
FUTURE PLANS AND USE OF [REDACTED]

FUTURE PLANS

See the section headed "Business – Our Business Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

We estimate that we will receive aggregate net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED], assuming that the [REDACTED] is not exercised, after deducting the [REDACTED] commissions and other estimated [REDACTED] expenses payable by us and assuming the [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] Range set forth on the cover page of this document. If the [REDACTED] is exercised in full, we estimate that our additional net [REDACTED] from the [REDACTED] of these additional Shares will be approximately HK\$[REDACTED] million, after deducting the [REDACTED] commissions and our estimated expenses, assuming an [REDACTED] of HK\$[REDACTED] per Share.

We intend to use the net [REDACTED] as follows (based on the mid-point of the [REDACTED] range stated in this document):

<u>Allocation of the Estimated Net [REDACTED]</u>	<u>Proposed Main Purposes</u>
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Approximately [REDACTED]%, or HK\$[REDACTED] million.....	Enhance our R&D capabilities to ensure long-term technological advantage. We primarily rely on big data mining and analysis and techniques such as recommendation algorithms to provide services to our customers and/or users. Technological innovation is crucial to our development, and it is a prerequisite for us to maintain competitive advantage and realize continuous growth in the market. Therefore, in order to achieve technological innovation, we need to constantly improve our R&D capabilities. In particular, we intend to implement the following measures:
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- (i) Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used in a series of R&D projects with a focus on improving our technological capability in Easou Recommendation Engine that covers data distributed storage technology, data processing and analysis technology, service availability technology. This will help us enhance the competitiveness of our existing business lines, facilitate the development and design of new products, create new profit drivers, establish a basic technical foundation for AIGC, and further enhance our overall core competitiveness. The table below sets forth the relevant R&D projects, their estimated amount of net [REDACTED] from the [REDACTED] to be used, and estimated commencement and completion timelines:

FUTURE PLANS AND USE OF [REDACTED]

Allocation of the Estimated Net [REDACTED]

Proposed Main Purposes					
No.	Project Name	Estimated Amount of Net [REDACTED] <i>(HK\$ Million)</i>	Estimated Commencement Time	Estimated Completion Time	Purpose and Feasibility
1	Deep Learning Recommendation System Construction Project	[REDACTED]	First quarter of 2025	Fourth quarter of 2027	<p>To establish a recommendation engine system based on distributed deep learning algorithms, and to improve the recommendation capability of Easou Recommendation Engine.</p> <p>Currently, our Easou Recommendation Engine is a multi-algorithm engine system that combines machine learning-based recommendation algorithms and a few aspects of the deep learning recommendation algorithms. We are committed to further improving the application of deep learning algorithm in our engine.</p>

FUTURE PLANS AND USE OF [REDACTED]

Allocation of the Estimated Net [REDACTED]

Proposed Main Purposes					
No.	Project Name	Estimated Amount of Net [REDACTED] <i>(HK\$ Million)</i>	Estimated Commencement Time	Estimated Completion Time	Purpose and Feasibility
2	High-Performance Terminal Log Real-Time Processing System	[REDACTED]	Third quarter of 2023 (in progress)	Fourth Quarter of 2026	<p>To enhance and expand the real-time recommendation capability of Easou Recommendation Engine. Currently, our engine mainly processes some of the user behavior logs in real time and provides real-time recommendation services using these behaviors. We believe the expansion of application scenarios will gradually increase the demand of our real-time processing and analysis capability.</p> <p>This project is an upgrade of our terminal log processing system to enhance real-time log collection as well as processing capability. High-performance log processing system is the foundation of a real-time recommendation engine. In order to provide such engine with higher capacity, we believe it is important to complete this project.</p>

FUTURE PLANS AND USE OF [REDACTED]

Allocation of the Estimated Net [REDACTED]

		Proposed Main Purposes			
		Estimated Amount of Net [REDACTED] <i>(HK\$ Million)</i>	Estimated Commencement Time	Estimated Completion Time	Purpose and Feasibility
No.	Project Name				
3	User Analysis and Anti-Cheating System	[REDACTED]	Second quarter of 2024	Fourth quarter of 2027	To mine user preferences and analyze user behavior, and to identify abnormal users through user behavior analysis, which, we believe, could better serve the entire user community and safeguard their rights and interests. From the perspective of anti-cheating system, we will be able to protect user accounts and literary content from theft and plagiarism.
4	Big Data Storage and Computing Platform Upgrade ⁽¹⁾	[REDACTED]	Fourth quarter of 2024	Third quarter of 2026	This project is an upgrade and expansion of our existing business projects. To upgrade the existing data storage and computing platform to satisfy the needs of big data storage and big data computing efficiency from future business expansion.

Note:

(1) This project will optimize the AIGC models by data computing and mining, and model training and tuning.

FUTURE PLANS AND USE OF [REDACTED]

**Allocation of the Estimated
Net [REDACTED]**

Proposed Main Purposes

- (ii) Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to enhance the versatility of our technology in proprietary intelligent recommendation engine to facilitate the application of our technology to additional new digital content scenarios and build AIGC training models based on new technical architecture. The table below sets forth the relevant R&D projects, their estimated amount of net [REDACTED] from the [REDACTED] to be used, and estimated commencement and completion timelines:

FUTURE PLANS AND USE OF [REDACTED]

Allocation of the Estimated Net [REDACTED]

Proposed Main Purposes					
No.	Project Name	Estimated Amount (HK\$ Million)	Estimated Commencement Time	Estimated Completion Time	Purpose and Feasibility
1	Multi-Business Integration Vertical Intelligent Recommendation Engine System Project	[REDACTED]	Second quarter of 2024	Third quarter of 2026	To enhance the recommendation capability of Easou Recommendation Engine in various application scenarios. We need to train the algorithm models that are suitable for the business characteristics of various application scenarios and process and analyze the features for different characteristics.
2	Algorithm Model and Tuning Project ⁽¹⁾	[REDACTED]	Second quarter of 2024	First quarter of 2026	To improve the tuning of our current algorithm model, and to ensure such algorithm model can effectively adapt to changes in user behavior. By completing this project, we can further optimize the algorithm for better efficiency and effectiveness.
3	Deep Interest Network Algorithm Research Project	[REDACTED]	Fourth quarter of 2024	Fourth quarter of 2027	To study the application and integration of deep interest network algorithm in Easou Recommendation Engine with our other recommendation algorithms.
4	Algorithm Concurrency Computing Tuning Project	[REDACTED]	Second Quarter of 2024	Fourth quarter of 2027	To develop our Easou Recommendation Engine on the basis of multi-algorithm recommendation matrix. This project will enable our engine to select one or more complementary algorithms and use fusion processing of algorithm results to provide users with content recommendations, according to the different characteristics of each algorithm combined with various application scenarios. This project will contribute to the improvement of the recommendation capability of our Easou Recommendation Engine.

Note:

(1) This project will optimize the AIGC models by data computing and mining, and model training and tuning.

FUTURE PLANS AND USE OF [REDACTED]

**Allocation of the Estimated
Net [REDACTED]**

Proposed Main Purposes

- (iii) Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to increase our investment in equipment to improve our hardware support capabilities, such as the hardware for distributed data storage and data processing and analysis and thereby, to enhance our computing capabilities. Therefore, we plan to use the majority of the net [REDACTED] from the [REDACTED] under item (iii) to purchase new servers.

The aforementioned R&D projects require the recruitment of new research personnel and the deployment of our existing research personnel to provide technical support. We intend to increase the number of research personnel from 64 employees as of December 31, 2023 to over [70] employees by December 31, 2024, as part of our R&D efforts under items (i) and (ii) above to keep up with technological advances, and as part of our R&D support for implementing the strategies below for our four existing business lines. The research personnel we recruit will be required to have the relevant experience in the internet industry or in the development of intelligent engines. In particular, we plan to recruit research talents with (i) a bachelor degree or above in computer science or related disciplines; (ii) working experience in developing front- and back-end of softwares; and (iii) strong execution capability and communication skill. We will recruit qualified research personnel according to our budget and project needs, and offer them competitive salaries and benefit packages. We expect that the net [REDACTED] from the [REDACTED] allocated to the recruitment of new research personnel and our internal funds will be able to cover their salaries and benefit packages until we complete these R&D projects as described in (i) and (ii) above.

We believe these R&D projects will substantially improve our overall R&D capability, innovation capability and business management capability, which will further contribute to the competitiveness of our existing businesses and enable us to develop and design new products and create business growth line.

Approximately
[REDACTED]%, or
HK\$[REDACTED]
million

Reinforce our strength as an independent third-party online literature platform. Leveraging years of cultivation of the intelligent recommendation technology, we have developed our online reading platform services by applying proprietary algorithms. We plan to improve user experience, expand user base and increase the quantity of our digital content resources. In particular, we intend to implement the following measures:

FUTURE PLANS AND USE OF [REDACTED]

**Allocation of the Estimated
Net [REDACTED]**

Proposed Main Purposes

- (i) Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to expand our user base by increasing the number of users in our online reading platform services, especially the users in the low-tier regions in China and overseas users. We plan to expand our sales and marketing team and increase the promotion of our Easou Reading App Series.

- (ii) Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to expand our collaboration with content providers, especially overseas content providers. We plan to expand the size of our online reading platform services team, actively seek suitable content providers, increase the number of content providers, and expand the breadth and depth of our literary content offerings, so that we can recommend more suitable literary content to our users. In particular, in order to seek more cooperation opportunities from content providers, we plan to (i) increase our procurement of literary content to enrich our content offering; (ii) conduct business visits and brand promotion activities and participate in industry meetings to enhance our brand awareness; and (iii) closely monitor the trend in the literary content market to identify new content providers. We also intend to offer more competitive cooperation conditions for content providers with high-quality literary resources, such as increasing the proportion of income generated from users to be shared with them.

FUTURE PLANS AND USE OF [REDACTED]

Allocation of the Estimated Net [REDACTED]

Proposed Main Purposes

- (iii) Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to (i) continuously optimize the application depth of our Easou Recommendation Engine in online reading platform services and expand into new scenarios for our online reading platform services to improve our ability to provide intelligent recommendation; and (ii) explore new types of online literature (e.g., literature-related digital collectibles), to enhance the core competitiveness of our online reading products. The table below sets forth the relevant projects under item (i) above, their estimated amount of net [REDACTED] from the [REDACTED] to be used, and estimated commencement and completion timelines:

No.	Project Name	Estimated Amount	Estimated Commencement Time	Estimated Completion Time
		<i>(HK\$ Million)</i>		
1	Application Optimization Project	[REDACTED]	Second quarter of 2024	First quarter of 2026
2	User Center Business Upgrade Project	[REDACTED]	Second quarter of 2025	Third quarter of 2026

Approximately [REDACTED]%, or HK\$[REDACTED] million.....

Expand our digital marketing services. We intend to expand the business scale of our digital marketing services by upgrading our proprietary intelligent advertising platform, Win Ads, increasing the number of downstream media channels, deepening cooperation with advertisers and expanding the scope of our digital marketing services. In particular, we intend to implement the following measures:

- (i) Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to establish cooperative relationship with new media channels and strengthen the depth of cooperation with media resources and attract more traffic. In particular, we plan to (i) procure more internet traffic to serve our advertising customers; and (ii) actively seek cooperation with new media channels by closely monitoring the development of media channels in the digital marketing industry and offering more lucrative cooperative conditions for new media channels, such as procuring more advertising space on their channels. In addition, we plan to conduct business visits and brand promotion activities and participate in industry meetings to enhance our brand image in order to attract more media channels for cooperation.

FUTURE PLANS AND USE OF [REDACTED]

**Allocation of the Estimated
Net [REDACTED]**

Proposed Main Purposes

- (ii) Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to deepen our collaboration with advertising customers, expand our sales and marketing team in digital marketing business, explore new advertising customers and retain existing ones. In particular, we plan to develop new advertising customers by (i) expanding the cooperation with advertising customers in additional new industries; and (ii) conducting business visits and brand promotion activities and participating in industry meetings to enhance our brand image. We also intend to closely monitor the development in digital marketing industry and actively seek cooperation with advertising customers.

We plan to expand our digital marketing team by recruiting approximately [20] additional sales and marketing personnel in the next two years to (i) support the expansion of our digital marketing services; and (ii) increase the marketing efforts for our other three business lines. In particular, we plan to recruit sales and marketing personnel with (i) a degree in junior college or above; (ii) more than three years of working experience in sales and marketing in the internet industry; and (iii) strong execution capability and communication skill. We will recruit qualified sales and marketing personnel according to our budget and the needs of the specific marketing business, and offer them competitive salaries and benefit packages. We expect that the net [REDACTED] from the [REDACTED] allocated to the recruitment of new sales and marketing personnel and our internal funds will be able to cover their salaries and benefit packages until 2026.

Approximately
[REDACTED]%, or
HK\$[REDACTED]
million.....

Relaunch our online games publishing services in overseas markets. We rely on Easou Recommendation Engine to connect game content provider resources and game users, and coupled with our media channels and operational experience to closely follow the development trend of the online gaming industry. In particular, we intend to implement the following measures:

FUTURE PLANS AND USE OF [REDACTED]

**Allocation of the Estimated
Net [REDACTED]**

Proposed Main Purposes

- (i) Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to expand overseas market through (a) seeking collaboration with Chinese domestic game content providers and overseas digital content providers to launch new overseas games and expanding publishing channels of overseas games; and (b) expanding our game user base in the overseas market. We aim to expand our overseas games publishing team, purchase more suitable game content, and expand our overseas sales and marketing team while paying for the overseas promotion expenses. This will also enhance the exposure of the Easou brand and the recognition of our online games in the overseas markets.

We plan to launch approximately two to three games in the overseas markets, each year in the future. We estimate that the game content costs, marketing expenses and staff costs will constitute a majority of the estimated net [REDACTED] to be used for this initiative. In particular, based on our experience and our estimates, the content cost of an SLG will generally range between RMB8.0 million and RMB10.0 million and the content cost of a female-oriented game will generally range between RMB3.0 million and RMB6.0 million. We expect to launch three to four SLGs and five to six female-oriented games in overseas markets in the following four years. We plan to set up target average MAU for each game that we launch and assess the marketing expenses to be incurred. Based on our experience and our estimates, the marketing expense per SLG user and female-oriented/card game user will generally range between RMB30.0 and RMB100.0 and between RMB30.0 and RMB50.0, respectively. We expect to conduct marketing activities to acquire new game users at the beginning of launching new games and gradually expand user base by other means, such as market reputation of our games and word-of-mouth referrals. Additionally, we plan to expand our sales and marketing team and overseas games publishing team, and therefore, we expect to incur additional staff costs. We expect those costs will be covered by the net [REDACTED] of the [REDACTED] allocated to this item and our internal funds.

FUTURE PLANS AND USE OF [REDACTED]

Allocation of the Estimated Net [REDACTED]

Proposed Main Purposes

- (ii) Approximately [REDACTED]%, or HK\$[REDACTED] million, will be used to continuously optimize the application depth of our Easou Recommendation Engine in online game scenario, so as to improve our ability to predict popular games, explore new types of online games (e.g., VR game based on the metaverse framework) and improve the core competitiveness of our online game recommendation services. The table below sets forth the relevant projects, their estimated amount of net [REDACTED] from the [REDACTED] to be used, estimated commencement and completion timelines:

No.	Project Name	Estimated Amount	Estimated Commencement Time	Estimated Completion Time
		(HK\$ Million)		
1	Cross-Channel Promotion Data Analysis Platform	[REDACTED]	Second quarter of 2024	Fourth quarter of 2027
2	Game Deep Intelligent Recommendation Engine	[REDACTED]	Second quarter of 2024	Fourth quarter of 2027

We published only a few online games during the Track Record Period mainly because we suspended our online games publishing services from June 2020 to December 2021 in light of the uncertainty in the regulatory environment of online games market in China. This led to a smaller than expected contribution of the revenue from our online games publishing services to our total revenue during the Track Record Period. However, the historical financial performance of our online games publishing services would not be indicative to illustrate the basis of our allocation of the net [REDACTED] from the [REDACTED] to the online games publishing services, mainly because we expect to expand our presence in the overseas markets and publish additional new games to overseas users, which require substantial investment.

Approximately [REDACTED]%, or HK\$[REDACTED] million.

Working capital and general corporate purposes to support our business operation and growth.

FUTURE PLANS AND USE OF [REDACTED]

The following table sets forth the estimated timeline for our use of the net [REDACTED] from the [REDACTED]:

Use of [REDACTED]	2024	2025	2026	2027	Sub-total
	<i>(HK\$ in million)</i>	<i>(HK\$ in million)</i>	<i>(HK\$ in million)</i>	<i>(HK\$ in million)</i>	<i>(HK\$ in million)</i>
Enhancing our R&D capabilities to ensure long-term technological advantage:	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Investing in a series of R&D projects with a focus on improving our technological capability in Easou Recommendation Engine	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Enhancing the versatility of our technology in proprietary intelligent recommendation engine	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Increasing our investment in equipment to improve our hardware support capabilities	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Reinforcing the strength as an independent third-party online reading platform:	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Expand our user base by increasing the number of users in our online reading platform services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Expanding our collaboration with content providers	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Continuously optimizing the application depth of our Easou Recommendation Engine in online reading platform services	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Expanding our digital marketing services:	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Establishing cooperative relationship with new media channels	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Deepening our collaboration with advertising customers	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Relaunch our online games publishing services:	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Expanding overseas market	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
– Continuously optimize the application depth of our Easou Recommendation Engine in online game scenario	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Working capital and general corporate purposes	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total:	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

FUTURE PLANS AND USE OF [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-point of the estimated [REDACTED]. To the extent our net [REDACTED] are either more or less than expected, we will increase or decrease the allocation of the net [REDACTED] to the above purposes on a pro-rata basis.

In the event the net [REDACTED] are not immediately applied to the above purposes and to the extent permitted by the relevant law and regulations, the unused net [REDACTED] will only be held in short-term deposits with licensed banks or authorized financial institutions in Hong Kong and the PRC (as defined under the Securities and Futures Ordinance, the Law of the People's Republic of China on Commercial Banks (中華人民共和國商業銀行法) and other relevant laws in the PRC). We will make an appropriate announcement if there is any material change to the above proposed use of [REDACTED].

If the [REDACTED] is fully exercised, we will receive additional net [REDACTED] of approximately HK\$[REDACTED] million for [REDACTED] Shares to be allotted and issued 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 commissions payable by us. The additional amount raised will be applied to the above areas of use of [REDACTED] on pro-rata basis.