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Vobile Group Limited

阜博集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3738)

ANNOUNCEMENT

MAJOR TRANSACTION IN RELATION TO THE PROPOSED ACQUISITION OF PARTICLE CULTURE TECHNOLOGY GROUP (HANGZHOU) CO., LTD.

INTRODUCTION

The Board is pleased to announce that, on 17 December 2021 (before trading hours), Hangzhou Vobile, the Sellers and Particle Culture Technology Group (Hangzhou) Co., Ltd. (the “**Target Company**”, together with its subsidiaries, the “**Target Group**”) entered into the Sale and Purchase Agreement in relation to the Proposed Acquisition of the Target Group.

As at the date of the announcement, the Target Group is principally engaged in provision of SaaS, through its two main products in China: (i) SaaS for video distribution and edge computing and (ii) content monetization services. The Restricted Entities hold certain licenses and permits that are essential to the Restricted Business under the relevant laws and regulations in the PRC. Under the foreign investment policy in the PRC, foreign investors are restricted or prohibited from holding an equity interest in an entity conducting the Restricted Entities. As the Company is foreign-owned, there are limitations or restrictions on foreign ownership in the Restricted Entities under the PRC laws. However, certain businesses within the Target Group (the “**Non-Restricted Entities**”) are not subject to any foreign investment restrictions in the PRC.

The Proposed Acquisition will be implemented as follows:

- (a) (i) the acquisition by OPCO of 61.18% of the equity interest in the New Target Company holding the Restricted Entities; and (ii) the entry of the VIE Contracts by, among others, WFOE, OPCO, New Holdco and the PRC Nominee Shareholders; and
- (b) the acquisition by WFOE of 61.18% of the equity interest in the Target Company holding the other Non-Restricted Entities.

The total consideration shall be RMB854,107,561 which shall be settled in cash.

Closing of the Proposed Acquisition is conditional upon the satisfaction or waiver of certain Conditions, including but not limited to the Target Group having completed the Pre-Acquisition Reorganisation to the Purchasers' satisfaction. Details of the Conditions are set out in the section headed "2. *The Proposed Acquisition — Conditions Precedent*" in this announcement.

Upon Closing, the Target Company (owning the Non-Restricted Entities) will be a subsidiary of the Company and accordingly, the financial results of the Target Company will be consolidated into the accounts of the Company. As WFOE, through the VIE Contracts, will have effective control over the finance and operations of OPCO (owning the Restricted Entities) so as to obtain economic interest and benefits from their business activities despite the lack of registered equity ownership, the Directors have discussed with the auditor of the Company and are of the view that the Company has the right to consolidate the financial results of OPCO and the Restricted Entities in its consolidated accounts as if it were a subsidiary of the Group upon Closing.

LISTING RULES IMPLICATIONS

As one or more relevant percentage ratios applicable to the Proposed Acquisition exceed 25% but are less than 100%, the Proposed Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Purchasers shall have the right, but not the obligation, to require the Management Shareholders and the Other Existing Shareholders to transfer the remainder of the equity interest in the Target Company and the New Target Company held by them to the Purchasers after Closing (the "**Post-Closing Acquisitions Option**"), pursuant to Rule 14.75(1) of the Listing Rules, the premium for the Post-Closing Acquisitions Option will be taken into consideration for the purpose of the classification of a notifiable transaction.

As the Purchasers have not paid any premium for the Post-Closing Acquisitions Option, the grant of the Post-Closing Acquisitions Option is exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Nevertheless, the Company will seek the shareholders' approval necessary for the exercise of the Post-Closing Acquisitions Option in addition to the Proposed Acquisition pursuant to Rule 14.76(2) of the Listing Rules.

As Ms. Li Yiqing is a director of the Target Company and the New Target Company, each being a subsidiary of the Company upon Closing, Ms. Li will become a connected person of the Company at the subsidiary level, and the transactions contemplated under the Management Shareholders Post-Closing Acquisitions will constitute a connected transaction under the Chapter 14A of the Listing Rules. The Board has approved the Proposed Acquisition (including the Management Shareholders Post-Closing Acquisitions), and the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Sale and Purchase Agreement are fair and reasonable, the Proposed Acquisition (including the Management Shareholders Post-Closing Acquisitions) is on normal commercial terms or better and are in the interests of the Company and the Shareholders as a whole. Therefore, the Management Shareholders Post-Closing Acquisitions are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

A notice convening the EGM to approve the Proposed Acquisition and a circular containing, among other things, further details of the Proposed Acquisition and the financial information of the Target Group is expected to be despatched to Shareholders by 31 December 2021.

WARNING

The Proposed Acquisition is subject to a number of conditions precedent including the obtaining of the Shareholders' approval for the Proposed Acquisition, which may or may not be fulfilled. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the securities of the Company.

1. INTRODUCTION

The Board is pleased to announce that, on 17 December 2021 (before trading hours), Hangzhou Vobile, the Sellers and the Target Company entered into the Sale and Purchase Agreement in relation to the proposed acquisition of the Target Group.

2. THE PROPOSED ACQUISITION

The principal terms of the Sale and Purchase Agreement are as follows:

Date: 17 December 2021

Parties:

- (a) Hangzhou Vobile, which is a subsidiary of the Company;
- (b) Management Shareholders and Other Existing Shareholders (except Hangzhou Wenyue), as the Sellers; and
- (c) Particle Technology, as the Target Company.

Upon the establishment of WFOE, Hangzhou Vobile will assign its rights and obligations under the Sale and Purchase Agreement to WFOE.

The Company confirms that, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Sellers and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

Subject Matter:

The Proposed Acquisition will be implemented as follows:

- (a) (i) the acquisition by OPCO of 61.18% of the equity interest in the New Target Company holding the Restricted Entities; and (ii) the entry of the VIE Contracts by, among others, WFOE, OPCO, New Holdco and the PRC Nominee Shareholders; and
- (b) the acquisition by WFOE of 61.18% of the equity interest in the Target Company holding the other Non-Restricted Entities.

Purchase Price:

The Total Consideration shall be RMB854,107,561 which shall be settled in cash.

The Total Consideration was determined based on arm's length negotiations between the parties with reference to various factors, including (i) the prevailing market condition; (ii) the operating and financial performance of the Target Group; (iii) the positive business prospects of the Target Group in the media industry and (iv) the opportunity for the Company to benefit from the future growth potential of the Target Group's products and the synergy with the Group's offerings.

The Directors consider that the Total Consideration is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

**Conditions
Precedent:**

Closing is conditional upon the satisfaction or waiver of the following Conditions:

- (a) OPCO having been established and VIE Contracts having been executed by the relevant parties;
- (b) the Escrow Account having been set up and an escrow agreement having been validly executed;
- (c) the Purchasers having conducted due diligence on the Target Group to the Purchasers' satisfaction and the Target Group having remedied the issues identified in the due diligence process or proposed a remedial action plan to the Purchasers' satisfaction;
- (d) the Founder or her designated entity (the "**Assignee of Wenyue Shares**") having acquired 0.92% equity interest in the Target Company held by Hangzhou Wenyue (the "**Hangzhou Wenyue Shares**");
- (e) the Target Group having completed the Pre-Acquisition Reorganisation to the Purchasers' satisfaction;
- (f) the Target Company having completed its restructuring into a limited company;
- (g) certain key employees of the Target Group having signed employment contracts (including any covenants in relation to intellectual property ownership agreements), non-competition agreements, confidentiality agreements and other relevant agreements to the Purchasers' satisfaction;
- (h) the Group, the Target Group and the Sellers having obtained all necessary approvals, consents and permits in relation to the Proposed Acquisition, and the Company having obtained its Shareholders' approval in relation to the Proposed Acquisition;

- (i) there is no law or regulation, and no government authority or court having issued any regulatory injunction or order, in any jurisdiction in which the Company, the Purchasers and the Target Group are incorporated, that restricts or prohibits the consummation of the Proposed Acquisition; and
- (j) all representations made by the Target Company, the Sellers and the Assignee of Wenyue Shares in the Sale and Purchase Agreement are true and accurate in all material respects, and the Target Company and the Sellers are not in violation of their respective obligations under the Sale and Purchase Agreement.

As at the date of this announcement, none of the Conditions have been satisfied or waived by the Purchasers.

Closing:

Closing will take place within 15 Business Days after the date on which the Conditions are satisfied or waived by the Purchasers and the Purchasers have wired the Escrow Amount into the Escrow Account (the “**Closing Date**”):

- (a) the shareholders of the New Target Company (i.e. the Sellers and the Assignee of Wenyue Shares) shall transfer 61.18% of the equity interest in the New Target Company to OPCO; and
- (b) the shareholders of the Target Company (i.e. the Sellers and the Assignee of Wenyue Shares) shall transfer 61.18% of the equity interest in the Target Company to WFOE.

The filing and registration of the share transfers referred to in paragraphs (a) and (b) above should be completed on the Closing Date.

Subject to the satisfaction or waiver of the Conditions, it is currently expected that Closing will take place in the second quarter of 2022.

Escrow Arrangement: Each of Hangzhou Vobile and OPCO will set up an escrow account (the “**Escrow Account**”) after the approval of the Proposed Acquisition at the EGM. The Purchasers shall wire RMB299,213,700 (the “**Escrow Amount**”) to the Escrow Account within 30 Business Days after the date on which the Conditions are satisfied or waived by the Purchasers. If the Sellers and/or the Assignee of Wenyue Shares are required to fulfil tax obligations in accordance with the applicable laws and regulations in the PRC prior to Closing Date, the Purchasers agree to release from the Escrow Account an amount that is equal to the amount of taxes payable by the Sellers and/or the Assignee of Wenyue for the purposes of withholding and paying such taxes.

Payment Terms: Pursuant to the Sale and Purchase Agreement, the Total Consideration will be satisfied in the following manner:

- (a) the remainder of the Escrow Amount (which is subject to the tax withholding and payment as set out in the section headed “2. *The Proposed Acquisition — Escrow Arrangement*” above) shall be payable by the Purchasers to the bank accounts designated by the Sellers within 5 Business Days after Closing Date; and
- (b) the remainder of the Total Consideration, after deducting the Escrow Amount, shall be payable by the Purchasers to the bank accounts designated by the Sellers within 15 Business Days after Closing Date.

Termination: The Sale and Purchase Agreement may be terminated at any time prior to the Closing:

- (a) by mutual written consent of all parties to the Sale and Purchase Agreement;
- (b) by the Purchasers, if the Sale and Purchase Agreement fails to be approved by the Shareholders;
- (c) by any party which is unable to perform the Sale and Purchase Agreement due to a *force majeure* event which has lasted or has an effect lasted for 30 days or longer; or

- (d) by the Purchasers if the parties are unable to resolve a material adverse change within 30 days after a written notice from the Target Group or the Sellers or after the Purchasers becoming aware of such material adverse change;
- (e) by the Purchasers if the Target Company and/or the Sellers fail to complete their respective pre-Closing obligations timely, and such default lasts for more than 20 Business Days; or
- (f) by the Purchasers if the Conditions are not satisfied or waived by the Purchasers within 180 days after the date of the Sale and Purchase Agreement.

Upon the termination of the Sale and Purchase Agreement, it will cease to have further force or effect, and the Proposed Acquisition will not proceed, except that certain surviving provisions, and any rights or liabilities that have accrued prior to termination shall survive termination of the Sale and Purchase Agreement.

Restrictions on Key Employees:

The Management Shareholders undertakes to procure that certain key employees of the Target Group shall, from the Closing Date to the date of the publication of the Company's 2023 annual report, (i) continue to service within the Target Group; (ii) not directly or indirectly operate in or work in the same, similar or other competing businesses with the business of the Target Group or the Company or the affiliates of the Target Group or the Company; and (iii) not breach any terms under the employment contracts, non-competition agreements, confidentiality agreements, intellectual property ownership agreements and other relevant agreements signed by such key employees (the "**Restrictions on Key Employees**").

Post-Closing Acquisitions:

Second subsequent transfer by Management Shareholders post-Closing

The Management Shareholders agree that the Purchasers shall have the right, but not an obligation, to acquire from the Management Shareholders approximately up to 9.09% of the equity interest in the Target Company and approximately up to 9.09% of the equity interest in the New Target Company (the "**Management Shareholders Second Post-Closing Acquisition**") within 20 Business Days after the publication of the Company's 2022 annual report for a maximum consideration of RMB 126,934,637 with adjustment on a pro rata basis.

Third subsequent transfer by Management Shareholders post-Closing

The Management Shareholders agrees that the Purchasers shall have the right, but not an obligation, to acquire from the Management Shareholders approximately up to 9.09% of the equity interest in the Target Company and approximately up to 9.09% of the equity interest in the New Target Company (the “**Management Shareholders Third Post-Closing Acquisition**”) within 20 Business Days after the publication of the Company’s 2023 annual report for a maximum consideration of RMB 126,934,637 with adjustment on a pro rata basis.

Second subsequent transfer by the Other Existing Shareholders post-Closing

The Other Existing Shareholders agree that the Purchasers have the right, but not an obligation, to require the Other Existing Shareholders and the Assignee of Wenyue Shares to transfer approximately up to 20.64% of the equity interest in the Target Company and approximately up to 20.64% of the equity interest in the New Target Company (the “**Other Existing Shareholders Second Post-Closing Acquisition**”) within 10 Business Days from 12 months after the Closing Date for a maximum consideration of RMB288,023,165 with adjustment on a pro rata basis.

Liquidated damages in the event of default

If any of the Management Shareholders and the Other Existing Shareholders fails to carry out the Post-Closing Acquisitions timely, the Purchasers shall have the right to request the Management Shareholders and/or the Other Existing Shareholders to continue to perform their respective obligations under the Sale and Purchase Agreement, and shall have the right to require the defaulting party to pay the Purchasers and/or the Group (i) a fixed sum of RMB50,000 per day as liquidated damages and (ii) a compensation for all direct or indirect losses suffered by the Purchasers and/or the Group.

No consideration or premium is payable for the grant of the Other Existing Shareholders Second Post-Closing Acquisition.

**Post-Closing
Restrictions on
Transfer:**

For a period from Closing Date to the completion of the Management Shareholders Post-Closing Acquisitions, the Management Shareholders shall not transfer or otherwise dispose of the shares held by them in the Target Company and the New Target Company without the written consent of the Purchasers.

For a period from Closing Date to the expiry of the Exercise Period for Other Existing Shareholders' Post-Closing Acquisition (and if the Purchasers make a request during the Exercise Period for Other Existing Shareholders' Post-Closing Acquisition, the completion of the Other Existing Shareholders' Post-Closing Acquisition), the Other Existing Shareholders shall not transfer or otherwise dispose of the shares held by them in the Target Company and the New Target Company without the written consent of the Purchasers.

Undistributed Profits:

The shareholders of the Target Company and the New Target Company after Closing will be entitled to the accumulated yet undistributed profits of the Target Company and the New Target Company up to and until the Closing Date in proportion to their respective equity interest in the Target Company and the New Target Company.

**Profits and Losses
prior Closing:**

For a period from 31 August 2021 to Closing Date, the Target Company and the New Target Company shall not make any form of profit distribution.

Liquidated Damages:

If the Target Company and/or the Sellers fail to complete their respective pre-Closing obligations in a timely manner, including but not limited to the Pre-Acquisition Reorganisation, due to the Sellers' or the Purchasers' intentional or gross negligence, such defaulting party shall pay the non-defaulting party a penalty of RMB50,000 per day for each Business Day they default in performance. If such Seller's intentional or gross negligence lasts for more than 20 Business Days, the Purchasers shall have the right to unilaterally terminate the Sale and Purchase Agreement.

If such liquidated damages cannot make up for the non-defaulting party's loss, the non-defaulting party shall have the right to demand further compensation from the defaulting party.

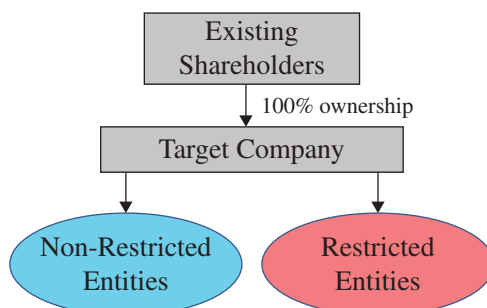
3. PRE-ACQUISITION REORGANISATION

The Proposed Acquisition is subject to the Pre-Acquisition Reorganisation, which comprises of the following steps and shall be completed within 60 Business Days after the date of the EGM:

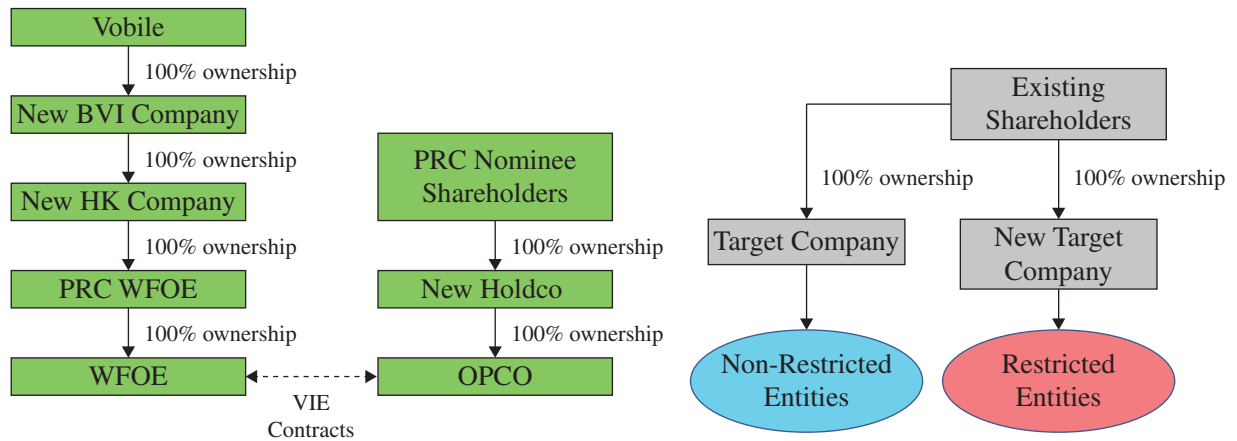
- (a) the Target Company will reorganise its business, qualifications and business scope for the purposes of the Proposed Acquisition in accordance with the applicable laws and regulations in the PRC;
- (b) a new company (the “**New Target Company**”) will be established in which the shareholders of the Target Company will hold shares in proportion to their respective equity interest in the Target Company;
- (c) the Target Company will transfer the Restricted Entities to the New Target Company such that the New Target Company will indirectly hold the assets, personnel and business relating to the Restricted Business; and
- (d) the Target Company will hold Non-Restricted Entities and some other assets, personnel and business to the satisfactory of the Company.

Details of the VIE Contracts are set out in the section headed “5. *Information of the VIE Contracts*” of this announcement.

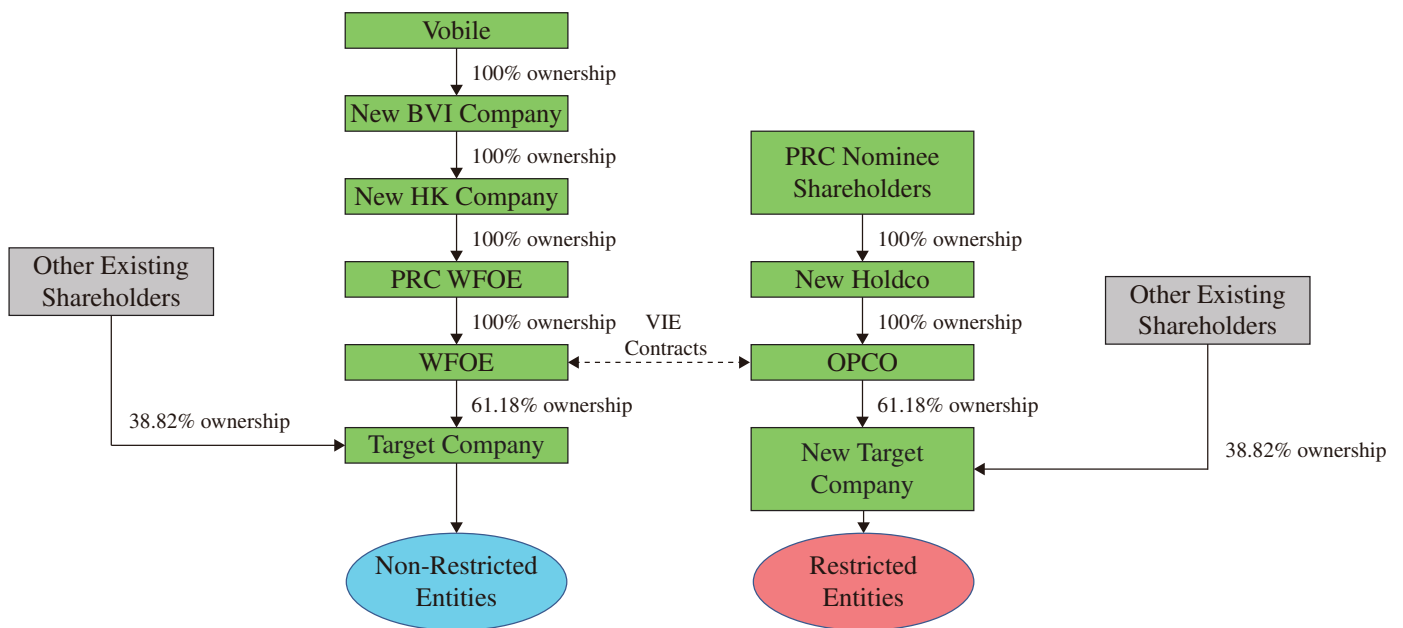
The following diagram shows the shareholding and corporate structure of the Target Group as at the date of this announcement:



The following diagram shows the shareholding and corporate structure of the Target Group immediately upon the completion of the Pre-Acquisition Reorganisation (but before Closing):



The following diagram shows the shareholding and corporate structure of the Enlarged Group immediately upon Closing:



The VIE structure will be implemented prior to Closing as part of the Pre-Acquisition Reorganisation.

Upon Closing, the Target Company (owning the Non-Restricted Entities) will be a subsidiary of the Company and accordingly, the financial results of the Target Company will be consolidated into the accounts of the Company. As WFOE, through the VIE Contracts, will have effective control over the finance and operations of OPCO (owning the Restricted Entities) so as to obtain economic interest and benefits from their business activities despite the lack of registered equity

ownership, the Directors have discussed with the auditor of the Company and are of the view that the Company has the right to consolidate the financial results of OPCO and the Restricted Entities in its consolidated accounts as if it were a subsidiary of the Group upon Closing.

4. REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Group is a leading provider of online video content protection and monetization services, helping its content owner customers identify potential infringing content, reduce infringement-induced revenue loss, and increase their revenue by utilizing our content monetization platform to facilitate online video distribution using a revenue-sharing model. The Sellers, through the Target Group, are principally engaged in SaaS for video distribution and edge computing, and content monetization services in China.

The Proposed Acquisition represents an excellent opportunity for the Group to embrace market opportunities to further consolidate its position as the leader in online video content protection and monetization, and to further realize market potentials in China with one of the best veteran teams in the industry with proven track record. The key reasons for, and the benefits of, the Proposed Acquisition are as follows:

(1) Complimentary Businesses of the Group and the Target Group Enable to Broaden and Transform China Business

The Group has established itself as a global leader in the online content protection and monetization businesses. The Target Group provides SaaS for video distribution and edge computing and engages in content monetization businesses. The Target Group, through its long-established customer relationship, provides services to top Chinese content platforms, telecom and cable operators, and internet service providers that have strategic value for the Group's business developments and product offerings in China. Upon the Acquisition, the Enlarged Group will have enhanced revenue proposition with broader customer base to offer complementary cross-sell opportunities. The Group and the Target Group will also be able to combine efforts to explore and achieve new transformational businesses in China.

(2) Enhanced Scale and Operating Capabilities Allow the Group to Capture Market Opportunities in China

The Group considers China as a key strategic growth market. The recent policy updates, including the 2020 Copyright Law Amendment (effective June 2021), guideline for National Intellectual Property Strategy (2021–2035), and the National Intellectual Property Protection and Utilization guideline for the 14th Five Year Plan, showcased increased value proposition for intellectual property rights in China, creating favourable market environment for the Group's business. The Acquisition of the Target Group will add to the Group an industry leading team with top-tier operation and immediate execution capabilities and long-established

customer relationship with top content platforms, telecom operators, cable operators and internet service providers, putting the Group in a strategic position to capture market opportunities and realize growth potentials in China.

(3) Top Industry Veteran Team in China With Outstanding Track Record, Further Adding To the Group's Global Leadership Team

The management team of the Target Group has over 20 years of experience in China media industry and was among the key founding members of Wasu Media Holding Co., Ltd (“Wasu”, listed on Shenzhen Stock Exchange: 000156.SZ), an industry-leading media conglomerate with a peak market capitalization close to RMB 100 billion. In 2014, the team established the Target Group, which has quickly emerged into a leader in video distribution and edge computing SaaS, and content monetization service, with over RMB278 million revenue in 2020. The proven track record clearly demonstrated the Target Group management team's outstanding capabilities in business operation and execution. Its complementary background and skillsets will add to the Group's global leadership team and significantly benefit the Group.

The Board is of the view that the Sale and Purchase Agreement was entered into on normal commercial terms and the terms of the Proposed Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

5. INFORMATION OF THE VIE CONTRACTS

(a) Reasons for use of the VIE Contracts

The Target Group is engaged in the operation of video distribution and information services and is considered to be engaged in the (i) provision of value-added telecommunications services and (ii) the production and operation of radio and television programs. As at the date of the announcement, the Target Group holds certain licenses and permits that are essential to the operation of the video distribution and information services, including but not limited to:

- (i) License for Value-Added Telecommunications Services (增值電信業務經營許可證); and
- (ii) License for Production and Operation of Radio and Television Programs (廣播電視節目製作經營許可證).

(b) License for Value-Added Telecommunications Services and License for Production and Operation of Radio and Television Programs

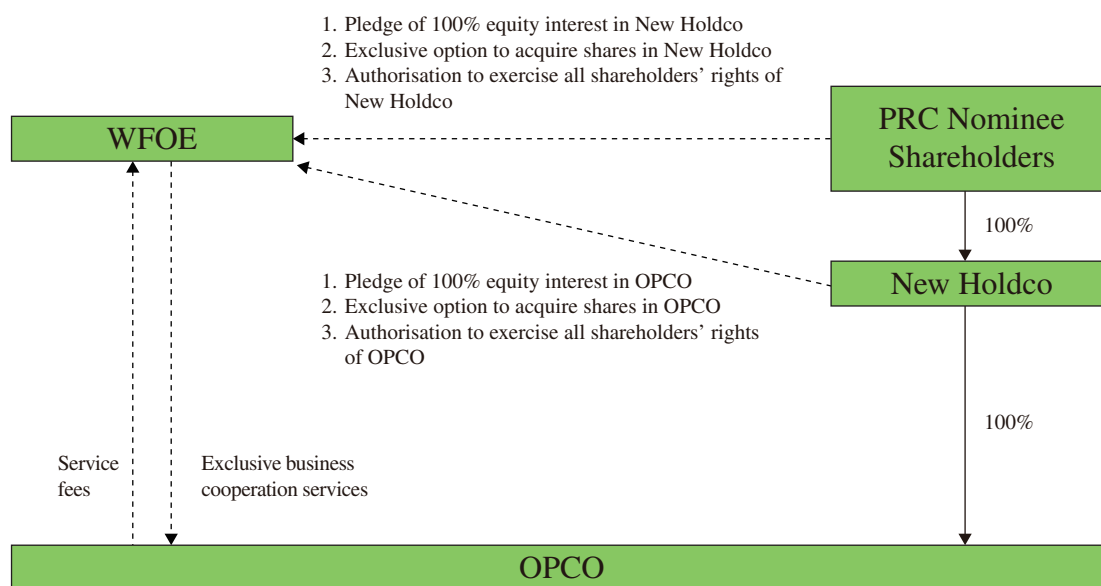
Investment activities in the PRC by foreign investors are primarily regulated by Catalogue of Industries for Encouraging Foreign Investment (2020 Version) (《鼓勵外商投資產業目錄(2020年版)》) (the “Catalogue”), which were promulgated and are amended from time to time jointly by the Ministry of Commerce of the PRC (the “MOFCOM”) and the National Development and Reform Commission of the PRC (the “NDRC”), and the Special

Administrative Measures for Foreign Investment Access (Edition 2020) (《外商投資准入特別管理措施(負面清單) (2020年版)》) (the “**Negative List**”) as promulgated and are amended from time to time jointly by the MOFCOM and the NDRC. According to the Negative List and other PRC laws, foreign investors are restricted or prohibited to (i) conduct value-added telecommunications services (except e-commerce, domestic conferencing, store-and-forward, and call center services) and (ii) conduct in radio and television program production and operation business. In light of the above, as the Company is foreign-owned, there are limitations or restrictions on foreign ownership in the Restricted Entities.

Therefore, WFOE, OPCO, New Holdco and the PRC Nominee Shareholders will enter into the VIE Contracts prior to Closing to enable the financial results, the entire economic benefits and the risks of the businesses of OPCO (owning the Restricted Entities) to flow into WFOE and to enable WFOE to gain control over OPCO (owning the Restricted Entities).

(c) VIE Contracts

The following simplified diagram illustrates the flow of economic benefits from OPCO to WFOE stipulated under the VIE Contracts:



Notes:

“————>” denotes direct legal and beneficial ownership in the equity interest

“----->” denotes contractual relationship under the VIE Contracts

The VIE structure will be implemented prior to Closing as part of the Pre-Acquisition Reorganisation. As at the date of this announcement, the identity of the PRC Nominee Shareholder(s) has not been determined by the Company. However, the Company will designate an employee of a subsidiary within the Group at a managerial level as the PRC

Nominee Shareholder(s). Such employee will be a third party independent from the Company and its connected persons, and therefore will not be regarded as connected persons of the Company under Chapter 14A of the Listing Rules.

Principal terms of each of the VIE Contracts are set out as follows:

(i) *Exclusive Business Cooperation Agreement*

Date To be signed before Closing

Parties (a) WFOE

(b) OPCO

Subject OPCO agrees to engage WFOE as the exclusive service provider to provide OPCO with business support, technical and consulting services, including but not limited to technical services, business consultation, intellectual property licensing, marketing consultancy services and other management consultancy services which are related to the industry OPCO operates in (the “**Exclusive Services**”).

During the term of the Exclusive Business Cooperation Agreement, without the prior written consent of WFOE, OPCO is not allowed to engage or cooperate with any third party for the provision of the Exclusive Services.

OPCO agrees to pay 100% of its net income (including accumulated income from the previous fiscal years) to WFOE as a fee for the Exclusive Services on an annual basis.

Term The Exclusive Business Cooperation Agreement shall take effect from the date of its execution and shall remain effective until WFOE and/or its nominee(s) acquire all equity interest in OPCO.

The Exclusive Business Cooperation Agreement may terminate upon the occurrence of any of the following circumstances:

(a) OPCO having become bankrupt, liquidated, terminated or dissolved by the operation of law;

- (b) WFOE having exercised its call option under the call Agreements, pursuant to which it and/or its nominee(s) have acquired all the equity interest of OPCO;
- (c) WFOE and/or its nominee(s) directly having acquired all equity interest in OPCO, lawfully engaged in OPCO's business and are duly registered as the shareholder(s) of OPCO in accordance with applicable PRC laws;
- (d) WFOE having requested to terminate the Exclusive Business Cooperation Agreement by a 30-day prior written notice to OPCO and the notice period has expired; and
- (e) a defaulting party having failed to cure a breach under the Exclusive Business Cooperation Agreement at its own expense within a reasonable period after being given a written notice by the non-defaulting party. Where OPCO is the defaulting party, WFOE shall have the right to unilaterally terminate the Exclusive Business Cooperation Agreement.

(ii) *Shareholders' Voting Rights Proxy Agreement I*

Date	To be signed before Closing
Parties	<ul style="list-style-type: none"> (a) WFOE (b) New Holdco (c) OPCO
Subject	<p>New Holdco irrevocably agrees to entrust WFOE all its shareholders' rights in OPCO, including but not limited to:</p> <ul style="list-style-type: none"> (a) as the agent of New Holdco, to convene and attend the shareholders' meetings of OPCO in accordance with the articles of association of OPCO; (b) to exercise all shareholder's rights New Holdco is entitled to under the PRC laws and the articles of association of OPCO, including but not limited to the right to vote, receive dividends and sell, transfer, pledge or dispose of all or part of its equity interest in OPCO;

- (c) to designate, appoint or remove any legal representative, director, supervisor, chief executive or other senior managers of OPCO in accordance with the articles of association of OPCO, and to bring legal action against directors or senior managers who acted against the interests of OPCO;
- (d) to sign and file documents with the relevant company registry;
- (e) to exercise its voting right in case of bankruptcy, liquidation, dissolution or termination of OPCO;
- (f) to distribute the remaining assets of OPCO upon bankruptcy, liquidation, dissolution or termination of OPCO;
- (g) to decide on matters relating to the submission and registration of documents to the relevant government authorities; and
- (h) to exercise any shareholder's rights to dispose of OPCO's assets, including but not limited to the right to manage OPCO's assets, to utilise OPCO's income and to acquire OPCO's assets.

Term

The term of the powers and rights granted to WFOE shall be equal to the term of the Exclusive Business Cooperation Agreement.

WFOE may unilaterally terminate this Agreement unconditionally at its sole discretion by a written notice to New Holdco and OPCO.

(iii) Shareholders' Voting Rights Proxy Agreement II

Date

To be signed before Closing

Parties

- (a) WFOE
- (b) PRC Nominee Shareholders
- (c) New Holdco
- (d) OPCO

Subject

The PRC Nominee Shareholders irrevocably agree to entrust WFOE all its shareholders' rights in New Holdco, including but not limited to:

- (a) as the agent of the PRC Nominee Shareholders, to convene and attend the shareholders' meetings of New Holdco in accordance with the articles of association of New Holdco;
- (b) to exercise all shareholder's rights the PRC Nominee Shareholders are entitled to under the PRC laws and the articles of association of New Holdco, including but not limited to the right to vote, receive dividends and sell, transfer, pledge or dispose of all or part of its equity interest in New Holdco;
- (c) to designate, appoint or remove any legal representative, director, supervisor, chief executive or other senior managers of New Holdco in accordance with the articles of association of New Holdco, and to bring legal action against directors or senior managers who acted against the interests of New Holdco;
- (d) to sign and file documents with the relevant company registry;
- (e) to exercise its voting right in case of bankruptcy, liquidation, dissolution or termination of New Holdco;
- (f) to distribute the remaining assets of New Holdco upon bankruptcy, liquidation, dissolution or termination of New Holdco;
- (g) to decide on matters relating to the submission and registration of documents to the relevant government authorities; and
- (h) to exercise any shareholder's rights to dispose of New Holdco's assets, including but not limited to the right to manage New Holdco's assets, to utilise New Holdco's income and to acquire New Holdco's assets.

Term The term of the powers and rights granted to WFOE shall be equal to the term of the Exclusive Business Cooperation Agreement.

WFOE may unilaterally terminate this Agreement unconditionally at its sole discretion by a written notice to the PRC Nominee Shareholders and New Holdco.

(iv) Exclusive Call Option Agreement I

Date To be signed before Closing

Parties (a) WFOE

(b) New Holdco

(c) OPCO

Subject New Holdco irrevocably and unconditionally agrees to grant an exclusive option to WFOE to acquire from New Holdco its equity interest in OPCO in whole or in part at a consideration of RMB1 or a minimum price to the extent permitted by the PRC laws (whichever is higher).

The Exclusive Call Option Agreement I also sets out detailed provisions that prohibit New Holdco and OPCO to act without the prior written approval from WFOE. For example, New Holdco and OPCO undertake not to sell, transfer, pledge or dispose of any legal or beneficial interest in the equity interest in OPCO held by New Holdco, save in respect of the pledge of equity interest to WFOE in accordance with the terms of the Equity Interest Pledge Agreement I.

Term The Exclusive Call Option Agreement I shall take effect from the date of its execution and shall remain effective until WFOE and/or its nominee(s) acquire all equity interest in OPCO.

WFOE may unilaterally terminate the Exclusive Call Option Agreement I unconditionally at its sole discretion by a written notice to New Holdco and OPCO.

(v) Exclusive Call Option Agreement II

Date	To be signed before Closing
Parties	(a) WFOE (b) PRC Nominee Shareholder (c) New Holdco (d) OPCO
Subject	<p>The PRC Nominee Shareholders irrevocably and unconditionally agree to grant an exclusive option to WFOE to acquire from the PRC Nominee Shareholders their equity interest in New Holdco in whole or in part at a consideration of RMB1 or a minimum price to the extent permitted by the PRC laws (whichever is higher).</p> <p>The Exclusive Call Option Agreement II also sets out detailed provisions that prohibit the PRC Nominee Shareholders, New Holdco and OPCO to act without the prior written approval from WFOE. For example, the PRC Nominee Shareholders undertake not to sell, transfer, pledge or dispose of any legal or beneficial interest in the equity interest in New Holdco, save in respect of the pledge of equity interest to WFOE in accordance with the terms of the Equity Interest Pledge Agreement II.</p>
Term	<p>The Exclusive Call Option Agreement II shall take effect from the date of its execution and shall remain effective until WFOE and/or its nominee(s) acquire all equity interest in OPCO.</p> <p>WFOE may unilaterally terminate the Exclusive Call Option Agreement II unconditionally at its sole discretion by a written notice to the PRC Nominee Shareholders and New Holdco.</p>

(vi) Equity Interest Pledge Agreement I

Date	To be signed before Closing
Parties	(a) WFOE (b) New Holdco

(c) OPCO

Subject New Holdco agrees to pledge all of the equity interest it holds in OPCO to WFOE to secure the performance of the payment obligation under the Exclusive Business Cooperation Agreement and also the obligations of New Holdco and OPCO under the VIE Contracts.

If New Holdco and/or OPCO are in breach of any of their respective obligations under the VIE Contracts, WFOE shall have the rights to, among others, dispose the pledged equity interests.

Term The Equity Interest Pledge Agreement I shall become effective upon the registration of the equity pledge and shall remain effective until the occurrence of any of the following circumstances:

- (a) the full repayment and performance of the payment obligation under the Exclusive Business Cooperation Agreement and also the obligations of New Holdco and OPCO under the VIE Contracts;
- (b) WFOE and/or its nominee(s) having elected to acquire all of the equity interest in OPCO held by New Holdco pursuant to the Exclusive Call Option Agreements to the extent permitted under PRC laws, all of the equity interest in OPCO having been duly transferred to WFOE and/or its nominee(s), and WFOE and or its nominee(s) having lawfully engaged in OPCO's business;
- (c) WFOE unilaterally having requested to terminate the Equity Pledge Agreement;
- (d) the pledge having been realised in full by WFOE in accordance with the Equity Pledge Agreement; or
- (e) as required by the applicable PRC laws and regulations.

(vii) *Equity Interest Pledge Agreement II*

Date	To be signed before Closing
Parties	(a) WFOE (b) PRC Nominee Shareholders (c) New Holdco (d) OPCO
Subject	The PRC Nominee Shareholders agree to pledge the equity interest it holds in New Holdco to WFOE to secure the performance of the payment obligation under the Exclusive Business Cooperation Agreement and also the obligations of New Holdco and OPCO under the VIE Contracts.
Term	The Equity Interest Pledge Agreement II shall become effective upon the registration of the equity pledge and shall remain effective until the occurrence of any of the following circumstances: (a) the full repayment and performance of the payment obligation under the Exclusive Business Cooperation Agreement and also the obligations of New Holdco and OPCO under the VIE Contracts; (b) WFOE and/or its nominee(s) having elected to acquire all of the equity interest in OPCO held by New Holdco pursuant to the Exclusive Call Option Agreements to the extent permitted under PRC laws, all of the equity interest in OPCO has been duly transferred to WFOE and/or its nominee(s), and WFOE and or its nominee(s) have lawfully engaged in OPCO's business; (c) WFOE unilaterally having requested to terminate the Equity Pledge Agreement; (d) the pledge having been realised in full by WFOE in accordance with the Equity Pledge Agreement; or (e) as required by the applicable PRC laws and regulations.

(viii) Letter of Undertaking

Date	To be signed before Closing
Parties	Spouse of each of the PRC Nominee Shareholders
Subject	The spouses of the PRC Nominee Shareholders each undertake (i) to sign all necessary documents to ensure due performance of the VIE Contracts; (ii) not to claim any interest in the equity interest and assets of New Holdco; (iii) that his/her spouse will have the right to dispose the equity interest in the event of his/her death, incapacity or divorce.

A copy of the VIE Contracts will be published on the Company's website as soon as reasonably practicable and after they are executed prior to Closing.

Dispute Resolutions

Each of the VIE Contracts contains a dispute resolution clause to the effect that, amongst others, in the event any dispute arises under the relevant VIE Contracts cannot be resolved among the parties through negotiation, such dispute shall provide for arbitration by the China International Economic and Trade Arbitration Commission (the "**Arbitration Commission**") in accordance with the then arbitration rules. The place of arbitration shall be in Beijing and the language of arbitration shall be Chinese. The decision of the arbitration shall be final, conclusive and binding on the parties. Further, the VIE Contracts contain provisions to the effect that the arbitrators may award remedies over the shares and/or assets of OPCO and New Holdco, injunctive reliefs (such as mandatory transfer of assets) and/or winding up order of OPCO and New Holdco.

However, the Company's PRC legal adviser has advised that (i) a tribunal does not have the power to grant injunctive relief or winding up order of OPCO and New Holdco under PRC laws; (ii) interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognizable or enforceable in China; and (iii) even if the abovementioned provisions may not be enforceable under PRC laws, the remaining provisions of the dispute resolution clauses are legal, valid and binding on the parties to the agreement under the VIE Contracts.

Death and divorce of the PRC Nominee Shareholders

Appropriate provisions have been incorporated in the VIE Contracts to protect the Group's interests in the event of death or divorce of the PRC Nominee Shareholders to avoid any practical difficulties in enforcing the VIE Contracts. The VIE Contracts have certain provisions which set out that the respective agreement shall be binding on the assignees or

successors of the PRC Nominee Shareholders to which such PRC Nominee Shareholders are a party to, details of which are set out in the section headed “5. *Information of the VIE Contracts — VIE Contracts*” above.

Liquidation

Pursuant to the Exclusive Call Option Agreements, in the event of liquidation or winding up of OPCO and New Holdco pursuant to the applicable PRC laws, OPCO and New Holdco shall sell all of their residual assets (to the extent permitted by the PRC laws) to WFOE or another qualifying entity designated by WFOE at the lowest price permitted by applicable PRC laws. Any proceeds from such transaction shall be paid to WFOE or the qualifying entity designated by WFOE after New Holdco and the PRC Nominee Shareholders receive such proceeds. Further, any proceeds New Holdco and the PRC Nominee Shareholders received from OPCO and New Holdco in the event of liquidation or winding up of OPCO and New Holdco shall be paid to the WFOE or another entity designated by WFOE. Accordingly, in a liquidation or winding up of OPCO and New Holdco, a liquidator may seize the assets of OPCO and New Holdco through WFOE based on the VIE Contracts for the benefit of the Company’s creditors/shareholders assuming the completion of the Proposed Acquisition.

Conflict of interests

The Company confirms that appropriate arrangements have been made to address the potential conflict of interests between the PRC Nominee Shareholders, New Holdco and the Group. In particular, (i) the Shareholders’ Voting Rights Proxy Agreement provides that the PRC Nominee Shareholders and New Holdco will neither, directly or indirectly, participate or engage in any business which is or may be in competition with the business of the Target Group or its associated company, provide service to any entity that participates or engages in such business, nor hold equity interest in or assets of entity that participates or engages in such business; and (ii) the Shareholders’ Voting Rights Proxy Agreements provides that the authorizations under the Shareholders’ Voting Rights Proxy Agreement will be granted to officers of the Company who are unrelated to the PRC Nominee Shareholders and New Holdco to avoid any conflict of interests.

(d) Internal Control measures to be Implemented by the Group

The VIE Contracts contain certain provisions in order to exercise effective control over and to safeguard the assets of the OPCO and New Holdco, including but not limited to that, without the prior written consent of WFOE, New Holdco and the PRC Nominee Shareholders, shall not at any time sell, transfer, pledge, or otherwise dispose or create any encumbrances over the legal or beneficial interests of the OPCO and New Holdco. OPCO and New Holdco shall conduct its business in ordinary and usual course to preserve the asset value of the OPCO and New Holdco and shall not engage in any action (or inaction) which may have any adverse effect on the business, operations and asset value of OPCO and New Holdco. In addition, OPCO’s and New Holdco’s directors, legal representative, supervisors, general manager, and

other executives may be appointed under WFOE's recommendations and such senior management will have the physical possession of all of the OPCO's and New Holdco's common seals, company chops and books and records.

(e) Effect and legality of the VIE Contracts

As advised by the Company's PRC legal adviser, the VIE Contracts upon signing comply with the PRC laws, rules and regulations applicable to the business of WFOE and OPCO (including the Catalogue and the Negative List), do not contravene the articles of WFOE and OPCO, and would not be deemed as "concealing illegal intentions with a lawful form" and void under the PRC Civil Code. The VIE Contracts upon signing are valid and enforceable against the parties to the VIE Contracts. The Company's PRC legal adviser also confirms that all necessary actions or steps have been taken to enable it to reach its legal conclusions, provided that WFOE's right to deal with the pledged equity interest in OPCO and New Holdco pursuant to the Equity Pledge Agreements and its option to acquire the relevant equity interest in OPCO and New Holdco under the Exclusive Call Option Agreements are confined to be carried out in a manner as permitted by the relevant PRC laws, and provided further that, the pledges created under the Equity Pledge Agreements shall only become effective upon its due registration with the relevant Administration for Market Regulation of the PRC. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, as at the date of the announcement, WFOE and OPCO have not encountered any interference or encumbrance from any governing bodies in operating its business through the contractual arrangements under the VIE Contracts.

Based on the above, the Board is of the view that the VIE Contracts are narrowly tailored to achieve OPCO's business purpose and to minimize the potential conflict with and are enforceable under the relevant PRC laws and regulations. The VIE Contracts enable WFOE to gain control over the financing and business operations of OPCO, and is entitled to the economic interest and benefits of OPCO. The VIE Contracts also provide that WFOE may unwind the VIE Contracts as soon as relevant PRC rules and regulations governing foreign investment in the operation of Restricted Entities are issued which allow WFOE to register itself as the shareholder of OPCO.

However, as advised by the Company's PRC legal adviser, there are substantial uncertainties regarding the interpretation and application of current and future PRC Laws. Accordingly, relevant PRC governmental or judicial authorities may take a view that is contrary to the opinion of the Company's PRC legal adviser. It is uncertain whether any new PRC laws relating to the VIE Contracts will be adopted, or if adopted, what the laws would provide. If the Group is found to be in violation of existing or future PRC laws, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC governmental or judicial authorities would have broad discretion to take action in dealing with the violation or failure, in which case, the Group could be subject to severe penalties, including being prohibited from continuing OPCO's operations or unwinding the contractual arrangements.

(f) Risk Factors in relation to the VIE Contracts

Uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of the VIE Contracts, corporate governance and business operations of the Group and the Target Group.

On March 15, 2019, the Standing Committee of National People’s Congress promulgated the 2019 PRC Foreign Investment Law, which became effective on January 1, 2020. The 2019 PRC Foreign Investment Law replaces the trio of existing laws regulating foreign investment in China, namely, the *Wholly Foreign-owned Enterprises Law*, the *Sino-foreign Equity Joint Ventures Law*, and the *Sino-foreign Cooperative Joint Ventures Law*, together with their implementation rules and ancillary regulations, and embodies an expected PRC regulatory trend to rationalize its foreign investment regulatory regime in line with prevailing international practice and the legislative efforts to unify the corporate legal requirements for both foreign and domestic investments. However, uncertainties still exist in relation to interpretation and implementation of the 2019 PRC Foreign Investment Law, especially in regard to, including, among other things, the nature of VIE structure. In case there would be material and adverse effect on the Group or the business of OPCO arising from the 2019 PRC Foreign Investment Law, the Company will timely announce (i) any updates or material changes to the 2019 PRC Foreign Investment Law; (ii) if any updates or material changes to the 2019 PRC Foreign Investment Law are implemented, a clear description and analysis of the law, specific measures taken by the Company to be in compliance with the 2019 PRC Foreign Investment Law with the support of a PRC legal opinion; and (iii) any material impact of the 2019 PRC Foreign Investment Law on the Company’s operations and financial position (if any).

The VIE structure has been adopted by many PRC-based companies to obtain necessary licenses and permits in the industries that are currently subject to foreign investment restrictions in China. While the 2019 PRC Foreign Investment Law and its implementation regulations which took effect on 1 January 2020, do not define contractual arrangements as a form of foreign investment explicitly, it cannot be guaranteed that future laws and regulations will not provide for contractual arrangements as a form of foreign investment. Therefore, there can be no assurance that the Group’s control over OPCO through contractual arrangements will not be deemed as a foreign investment in the future.

In the event that any possible future laws, administrative regulations or provisions deem contractual arrangements as a way of foreign investment, or if any of OPCO’s and its respective subsidiaries’ operations through contractual arrangements is classified in the “restricted” or “prohibited” industry, the VIE Contracts may be deemed as invalid and illegal, and the Group may be required to unwind the VIE contractual arrangements and/or dispose of any affected business. Also, if future laws, administrative regulations or provisions mandate further actions to be taken with respect to existing contractual arrangements, the Group may face substantial uncertainties as to whether it can complete such actions in a timely manner, or at all.

The PRC government may determine that the VIE Contracts do not comply with the applicable PRC laws and regulations, or if these regulations or their interpretations change in the future, the Group may be subject to penalties or be forced to relinquish its interests in those operations.

There can be no assurance that the VIE Contracts will be deemed by the relevant PRC governmental or judicial authorities to be in compliance with the existing or future applicable PRC laws and regulations, or the PRC relevant governmental or judicial authorities may in the future interpret the existing laws or regulations with the result that the VIE Contracts will be deemed to be in compliance of the PRC laws and regulations.

Due to legal restrictions on foreign investment in Chinese companies providing value-added telecommunications services and the production and operation of radio and television program, the Target Group will operate the Restricted Entities through contractual arrangements with OPCO, New Holdco and/or the PRC Nominee Shareholders. The contractual arrangements enable WFOE to: (i) hold effective control over OPCO; (ii) receive substantially all of the economic benefits of OPCO and (iii) have an exclusive option to purchase all or part of the equity interests in OPCO and New Holdco when and to the extent permitted by PRC law or requires any existing shareholders of OPCO and New Holdco to transfer any or part of the equity interest in OPCO and New Holdco to another PRC person or entity designated by WFOE at any time of its discretion. Because of the contractual arrangements, WFOE will be the primary beneficiary of OPCO and its respective subsidiaries and consolidate the results of operations of OPCO into the Group's. OPCO and its respective subsidiaries hold the licenses, approvals and key assets that are essential to its business operations.

If the PRC government finds that the contractual arrangements do not comply with the existing or future restrictions on foreign investment, or if the PRC government otherwise finds that WFOE, OPCO or any of their subsidiaries are in violation of the existing or future PRC laws or regulations or lack the necessary permits or licenses to operate its business, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations or failures, including, without limitation:

- revoking OPCO's and its respective subsidiaries' business and operating licenses;
- discontinuing or restricting OPCO's and its respective subsidiaries' operations;
- imposing fines or confiscating any of OPCO's and its respective subsidiaries' income that they deem to have been obtained through illegal operations;
- imposing conditions or requirements with which OPCO and its respective subsidiaries may not be able to comply;

- requiring OPCO and its respective subsidiaries to restructure the relevant ownership structure or operations;
- restricting OPCO's and its respective subsidiaries' financing activities to finance the business and operations of OPCO; or
- taking other regulatory or enforcement actions that could be harmful to OPCO's and its respective subsidiaries' business.

Any of these actions could cause significant disruption to the Group's business operations, and may materially and adversely affect the Group's business, financial condition and results of operations. In addition, it is unclear what impact the PRC government actions would have on the Group and the Group's ability to consolidate the financial results of OPCO in the Group's consolidated financial statements, if the PRC governmental authorities find the Group's legal structure and contractual arrangements to be in violation of PRC laws, rules and regulations. If any of these penalties results in the Group's inability to direct the activities of OPCO that most significantly impact their economic performance and/or the Group's failure to receive the economic benefits from OPCO, the Group may not be able to consolidate OPCO and its respective subsidiaries into the Group's consolidated financial statements.

The VIE Contracts may not be as effective as direct ownership in providing control over OPCO

The Group relies on contractual arrangements under the VIE Contracts with OPCO to operate the Restricted Entities in the PRC. These contractual arrangements may not be as effective in providing the Group with control over OPCO as direct ownership. If the OPCO, the New Holdco and the PRC Nominee Shareholders fail to perform their respective obligations under the VIE Agreements, the Group may incur substantial costs and expend substantial resources to enforce our rights. All the agreements under the VIE Contracts are governed by PRC laws. The legal environment in the PRC is not as developed as certain other jurisdictions, such as Hong Kong and the United States. As a result, uncertainties in the PRC legal system could limit the Group's ability to enforce the VIE Contracts. In the event that the Group is unable to enforce the VIE Contracts, or if the Group suffers significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over the OPCO, and the Group's ability to conduct its business and its financial condition and results of operations may be materially and adversely affected.

The PRC Nominee Shareholders may potentially have a conflict of interests with the Group

The Group's control over OPCO will be based on the contractual arrangement under the VIE Contracts. Therefore, conflict of interests of New Holdco and the PRC Nominee Shareholders will adversely affect the interests of the Company. Pursuant to the Shareholders' Voting Rights Proxy Agreements, New Holdco and the PRC Nominee Shareholders will irrevocably authorize WFOE as their representative to exercise the voting rights of the shareholders of

OPCO and New Holdco, and the Shareholders' Voting Rights Proxy Agreements provide that the authorizations under the Shareholders' Voting Rights Proxy Agreements will be granted to officers of the Company who are unrelated to the PRC Nominee Shareholders to avoid any conflict of interests. Therefore, it is unlikely that there will be potential conflict of interests between the Company, New Holdco and the PRC Nominee Shareholders. However, in the unlikely event that conflict of interests arises and cannot be resolved, the Company will consider removing and replacing New Holdco and the PRC Nominee Shareholders.

The contractual arrangements may be subject to scrutiny of the PRC tax authorities and transfer pricing adjustments and additional tax may be imposed

The Group could face material adverse tax consequences if the PRC tax authorities determine that the arrangements under the VIE Contracts was not entered into based on arm's length negotiations. If the PRC tax authorities determine that these agreements were not entered into on an arm's length basis, they may adjust income and expenses for PRC tax purposes in the form of a transfer pricing adjustment. A transfer pricing adjustment could adversely affect the Group's financial position by increasing the relevant tax liability without reducing the tax liabilities of OPCO, and this could further result in late payment fees and other penalties to OPCO for under-paid taxes. As a result, any transfer pricing adjustment could have a material adverse effect on the Group's financial position and results of operations.

Certain terms of the VIE Contracts may not be enforceable under PRC laws

The VIE Contracts provides for dispute resolution by way of arbitration in accordance with the arbitration rules of the Arbitration Commission. The VIE Contracts contain provisions to the effect that the arbitrators may award remedies over the shares and/or assets of OPCO and New Holdco or provide mandatory remedies to WFOE (such as mandatory transfer of asset). In addition, the parties to the VIE Contracts may also by itself/himself or through the Arbitration Commission to apply for interim remedies in the place of incorporation of WFOE in appropriate cases. Under PRC laws, an arbitral body does not have the power to grant any injunctive relief or provisional or final liquidation order to preserve the assets of or any equity interest in OPCO and New Holdco in case of disputes. Therefore, such remedies may not be available, notwithstanding the relevant contractual provisions contained in the VIE Contracts.

A substantial amount of costs and time may be involved in transferring the ownership of OPCO to the Group under the Exclusive Call Option Agreements

The Exclusive Call Option Agreements grant WFOE a right to acquire part or all of the equity interest in the registered capital of OPCO and New Holdco at RMB 1 or the lowest price permitted by PRC law (whichever is higher), under which WFOE or its designee is entitled to acquire all or part of the equity interest of OPCO and New Holdco from New Holdco and the PRC Nominee Shareholders, respectively. The Exclusive Call Option Agreements grant WFOE

a right to purchase all of the assets of OPCO and New Holdco at the lowest price permitted by PRC law when OPCO and/or New Holdco is dissolved or liquidated, under which WFOE or its nominee is entitled to acquire the assets of OPCO and New Holdco.

Nevertheless, such rights can only be exercised by WFOE as and when permitted by the relevant PRC laws and regulations, in particular, when there are no limitations on foreign ownership in PRC companies that provide value-added telecommunications and the production and operation of radio and television program.

In addition, a substantial amount of costs and time may be involved in transferring the ownership of OPCO and New Holdco to WFOE if it chooses to exercise the exclusive right to acquire all or part of the equity interest in OPCO and New Holdco under the Exclusive Call Option Agreements, which may have a material adverse impact on the Group's business, prospects and results of operation.

The Company does not have any insurance which covers the risks relating to the VIE Contracts and the transactions contemplated thereunder

The insurance of the Group does not cover the risks relating to the VIE Contracts and the transactions contemplated thereunder and the Company has no intention to purchase any new insurance in this regard. If any risk arises from the VIE Contracts in the future, such as those affecting the enforceability of the VIE Contracts and the relevant agreements for the transactions contemplated thereunder and the operation of OPCO, the results of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. In addition, the Group will implement relevant internal control measures to reduce the operational risk.

Economic risks WFOE bears as the primary beneficiary of OPCO, financial support to OPCO and potential exposure of the OPCO to losses

As the primary beneficiary of OPCO, WFOE will share both profit and loss of OPCO. Equally, WFOE bears economic risks which may arise from difficulties in the operation of OPCO's business. WFOE may have to provide financial support in the event of financial difficulty of OPCO. Under these circumstances, the Group's financial results and financial position may be adversely affected by the worsening financial performance of OPCO and the need to provide financial support to OPCO.

6. INFORMATION OF THE TARGET GROUP

(a) Target Group

The Target Company is an investment holding company incorporated under the laws of the PRC. As a leading software and information technology service provider, specialized in integrated video solutions, it is principally engaged in provision of SaaS, through its two main products in China: SaaS for video distribution and edge computing, and content monetization services in China:

- (i) **SaaS for video distribution and edge computing:** The Target Group provides integrated video technology service, video distribution, edge computing services, and hybrid cloud solutions, serving customers including top content platforms (such as Youku, Tencent), telecom and cable operators, new media and internet service providers (such as Alibaba, Tencent, Bytedance, Huawei Cloud, Baidu).
- (ii) **Content monetization service:** The Target Group carries out strategic cooperation with content rights owners including global film studios and television networks, and top platforms to bring together high-quality content from Youku, Tencent, Sony, and Paramount, etc., and provides video-based products, operations and monetization services to telecom operators, new media, and cable operators via TV and mobile devices.

(b) Selected Financial Information of the Target Group

Set out below are certain key financial data of the Target Group for each of the two years ended 31 December 2019 and 2020 and for the eight months ended 31 August 2021 as derived from the accountants' report:

	For the financial year ended 31 December 2019 RMB'000	For the financial year ended 31 December 2020 RMB'000	For the eight months ended 31 August 2021 RMB'000
Revenue	195,654	278,568	199,911
Net profit before tax	22,804	46,530	24,977
Net profit after tax	18,479	40,165	22,635

As at 31 August 2021, the net asset value of the Target Company was RMB262,333,000.

For each of the three years ended 31 December 2018, 2019 and 2020 and for the eight months ended 31 August 2021, the total revenue of the Restricted Entities was RMB9.5 million, RMB5.3 million, RMB12.2 million and RMB3.3 million, respectively.

Upon Closing, the Target Company (owning the Non-Restricted Entities) will be a subsidiary of the Company and accordingly, the financial results of the Target Company will be consolidated into the accounts of the Company. As WFOE, through the VIE Contracts, will have effective control over the finance and operations of OPCO (owning the Restricted Entities) so as to obtain economic interest and benefits from their business activities despite the lack of registered equity ownership, the Directors have discussed with the auditor of the Company and are of the view that the Company has the right to consolidate the financial results of OPCO and the Restricted Entities in its consolidated accounts as if it were a subsidiary of the Group upon Closing.

(c) Shareholding Information of the Target Company

As at date of this announcement, the Target Company is held by the following shareholders:

Name of Shareholders	Shareholding Percentage
Ms. Li Yiqing	4.43%
Ningbo Meishan Free Trade Port Zone Qishi Investment Management Partnership (Limited Partnership)* (寧波梅山保稅港區琪石投資管理合夥企業(有限合夥))	14.55%
Ningbo Meishan Free Trade Port Zone Yili Investment Management Partnership (Limited Partnership)* (寧波梅山保稅港區義立投資管理合夥企業(有限合夥))	11.34%
Deqing Jingsheng Investment Management Partnership (Limited Partnership)* (德清璟盛投資管理合夥企業(有限合夥))	20.20%
Deqing Puhua Equity Investment Fund Partnership (Limited Partnership)* (德清朴華股權投資基金合夥企業(有限合夥))	15.09%
Gongqingcheng Tengyan Investment Management Center (Limited Partnership)* (共青城藤岩投資管理中心(有限合夥))	8.28%
Park Ying Guoshi (Shanghai) Equity Investment Fund Partnership (Limited Partnership)* (朴盈國視(上海)股權投資基金合夥企業(有限合夥))	5.80%
Ningbo Shuguo Equity Investment Partnership (Limited Partnership)* (寧波書國股權投資合夥企業(有限合夥))	4.85%

Name of Shareholders	Shareholding Percentage
Ningbo Meishan Free Trade Port Zone Pu Rui Equity Investment Partnership Enterprise (Limited Partnership)* (寧波梅山保稅港區樸瑞股權投資合夥企業(有限合夥))	4.71%
Shenzhen Qianhai Junjue Investment Management Co., Ltd.* (深圳市前海君爵投資管理有限公司)	4.04%
Shanghai Ivy Digital and Media Equity Investment Fund Partnership (Limited Partnership)* (上海常春藤數字與傳媒股權投資基金合夥企業(有限合夥))	3.03%
Deqing Pudao Investment Management Partnership (Limited Partnership)* (德清朴道投資管理合夥企業(有限合夥))	0.92%
Hangzhou Puying Equity Investment Fund Partnership (Limited Partnership)* (杭州朴盈股權投資基金合夥企業(有限合夥))	0.92%
Ningbo Qiku Investment Co., Ltd.* (寧波七酷投資有限公司)	0.92%
Hangzhou Wenyue Enterprise Development Co., Ltd.* (Note) (杭州聞悅企業發展有限公司)	0.92%

Note: Prior to Closing, the Founder or her designated entity will acquire all the equity interest in the Target Company held by Hangzhou Wenyue.

7. INFORMATION OF THE SELLERS

(a) Management Shareholders

Ms. Li Yiqing is a PRC resident and a director of the Target Company. As at the date of this announcement, she directly holds 4.43% of the equity interest in the Target Company.

Ningbo Meishan Free Trade Port Zone Qishi Investment Management Partnership (Limited Partnership)* (寧波梅山保稅港區琪石投資管理合夥企業(有限合夥)) is a limited partnership registered and established in the PRC. It holds a pool of share options reserved for the employees of the Target Group, representing 14.55% of the equity interest in the Target Company. Ms. Li is the general partner of Qishi Investment.

Ningbo Meishan Free Trade Port Zone Yili Investment Management Partnership (Limited Partnership)* (寧波梅山保稅港區義立投資管理合夥企業(有限合夥)) is a limited partnership registered and established in the PRC. It holds a pool of share options reserved for the employees of the Target Group, representing 11.34% of the equity interest in the Target Company. Ms. Li is the general partner of Yili Investment.

(b) Other Existing Shareholders

As at the date of this announcement, the Other Existing Shareholders collectively hold 69.68% in the Target Company:

- (i) Deqing Jingsheng Investment Management Partnership (Limited Partnership)* (德清璟盛投資管理合夥企業(有限合夥)) is a limited partnership registered and established in the PRC and is mainly engaged in investment and asset management. It is ultimately controlled by Mr. Zhou Meihua and Mr. Zhou Wenshui. As at the date of this announcement, it directly holds 20.20% of the shareholding interest in the Target Company.
- (ii) Deqing Puhua Equity Investment Fund Partnership (Limited Partnership)* (德清朴華股權投資基金合夥企業(有限合夥)) is a limited partnership registered and established in the PRC and is mainly engaged in private equity investment and asset management. It is ultimately controlled by Mr. Cha Yong. As at the date of this announcement, it directly holds 15.09% of the shareholding interest in the Target Company.
- (iii) Gongqingcheng Tengyan Investment Management Center (Limited Partnership)* (共青城藤岩投資管理中心(有限合夥)) is a limited partnership registered and established in the PRC and is mainly engaged in project investment and investment management. It is ultimately controlled by Mr. Weng Jiyi. As at the date of this announcement, it directly holds 8.28% of the shareholding interest in the Target Company.
- (iv) Park Ying Guoshi (Shanghai) Equity Investment Fund Partnership (Limited Partnership)* (朴盈國視(上海)股權投資基金合夥企業(有限合夥)) is a limited partnership registered and established in the PRC and is mainly engaged in investment and asset management. It is ultimately controlled by Mr. Cha Yong. As at the date of this announcement, it directly holds 5.80% of the shareholding interest in the Target Company.
- (v) Ningbo Shuguo Equity Investment Partnership (Limited Partnership)* (寧波書國股權投資合夥企業(有限合夥)) is a limited partnership registered and established in the PRC and is mainly engaged in investment management. It is ultimately controlled by Insigma Technology Co. Ltd. which is listed on the Shanghai Stock Exchange. As at the date of this announcement, it directly holds 4.85% of the shareholding interest in the Target Company.

- (vi) Ningbo Meishan Free Trade Port Zone Pu Rui Equity Investment Partnership Enterprise (Limited Partnership)* (寧波梅山保稅港區樸瑞股權投資合夥企業(有限合夥)) is a limited partnership registered and established in the PRC and is mainly engaged in investment management. It is ultimately controlled by Mr. Cha Yong. As at the date of this announcement, it directly holds 4.71% of the shareholding interest in the Target Company.
- (vii) Shenzhen Qianhai Junjue Investment Management Co., Ltd.* (深圳市前海君爵投資管理有限公司) is a limited liability company incorporated in the PRC and is mainly engaged in investment management. It is ultimately controlled by Mr. Wang Huajun and Ms. Wu Lanlan. As at the date of this announcement, it directly holds 4.04% of the shareholding interest in the Target Company.
- (viii) Shanghai Ivy Digital and Media Equity Investment Fund Partnership (Limited Partnership)* (上海常春藤數字與傳媒股權投資基金合夥企業(有限合夥)) is a limited partnership registered and established in the PRC and is mainly engaged in investment management and consultancy. It is ultimately controlled by Mr. Weng Jiyi. As at the date of this announcement, it directly holds 3.03% of the shareholding interest in the Target Company.
- (ix) Deqing Pudao Investment Management Partnership (Limited Partnership)* (德清朴道投資管理合夥企業(有限合夥)) is a limited liability company incorporated in the PRC and is mainly engaged in investment and asset management. The ultimate beneficiary owners are Mr. Zha Yong, Mr. Yu Zhen and Mr. Wang Dong. As at the date of this announcement, it directly holds 0.92% of the shareholding interest in the Target Company.
- (x) Hangzhou Puying Equity Investment Fund Partnership (Limited Partnership)* (杭州朴盈股權投資基金合夥企業(有限合夥)) is a limited partnership registered and established in the PRC and is mainly engaged in private equity investment. It is ultimately controlled by Mr. Cha Yong. As at the date of this announcement, it directly holds 0.92% of the shareholding interest in the Target Company.
- (xi) Ningbo Qiku Investment Co., Ltd.* (寧波七酷投資有限公司) is a limited liability company incorporated in the PRC and is mainly engaged in enterprise management consultancy. It is a wholly owned subsidiary of Zhejiang Century Huatong Group Co Ltd. which is listed on the Shenzhen Stock Exchange. As at the date of this announcement, it directly holds 0.92% of the shareholding interest in the Target Company.

Hangzhou Wenyue Enterprise Development Co., Ltd.* (杭州聞悅企業發展有限公司) is a limited liability company incorporated in the PRC and is mainly engaged in enterprise management consultancy. It is a wholly owned subsidiary of Hangzhou Cultural and Creative Industry Development Center. As at the date of this announcement, it directly holds 0.92% of

the shareholding interest in the Target Company. Prior to Closing, the Founder or her designated entity will acquire all the equity interest in the Target Company held by Hangzhou Wenye.

8. INFORMATION OF THE GROUP

The Group is the leading provider of online video content protection services, helping its content owner customers reduce infringement-induced revenue losses and increase revenues with pay-per transaction model over internet and mobile distribution.

9. LISTING RULES IMPLICATIONS

As one or more relevant percentage ratios applicable to the Proposed Acquisition exceed 25% but are less than 100%, the Proposed Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the Purchasers shall have the right, but not the obligation, to require the Management Shareholders and the Other Existing Shareholders to transfer the remainder of the equity interest in the Target Company and the New Target Company held by them to the Purchasers after Closing, pursuant to Rule 14.75(1) of the Listing Rules, the premium for the Post-Closing Acquisitions Option will be taken into consideration for the purpose of the classification of a notifiable transaction.

As the Purchasers have not paid any premium for the Post-Closing Acquisitions Option, the grant of the Post-Closing Acquisitions Option is exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. Nevertheless, the Company will seek the shareholders' approval necessary for the exercise of the Post-Closing Acquisitions Option in addition to the Proposed Acquisition pursuant to Rule 14.76(2) of the Listing Rules.

As Ms. Li Yiqing is a director of the Target Company and the New Target Company, each being a subsidiary of the Company upon Closing, Ms. Li will become a connected person of the Company at the subsidiary level, and the transactions contemplated under the Management Shareholders Post-Closing Acquisitions will constitute a connected transaction under the Chapter 14A of the Listing Rules. The Board has approved the Proposed Acquisition (including the Management Shareholders Post-Closing Acquisitions), and the Directors (including the independent non-executive Directors) have also confirmed that the terms of the Sale and Purchase Agreement are fair and reasonable, the Proposed Acquisition (including the Management Shareholders Post-Closing Acquisitions) is on normal commercial terms or better and are in the interests of the Company and the Shareholders as a whole. Therefore, the Management Shareholders Post-Closing Acquisitions are subject to the reporting and announcement requirements but are exempt from the circular, independent financial advice and shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

To the best knowledge of the Company, no Shareholder is required to abstain from voting at the general meeting to be convened for approving the Proposed Acquisition.

The EGM will be convened to approve the Proposed Acquisition. A notice convening the EGM and a circular containing, among other things, further details of the Proposed Acquisition and the financial information of the Target Group is expected to be despatched to Shareholders by 31 December 2021.

WARNING

The Proposed Acquisition is subject to a number of conditions precedent including the obtaining of the Shareholders' approval for the Proposed Acquisition, which may or may not be fulfilled. Shareholders and potential investors of the Company should exercise caution when they deal or contemplate dealing in the securities of the Company.

DEFINITIONS

“Assignee of Wenyue Shares”	the Founder or her designated entity in relation to the acquisition of the Hangzhou Wenyue Shares
“Board”	the board of directors of the Company
“Business Day”	any day, other than a Saturday or a Sunday, on which banks are open for business in Hong Kong
“Catalogue”	Catalogue of Industries for Encouraging Foreign Investment (2020 Version) (《鼓勵外商投資產業目錄 (2020年版)》)
“Closing”	completion of the Proposed Acquisition in accordance with the terms of the Sale and Purchase Agreement
“Closing Date”	the day on which Closing takes place
“Company”	Vobile Group Limited (阜博集團有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Conditions”	the conditions as set out in the section headed “2. <i>The Proposed Acquisition — Condition Precedent</i> ” of the Letter from the Board to which the Proposed Acquisition is subject
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other things, the Proposed Acquisition

“Enlarged Group”	the Group as enlarged by the Proposed Acquisition
“Equity Interest Pledge Agreement I”	the equity interest pledge agreement to be entered into among WFOE, New Holdco and OPCO
“Equity Interest Pledge Agreement II”	the equity interest pledge agreement to be entered into among WFOE, PRC Nominee Shareholders, New Holdco and OPCO
“Equity Interest Pledge Agreements”	the Equity Interest Pledge Agreement I and the Equity Interest Pledge Agreement II
“Escrow Account”	an escrow account to be set up by each of Hangzhou Vobile and OPCO
“Escrow Amount”	RMB299,213,700, which shall be deposited by the Purchasers into the Escrow Account, which shall be subject to the tax withholding and payment as set out in the section headed “2. <i>The Proposed Acquisition — Escrow Arrangement</i> ” of the Letter from the Board and shall be applied towards the payment of the Total Consideration
“Exclusive Business Cooperation Agreement”	the exclusive business cooperation agreement to be entered into between WFOE and OPCO
“Exclusive Call Option Agreement I”	the exclusive call option agreement to be entered into between WFOE, New Holdco and OPCO
“Exclusive Call Option Agreement II”	the exclusive call option agreement to be entered into between WFOE, the PRC Nominee Shareholders, New Holdco and OPCO
“Exclusive Call Option Agreements”	the Exclusive Call Option Agreement I and the Exclusive Call Option Agreement II
“Exclusive Services”	the exclusive services to be provided by WFOE to OPCO pursuant to the Exclusive Business Cooperation Agreement
“Group”	the Company and its subsidiaries
“Hangzhou Vobile”	Hangzhou Vobile Technology Co. LTD.* (杭州阜博科技有限公司), a company incorporated in the PRC with limited liability which is a wholly owned subsidiary of the Company

“Hangzhou Wenyue”	Hangzhou Wenyue Enterprise Development Co., Ltd., a company incorporated in the PRC with limited liability. For the avoidance of doubt, it is not a Seller nor a party to the Sale and Purchase Agreement, as the Founder or her designated entity will acquire all the equity interest in the Target Company held by Hangzhou Wenyue prior to Closing
“Hangzhou Wenyue Shares”	the 0.92% equity interest in the Target Company held by Hangzhou Wenyue as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Letter of Undertaking”	the letter of undertaking to be signed by the spouse of each of the PRC Nominee Shareholders
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (as amended and supplemented from time to time)
“Management Shareholders”	Ms. Li, Yili Investment and Qishi Investment
“Management Shareholders Post-Closing Acquisitions”	the Management Shareholders Second Post-Closing Acquisition and the Management Shareholders Third Post-Closing Acquisition
“Management Shareholders Second Post-Closing Acquisition”	the first post-Closing transfer of 9.09% in the Target Company and the New Target Company, respectively, by the Management Shareholders to the Purchasers for a total consideration of RMB 126,934,637
“Management Shareholders Third Post-Closing Acquisition”	the second post-Closing transfer of 9.09% in the Target Company and the New Target Company, respectively, by the Management Shareholders to the Purchasers for a total consideration of RMB126,934,637
“MOFCOM”	the Ministry of Commerce of the PRC
“Mr. Chan”	Mr. CHAN King Man Kevin
“Mr. Chu”	Mr. Alfred Tsai CHU
“Mr. Eesley”	Mr. Charles Eric EESLEY
“Mr. Matsuzawa”	Mr. MATSUZAWA Masaaki
“Mr. Wang”	Mr. Yangbin Bernard WANG
“Mr. Wargo”	Mr. J David WARGO

“Mr. Wong”	Mr. WONG Wai Kwan
“Ms. Li” or “Founder”	Ms. LI Yiqing, a PRC resident and a director of the Target Company
“NDRC”	the National Development and Reform Commission of the PRC
“Negative List”	the Special Administrative Measures for Foreign Investment Access (Edition 2020) (《外商投資准入特別管理措施 (負面清單) (2020年版)》)
“New Holdco”	a company to be incorporated in the PRC with limited liability as part of the Pre-Acquisition Reorganisation and which will in turn wholly own OPCO
“New Target Company”	a company to be incorporated in the PRC with limited liability as part of the Pre-Acquisition Reorganisation and which will be a subsidiary of the Company upon Closing
“Non-Restricted Entities”	the entities within the Target Group, other than the Restricted Entities, which are not subject to any foreign investment restrictions in the PRC
“OPCO”	a special purpose vehicle to be incorporated in the PRC as part of the Pre-Acquisition Reorganisation and which will be indirectly wholly owned by the PRC Nominee Shareholders
“Other Existing Shareholders”	the Sellers other than the Management Shareholders
“Other Existing Shareholders Second Post-Closing Acquisition”	the post-Closing transfer of approximately 20.64% in the Target Company and the New Target Company, respectively, by the Other Existing Shareholders to the Purchasers for a total consideration of RMB288,023,165
“Post-Closing Acquisitions”	Management Shareholders Post-Closing Acquisitions and Other Existing Shareholders Second Post-Closing Acquisition
“Post-Closing Acquisitions Option”	the option which could be exercised at the discretion of the Purchasers in relation to the Management Shareholders Post-Closing Acquisitions and Other Existing Shareholders Second Post-Closing Acquisition
“PRC” or “China”	the People’s Republic of China, which for the sole purpose of this announcement excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administration Region of the PRC and Taiwan

“PRC Nominee Shareholders”	the registered holders of the equity interest in the New Holdco, who will not be regarded as connected persons of the Company under Chapter 14A of the Listing Rules
“Pre-Acquisition Reorganisation”	the proposed Reorganisation which will take place prior to Closing, details of which are set out in the section headed “3. <i>Pre-Acquisition Reorganisation</i> ” of this announcement
“Proposed Acquisition”	the proposed acquisition of 61.18% of the equity interest in the Target Company and the New Target Company, respectively, by the Purchasers (including the Post-Closing Acquisitions) pursuant to the terms and conditions under the Sale and Purchase Agreement
“Purchasers”	WFOE and OPCO
“Qishi Investment”	Ningbo Meishan Free Trade Port Zone Qishi Investment Management Partnership (Limited Partnership)* (寧波梅山保稅港區琪石投資管理合夥企業(有限合夥))
“Restricted Business”	the value-added telecommunications business and the production and operation of radio and television program business conducted by the Target Group, which are subject to foreign investment restrictions under the relevant laws and regulations in the PRC
“Restricted Entities”	the entities within the Target Group conducting the Restricted Business
“Restrictions on Key Employees”	the restrictions as set out in the section headed “2. <i>The Proposed Acquisition — Restrictions on Key Employees</i> ” of this announcement to which certain key employees of the Target Group are subject
“RMB”	Renminbi, the lawful currency of the PRC
“SaaS”	Software as a Service
“Sale and Purchase Agreement”	the sale and purchase agreement dated on 17 December 2021 entered into among others, Hangzhou Vobile, the Sellers and the Target Company in respect of the Proposed Acquisition
“Sellers”	(a) the Management Shareholders (b) Deqing Jingsheng Investment Management Partnership (Limited Partnership)* (德清璟盛投資管理合夥企業(有限合夥)) (c) Deqing Puhua Equity Investment Fund Partnership (Limited Partnership)* (德清朴華股權投資基金合夥企業(有限合夥))

- (d) Gongqingcheng Tengyan Investment Management Center (Limited Partnership)* (共青城藤岩投資管理中心(有限合夥))
- (e) Park Ying Guoshi (Shanghai) Equity Investment Fund Partnership (Limited Partnership)* (朴盈國視(上海)股權投資基金合夥企業(有限合夥))
- (f) Ningbo Shuguo Equity Investment Partnership (Limited Partnership)* (寧波書國股權投資合夥企業(有限合夥))
- (g) Ningbo Meishan Free Trade Port Zone Pu Rui Equity Investment Partnership Enterprise (Limited Partnership)* (寧波梅山保稅港區樸瑞股權投資合夥企業(有限合夥))
- (h) Shenzhen Qianhai Junjue Investment Management Co., Ltd.* (深圳市前海君爵投資管理有限公司)
- (i) Shanghai Ivy Digital and Media Equity Investment Fund Partnership (Limited Partnership)* (上海常春藤數字與傳媒股權投資基金合夥企業(有限合夥))
- (j) Deqing Pudao Investment Management Partnership (Limited Partnership)* (德清朴道投資管理合夥企業(有限合夥))
- (k) Hangzhou Puying Equity Investment Fund Partnership (Limited Partnership)* (杭州朴盈股權投資基金合夥企業(有限合夥))
- (l) Ningbo Qiku Investment Co., Ltd.* (寧波七酷投資有限公司)

“Share(s)”	ordinary shares in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Shareholders’ Voting Rights Proxy Agreement I”	the shareholders’ voting rights proxy agreement to be entered into among WFOE, New Holdco and OPCO
“Shareholders’ Voting Rights Proxy Agreement II”	the shareholders’ voting rights proxy agreement to be entered into among WFOE, the PRC Nominee Shareholders, New Holdco and OPCO
“Shareholders’ Voting Rights Proxy Agreements”	the Shareholders’ Voting Rights Proxy Agreement I and the Shareholders’ Voting Rights Proxy Agreement II
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Company” or “Particle Technology”	Particle Culture Technology Group (Hangzhou) Co., Ltd.* (粒子文化科技集團(杭州)股份有限公司), a company incorporated in the PRC with limited liability
“Target Group”	the Target Company and its subsidiaries, including the New Target Company upon the establishment of the New Target Company
“Total Consideration”	a cash consideration of RMB854,107,561 in relation to the Proposed Acquisition
“VIE”	variable interest entity
“VIE Contracts”	collectively, (i) Exclusive Business Cooperation Agreement; (ii) Shareholders’ Voting Rights Proxy Agreements; (iii) Exclusive Call Option Agreements; (iv) Equity Interest Pledge Agreements; and (v) Letter of Undertaking to be enter into among WFOE, OPCO, New Holdco and/or the PRC Nominee Shareholders prior to Closing
“US\$” or “US Dollars”	United States dollars, the lawful currency of the United States of America
“WFOE”	a wholly owned subsidiary of the Company immediately prior to Closing, which is a special purpose company established in the PRC with limited liability
“Yili Investment”	Ningbo Meishan Free Trade Port Zone Yili Investment Management Partnership (Limited Partnership)* (寧波梅山保稅港區義立投資管理合夥企業(有限合夥))
“%”	per cent.

By Order of the Board
Vobile Group Limited
Yangbin Bernard WANG
Chairman

Hong Kong, 17 December 2021

As at the date of this announcement, the Board comprises Mr. Yangbin Bernard WANG, and Mr. MATSUZAWA Masaaki as executive Directors; Mr. J David WARGO and Mr. WONG Wai Kwan as non-executive Directors; and Mr. CHAN King Man Kevin, Mr. Alfred Tsai CHU, Mr. Charles Eric EESLEY and Mr. KWAN Ngai Kit as independent non-executive Directors.

* *The English names are for identification purpose only*