transfer learning, environment learning and AutoRL, and the ongoing refinement of our algorithms, platforms and operating systems. According to CIC, there are intense competitions for AI talents in China. To effectively retain our R&D personnel and prevent them from joining our competitors, we intend to gradually increase the compensation levels for our R&D personnel to keep up with any increase in industry levels and maintain the competitiveness of our compensation package. Specifically, we intend to gradually increase their cash salary and offer share-based incentives to motivate them by providing such persons an opportunity share our business growth and future success.

- Approximately [REDACTED]%, or HK\$[REDACTED], will be used to strengthen our research and development capabilities. Specifically:
 - (i) approximately [REDACTED]%, or HK\$[REDACTED] for the procurement and installation of equipment, devices and/or software to support our increasing business needs over the next three years. We serve many lighthouse users which use our solutions at an increasing scale to meet their business needs. During our research and development and solution testing process, we need to simulate the way how users apply our solutions. Accordingly, we plan to further invest in improving our

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technology infrastructure to enhance our computing power and storage capabilities to facilitate our research and development and solution testing processes. Specifically, we plan to procure approximately 3,000-5,000 units of high performance computing servers, and to selectively procure management tool software that can enhance our overall R&D efficiency.

- (ii) approximately [REDACTED]%, or HK\$[REDACTED] for the establishment of our new research and development centers. To further enhance our research and development capabilities and to attract local R&D talents, we plan to establish over three new research and development centers primarily in top-tier cities in China in the next three to four years. Under the management of our headquarter, these new research and development centers will work with our headquarter and jointly conduct research and development activities. For details of our research and development focuses, see “Business – Research and Development.”
- (iii) approximately [REDACTED]%, or HK\$[REDACTED] for strengthening our relationship with third-party R&D service providers to further expand our R&D capabilities. During the Track Record Period, we have outsourced certain non-core and less sophisticated research and development projects, such as the development of certain applications in our AI application store and miscellaneous product modules, design of user interfaces and product testing projects. Accordingly, we incurred technology service fees of RMB446.3 million, RMB1,336.2 million, RMB2,002.4 million and RMB370.5 million in 2020, 2021 and 2022 and the three months ended March 31, 2023, respectively. We intend to continue to collaborate with such third-party R&D service providers, such that we can continue to focus on our core research and development activities.
- (iv) approximately [REDACTED]%, or HK\$[REDACTED] for the cultivation of the OpenMLDB community to enhance the activeness and engagement of all AI developers partnerships. We made OpenMLDB in our Sage AIOS an open source platform to share our achievements in AI operating systems with developers across the world. We intend to further cultivate the OpenMLDB community by (1) establishing a dedicated team to manage the community, communicate with developers, continuously developing new codes for the open community, and refine codes contributed by developers, and (2) organizing various types of community events, such as large-scale developer submits, developer workshops, and other innovative developer activities (e.g. live-stream discussions).

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- Approximately [REDACTED]%, or HK\$[REDACTED], will be allocated to expand our offerings, build our brand and enter into new industry sectors. As of the Latest Practicable Date, we do not have any concrete plans on the new industry verticals that we will enter into. We plan to select industries with considerable monetization opportunities for us, and will conduct careful evaluation and analysis on the expected market size, competitive landscape and potential challenges before entering into new verticals. We plan to further apportion the use of [REDACTED] as follows.
 - Approximately [REDACTED]%, or HK\$[REDACTED], will be used to recruit and retain talents in various industries to strengthen our sales and marketing team, thereby leveraging their industry-specific sales experiences to expand our user base and to increase our customer loyalty, which in turn may increase customers’ spending on our platform. We plan to hire approximately 300 additional sales and marketing staff in the next five years to support our business growth.
 - Approximately [REDACTED]%, or HK\$[REDACTED], will be used to promote our solutions and offerings by engaging in more marketing activities through both offline and online channels. Specifically:
 - (i) approximately [REDACTED]%, or HK\$[REDACTED] will be allocated for organizing and sponsoring high impact events over the next three years. We intend to host two large-scale offline conferences annually, one for developers and the other for users. We also plan to organize one or more industry discussions on a weekly basis. Furthermore, we will also sponsor other influential industry conferences to increase our brand exposure.
 - (ii) approximately [REDACTED]%, or HK\$[REDACTED] will be allocated for collaborating with online media partners to promote our brand awareness among users and potential users.
- Approximately [REDACTED]%, or HK\$[REDACTED], will be allocated over the next three years to pursue strategic investment and acquisition opportunities to implement our long-term growth strategy to develop our solutions and expand and penetrate the industry verticals we cover. We plan to prudently evaluate and consider a wide array of potential investments in emerging businesses that are complementary to our business in terms of improving our technological capabilities and expanding our user base or that can enrich our ecosystem of business partners. Specifically, relevant considerations including: (i) businesses with technologies that are complementary to our solutions, ranging from cutting-edge technologies to improve our overall technology capabilities, to specialized solutions that would allow us to overall optimize the deployment efficacy and completeness of our solution offerings; (ii) business with proven industry know-how in both the verticals that we have already established strong presence and intend to increase the

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penetration, and the verticals that we may expand into in the future; and (iii) businesses with established industry leading position, meaningful scale of established user base and track record of maintaining healthy and stable financial positions. As such, we may invest in strategic technology enablers, industry or subsector focused specialized solution providers that would overall complete and enhance our solution and service offering. Leveraging such potential strategic investments and acquisitions, we expect to achieve synergies in terms of optimizing our overall deployment efficacy, optimizing our technology capabilities and solution offerings, expanding our user base, among others. We intend to make aforementioned investments and acquisitions mainly through equity, both controlling or non-controlling, and may consider other forms of investment such debt or that with convertible features if such is better suited for the need of the transaction, evaluated on the case-by-case basis. Our Directors, as advised by CIC, are of the view that there are sufficient number of potential targets as there are many technology focused companies and solution providers that meet our criteria. We expect to select our investment target based on the industry in which the target operates, the target’s strength of technology and solutions, the target’s business and financial performance and the synergy between the target and us. See “Financial Information – Discussion of Selected Items from the Consolidated Statements of Financial Position – Assets – Financial Assets at Fair Value through Profit or Loss” for details of our investment approval process. As of the Latest Practicable Date, we did not identify any investment or acquisition target in this regard.

- Approximately [REDACTED]%, or HK\$[REDACTED], will be used for general corporate purposes.

If the [REDACTED] is fixed at the high-end or low-end of the [REDACTED] range (assuming the [REDACTED] is not exercised), the net [REDACTED] will increase or decrease by approximately HK\$[REDACTED] (after deducting [REDACTED] fees and expenses related to the [REDACTED]). We intend to apply the additional or reduced net [REDACTED] to the above uses on a pro rata basis.

If the [REDACTED] is exercised in full, we will receive additional [REDACTED] of approximately HK\$[REDACTED], HK\$[REDACTED] and HK\$[REDACTED] if the [REDACTED] is fixed at the high-end, midpoint and low-end of the [REDACTED] range, respectively. We intend to apply the additional net [REDACTED] to the above uses on a pro rata basis.

If the net [REDACTED] of the [REDACTED] are not immediately used for the purposes described above, to the extent permitted by the relevant laws and regulations, we will deposit the net [REDACTED] into short-term demand deposits with licensed banks or authorized financial institutions, as 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.