

FUTURE PLANS AND [REDACTED]

FUTURE PLANS

See “Business — Growth Strategies” for a detailed description of our future plans.

[REDACTED]

Assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the stated range of the [REDACTED] of between HK\$[REDACTED] and HK\$[REDACTED] per [REDACTED]), we estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED] after deducting the [REDACTED] and other estimated expenses in connection with the [REDACTED]. We intend to use the [REDACTED] from the [REDACTED] for the following purposes and in the amounts set out below, subject to changes in light of our evolving business needs and changing market conditions:

	For the year ending December 31,		
	2023	2024	2025
	<i>(HK\$ in millions)</i>		
Product and service diversification and enhancement	[REDACTED]	[REDACTED]	[REDACTED]
Marketing initiatives	[REDACTED]	[REDACTED]	[REDACTED]
Selective acquisition and investment	[REDACTED]	[REDACTED]	[REDACTED]
Research & development	[REDACTED]	[REDACTED]	[REDACTED]
Working capital and other general purposes	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]

The basis and details of our estimated use of the [REDACTED] are set out as below:

- approximately [REDACTED]%, or HK\$[REDACTED], will be used over the next three years to further diversify and enrich our products, content and services by adopting measures including but not limited to:
 - o approximately [REDACTED]%, or HK\$[REDACTED] will be used to continue recruiting and training our hosts to improve the talent and live streaming skills of our hosts and attract new hosts, including establishing host training teams, leasing properties for offline live streaming bases, and setting up host training camps. Specifically, we plan to establish a dedicated host training team consisting of approximately 12 members in the next two to three years to provide hosts with training on live streaming operations, content

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creation, communication techniques and performance skills. We also plan to lease additional office spaces close to our headquarters in Beijing to provide administrative support and accommodate this expanding host training team;

- o approximately [REDACTED]%, or HK\$[REDACTED] will be used to incubate MCNs to groom and recruit talented hosts, such as establishing our own MCNs and leasing properties for the operation of MCNs. We plan to recruit approximately 10 staff specializing in the fields of talent recruitment and discovery, content production and distribution, media and public relations, to incubate two to three MCNs in the next two to three years, in order to ensure the continuous supply of viable hosts to our platform. In particular, we will focus on recruiting hosts that are more relatable for Generation Z users to foster a content ecosystem catering to the interest of Generation Z users. We will also lease office spaces in suitable locations to accommodate the in-house MCNs and their staff;
- o approximately [REDACTED]%, or HK\$[REDACTED] will be used to continue developing our overseas operations through (1) establishing our overseas operation teams with local experience and international perspective to provide local operation supports and customer service, and (2) leasing properties in overseas markets, such as North America and Southeast Asia, to establish regional offices and seize the emerging opportunities from the rapidly developing live streaming market. In the next two to three years, we plan to set up overseas operation teams, consisted of approximately eight staff to station in Singapore, to provide customer service and conduct local marketing and brand promotion activities. We plan to expand our operations to Singapore primarily because our planned Singapore regional office could be the hub of our overall overseas operations, leveraging diversified talent market, financial resources and supportive government policies for technology companies in Singapore. We will lease office spaces in the corresponding overseas market as the branch offices of our overseas operation teams;
- o approximately [REDACTED]%, or HK\$[REDACTED] will be used to continue developing and expanding our product and service offerings to fulfill evolving user needs that naturally arise from our ecosystem, including innovative audio-based products, social discovery and networking, and other relevant products and services; and
- o approximately [REDACTED]%, or HK\$[REDACTED] will be used to continue upgrading and diversifying our offline operational events, including talent contests, variety shows, and other offline events in collaboration with hosts and local businesses to promote our hosts and enrich our content.

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The following table sets forth a breakdown of our implementation plan to further diversify and enrich our products, content and services from 2023 to 2025, based on our current estimation, which is subject to changes based on our actual needs and market conditions at the relevant time.

	For the year ending December 31,		
	2023	2024	2025
	<i>(HK\$ in millions)</i>		
Host recruitment and training	[REDACTED]	[REDACTED]	[REDACTED]
Developing host training and operation team	[REDACTED]	[REDACTED]	[REDACTED]
Lease and other operating expenses	[REDACTED]	[REDACTED]	[REDACTED]
MCN incubation	[REDACTED]	[REDACTED]	[REDACTED]
Developing MCN management and operation team	[REDACTED]	[REDACTED]	[REDACTED]
Lease and other operating expenses	[REDACTED]	[REDACTED]	[REDACTED]
Overseas expansion	[REDACTED]	[REDACTED]	[REDACTED]
Recruiting local staff and management team	[REDACTED]	[REDACTED]	[REDACTED]
Lease and other operating expenses for overseas offices	[REDACTED]	[REDACTED]	[REDACTED]
Product and service development	[REDACTED]	[REDACTED]	[REDACTED]
Offline events	[REDACTED]	[REDACTED]	[REDACTED]
 Total	[REDACTED]	[REDACTED]	[REDACTED]

China’s online video and audio social entertainment market, in terms of revenues, grew from RMB61.8 billion in 2017 to RMB499.4 billion in 2021 at a CAGR of 68.6%, and it is expected to reach RMB1,326.5 billion in 2027 at a CAGR of 17.7% from 2021 to 2027. According to the same source, the global video and audio social entertainment market, in terms of revenues, increased from RMB411.3 billion in 2017 to RMB1,566.3 billion in 2021 at a CAGR of 39.7% and is expected to reach RMB3,516.0 billion in 2027 at a CAGR of 14.4% from 2021 to 2027. Based on the expected growth in the Chinese and global social entertainment market in the next five years, the Directors of the Company are of the view that there will be sufficient market demand for our products and services. In addition, China’s entertainment live streaming market are highly-fragmented. We believe that we can capture the industry trend toward consolidation in this highly competitive yet fragmented market by focusing on product diversification and upgrades, marketing and brand promotion, as well as selective acquisition of targets that maximize the expected return for us and minimize the risks and exposure associated with the acquisition.

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- approximately [REDACTED]%, or HK\$[REDACTED], will be used to implement our marketing initiatives to expand our user base and promote our brand in China and overseas by adopting measures including but not limited to:
 - o approximately [REDACTED]%, or HK\$[REDACTED] will be used to conduct performance-based marketing activities to increase user traffic, including placing performance-based online advertisements and engaging third-party service providers to refer user traffic to our various products, which may include placing news feed advertisements on various media channels, search engines and app stores, engaging mobile pre-installment campaigns, and collaborating with influencers and sponsoring their participation on our live streaming and social networking products in China and overseas. Specifically, in order to increase Generation Z user traffic to our platform, we plan to strategically focus on cooperation with channels that are more likely to attract Generation Z users, such as TikTok, Instagram, and Douyin; and
 - o approximately [REDACTED]%, or HK\$[REDACTED] will be used to promote our brand recognition among hosts and users, which may include sponsoring popular variety shows, promoting our key products on mainstream media channels and launching offline activities, such as the “prettiest” and the “pinnacle” contests to promote our brand image.

The following table sets forth a breakdown of our marketing initiatives from 2023 to 2025 to expand our user base and promote our brand in China and overseas, based on our current estimation, which is subject to changes based on our actual needs and market conditions at the relevant time.

	For the year ending December 31,		
	2023	2024	2025
	<i>(HK\$ in millions)</i>		
Performance-based marketing and advertisement	[REDACTED]	[REDACTED]	[REDACTED]
China market	[REDACTED]	[REDACTED]	[REDACTED]
Overseas market	[REDACTED]	[REDACTED]	[REDACTED]
Brand promotion	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]

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We plan to implement marketing initiatives in China and overseas for the next two to three years. Our Directors are of the view that our marketing initiatives will help broaden our user base in this highly fragmented market, and in light of the increased time spent on video and audio social entertainment content by internet users in China, according to the iResearch Report;

- approximately [REDACTED]%, or HK\$[REDACTED], will be used for selective acquisitions of or investment in products, services and businesses, particularly in areas such as content, social entertainment and software, that are complementary to our business and are in line with our corporate philosophy and growth strategies. Specifically, we will consider investing or acquiring equity interest in MCNs and companies that offer products related to social networking, augmented reality effects, virtual reality effects, or audio-based products, thereby forming synergy effect with our existing business and expansion strategy as the acquisition targets may provide us popular hosts with huge fan bases, user traffic for our existing products and even supplemental technologies to our business. As of the Latest Practicable Date, we had not identified any other target of potential acquisition.

When selecting potential investment targets, we will consider various criteria, including (1) synergy with or complement to our business operations, (2) R&D capabilities in technologies relevant to our existing business, (3) geographic locations, (4) growth potential, (5) financial performance or projections and (6) background of management team. Specifically, we intend to invest in emerging companies whose businesses are complementary to our existing business and with 50 to 100 employees. When selecting potential acquisition targets, in addition to investment criteria listed before, we will also require the potential acquisition targets to achieve annual revenue of no less than RMB200 million. According to the iResearch Report, there are approximately no fewer than 600 companies operating social entertainment live streaming platforms in China, and there are approximately no fewer than 1,000 companies operating in the global social entertainment live streaming industry, which may be considered as potential targets for investments and acquisitions, subject to further commercial consideration and assessment. Based on the abundant number of potential acquisition targets in the global social entertainment live streaming industry, as well as other complementary businesses such as MCNs and technology companies offering social networkings, augmented and virtual reality products that could become our potential acquisition targets, our Directors are of the view that there are sufficient acquisition targets satisfy our criteria to implement our investment and acquisition plans;

- approximately [REDACTED]%, or HK\$[REDACTED], will be used to strengthen our R&D and technology capability and upgrade our IT infrastructure by adopting measures including but not limited to:

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- o approximately [REDACTED]%, or HK\$[REDACTED] will be used to invest in areas such as AI, data processing, 3D engine, audio and video engine and augmented reality, including to (1) continue developing machine learning algorithms and multi-objective optimization technology to further enhance our personalized recommendation engine to gather deeper insights into user preferences and improve the quality of our content and services, (2) invest in our machine learning, computer vision and computer graphics capabilities to provide new and attractive content creation tools and further encourage content creation and interaction on our platform, and (3) upgrade live streaming technology to improve user experience by ensuring higher video quality, lower latency and transmission stability under various network conditions.

- o approximately [REDACTED]%, or HK\$[REDACTED] will be used to continue retaining and providing incentive to our research and development talents and to attract and groom top-notch experts, researchers and other talents in relevant fields such as 3D engine, audio and video engine and augmented reality in order to support our research and development initiatives targeting (1) the improvement of our streaming technologies to further enhance performance on our platform, and (2) the refinement of our technology-driven features and functions on our platform such as augmented reality, filters and other special effects.

Specifically, within three years from the [REDACTED], we plan to recruit approximately five and one additional R&D personnel who will be responsible for the improvement of our streaming technologies and upgrade of live streaming visual effects, respectively. Ideal candidates for our R&D positions shall have at least five years relevant industry experience or a bachelor’s degree or above; and

- o approximately [REDACTED]%, or HK\$[REDACTED] will be used to continue upgrading and scaling our IT infrastructure, including cloud service and computing bandwidth, to support our growing ecosystem as well as product and content offerings; and

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The following table sets forth a breakdown of our planned investment in enhancing our R&D and technology capability from 2023 to 2025, based on our current estimation, which is subject to changes based on our actual needs and market conditions at the relevant time.

	For the year ending December 31,		
	2023	2024	2025
	<i>(HK\$ in millions)</i>		
R&D staff recruitment	[REDACTED]	[REDACTED]	[REDACTED]
R&D and technology investment	[REDACTED]	[REDACTED]	[REDACTED]
Technology investment	[REDACTED]	[REDACTED]	[REDACTED]
<i>AI, 3D and augment reality</i>			
<i>development and purchases</i>	[REDACTED]	[REDACTED]	[REDACTED]
<i>Big data and AI computing</i>			
<i>development and purchases</i>	[REDACTED]	[REDACTED]	[REDACTED]
IT infrastructure upgrades	[REDACTED]	[REDACTED]	[REDACTED]
Cloud service purchases	[REDACTED]	[REDACTED]	[REDACTED]
Bandwidth purchases	[REDACTED]	[REDACTED]	[REDACTED]
Total	[REDACTED]	[REDACTED]	[REDACTED]

- approximately [REDACTED]%, or HK\$[REDACTED], will be used for working capital and general corporate purposes.

To the extent that our actual [REDACTED] from the [REDACTED] is higher or lower than our estimate above, we will increase or decrease our allocation of the [REDACTED] for the purposes set out above on a pro rata basis.

After deducting the [REDACTED] fees, [REDACTED] and estimated expenses payable by us in relation to the [REDACTED], we estimate that we will receive [REDACTED] of approximately HK\$[REDACTED] from the [REDACTED], assuming the [REDACTED] is determined to be HK\$[REDACTED] per [REDACTED], being the high-end of the indicative [REDACTED] range stated in this document, approximately HK\$[REDACTED], assuming the [REDACTED] is determined to be HK\$[REDACTED] per [REDACTED], being the mid-end of indicative [REDACTED] range stated in this document and approximately HK\$[REDACTED], assuming the [REDACTED] is determined to be HK\$[REDACTED] per [REDACTED], being the low-end of the indicative [REDACTED] range stated in this document.

Assuming the [REDACTED] was exercised in full, after deducting the [REDACTED] and estimated related expenses payable by us, we estimate that the total [REDACTED] that we would receive would be (1) HK\$[REDACTED] (assuming an [REDACTED] of

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HK\$[REDACTED] per [REDACTED], being the high-end of the indicative [REDACTED] range stated in this document), (2) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the mid-end of the indicative [REDACTED] range stated in this document) and (3) HK\$[REDACTED] (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the low-end of the indicative [REDACTED] range stated in this document).

In the event that the [REDACTED] from the [REDACTED] are not sufficient to fund our growth strategies and future plans as disclosed above, we plan to utilize our internal resources to fund such strategies and plans. To the extent that the [REDACTED] of the [REDACTED] are not immediately required for the above purposes or if we are unable to put into effect any part of our plan as intended, we will hold such funds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions in Hong Kong (as defined under the Securities and Futures Ordinance) and the PRC (as defined under the PRC Laws). We will issue announcements, where required, if there is any material change in the [REDACTED] mentioned above.