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AdTiger

ADTIGER CORPORATIONS LIMITED

虎視傳媒有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1163)

CHANGE IN USE OF PROCEEDS

References are made to (i) the prospectus of Adtiger Corporations Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 29 June 2020 (the “**Prospectus**”); (ii) the announcement of the Company dated 2 August 2020; (iii) the interim report of the Company for the six months ended 30 June 2020; (iv) the annual report of the Company for the year ended 31 December 2020; and (v) the interim report of the Company for the six months ended 30 June 2021 (the “**2021 Interim Report**”) in which the utilisation of the IPO Proceeds up to 30 June 2021 was disclosed. Unless otherwise defined, capitalised terms used in this announcement shall have the same respective meanings as those defined in the Prospectus and the 2021 Interim Report.

USE OF PROCEEDS

The IPO Proceeds were approximately HK\$100.9 million. As disclosed in the sections headed “Future Plans and Use of Proceeds” in the Prospectus and “Use of Proceeds” in the 2021 Interim Report, respectively, the IPO Proceeds were originally intended to be applied by the Group for the following purposes:

- (i) approximately 35%, or HK\$35.3 million for AI technologies and technology capabilities; offering of the Group’s AdTensor platform;
- (ii) approximately 20%, or HK\$20.2 million for local service capabilities and global footprint;
- (iii) approximately 20%, or HK\$20.2 million for IT infrastructure, management system, ERP system, ORACLE system and performance monitoring system;
- (iv) approximately 15%, or HK\$15.1 million for sales and marketing and local presence in selected regions in China; and

- (v) approximately 10%, or HK\$10.1 million for strategic investments and mergers and acquisitions.

As at the date of this announcement, the Group has utilised approximately HK\$45.2 million of the IPO Proceeds, representing approximately 44.8% of the IPO Proceeds and the unutilised IPO Proceeds amounted to approximately HK\$55.7 million (the “**Unutilised IPO Proceeds**”).

CHANGE IN USE OF PROCEEDS

For the reasons set out in the paragraph headed “Reasons for and Benefits of the Change in Use of Proceeds” below in this announcement, the Board has resolved to change the use of the Unutilised IPO Proceeds as follows:

	Approximate % of total IPO Proceeds %	Planned use of actual IPO Proceeds HK\$' million	Utilised IPO Proceeds up to the date of this announcement HK\$' million	Unutilised IPO Proceeds as at the date of this announcement HK\$' million	Revised allocation of the Unutilised IPO Proceeds HK\$' million	Expected timeline for utilising the Unutilised IPO Proceeds HK\$' million
AI technologies and technology capabilities; offering of the Group's AdTensor platform	35	35.3	22.7	12.6	12.6	2022: 5.3 2023: 7.3
Local service capabilities and global footprint	20	20.2	10.4	9.8	9.8	2022: 9.8
IT infrastructure, management system, ERP system, ORACLE system and performance monitoring system	20	20.2	3.1	17.1	4.0	2022: 4.0
Sales and marketing and local presence in selected regions in China	15	15.1	7.8	7.3	12.2	2022: 12.2
Strategic investments and mergers and acquisitions	10	10.1	1.2	8.9	8.9	2022: 4.6 2023: 4.3
General working capital	—	—	—	—	8.2	2022: 8.2
		100.9	45.2	55.7	55.7	55.7

Save for the aforesaid changes, there is no other change in use of IPO Proceeds.

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF PROCEEDS

The outbreak of COVID-19 throughout the world has imposed different degrees of impact on various industries. With the lingering COVID-19 pandemic and other macro socio-economic factors, there remains significant degree of uncertainties over the level and duration of the economic downturn. After due and careful consideration of the current business environment and development needs of the Group, the Group plans to adjust certain portions of the Unutilised IPO Proceeds.

AI technologies and technology capabilities; offering of the Group's AdTensor platform

Under the COVID-19 pandemic, the trend of “videolisation” in the industry has intensified, which introduces the new challenges to the R&D of AI algorithm in video deconstruction and generation, such as dynamic target detection, attribute recognition, etc.

In order to strengthen the competitive advantage in video AI algorithm capabilities, and considering that AI technology is one of the core technologies supporting Metaverse (the next generation of the Internet), the Group adjusted its R&D focus in 2021, trying to breakthrough in the cutting-edge areas of AI on video, etc. Due to the increased difficulty in R&D, the Board decides to extend the expected timeline for utilising the Unutilised IPO Proceeds of approximately HK\$7.3 million, which was expected to be utilised on or before 2021 for AI technologies and technology capabilities and offering of the Group's AdTensor platform, to on or before 2023, in order to further enhance the R&D in video AI technologies and service capabilities of the AdTensor platform.

The Group believes that the investment in R&D of video AI technology can improve the AdTensor platform's competitiveness by reducing the production cost of ad creatives and generation time of videos, as well as building up the Company's skill sets to enter the age of Metaverse.

IT infrastructure, management system, ERP system, ORACLE system and performance monitoring system

Through the purchases of third-party service software and internal R&D, the Group has preliminarily established its IT infrastructure, management system, ERP system, ORACLE system and performance monitoring system including inspection of business workflows, risk assessment of accounts, management of accounts receivables and real time collaboration across countries and across projects. The Group will continue to upgrade and maintain the systems in response to business needs in the future.

The Group remains financially viable. However, considering the existing management systems have met the basic operation and management needs, and to utilise the IPO Proceeds more effectively, the Board decides to re-allocate the Unutilised IPO Proceeds which was intended to be used for the Group's IT infrastructure, management system, ERP system, ORACLE system and performance monitoring system of (1) approximately HK\$8.2 million, which was intended to be used on or before 2021, to the Group's general working capital such as expenditures for administration, sales and operations, etc, which can also help to further strengthen and enhance the liquidity of the Group; and (2) approximately HK\$4.9 million, which was expected to be utilised on or before 2022, to sales and marketing so as to strengthen the Group's sales and marketing in China and to increase its market share.

Strategic investments and mergers and acquisitions

Under the impacts of lingering international tensions and the COVID-19 pandemic, the Group continues to adopt a more prudent approach to assess acquisitions. The cycles of investments and mergers and acquisitions projects have been prolonged, causing the progress falling behind the schedule as affected by precautionary measures of the COVID-19.

Taking into account the factors of the unstable macro environment and the uncertainty of future precautionary measures, to make reasonable and effective use of the IPO Proceeds, to ensure the quality of investment projects, and to meet the expectation for the business models of the investment projects, the Board decides to extend the expected timeline for utilising the Unutilised IPO Proceeds of approximately HK\$4.3 million, which was intended to be used on or before 2021 for strategic investments and mergers and acquisitions, to on or before 2023.

The Board believes that the re-allocation of the Unutilised IPO Proceeds as disclosed above will enable a better utilisation of the Unutilised IPO Proceeds as it will provide a higher flexibility for the Group to deploy its financial resources under the current unstable business environment and is favorable to the Group's long term business development. The updates on the use of the Unutilised IPO Proceeds will be disclosed in the Company's upcoming annual reports and interim reports.

The Board confirms that there is no material change in the business nature of the Group as set out in the Prospectus and considers that the proposed changes in the use of the Unutilised IPO Proceeds will not have any material adverse impact on the operations of the Group. The Board believes that such flexibility in financial management is in the interest of the Company and the Shareholders as a whole.

The Board will continuously evaluate the Group's business objectives and may change or modify plans of usage of the Unutilised IPO Proceeds as necessary to cope with the changing market conditions and strive for business growth of the Group.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the following meanings set out below:

“videolisation”	the trend of short video integrating into everyday life scenarios
“Metaverse”	the convergence of physical, augmented, and virtual reality in a shared online space

By order of the Board

ADTIGER CORPORATIONS LIMITED

Chang Sufang

Chairman, Chief Executive Officer and Executive Director

Hong Kong, 24 December 2021

As at the date of this announcement, the Board comprises two executive Directors, namely Ms. Chang Sufang and Ms. Li Hui; one non-executive Director, namely Mr. Hsia Timothy Chunhon; and three independent non-executive Directors, namely Mr. Yao Yaping, Mr. Chan Foon, and Mr. Zhang Yaoliang.