
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business—Our Business Strategies” in this prospectus for a detailed description of our future plans.

REASONS FOR THE LISTING

Our Directors believe that the net proceeds from the Listing will strengthen our financial position and will enable us to implement our business strategies as set out in “Business—Our Business Strategies”. More importantly, we believe that the Listing and Global Offering are beneficial to our Group and our Shareholders as a whole based on the following reasons:

(1) **A public Listing status will enhance our corporate profile, market position and provide access to the capital market**

We have historically been relying on internally generated funds and cash injection from our shareholders to support our operations and business development. While our cash and cash equivalents amounted to approximately RMB76.7 million as of December 31, 2019, and approximately RMB55.3 million as of June 30, 2020, we will gain independent and efficient access to the capital market, providing us with flexibility and additional avenues for future fund raising, including equity or debt financing, for business development in the long run. With the improved financial strength after the Listing, we intend to expand our current business segments and our network of business partners. Our Directors would like to emphasize that our Company did not pursue the Listing solely for the net proceeds from the Global Offering. Instead, the Listing provides a spring board that enables us to achieve long-term benefits for our continuing development. The enhancement of our corporate position with a public Listing status will certainly increase the confidence of our business partners and existing customers as well as giving us a reputation advantage in competing for new customers, which will in turn facilitate the furtherance of our business and better differentiate ourselves with the unlisted competitors. Therefore, our Directors consider the Listing exercise as a whole to be cost-effective and commercially justifiable.

(2) **A public Listing status will help us recruit and retain high caliber personnel**

A strong and stable team of professional staff equipped with appropriate industry knowledge and the ability to cultivate good client relationships are crucial to the continuing success of our business. The Listing status will help raise staff confidence. It will improve our ability to recruit, motivate and retain our key management personnel and employees so as to expediently and effectively capture any business opportunities that may arise. The Listing will enable us to offer equity-based incentive programs, such as the RSU Scheme, to our management and employees that more directly correlates to their performance with our business. We would therefore be in a better position to motivate our management and employees with such incentive programs that are closely aligned with the objective of creating value for our Shareholders. At the same time, the Listing status and the ability to offer equity-based incentive programs will increase our attractiveness to potential talents and effectively increase our advantage over our competitors in competing for the recruitment of the best quality staff, which we consider to be a key factor for the growth of our business.

FUTURE PLANS AND USE OF PROCEEDS

(3) Our Group has genuine funding needs for expansion of our business

It is necessary for us to raise funds through the Global Offering for the following reasons:

(a) *Business opportunities and growth drivers in view of the industry outlook:*

Our Group's business is expected to expand steadily taking into account the continuous growth in the online automobile advertising industry. According to the CIC Report, it is expected that China's automobile vertical media advertising industry will grow to RMB21.5 billion by 2024. Our Directors envisage that there would be considerable business opportunities and growth drivers which justify our Group's expansion plan to compete for more automobile online advertising projects. These business opportunities and drivers include an increase of total marketing spending expenses and an increase of spending in online channels over offline channels, and spending on other advertising channels such as online portals has become less attractive for automakers and autodealers, which are expected to increase total online automobile advertising activities. As a result, there are more business opportunities for our Online Advertising Service, and the corresponding growth of the automobile online advertising industry in the near future. See the paragraph headed "Industry Overview—China's Automobile Advertising Industry" of this prospectus for further details.

(b) *We consider it would be difficult for our Group to obtain bank borrowings without personal guarantees and/or other collateral provided by our Controlling Shareholders:*

Our Directors consider that it would not be in the interest of our Group to rely on debt financing that involve personal guarantee or any collateral provided by the Controlling Shareholders and their associates for the following reasons:

- (i) it is our long-term strategy to minimize connected transactions and related party transactions in order to carry out our business independently from our Controlling Shareholders, Directors and their associates; and
- (ii) a reliance on our Controlling Shareholders, Directors and their associates for provision of personal guarantee and other form of financial assistance is a hindrance to our Group in achieving financial independence.

Our Directors genuinely believe that it is necessary to (a) maintain a disciplined financial strategy in order to achieve sustainable growth in the long run; and (b) maintain a cash level sufficiency to support our Group's existing operations. In view of our Group's business expansion plan, our Directors believe that our Group does not have sufficient internal generated funds to finance our expansion plan while maintaining sufficient working capital for our Group's operations. Our Directors consider that it is in the interest of our Group to proceed with the equity financing by way of the Global Offering for the purpose of our business expansion as the Group experienced difficulties in obtaining debt financing. Our Directors consider that as part of a group of private companies, our Company, without a listing status, would be difficult to obtain bank borrowings at more commercially favorable terms without personal guarantees or other forms of collateral provided by our Controlling Shareholders.

FUTURE PLANS AND USE OF PROCEEDS

Furthermore, whilst our operation had not relied on funding from bank borrowings during the Track Record Period, our Group's financial performance and liquidity may be negatively affected if market uncertainty suddenly occurred, such as increase in interest rate in the PRC and any unexpected deterioration in the prevailing market condition in the online automobile advertising industry resulting in the imposition of further stringent requirements on debt financing. As such, our Directors consider that it is in the interest of our Group to proceed with the equity financing by way of the Global Offering for the purpose of our business expansion as opposed to debt financing in the long run.

Therefore, our Directors are of the view that there is a genuine need to pursue the Listing in order to have better funding platforms for future fundraising for business development in the long run and to raise funds through the Global Offering to finance our business plans.

USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering, after deducting the estimated underwriting fees and expenses payable by us in connection with the Global Offering, will be in the amounts set out below:

- approximately HK\$176.4 million, if the Over-allotment Option is not exercised, or approximately HK\$208.6 million, if the Over-allotment Option is exercised in full, assuming an Offer Price of HK\$1.08 per Offer Share, being the low-end of the proposed Offer Price range;
- approximately HK\$196.3 million, if the Over-allotment Option is not exercised, or approximately HK\$231.5 million, if the Over-allotment Option is exercised in full, assuming an Offer Price of HK\$1.18 per Offer Share, being the mid-point of the proposed Offer Price range; or
- approximately HK\$216.2 million, if the Over-allotment Option is not exercised, or approximately HK\$254.4 million, if the Over-allotment Option is exercised in full, assuming an Offer Price of HK\$1.28 per Offer Share, being the high-end of the proposed Offer Price range.

FUTURE PLANS AND USE OF PROCEEDS

We intend to use the net proceeds from the Global Offering for the purposes and in the amounts set out below, assuming the Over-allotment Option is not exercised and assuming the Offer Price is fixed at HK\$1.18 per Share (being the mid-point of the indicative Offer Price range of HK\$1.08 to HK\$1.28 per Share):

| Major Categories | Percentage of Total Proceeds | Amount of Proceeds (HK\$ in millions) | Sub-categories | Percentage of Total Proceeds | Specific Plans | Total amount of proceeds for | | | Total amount to be used for 36 months (HK\$ in millions) | | |
|--|------------------------------|---------------------------------------|---|------------------------------|--|--|--|--|--|------|------|
| | | | | | | Percentage of Total Proceeds for 36 months | Amount to be used in 2021 (HK\$ in millions) | Amount to be used in 2022 (HK\$ in millions) | | | |
| Solidify our market position and quantity of our PGC | 39.8% | 78.1 | (i) Enhance quality and quantity of our PGC | 10.0% | To collaborate with and engage KOLs for access to quality content. | 1.1% | 2.2 | 1.1 | Nil | 2.2 | |
| | | | | 8.9% | To expand our content team by recruiting more experienced staff members in the content team and video production team. | 6.5 | 17.4 | 10.9 | Nil | 17.4 | |
| | | | (ii) Strengthen collaboration with business partners with content distribution focus and coverage in tier three and below cities and enhance our brand awareness in first tier cities | 14.0% | To strengthen the collaboration with our existing business partners and attract potential business partners. | 11.9% | 23.4 | 6.7 | 6.7 | 10.0 | 23.4 |
| | | | | 0.7% | To promote our brand and platform by placing outdoor advertisement first tier cities. | 0.6 | 1.4 | 0.8 | Nil | 1.4 | |
| | | | | 1.4% | To promote our brand by participating in automobile shows, conventions and forums in regional and overseas cities. | 1.1 | 2.8 | 1.1 | 0.6 | 2.8 | |

FUTURE PLANS AND USE OF PROCEEDS

| Major Categories | Percentage of Total Proceeds (HKS in millions) | Sub-categories | Percentage of Total Proceeds | Specific Plans | Percentage of Total Proceeds for 36 months | Total amount of proceeds for | | | Total amount to be used for 36 months (HKS in million) | | | | | | | |
|---|--|--|--------------------------------|--|---|--|---|---|---|-------|---|------|------|-----|-----|-----|
| | | | | | | Amount to be used in 2021 (HKS in millions) | Amount to be used in 2022 (HKS in millions) | Amount to be used in 2023 (HKS in millions) | | | | | | | | |
| Strengthen R&D and IT system and develop new products | 36.1% | (iii) Capture new customers and business opportunities | 15.7% | (a) To expand our Online Advertising Service, by recruiting new sales staff and establishing new regional offices in Chengdu and Beihai. | 4.7% | 9.2 | 3.5 | 2.3 | 9.2 | | | | | | | |
| | | | | | | (b) To expand our Transaction Facilitation Service business, by recruiting new transaction service staff to cover for subtier one and two cities in the PRC and to establish 25 to 30 local representative offices across such cities. | 19.9 | 7.5 | 5.0 | 19.9 | | | | | | |
| | | | | | | | (c) To explore new business opportunities by recruiting a business development team to expand our network of business partners and promote brand awareness through marketing efforts. | 1.7 | 0.5 | Nil | 1.7 | | | | | |
| Future investments and acquisitions | (i) Optimize Picker engine | 6.8% | To optimize our Picker engine. | 6.8% | 13.3 | 4.4 | | 8.9 | 13.3 | | | | | | | |
| | | | | | (ii) Enhance existing IT systems and infrastructure | 7.8% | To maintain and upgrade existing IT systems and servers for our growing user base and increasing video distribution; | 7.8% | 15.2 | 4.6 | 7.9 | 15.2 | | | | |
| | | | | | | | | | (iii) Develop new products | 21.5% | (a) To develop products that provides new function and tools to users and customers and to hire program developers. | 1.7% | 3.4 | 1.1 | 1.7 | 3.4 |
| Future investments and acquisitions | 14.1% | Invest in companies that have demonstrated adequate capabilities that we believe can generate synergy with our current business ⁽¹⁾ | 14.1% | To invest in companies according to search criteria set for suitable investment targets. | 14.1% | 27.7 | 9.2 | 9.3 | | | | | 27.7 | | | |
| | | | | | | | | | (b) Maintenance of products developed by incurring relevant maintenance cost. | 2.8% | 5.6 | 1.7 | | 3.9 | Nil | 5.6 |
| | | | | | | | | | | | | | | | | |

FUTURE PLANS AND USE OF PROCEEDS

| Major Categories | Percentage of Total Proceeds (HK\$ in millions) | Sub-categories | Percentage of Total Proceeds | Specific Plans | Total amount of proceeds for 36 months | | Amount to be used in 2021 (HK\$ in millions) | | Amount to be used in 2022 (HK\$ in millions) | | Total amount to be used for 36 months (HK\$ in million) | |
|------------------|---|--|------------------------------|----------------|--|--|--|--|--|--|---|--|
| | | | | | Percentage of Total Proceeds for 36 months | Amount to be used in 2021 (HK\$ in millions) | Amount to be used in 2022 (HK\$ in millions) | Amount to be used in 2023 (HK\$ in millions) | Percentage of Total Proceeds for 36 months | Amount to be used in 2021 (HK\$ in millions) | Amount to be used in 2022 (HK\$ in millions) | Amount to be used in 2023 (HK\$ in millions) |
| Working capital | 10% | Working capital and other general corporate purposes | 10% | — | 10.0% | 19.6 | 6.5 | 6.6 | 19.6 | 6.6 | 19.6 | |
| Total | | | | | 100.0% | 196.3 | 67.8 | 82.3 | 46.2 | 196.3 | 196.3 | |

FUTURE PLANS AND USE OF PROCEEDS

Solidify our market position and quantity of our PGC

We intend to use approximately 39.8% of our total estimated net proceeds, or HK\$78.1 million to solidify our market position and quantity of our PGC with the following specific plans and allocation:

- Approximately 10.0% of our total estimated net proceeds will be used to enhance quality and quantity of our PGC, with:
 - Approximately 1.1% of our total estimated net proceeds will be used to collaborate with and engage KOLs for access to quality content based on a selection criterion consisting of: (i) the quality of content produced by the KOL; and (ii) the influence of the KOLs on we-media, including the number of online followers. The Company plans to collaborate with KOLs for access to premium content and their followers. It intends to work with ten KOLs in 2021 and another ten in 2022 and the Company estimates that the average collaboration fees payable to each KOL will be about RMB0.1 million (HK\$0.1 million) per annum. The collaboration arrangements will primarily include using KOLs' platform to distribute automobile contents and to provide supporting services, such as, arranging KOL guests hosting, and filming as per our requirement. The arrangement also includes distributing KOL's produced content on the Company's platforms. Through such collaborations, the Company aims to further attract KOLs' followers to its platform, thereby enhancing more viewer and user traffic.
 - Approximately 8.9% of our total estimated net proceeds will be used to expand our content team by recruiting experienced staff members in the content team and video production teams, including editors, presenters, videographers, postproduction officers and software developers and to provide professional training to our staff. The Company plans to enhance its content creation capability by expanding the content team and recruiting experienced editors and talented personnel by increasing 15 in 2021 and 25 in 2022. The need for the Company to hire more staff in the content team is vital, because the current workforce cannot sustain the expected increase in workload in that the average number of articles produced by each of the Company's editor per year was approximately 10.4 thousand in 2019, which is at least 3.3 times more than those of its major competitors. Among the new hires, 17 of them will work as the content team members who shall possess experience in the PRC automobile market, such as, automobile advertising contents creation, design and automobile data analysis, with each average salaries is estimated at RMB0.3 million (HK\$0.3 million) per annum. They intend to assist in creating contents in new listing of automobile brands and models, testing and comparison of automobile specifications and creating articles for automobile car users in relation to automobile products covering insurance, loans, petrol and other daily automobile usage related contents. Three of them will work in for developing new software on the online platform in support of content team function, with each average salary estimated at RMB0.3 million (HK\$0.3 million) per annum. The remaining 20 employees will work in the video production team as 10 video hosts, five back stage support staff, two video planners and two video recorders and one producer. The function is to produce more videos to enrich the PGC, covering automobile video shows on new automobile listing and comparison, automobile usage and maintenance and video editing. The average

FUTURE PLANS AND USE OF PROCEEDS

salary for each of the new video production staff is estimated at RMB0.4 million (HK\$0.4 million) per annum.

- Approximately 14.0% of our total estimated net proceeds will be used to strengthen collaboration with business partners with content distribution focus and coverage in tier three and below cities and to solidify the Company's existing brand awareness, recognition and market position. In this regard, the Company plans to solidify brand awareness and recognition in tier-one cities with the primary objective to keep the "Cheshi" brand alive and appealing, against other competitors' brands in these cities, so that the Company can maintain its market position in these cities. Additionally, by leveraging on the brand and market position established, the Company is able to attract more customers and expand into other geographical areas. This strategy to solidify brand and market position will have an offline focus including placing outdoor advertisement, which the Company believes would be more receptive in tier one cities than in tier three and below cities considering the critical mass than can be achieved by advertising to customers commuting via road traffic, and that the difference in purchasing power between the tiers. In addition, the Company plans to expand into tier three and below cities to attract new users by collaborating with more business partners that have strong regionality and network in these cities which the local audience are familiar with. This expansion has an online focus as the Company wishes to penetrate such cities further by business partner collaboration and via their online coverage in these regions. The Companies believes that these two strategies are complementary to each other, as one is to retain market position, while the latter one is to acquire new market shares in areas with potential. The details of these strategies are set out as follows:
 - Approximately 11.9% of our total estimated net proceeds will be used to strengthen the collaboration with our existing business partners and attract potential business partners based on the selection criteria consisting of (i) number of active users of the business partner; and (ii) quality of content produced or published by the business partner, by entering into collaboration agreements with them. The Company will focus on collaborating with (1) business partners with considerable coverage in tier three and below cities; (2) financial institutions; and (3) mobile Internet platforms, with considerable user traffic as follows:

FUTURE PLANS AND USE OF PROCEEDS

- Continue to establish collaboration with localized platforms¹ in tier three or below cities². The Company targets the distribution of automobile contents in tier three and below cities by collaborating with business partners, which operate local platforms at these regions frequently visited by users residing in those cities. It is expected that automobile marketing services market in these local regions has a large growth potential in next five years. According to the CIC Report, tier three and below cities in China are expected to experience a stronger growth in automobile retail market compared to tier one and two cities, as a result of: (i) less saturated car market, (ii) less stringent car purchasing policies, and (iii) continuously improving disposable income in tier three and below cities. As automobile sales market is expanding at the highest growth rate in tier three and other cities in China, marketing expenditure start to allocate to these regions with more tailored media services for a specific range of target audience. The main reasons for the expected CAGR for total sales volume of new passenger automobiles for tier three and below cities higher than those of tier 1 and 2 are increasing purchasing power along with increasing household income, wider sales network, advantage of demographic dividend in tier three and other cities, stronger willingness of car purchase and awareness of improving life quality, and less restrictions on the number of automobiles. The sales volume of new passenger automobiles in tier three and other cities increased from approximately 12.0 million units in 2015 to 12.2 million units in 2019 (accounting for approximately 57.0% of the total sales volume of new passenger

¹ These local platforms primarily comprise of local web portals and news websites, which the Company sees the benefit of collaborating over renowned regional platforms in tier three and below cities as the cooperation relationship with business partners is more customer-oriented, cost-effective and flexible for the Company when compared to the cooperation with renowned platforms. As business partners are regional local web portals, news websites and online forums, the collaboration can precisely target those users in the tier three and below cities and meet the Company's demand for expansion in these cities. Besides, the cooperation with business partners is less time-consuming and can save more labor cost for the Company as this expansion strategy of the Company is still at its initial stage. It is also of necessity for the Company to have more flexibility in their collaboration with business partners.

² These three and below cities mainly include Taiyuan, Shijiazhuang, Liaoyang, Anshan, Zhongshan, Zhuhai and Shantou. These cities are targeted by the Company as, according to CIC Report: (a) The sales volume of new passenger automobile in Taiyuan accounted for 14.0% of that of Shanxi province in 2019 and is expected to reach 15.4% in 2024, with a CAGR of 2.0% between 2019 and 2024. Taiyuan is favorable for the development of our expansion plan due to: (i) hydrogen fuel cell vehicle related industries and renowned automakers with high productivity, (ii) relatively low labor cost, and (iii) supportive governmental policies including preferential taxation and subsidies to development of new energy vehicles, local government subsidies for fossil fuel vehicles, especially vehicles with the China VI emission standard, as well as sending vehicles to rural areas, etc. (b) The sales volume of new passenger automobile in Shijiazhuang accounted for 20.7% of that of the province in 2019 and is expected to reach 20.9% in 2024, with a CAGR of 0.1% between 2019 and 2024. Shijiazhuang is favorable for the development of our expansion plan due to: (i) traditional automobile industrial clusters, renowned automakers with high productivity, (ii) relatively low labor cost, and (iii) supportive governmental policies including preferential taxation and subsidies to development of new energy vehicles, local government subsidies for fossil fuel vehicles, especially vehicles with the China VI emission standard, as well as sending vehicles to rural areas, etc. (c) The sales volume of new passenger automobile in Liaoyang accounted for 3.0% of that of the province in 2019 and is expected to reach 3.3% in 2024, with a CAGR of 1.8% between 2019 and 2024. The sales volume of new passenger automobile in Anshan accounted for 6.3% of that of the province in 2019 and is expected to reach 6.9% in 2024, with a CAGR of 1.7% between 2019 and 2024. These two cities are favorable for the development of our expansion plan due to: (i) advantageous geographical position that is close to emerging automobile industrial clusters in Shenyang, (ii) relatively low labor cost, and (iii) supportive governmental policies including preferential taxation and subsidies to development of new energy vehicles, local government subsidies for fossil fuel vehicles, especially vehicles with the China VI emission standard, as well as sending vehicles to rural areas, etc. (d) The sales volume of new passenger automobile in Zhongshan accounted for 4.9% of that of the province in 2019 and is expected to reach 5.1% in 2024, with a CAGR of 0.7% between 2019 and 2024. (e) The sales volume of new passenger automobile in Zhuhai accounted for 2.6% of that of the province in 2019 and is expected to reach 2.7% in 2024, with a CAGR of 0.8% between 2019 and 2024. (f) The sales volume of new passenger automobile in Shantou accounted for 2.3% of that of the province in 2019 and is expected to reach 2.3% in 2024, with a CAGR of 0.5% between 2019 and 2024. Three cities including Zhongshan, Zhuhai and Shantou in Guangdong are favorable for the development of our expansion plan due to: (i) traditional automobile industrial clusters, renowned automakers with high productivity, (ii) relatively low labor cost, and (iii) supportive governmental policies including preferential taxation and subsidies to development of new energy vehicles, local government subsidies for fossil fuel vehicles, especially vehicles with the China VI emission standard, as well as sending vehicles to rural areas, etc.

FUTURE PLANS AND USE OF PROCEEDS

automobiles in China in 2019). The total sales volume of new passenger automobiles in tier one cities and tier two cities accounted for approximately 1.4 million units and 7.8 million units in 2019, respectively. Driven by the increase of personal disposable income and the popularity of automobile consumption in these cities, the purchase demand of new passenger automobiles in tier three and other cities is expected to remain strong. The total sales volume is estimated to reach 12.7 million units in 2024, representing a CAGR of 0.9% from 2019 to 2024. According to the CIC Report, the tier three and below cities accounted for approximately 42.1% of the total user traffic of the Company in 2019 (as compared to industry average of 30%), the Company is one of the few leading automobile vertical media platforms that have foreseen the large market opportunity of emerging automobile marketing service market in tier three and below cities, and established sufficient and stable user base in these regions with targeted content. Moreover, the coverage of traditional automobile advertising platforms in tier three and below cities is still relatively insignificant compared to that of tier one and two cities in China, leaving a huge potential market for online automobile vertical media platforms like the Company which has an established user base in these regions and is able to provide targeted and more customized contents to attract more user traffic. Furthermore, although the Group's proprietary platforms' coverage is on a national level, it is not contrary to its cooperation with business partners in order to reach out to more users in tier three and below cities. While the coverage of the Company's proprietary platform, such as Cheshi.com, extends to a national level, our Company would adopt a targeted and precise marketing strategy to provide more customized contents and attract more audience in cities of different tiers. Through win-win cooperation relationship with business partners, the Company can achieve more cost-effective customer acquisition in three and lower cities instead of allocating extra marketing expenditures on promoting its proprietary platforms in the three and lower cities. Furthermore, the Company can approach their customers in the three and lower cities with more convenient access as these customers are accustomed to view local web portals, news websites and online forums. These business partner platforms are recognized by strong regionality and focus on certain group of local users. For the above reasons, the Company considers tier three and below cities are the main driver of its business and plan to focus in these cities by collaboration with business partners to distribute its contents in the future.

- Financial institutions, which possesses considerable user traffic and have overall good quality contents and/or utilization functions displayed on their platforms.
- Mobile Internet platforms (移動互聯網平台), that are organizations with massive traffic platform while accessible via mobile Internet, such as, news feed, web browsers, search engine, and tool Apps.

To this end, the Company targets to increase the number of business partners by 20 in 2021, 20 in 2022 and 30 in 2023, with average annual costs of RMB0.3 million (HK\$0.3 million) payable to each business partner.

FUTURE PLANS AND USE OF PROCEEDS

- Approximately 0.7% of our total estimated net proceeds will be used to promote our brand and platform by placing outdoor advertisement in first tier cities. For promotion of the Company's own brand awareness, it will primarily include advertisements on a number of residential and commercial districts in first tier cities. During the peak season (such as July to December of each year) and holiday season (such as the Chinese New Year), the promotion will be conducted by advertising the Cheshi brand on signage and billboards in medium to high-end district office building and residential apartment where people tend to have more purchasing power in automobiles. When identifying the locations, the Company takes into account factors including advertisement space availability, mass traffic, spending power of target audience and other related costs to be required. It is estimated that each advertisement display will cost approximately RMB500 (HK\$550) and the Company targets to have between 1000-1500 advertisement displays each year in 2021 and 2022.
- Approximately 1.4% of our total estimated net proceeds will be used to promote our brand by participating in automobile shows, conventions and forums in regional and overseas cities, which include setting up booths. The Company will increase its participation in automobile shows, conventions and forum events in regional and overseas cities. The Company typically participated in four automobile shows and one forum event each year during the Track Record Period. It aims to participate in two automobile shows in 2021, two show and forum events in 2022 and one automobile show in 2023 in addition to the number of such events participated by the Company annually. These additional event participations will relate to regional or overseas automobile shows in 2021, 2022 and 2023. The estimated costs for participating in one event, including venue fees, booth set up and staff costs, are approximately RMB0.5 million (HK\$0.6 million). By doing so, the Company expects that the aforesaid promotion allows the Company to build its brand image and enhance its market profile more quickly and easily.
- Approximately 15.7% of our total estimated net proceeds will be used to capture new customers and business opportunities, of which:
 - Approximately 4.7% of our total estimated net proceeds will be used to expand our Online Advertising Service, by recruiting new sales staff and establishing new regional offices in Chengdu and Beihai. The Company plans to expand sales and marketing team through the recruitment of additional five in 2021, five in 2022 and five staff in 2023. The average salary for each of the new sales staff is estimated at RMB0.3 million (HK\$0.3 million) per annum. Our Company plans to assign two sales team staff in Beijing, two sales team staff in Shanghai, one sales team staff in Guangdong, five sales team staff in Chengdu and five sales team staff in Beihai office. The new hires of the sales team will be primarily responsible for reinforcing sales efforts by sourcing new customers and advertising business, maintaining customer relationships, and understanding the needs of customers, which will be crucial to increase the Company's revenue generation. They will also conduct market research, monitor market trends and customer preferences and answering customer feedback. The two new offices in Chengdu and Beihai would allow the Company to expand its coverage in south-western and southern regions in the PRC. Both Chengdu and Beihai are favorable for development of expansion plan due to: (i) traditional automobile industrial clusters in both Sichuan and Guangxi, including renowned

FUTURE PLANS AND USE OF PROCEEDS

automakers with high productivity, (ii) relatively low labor cost, and (iii) supportive governmental policies to boost automobile consumption, including preferential taxation and subsidies to the development of new energy vehicles, local government subsidies for fossil fuel vehicles, especially vehicles that meet the China VI emission standard, as well as sending vehicles to rural areas, etc. Opening new sales offices in Chengdu and Beihai is expected to broaden the sales network with regional automakers, their advertising agencies and autodealers and enhance cooperation relationship with them, primarily in relation to Online Advertising Services and Transaction Facilitation Services. The Directors believe that the proximity to the local customers allows the Company to serve customers more closely and to build up trust and loyalty more effectively among customers. Such offices will be principally responsible for sourcing service orders and promoting services to customers based in such regions, closely liaising with direct customers and end customers to understand the preference and formulating advertisement services to meet the demands, arranging events to facilitate sales and transactions for autodealers and insurance companies, and attracting and hiring local talented personnel. Our Company plans to build up a team of 5 sales team staff working in each of the Chengdu and Beihai new offices with average salary of RMB0.3 million (HK\$0.3 million) for each staff as abovementioned. The size of these offices will be approximately 200 - 300 square meters. The estimated costs of setting up the new offices in Chengdu and Beihai, including the fees for offices rental, renovation, utilities and other related costs are approximately RMB1.0 million (HK\$1.1 million) in 2021 and RMB1.0 million (HK\$1.1 million) in 2022 taking into consideration of set up costs for other sales offices.

- Approximately 10.1% of our total estimated net proceeds will be used to expand our Transaction Facilitation Service business, by recruiting new transaction service staff to cover for major sub-tier one and two cities¹ in the PRC and to establish 25 to 30 local representative offices across such cities. The Company aims to hire 30 in 2021 and 30 in 2022 and 20 in 2023 transaction service employees additional to our existing transaction facilitation service team of five staff to promote and conduct the Transaction Facilitation Services in 25-30 major sub-tier one and two cities in the PRC. We will replicate the existing model of the Transaction Facilitation Service to apply into the targeted cities where the new hires of the transaction team staff will be assigned to carry out the Transaction Facilitation Service. The reason for expanding the Transaction Facilitation Services by setting up new local representative offices in different cities and hiring more personnel is to extend customer base to better serve our autodealer customers directly. By having local representative offices, identification and communication with our autodealer customers locally would become more effective and efficient. Such expansion requires more manpower, and together with the existing transaction service team, who will be responsible for directly liaising with customers and sourcing business for aforesaid aftermarket services. The expected average salary of each transaction service staff are estimated at RMB0.2 million (HK\$0.2 million) per annum. The Company plans to setup local

¹ Major sub-tier one cities include Chengdu, Hangzhou, Chongqing, Wuhan, Xi'an, Suzhou, Tianjin, Nanjing, Changsha, Zhengzhou, Dongguan, Qingdao, Shenyang, Ningbo, Kunming, and tier two cities include Wuxi, Foshan, Dalian, Fuzhou, Xiamen, Hefei, Nanchang, Guiyang, Nanning and Taizhou. According to CIC Report, in 2019, the sales volumes of new passenger automobile in major sub-tier one cities and major tier two cities that the Group targets accounted for approximately 21.0% and 7.0% of the total market, respectively, and they are expected to grow with a CAGR of 0.7% and 0.6%, respectively, from 2019 to 2024.

FUTURE PLANS AND USE OF PROCEEDS

representative offices in major cities nationwide to further expand their Transaction Facilitation Service, and it is planned to allocate two to three transaction service team staff in each local representative office. It was estimated that that approximately around 25-30 local representative offices will be setup in sub-tier one and tier two cities by 2023.

- Approximately 0.9% of our total estimated net proceeds will be used to explore new business opportunities by recruiting a business development team to expand our network of business partners and promote brand awareness through marketing efforts. Business development team is primarily responsible for marketing function, such as, promoting the Cheshi brand, identifying and sourcing new business partners for Business collaboration by promoting services and technology functions offered by the platforms, and is distinctive from sales function of the sales team and transaction service team as the business development team's function is more focused on business partner platform sourcing and selection and the promotion of Cheshi brand to potential customers; whereas the sales team is primarily responsible for sourcing business of Online Advertising Service which develops and improves business relationship with automakers and advertising agents; and transaction service team is primarily responsible for sourcing business of Transaction Facilitation Services which develops and improves business relationship with autodealers and aftersales service providers. The Company plans to hire additional five in 2021, two in 2022, business development staff, with each average salary accounting for approximately RMB0.2 million (HK\$0.2 million) per annum.

Strengthen R&D and IT system and develop new products

We intend to use approximately 36.1% of our total estimated net proceeds, or HK\$70.8 million to strengthen R&D and IT system and develop new products with the following specific plans and allocation:

- Approximately 6.8% of our total estimated net proceeds will be used to optimize our Picker engine, so as to customize our automobile contents to tailor to the platform design and interface of our business partners and to hire of computer personnel. The Company's existing Picker engine is featured with simultaneous distribution function to disseminate automobile contents to its proprietary and business partners platforms. As of the Latest Practicable Date, the Company's content to be distributed on its proprietary and its business partners' platforms are substantially standardized, that is, the automobile contents to be distributed through the Picker engine are generally the same. By optimizing the data analytics in the Picker engine, the Company targets to enhance the technologies in the Picker engine specifically to allow it to customize the automobile contents to be distributed in accordance with the platform designs and interface of its business partners. By doing so, the capability to distribute automobile contents to the users who are most receptive to such contents would be enhanced by making the dissemination more accurate and efficient and making the display of contents more appealing and user-friendly at business partners' platform. To implement the optimization, the Company will hire five data engineers in 2021 and 10 such staffs in 2022 having experience in data analytics, with each average salary accounting for approximately RMB0.5 million (HK\$0.6 million) per annum; hire five computing technician responsible for system upgrading in 2021 and five such staff in 2022, with each average salary accounting for approximately RMB0.3 million

FUTURE PLANS AND USE OF PROCEEDS

(HK\$0.4 million) per annum; moreover, hire five other system technician responsible for back office R&D in 2022, with each average salary accounting for approximately RMB0.3 million (HK\$0.3 million) per annum.

- Approximately 7.8% of our total estimated net proceeds will be used to maintain and upgrade existing IT systems and servers for our growing user base and increasing video distribution; to enhance data storage and broadband capacities; and to hire server technicians. To cater for increasing user traffic and time volume spent on its proprietary platforms, the Company plans to upgrade IT systems infrastructure. As of the Latest Practicable Date, the Company owned and was operating with a total of 65 computer servers. The Company intends to purchase 70 in 2021, 130 in 2022 and 50 new computer servers in 2023 respectively, which will be used to replace a number of less advanced servers being used over a considerable period of time, and to maintain user traffic, improve data storage and broadband capacities, support data processing in monitoring and content management system, and to cater for increasing use of video for its automobile contents and advertisements in the future. Each of the computer servers is estimated to cost approximately RMB50,000 (HK\$55,000); and average server maintenance fees is estimated to be approximately RMB100,000 (HK\$110,000) per annum for 2021 and 2022, and average server storage fees is estimated to be approximately RMB0.5 million (HK\$0.6 million) per annum for 2021 and 2022.
- Approximately 21.5% of our total estimated net proceeds will be used to develop new products, of which:
 - Approximately 1.7% of our total estimated net proceeds will be used to develop products that provides new function and tools to users and customers and to hire program developers. The Company's R&D team is dedicated to developing new technologies, websites, Apps and tools on the platforms in order to provide users and customers with new experience and interaction. For instance, the Company launched "Hao Che Shi (豪車事)" and "Pika Cheshi (皮卡車市)" channels in July 2017 and July 2018, respectively; it relaunched Cheshi App in September 2016; it launched Cheshi Bao (車市寶) in January 2017. It is the Company's plan to launch the following major functions and tools by 2022:
 - Vehicle Owner Service (車主服務): New function for users interested in vehicles replacement. It provides information to such users to facilitate their vehicles replacements, such as specification and functions of the new vehicles and other information, such as records on fueling & charging piles, historical contraventions, annual fee payment, car maintenance, car wash, car repair, car insurance, second-car evaluation.
 - Cheshi Mall (車市商城): Membership system primarily providing services for the vehicle users. Members are rewarded with points by contributing good quality and quantity of UGC, comments and "like" clicks on others' UGC. Members can redeem the rewarded points (with cash) for vehicles services and gift products, such as, fuel cards.
 - Cheshi VR (車市Virtual Reality): A new function on platform for users to browse vehicle models by use of virtual reality.

FUTURE PLANS AND USE OF PROCEEDS

The Company plans to hire computer programmers with prior work experience in computer programming, with two in 2021 and three in 2022 and one in 2023 to manage the research and development for the above products, tool and system, including program coding and development, interface design and testing and ongoing maintenance. It is estimated that salary payable to each computing programmer accounts for appropriately RMB0.5 million (HK\$0.6 million) per annum.

- Approximately 2.8% of our total estimated net proceeds will be used for the maintenance of products developed by incurring relevant maintenance cost. The maintenance costs for the new functions and costs are estimated to be approximately RMB1.5 million (HK\$1.7 million) in 2021 and RMB3.5 million (HK\$3.9 million) in 2022.
- Approximately 17.0% of our total estimated net proceeds will be used to promote our platform by placing advertisements on platforms with high user traffic, in particular, the launching of our newly developed applications to attract their users to download and register as our users. The Company intends to promote new products, systems and tools by using advertising services, such as, click-per-cost and so forth, from third party service providers such as, renowned platform operators with massive user traffic, which accounts for approximately RMB11.0 million (HK\$12.2 million) in each 2021 and 2022 and RMB8.0 million (HK\$8.9 million) in 2023.

Future investments and acquisitions

We intend to use approximately 14.1% of our total estimated net proceeds, or HK\$27.7 million on future investments and acquisitions. We will invest in companies according to search criteria set for suitable investment targets including PGC producers and we-media advertising companies with (i) capability to produce content with good quality and quantity that can supplement and enrich PGC, such as daily vehicle usage and maintenance, new energy vehicles and used vehicles; (ii) have good user traffic; and (iii) in sound and stable financial condition. The Company also considers to invest in companies which provide technology and service solutions that the Company believes can generate synergy with the Transaction Facilitation Service business.

The Company believes that its relationships with many industry participants and knowledge of and experience in the online automobile advertising industry in China will assist in making sound investment and acquisition decisions. The Company has recently completed the subscription of a 15% equity interest in Leikewo in March 2020, which has not commenced business operations as of the Latest Practicable Date. It is intended that its primary business relates to the production of automobile PGC. Save as the abovementioned, the Company does not currently have any confirmed investment or acquisition plans or targets as of the Latest Practicable Date. However, the Company will closely monitor the future development of investment targets for potential investments. The total investment amount is estimated to be within RMB23.5 million (HK\$27.7 million). According to CIC Report, there are at least 20 potential targets that satisfy the above investment criteria and are within the investment scale as of the Latest Practicable Date. No specific investment target has been identified by us as of the Latest Practicable Date.

FUTURE PLANS AND USE OF PROCEEDS

Working capital

We intend to use approximately 10.0% of our total estimated net proceeds, or HK\$19.6 million on general working capital of the Company.

In preparation of the implementation plan up to 2023, the following principal assumptions have been adopted:

- there will be no material changes in the existing legislation or regulations, political, legal, fiscal or economic conditions in Hong Kong, the PRC and any other places in which any member of our Group carries on or will carry on our business;
- there will be no material changes in the bases or rates of taxation in Hong Kong or the PRC or in any other places in which any member of our Group operates or will operate or is incorporated;
- the Global Offering will be completed in accordance with and as described in the section headed “Structure of the Global Offering” in this prospectus;
- there will be no significant changes in our business relationship with our major customers and suppliers;
- our Group will be able to retain key staff in the management and the main operational departments;
- our Group will not be materially affected by any risk factors set out in the section headed “Risk Factors” in this prospectus;
- there will be no material changes in the funding required for each of the scheduled achievement; and
- our Group will be able to continue its operations in substantially the same manner as our Group has been operating during the Track Record Period and our Group will be able to carry out the development plans without disruptions adversely affecting its operations or business objectives in any way.

The total amount of the implementation plan to be used from 2021 to 2023 accounted for approximately HK\$196.3 million, in which the Company will use approximately HK\$196.3 million from the net proceeds.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed below or above the midpoint of the indicative price range. Any additional proceeds received from the exercise of the Over-allotment Option will also be allocated to the above purposes on a pro rata basis. In the event that the Over-allotment Option is exercised in full, we will receive net proceeds of HK\$231.5 million (assuming an Offer Price of HK\$1.18 per Share, the midpoint of our indicative Offer Price range).

Our Directors consider that the net proceeds from the Global Offering together with our internal resources will be sufficient to finance the implementation of our business plans as set out above. Investors should be aware that any part of our business plans may not proceed according to the time frame as described above due to various factors. Under such circumstances, our Directors will evaluate carefully the situation and will hold the funds as short-term deposits at authorized financial institutions until the relevant business plan(s) materialize.