
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “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\$1,166.6 million, assuming an Offer Price of HK\$6.32 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), after deducting the underwriting commissions, and estimated expenses paid or payable by us in relation to the Global Offering.

In line with our strategies, we intend to apply the net proceeds from the Global Offering for the following purposes and in the amounts set forth below:

- approximately 13.6% of the net proceeds, or HK\$158.6 million, will be used to enhance our research and development capabilities, in particular machine learning algorithms and AI capabilities, and improve our information technology infrastructure. Specifically, in the next three years, we intend to use:
 - approximately 9.1%, or HK\$106.5 million, to upgrade our information technology infrastructure, including (i) approximately HK\$75.6 million for the development of proprietary AI technologies or acquisitions of relevant AI software or system to improve the content management and distribution capabilities of our smart internal content management and distribution system and campaign optimization capabilities of our smart internal advertising campaign management system. In particular, approximately HK\$31.9 million will be used for enhancing our algorithm-based big data analytics capability to achieve automatic and programmatic optimization of campaign performance and better marketing results. We expect to reinforce our capabilities of predicting marketing results and identifying target consumers more precisely as well as real-time monitoring and optimizing campaign performance more promptly to better serve existing advertisers and to attract advertisers to cooperate with us directly rather than through advertising agencies. Furthermore, approximately HK\$43.6 million will be used for AI software in upgrading our content exchange platform. We expect this platform to achieve automatic production and distribution of short video advertisements, such as automatic assembly of ad creatives to generate short video advertisements; (ii) approximately HK\$16.0 million for the connection of our smart internal content management and distribution system with ad networks through SDKs to match content with suitable distribution platforms; and (iii) approximately HK\$14.9 million for the recruitment of around 18 system engineers with more than three years’ relevant experiences to develop the abovementioned AI technologies, and upgrade, operate and maintain our smart internal systems. For details, see “Business — Our Strategies — Enhance our big data analytics and AI capabilities;”
 - approximately 3.6%, or HK\$42.4 million, to upgrade our proprietary DMP to enhance our data collection, storage and analysis capabilities, including (i) approximately HK\$29.6 million for the purchases of GPU servers and additional database servers to improve the real-time optimization and the programmatic advertising precision of our DMP; and (ii) approximately HK\$12.8 million for the recruitment of around 15 big data analytics staff to enhance our algorithms computing capability and big data analytics capability. For details, see “Business — Research and Development;”

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- approximately 0.6%, or HK\$7.5 million, to upgrade our full service content production, exchange and distribution platform to diversify our business models and revenue resources, including the recruitment of nine platform engineers with more than three years' relevant experiences. For details, see “Business — Our Strategies — Continue to unleash the monetization potential of our content production, exchange and distribution platform that offers full cycle services;” and
- approximately 0.2%, or HK\$2.3 million, to optimize the visual design of our pan-entertainment platform to acquire more visitors and increase user engagement, which in turn will attract advertising customers and improve the monetization efficiency of our *Huabian* Platform. We plan to recruit three UI designers with more than one year's relevant experience to improve the visual effect and content display of our *Huabian* Platform.
- approximately 57.6% of the net proceeds, or HK\$671.7 million, will be used to expand our business by enhancing our relationships with existing media partners, enlarging our advertiser and media partner bases and diversifying our revenue resources. Specifically, in the next three years, we intend to use:
 - approximately 48.4%, or HK\$564.2 million, to enhance our relationships with existing media partners and enlarge our advertiser and media partner bases, including (i) approximately HK\$53.2 million over the next three years for the recruitment of around 70 sales and marketing staff with more than three years' relevant experiences to explore new advertisers and media partners to support our business expansion, which is in line with the historical increase in the number of our sales and marketing staff. We plan to devote more sales and marketing staff to identifying potential advertisers in rapidly growing industry verticals to achieve sustainable growth. In particular, we plan to recruit ten sales and marketing staff for exploring business opportunities in the online education and e-commerce industries, respectively. In addition, we plan to recruit 50 general sales and marketing staff to seek and serve emerging media partners and advertisers from other industries; and (ii) approximately HK\$511.0 million for enhancing our relationships with existing top online publishers and exploring new advertisers and media partners. In particular, approximately HK\$241.4 million will be used for expanding the scale of our business with existing top online publishers, such as Supplier A's short video platforms and Kuaishou, as they usually require prepayments before acquiring their user traffic. Secondly, approximately HK\$144.9 million will be used for exploring new advertisers. We are in the process of negotiating with several industry leading advertisers that have higher marketing budgets but request longer credit periods than small-to-medium advertisers. Our future transactions with these major advertisers with longer credit periods will result in substantial cash requirements. Thirdly, approximately HK\$124.7 million will be used for enlarging our media partner base as certain leading online publishers require deposits to guarantee an expected level of gross spending consumed by advertisers and/or online marketing solutions providers. We plan to establish business relationships with two to four additional leading short video platforms or social media platforms with average DAUs of more than 10.0 million to further expand our business. We also plan to substitute debt financing with the net proceeds from the Global Offering in order to reduce our financing costs. For details, see “Business — Our Strategies — Expand our advertising customer base and explore opportunities in specific industry verticals;”

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- approximately 5.5%, or HK\$64.4 million, to enhance our content production capabilities, including (i) approximately HK\$32.5 million for improving our content production capability to achieve mass and smart production of short videos and expand our ad creatives inventory. In particular, approximately HK\$13.2 million will be used for the investment in the research and development of AI video processing software to achieve mass and smart production of short videos. We are currently in the process of cooperating with a leading AI company to develop such software, which is expected to enable us to achieve, among others, automatic removal of the background green screen, automatic translation of sound or characters into subtitles as well as mass production of short videos of the same topic utilizing templates. Secondly, approximately HK\$14.2 million will be used for the purchases of ad creatives from third party content providers and content production software, such as sound and visual editing software, to satisfy our advertising customers' growing demand for attention catching advertisements. Thirdly, approximately HK\$5.1 million will be used for the rental of filming locations with a lease term of three years and the relevant setting up expenses to produce more ad creatives; and (ii) approximately HK\$31.9 million over the next three years for the recruitment of around 30 content production staff with more than three years' relevant experiences consisting of top KOL, screenwriters, and filming, editing and post-production professionals to support our business expansion, which is in line with the historical increase in the number of our content production staff; and
- approximately 3.7%, or HK\$43.1 million, to expand our domestic and international footprints. To capture the opportunities of certain short video platform's global expansion, we plan to establish offices and recruit operation and sales and marketing staff in certain key areas in China and overseas to enhance our customer service.
- approximately 18.8% of the net proceeds, or HK\$219.7 million, will be used to pursue strategic investments in and acquisitions of upstream and downstream industry participants, taking into accounts the potential business growth, track record, industry reputation, advanced technologies, volume of user traffic, content production capability of the target companies as well as the expected synergies to be achieved by us. We plan to invest in upstream industry participants that can improve and diversify our ad creative inventory, such as MCN, KOL or event marketing companies. We plan to invest in downstream industry participants that can improve our quality and operational efficiency which in turn can strengthen our relationships with advertisers and online publishers, such as media platforms with high volume traffic and big data companies with advanced AI capabilities. Specifically, we plan to invest in one to two companies with more than three years of successful track record and net profit of RMB10.0 million to RMB20.0 million as our subsidiaries. In addition, we also plan to acquire minority equity interests in five to six companies that focus on emerging businesses and are experiencing high growth of traffic. We would expect to invest RMB3.0 million to RMB10.0 million in each of such target companies with valuation of around RMB10.0 million to RMB50.0 million. We expect that a portion of such investments would be funded by the net proceeds from the Global Offering, with the remaining to be funded by bank borrowings and cash inflow from our operating activities. As of the Latest Practicable Date, we had not identified any investment or acquisition target; and
- approximately 10.0% of the net proceeds, or HK\$116.7 million, will be used for working capital and general corporate purposes.

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The table below sets forth the expected implementation timetable of our planned use of our proceeds:

	For the year ended December 31,			
	2021	2022	2023	Total
	(HK'000)			
Enhancing research and development capabilities and upgrading information technology infrastructure				
Upgrading information technology infrastructure	21,290	37,258	47,903	106,451
Upgrading proprietary DMP	8,516	12,668	21,184	42,368
Upgrading full service content production, exchange and distribution platform	1,863	2,661	2,927	7,451
Visual optimization of <i>Huabian</i> Platform	639	798	905	2,342
Expanding business				
Enlarging advertise and media partner bases ..	319,353	159,677	85,161	564,191
Enhancing content production capabilities	13,306	21,290	29,806	64,402
Expanding domestic and international footprints	7,984	15,435	19,693	43,112
Pursuit of strategic investments and acquisitions				
.....	73,220	73,220	73,220	219,660
Working capital and general corporate purposes				
.....	58,332	29,166	29,166	116,664
Total	504,503	352,173	309,965	1,166,641

In the event that the Offer Price is set at the high-end or low-end of the proposed Offer Price range and the Over-allotment Option is not exercised, the net proceeds to be received by us will be increased or decreased by approximately HK\$145.9 million, respectively. To the extent our net proceeds are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

We will not receive any of the net proceeds from the exercise of the Over-allotment Option. The Over-allotment Option Grantors may be required to sell up to an aggregate of 30,000,000 Shares. If the Over-allotment Option is exercised in full, the net proceeds that the Over-allotment Option Grantors will receive will be approximately HK\$182.0 million (assuming an Offer Price of HK\$6.32 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus).

If any part of our plan does not proceed as planned for reasons such as changes in government policies that would render any of our plans not viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering.

To the extent that the net proceeds of the Global Offering 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 proceeds in short-term interest-bearing deposits with licensed banks or authorized financial institutions in Hong Kong or China.