

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

See “Business—Our Strategies” for a detailed description of our future plans and strategies.

[REDACTED]

The [REDACTED] from the [REDACTED] that we will receive after deducting the [REDACTED] and other estimated expenses paid and payable by us in connection with the [REDACTED] (assuming that the [REDACTED] is not exercised) will be:

- approximately [REDACTED], assuming an [REDACTED] of [REDACTED] per Share (being the minimum [REDACTED]);
- approximately [REDACTED], assuming an [REDACTED] of [REDACTED] per Share (being the mid-point of the [REDACTED]); or
- approximately [REDACTED], assuming an [REDACTED] of [REDACTED] per Share (being the maximum [REDACTED]).

The [REDACTED] from the [REDACTED] that we will receive after deducting the [REDACTED] and other estimated expenses paid and payable by us in connection with the [REDACTED] (assuming that the [REDACTED] is fully exercised) will be approximately [REDACTED], assuming an [REDACTED] of [REDACTED] per Share (being the mid-point of the [REDACTED]).

In line with our strategies, we intend to use the [REDACTED] of [REDACTED], assuming an [REDACTED] of [REDACTED] (being the mid-point of the [REDACTED]), from the [REDACTED] (assuming that the [REDACTED] is not exercised) for the following purposes:

Allocation of the estimated [REDACTED]

Approximately [REDACTED] of the [REDACTED], or approximately [REDACTED]

Proposed main purposes

To expand our game portfolio and invest in our game R&D capabilities and related technologies. In particular, we intend to allocate:

- approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], in improving our R&D capabilities and enriching our game offerings, including:

(i) [REDACTED], or [REDACTED], of the [REDACTED] for

- (a) recruiting more talent, including individual talent or small teams, as the case may be, specialized in game development (including game producers, designers, programmers, artists and other staff), consisting of approximately 200 to 250 additional project-based staff, including (1) 130 to 150 staff for Project E, an original SLG with comprehensive gameplay (comprising 35 to 40 designers, 45 to 50 artists, 25 to 30 programmers and 25 to 30 testing engineers), (2) 40 to 50 staff for *Time Voyager* (時光旅行社), (3) 20 to 30 staff for *Servitor Project* (使魔計畫), and (4) 10 to 20 staff for Project A, and approximately 40 to 60 additional general supporting staff for game development, in the next two to three years for our various pipeline games and for developing additional games. To decide the remuneration for these staff, we will consider the industry level together with

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Allocation of the estimated [REDACTED]

Proposed main purposes

- other factors. R&D staff in our industry generally have average annual remuneration of RMB180 thousand to RMB360 thousand in China, according to Frost & Sullivan. We plan to seek candidates with a college degree or above and work experience in game development, publishing and distribution,
- (b) offering competitive compensation to our game development professionals, and
 - (c) providing regular internal and external training to our game development team. In particular, we will monitor and evaluate our team’s needs and technology development trends in the industry on a quarterly basis to determine the timing and frequency of training sessions, and
- (ii) [REDACTED], or [REDACTED], of the [REDACTED] for developing games of new genres (primarily tower defense and other types of SLG) (including recruiting 5-10 staff with experience in developing games of multiple genres in the next two to three years) and enhancing gameplay, graphic design, soundtracks and technical support (such as to strengthen the games’ stability and the smooth running of the games’ procedures) for the operation of our games developed in-house (including recruiting 20-25 technical support staff, and purchasing clustered database and game performance monitor services, in the next two to three years) or by engaging third-party content providers, particularly for our various pipeline games that we expect to launch in 2022 and 2023; see “Business—Our Games—Our Game Pipeline” for more information for these games;
- approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], in strengthening our IT infrastructure to support our business growth, improving our analytics tools and systems to advance our data analysis capabilities, and investing in the development and application of AI, AR/VR and other technologies in game development to optimize the gameplay experience of our players in the next three to five years. In particular, we plan to use (i) [REDACTED], or [REDACTED], of the [REDACTED] to purchase additional cloud service, servers, software and other maintenance-related services. In particular, we plan to purchase multiple sets of game operation related software including firewalls and other internet security software, data transmission software, game design related software and other office software, which has no specific lifespan subject to continuous updates by the service providers, and (ii) [REDACTED], or [REDACTED], of the [REDACTED] to develop and upgrade technologies to further improve game quality, including (a) game backend systems with high capacity, high disaster recovery capability and high availability, which have functions such as game logic operation, data storage and player data interaction and (b) high-quality frontend solutions based on cutting-edge game engines for 2D and 3D game development to expand our product roadmap; and

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Allocation of the estimated [REDACTED]

Proposed main purposes

- approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], in acquiring publishing or adaptation rights of popular game IPs from third parties in the next three to five years. We consider the following factors when selecting game IPs: (i) whether they match our game types and style and have potential to become popular games, (ii) the fan base of the IPs, including the number of fans, their loyalty to the IPs and their willingness to pay, and (iii) the popularity of the IPs, including the persistence of their popularity and the capability to derive new contents from these IPs.

For our strategies related to expansion of our game portfolio, see “Business—Our Strategies—Continue to enrich our high-quality game portfolio and content offerings.” For our strategies related to strengthening our game development capabilities, see “Business—Our Strategies—Continue to strengthen our game development and operation capabilities to enhance profitability.”

Approximately [REDACTED] of the [REDACTED], or approximately [REDACTED]

To expand our business in the overseas markets within the next two to three years. See “Business—Our Strategies—Continue to expand our overseas business” for details about our strategy of overseas expansion. For example, we plan to launch our existing games in the overseas markets, including *Lantern and Dungeon* (提燈與地下城) in Hong Kong, Macau and Taiwan and *The Marvelous Snail* (最強蝸牛) in Japan in the second quarter of 2022. In addition, we plan to launch our new game *Time Voyager* (時光旅行社) in overseas markets in the first quarter of 2022. In particular, we intend to allocate:

- approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], in marketing and promoting our games in the overseas markets, including traffic acquisition on platforms such as Facebook and TikTok, and building and operating our overseas player communities through local distribution and player acquisition channels and establishing and bolstering our relationships with overseas distribution channels, including iOS App Store and Google Play. See “Business—Our Strategies—Continue to expand our overseas business” for more information; and
- approximately [REDACTED] of the [REDACTED], or approximately [REDACTED], in recruiting and payment for the remuneration and employee benefits of approximately 80 to 120 employees (including (i) game operation staff, (ii) marketing and promotion staff, and (iii) other administrative and supporting staff) to focus on our overseas game operations in the next three to five years. For these additional staff, we plan to seek talent with one to three years of experience and insights in game operation and promotion in our target overseas markets, including Hong Kong, Macau, Taiwan, South Korea, Japan, Europe, the U.S., Southeast Asia and the Middle East.

For our overseas expansion strategies, see “Business—Our Strategies—Continue to expand our overseas business.”

FUTURE PLANS AND [REDACTED]

Allocation of the estimated [REDACTED]

Approximately [REDACTED] of the [REDACTED], or approximately [REDACTED]

Proposed main purposes

To strengthen our game publishing and operation capabilities in China’s mobile game market and the market recognition of our “QingCi” brand and our IPs. In particular, we intend to allocate:

- approximately [REDACTED] of the [REDACTED], or [REDACTED], in the marketing and promotion of our games, player acquisition and player community operation on multiple online and offline channels in the next three to five years, including acquiring traffic from Douyin, Toutiao and other platforms and utilizing offline promotional services such as advertisements at bus stations, airports, public buildings and high-speed trains and offline player activities, launching cross-industry and creative marketing campaigns to promote our games’ awareness and increase our player stickiness; and
- approximately [REDACTED] of the [REDACTED], or [REDACTED], in promoting IPs under our “QingCi” brand and developing and distributing videos, animations and peripheral products surrounding our IPs, such as engagement with KOLs to produce and promote videos with KOLs for our “QingCi” brand and games and, similar to our animation series of *The Marvelous Snail—Uninvited Guest* (最强蜗牛不速之客), animations related to our games and IPs, and promoting them on Bilibili, WeChat and other traffic acquisition platforms.

For our strategies related to strengthening our game operation capabilities, see “Business—Our Strategies—Continue to strengthen our game development and operation capabilities to enhance profitability.”

Approximately [REDACTED] of the [REDACTED], or approximately [REDACTED]

To pursue strategic investments in and acquisitions of upstream and downstream companies along the mobile game industry chain in the next three to five years. We intend to take a case-by-case approach in the investment decision-making process. Key areas of our investment and acquisition focus generally include:

- game developers in China and other markets (including Japan, South Korea, Hong Kong, Macau, Taiwan, Europe, and the U.S.) with high-quality products that can expand our game portfolio, strengthen our brand and IP, and attract new players. We target game developers that (i) have previously developed games with average monthly gross billings of over RMB1 million or total registered players of over 1 million, or possess other applicable attributes that demonstrate their game development capabilities, or have distinctive games in their portfolio, (ii) have management team with expertise in the game industry and key personnel with experience participating in iconic games, or in game design, programming or art, (iii) have strong innovation capabilities and creativity and (iv) we can help to further grow by leveraging our methodology and resources; and
- upstream and downstream industry players in China and other markets (including Japan, South Korea, Hong Kong, Macau, Taiwan, Europe, and the U.S.) with distinctive qualifications and capabilities such as game publishers and animation producers. We target companies that have (i) strong technology and service capabilities in the relevant segments of the game industry, and (ii) potential to create synergies with our business.

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Allocation of the estimated [REDACTED]

Proposed main purposes

As of the Latest Practicable Date, we had not identified any specific acquisition target, or adopted a concrete timetable or expected capital expenditure plan to implement any acquisition, and we had not entered into any agreements, commitments or understandings with respect to any such transaction, to which we plan to apply the [REDACTED] from this [REDACTED]. The timetable for the deployment of the [REDACTED] will be subject to the identification of suitable targets, market conditions and the opportunistic nature of strategic acquisitions. The investment amount is generally expected to be no more than RMB50 million, and our shareholding in the acquisition target generally will not exceed 30%. In carrying out any acquisitions, the consideration will be determined with reference to the market value of the potential targets, and by an independent valuer where appropriate. We may also seek for additional equity and/or debt funding to facilitate the acquisitions, if necessary.

For our investment policies and strategies, see “Business—Risk Management and Internal Control—Investment Risk Management” and “Business—Our Strategies—Enter into strategic alliances, investments and acquisitions.”

Approximately
[REDACTED] of the
[REDACTED], or
approximately [REDACTED]

Working capital and general corporate purposes.

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 [REDACTED]. To the event that our [REDACTED] are either more or less than expected, we will increase or decrease the allocation of the [REDACTED] to the above purposes on a pro rata basis.

The additional [REDACTED] will be allotted to the above purposes on a pro rata basis in the event that the [REDACTED] is exercised.

To the extent that the [REDACTED] of the [REDACTED] are not immediately used for the above purposes or if we are unable to put into effect any part of our plan as intended, and to the extent permitted by the relevant laws and regulations, we currently intend to hold these [REDACTED] in short-term demand deposits with licensed commercial banks or other authorized financial institutions in Hong Kong or China so long as it is deemed to be in the best interests of our Company. In this event, we will comply with the appropriate disclosure requirements under the Listing Rules.