

FUTURE PLANS AND PROSPECTS

See the section of this Prospectus entitled “Business – Our Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

The net proceeds to us from the Offering (after deduction of underwriting fees and commissions and estimated expenses payable by us in relation to the Offering, assuming the Over-allotment Option is not exercised and assuming an offer price of HK\$3.235 per Share, being the mid-point of the estimated offer price range of HK\$2.77 to HK\$3.70 per Share) are estimated to be approximately HK\$1,258 million (and HK\$1,454 million, if the Over-allotment Option is exercised in full).

We have not currently identified any specific use of proceeds and have not approved any specific plans. We may use the net proceeds from the Offering to pursue and finance new strategic initiatives and to organically grow and expand the existing business. Assuming we receive the estimated net proceeds of approximately HK\$1,258 million described above, we may allocate:

- around HK\$818 million to pursue and finance new strategic initiatives that are complementary to our current businesses in the real-time communications, entertainment and Internet sectors generally, including potential future strategic acquisitions of third-party technology developers and/or service providers in areas such as:
 - real-time communications, including core IM and related value-added services, such as video streaming, voice-over-IP (VoIP) and interactive voice response (IVR) technologies and services, wireless value-added services, such as wireless presence and voice dialog technologies and services for mobile data networks (often referred to as “push-to-talk”) and mobile location-based service technologies, and enterprise real-time collaboration technologies and applications;
 - entertainment, including casual games, mobile games, massive multiplayer online role play games (often referred to as “MMORPG”) and real-time strategy (often referred to as “RTS”) games that would enhance our IM-enabled QQ game portal, and other value-added service content;
 - the Internet sector with a focus on, among other things, building online social networking communities and online vertical information websites, and with a focus on expanding our online advertising business, which may include acquisitions of business advertising ranking technologies; and
 - other businesses complementary and synergetic to our core IM business, such as IM-enabled C2C and B2C platforms that can take advantage of our large, active online user base;

FUTURE PLANS AND USE OF PROCEEDS

- around HK\$252 million to organically grow and expand the existing business, including:
 - around HK\$63 million for further development of current technology and service offerings, including our IM technologies, audio and video functionalities and RTX;
 - around HK\$63 million for development of new technology and service offerings, such as an advanced online platform to distribute multimedia content and an improved game platform for future online games;
 - around HK\$63 million for licensing additional images, music, games, video and other content from third parties;
 - around HK\$63 million for funding capital expenditures to improve our billing and settlement systems, customer call and e-support centers and other customer care centers, and other business support systems; and
- the remaining portion of the net proceeds from the Offering to fund working capital and other general corporate purposes.

The additional net proceeds of approximately HK\$196 million that we would receive if the Over-allotment Option is exercised in full may be used as additional working capital.

The possible allocation of use of proceeds outlined above may change in light of our evolving business needs and conditions and management requirements. Our business operations and the industry in which we operate are evolving rapidly and could cause significant and rapid changes to our strategies and business plans. Accordingly, the actual application of the net proceeds may change. As new business opportunities arise or circumstances change, we may reallocate all or part of the net proceeds from the Offering to other business plans or new projects. If the actual application of the net proceeds materially changes from the possible allocation outlined above, we will make announcements and annual report disclosure.

To the extent that the net proceeds of the Offering are not immediately used for the purposes described above, they will be placed on deposit with banks or other financial institutions or held in other treasury instruments. See “Financial Information—Cash Flow” for a discussion of our previous cash management program.