
FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business — Our Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK\$904.5 million (equivalent to approximately RMB720.5 million), after deducting underwriting fees and commissions and estimated total expenses paid and payable by us in connection thereto, assuming an Offer Price of HK\$49.25 per Share, being the midpoint of the proposed Offer Price range of HK\$43.50 to HK\$55.00 per Share. We intend to use such net proceeds as follows:

- Approximately HK\$180.9 million (equivalent to approximately RMB144.1 million, or approximately 20% of our total estimated net proceeds) to further expand our webgame and mobile game businesses, including but not limited to, building related network infrastructure, hiring more personnel and investment in research and development of game analytics.
- Approximately HK\$542.7 million (equivalent to approximately RMB432.3 million, or approximately 60% of our total estimated net proceeds) to (i) acquire webgame and mobile game licenses and IP rights or other related assets in the PRC or invest in or acquire PRC webgame and mobile game developers through our overseas subsidiaries or Feidong, (ii) indirectly invest in or acquire PRC webgame and mobile game publishers through contractual arrangements, or (iii) acquire equity interests or assets of overseas webgame and mobile game companies through our overseas subsidiaries. As of the Latest Practicable Date, we had no finalised or definitive understandings, commitments or agreements and have not been engaged in any related negotiations.
- Approximately HK\$90.4 million (equivalent to approximately RMB72.1 million, or approximately 10% of our total estimated net proceeds) to fund the expansion of our international operations, including the development of overseas subsidiaries and the establishment of overseas offices.
- The balance of the net proceeds, which is approximately HK\$90.4 million (equivalent to approximately RMB72.1 million, or approximately 10% of our total estimated net proceeds) will be used for working capital and other general corporate purposes.

If the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the net proceeds to be received by us from the Global Offering will increase to approximately HK\$1,016.4 million (equivalent to approximately RMB809.7 million) or decrease to approximately HK\$792.5 million (equivalent to approximately RMB631.3 million), respectively. In such event, we will increase or decrease the intended use of the net proceeds for the above purposes on a pro-rata basis.

As the Over-allotment Option is granted by the Over-allotment Option Grantors (and not us), the amount of the net proceeds to be received by us from the Global Offering, and the allocation of the net proceeds set out above, will not be affected by the exercise of the Over-allotment Option. We will not receive any of the proceeds from the sale of Sale Shares by the Selling Shareholders in the Global Offering, nor from any exercise of the Over-allotment Option by the Over-allotment Option Grantors.

We estimate that the Selling Shareholders will receive net proceeds of approximately HK\$516.4 million (equivalent to approximately RMB411.3 million) from the sale of the Sale Shares, based on the Offer Price of HK\$49.25 per Share, being the midpoint of the proposed Offer Price range, and after deducting the underwriting fees and commissions payable by the Selling Shareholders. If the Over-allotment Option is exercised in full, we estimate that the Over-allotment Option Grantors will receive net proceeds of approximately HK\$221.3 million (equivalent to approximately RMB176.3 million) from the exercise of the Over-allotment Option, assuming an Offer Price of HK\$49.25 per Share, being the midpoint of the proposed Offer Price range, and after deducting the underwriting fees and commissions payable by the Over-allotment Option Grantors.

FUTURE PLANS AND USE OF PROCEEDS

Rationale for Use of Proceeds for Future Acquisitions

We believe our intended use of proceeds for future acquisitions is appropriate for our business and will maximize our growth opportunities.

In order to capitalize on any future acquisition opportunities, we have allocated approximately 60% of our total estimated net proceeds for acquisitions of webgame and mobile game licenses and IP rights from other game developers and investments in or acquisitions of other webgame and mobile game companies or businesses. We do not have any definite acquisition plan at present, but we will evaluate potential acquisition targets in the ordinary course of our business. We currently contemplate that any future acquisitions would be pursued as follows:

- we may acquire webgame and mobile game licenses and IP rights from other webgame and mobile game developers in order to further expand our webgame and mobile game portfolio. We may, in particular, pursue such an acquisition where the genre of such webgames or mobile game complements our portfolio, have already commenced beta testing or shows strong revenue generating potential.
- we may also invest in or acquire webgame and mobile game studios if we believe the development team fits our culture and business operation.
- we may invest in or acquire webgame and mobile game publishers in order to establish our mobile game publishing business and further expand our webgame publishing business. We may, in particular, pursue such an acquisition where the target has a successful track record of publishing webgame and mobile games in China and/or internationally.

In connection with any acquisition, we would, among other things:

- assess the investment returns and other benefits that we expect will result from the acquisition;
- consider appropriate valuation methodologies while negotiating the purchase price and the form of acquisition consideration, as well as the accounting impact of the acquisition;
- conduct due diligence and, if we deem appropriate, engage professional parties to assist with due diligence;
- if we deem appropriate, engage a financial adviser and obtain an independent valuation and/or fairness opinion; and
- evaluate the challenges and expenses that could arise during integration of the acquired business and develop an integration plan.

Any future acquisition will be considered by the Board of Directors and will be subject to the final approval of the Board of Directors in accordance with our Articles of Association. We will also comply with any shareholder approval requirements that may arise under our Articles of Association, the Listing Rules or applicable Cayman Islands and Hong Kong law. Please refer to Appendix III to this prospectus for a discussion of our Articles of Association. Furthermore, we will structure the acquisitions to ensure compliance with applicable PRC laws, regulations and rules, including the Guidance Catalog of Industries for Foreign Investment (revised in 2011) 《外商投資產業指導目錄（2011年修訂）》. As of the date of this prospectus, we have not identified any acquisition targets.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit such net proceeds into interest-bearing bank accounts with licensed banks and/or financial institutions.