

HISTORY AND DEVELOPMENT

OVERVIEW

Our history can be traced back to 2015 when Beijing Lesimedia, our principal operating subsidiary, stepped into the mobile advertising industry under the leadership of Mr. Yu in light of the potential growth and development in the internet market and the increasing mobile internet traffic in the PRC. In 2016, Mr. Zhao joined our Group and further expanded our business in the mobile advertising industry with Mr. Yu. Prior to joining our Group, both of Mr. Zhao and Mr. Yu possessed years of experience in sales and marketing in the technology and internet industries in the PRC. For their background, see “Directors and senior management” in this document.

We have been providing mobile advertising services with a focus on in-feed advertising since 2015 and producing mobile ads in still image format for customers. In view of the increasing adoption of 5G mobile technologies with higher internet speed, we expanded the format of our mobile ads to short videos in 2018. To cater for the increasing demand for our services, we set up our video production base in Beijing in 2020. In September 2022, we relocated our video production base from Beijing to Changsha to expand our production capacities and facilitate our growth and development.

Over years of our operations, we have accumulated extensive experience in the provision of mobile advertising services to our customers, which included sizeable companies in the technology and internet industries with nationwide operation in the PRC and overseas. We have also established solid business relationship with top media partners which operate some of the most popular and leading search engine platforms, news and information content platforms, short video platforms, app stores and social media platforms in the PRC. As at 31 May 2023, as a distributor of 6 media publishers, we can directly distribute mobile ads on more than 30 media platforms. With an extensive network for ad distribution, mobile ads of our customers can reach a wide spectrum of mobile users with different interests.

Business milestones

The following table outlines our key business development milestones:

Year	Event
2015	<ul style="list-style-type: none">Beijing Lesimedia commenced its provision of mobile advertising services with a focus on in-feed advertising.We established our network for direct distribution of mobile ads on media platforms. Since then, our network covered a mobile browser operated by Alibaba Group.
2016	<ul style="list-style-type: none">We further expanded our network for ad distribution to cover app stores, mobile browsers and other apps operated by Supplier A.
2017	<ul style="list-style-type: none">We formed our technology support and development team in Guangzhou, Guangdong, the PRC.We commenced business relationship with Customer A, a leading internet technology company operating the largest platforms for short-form mobile videos.

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Year	Event
	<ul style="list-style-type: none">● We commenced business relationship with Customer B, a leading technology company with a focus on search engine business.
2018	<ul style="list-style-type: none">● We commenced our in-house production of mobile ads in video format.
2019	<ul style="list-style-type: none">● We further expanded our network for ad distribution to cover short video platforms, news and information content platforms, an information sharing platform for auto vehicles and other apps operated by Supplier C.
2020	<ul style="list-style-type: none">● We established our dedicated video production base in Beijing with different shooting scenarios.
2021	<ul style="list-style-type: none">● We further expanded our network for ad distribution to cover various video platforms operated by Supplier I and a social media platform for career and social networking operated by Supplier H.● Hunan Lesimedia was established for our expansion of video production base to Changsha, Hunan, the PRC.
2022	<ul style="list-style-type: none">● We became a business partner of a popular video platform operated by Customer A in markets outside of China. We started to explore business opportunities to provide advertising and marketing services to retailers for promotion of their products on an overseas video platform through live streaming.● Our video production base was relocated to Changsha, Hunan, the PRC.

For further details, see “Business — Suppliers”, “Business — Customers” and “Business — Strategies and future plans” in this document.

OUR CORPORATE DEVELOPMENTS

Our Company

For details regarding the incorporation of our Company, see “Reorganisation — 1. Incorporation of offshore companies — Our Company” in this section.

Our principal operating subsidiaries

We carry out our business through various subsidiaries in the PRC. Details of the major corporate developments including major shareholding changes of our principal PRC operating subsidiaries are set out below.

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Beijing Lesimedia

Beijing Lesimedia was established in the PRC on 9 January 2009 as a limited liability company with an initial registered capital of RMB500,000. The registered capital was fully paid up in cash and was owned as to (i) 60% by Ms. Shu, the spouse of Mr. Yu, and (ii) 40% by Mr. Yu Yiwen (“**Mr. Yu YW**”), the father of Mr. Yu. Beijing Lesimedia was established with a view to explore potential business opportunities and had no substantial operations until it stepped into the mobile advertising industry in 2015 under the leadership of Mr. Yu. In 2016, Mr. Zhao joined our Group and further expanded our business in the mobile advertising industry with Mr. Yu. Since then, Beijing Lesimedia has been principally engaged in the provision of mobile advertising services.

After establishment, Beijing Lesimedia had capital injections and its registered capital was increased to RMB1 million and was contributed by its then shareholders. As at 15 March 2016, the equity interest of Beijing Lesimedia was owned as to (i) 60% by Ms. Shu and (ii) 40% by Mr. Yu YW. To recognise the changes in management and business directions of our Group and the dedication of Mr. Zhao and Mr. Yu, Beijing Lesimedia underwent shareholding changes. On 15 March 2016, Ms. Shu transferred her equity interest in Beijing Lesimedia as to (i) 32% to Mr. Yu at a consideration of RMB320,000, (ii) 12% to Mr. Zhao at a consideration of RMB120,000 and (iii) 10% to Mr. Zhang Yu (“**Mr. Zhang**”), a then employee of Beijing Lesimedia and an Independent Third Party, at a consideration of RMB100,000. On the same date, Mr. Yu YW transferred all his 40% equity interest in Beijing Lesimedia to Mr. Zhao, at a consideration of RMB400,000. The considerations were determined with reference to the then registered capital of Beijing Lesimedia held by Ms. Shu and Mr. Yu YW. Upon completion of the transfers, the equity interest in Beijing Lesimedia was owned as to (i) 52% by Mr. Zhao, (ii) 32% by Mr. Yu, (iii) 10% by Mr. Zhang and (iv) 6% by Ms. Shu.

Beijing Lesimedia subsequently underwent a series of capital injections and transfers of equity interests for financing its business development with a plan to streamline its shareholding structure. As at 4 July 2017, Beijing Lesimedia had a registered capital of RMB5 million and the equity interest was owned as to (i) 52% by Mr. Zhao, (ii) 32% by Mr. Yu, (iii) 10% by Mr. Zhang and (iv) 6% by Ms. Shu. On 4 July 2017, Beijing Lesimedia together with its shareholders and Jiangsu Wansheng signed a capital injection agreement, pursuant to which Jiangsu Wansheng subscribed for 12.5% equity interest in Beijing Lesimedia at a consideration of RMB20 million. The consideration, which was determined based on arm’s length negotiation between the parties after having considered the historical financial performance, the financial position and the future financial needs of Beijing Lesimedia and the business prospects of Beijing Lesimedia in the mobile advertising industry, was fully paid on 7 July 2017. For further information about Jiangsu Wansheng, see “Information about Jiangsu Wansheng” in this section. Upon completion of the capital injection, the equity interest of Beijing Lesimedia was owned as to (i) approximately 45.50% by Mr. Zhao, (ii) approximately 28.00% by Mr. Yu, (iii) 12.50% by Jiangsu Wansheng, (iv) approximately 8.75% by Mr. Zhang and (v) approximately 5.25% by Ms. Shu.

On 14 August 2019, to streamline the shareholding structure, Mr. Zhao, Mr. Yu, Mr. Zhang and Ms. Shu transferred their equity interest in Beijing Lesimedia at nil consideration to Shanghai Lingxiang, which was in turn owned as to (i) approximately 51.91% by Mr. Zhao, (ii) approximately 31.99% by Mr. Yu, (iii) 10% by Mr. Zhang, (iv) 6% by Ms. Shu and (v) 0.1% by Xiamen Haitan (as the general partner). Xiamen Haitan was owned as to (i) 90% by Mr. Zhao and (ii) 10% by Mr. Yu. Xiamen Haitan is the general partner of Shanghai Lingxiang while other shareholders are limited partners. Upon

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completion of the transfers, Beijing Lesimedia was owned as to (i) 87.5% by Shanghai Lingxiang and (ii) 12.5% by Jiangsu Wansheng. There was no subsequent change in the shareholding structure of Beijing Lesimedia until the Reorganisation.

To pursue other personal goals, Mr. Zhang left our Group and transferred his 10% interest in Shanghai Lingxiang as to (i) 5.779% to Mr. Zhao, (ii) 3.551% to Mr. Yu and (iii) 0.67% to Ms. Shu at an aggregate consideration of RMB1 million, which was determined with reference to his then capital contribution in Shanghai Lingxiang, on 28 June 2020. The consideration was fully settled on 30 June 2020. Subsequently, Shanghai Lingxiang was owned as to (i) 57.689% by Mr. Zhao, (ii) 35.541% by Mr. Yu, (iii) 6.67% by Ms. Shu and (iv) 0.1% by Xiamen Haitan (as the general partner). Immediately prior to Mr. Zhang's departure, he served as the vice president of sales and marketing of our Group and was primarily responsible for sales and marketing. In view of the substantial amount of work involved in sales and marketing of our Group and his then health conditions, Mr. Zhang resigned and held no other position with our Group. As confirmed by Mr. Zhang, he has no disagreement with our Directors and had no claim against our Group.

On 7 July 2020, to recognise the contributions of Mr. Nie in our Group, Mr. Nie became a shareholder of Shanghai Lingxiang and had capital contribution of RMB1,000. Subsequently, Shanghai Lingxiang was owned by (i) Mr. Zhao as to approximately 57.68%, (ii) Mr. Yu as to approximately 35.54%, (iii) Ms. Shu as to approximately 6.67%, (iv) Xiamen Haitan (as the general partner) as to 0.1% and (v) Mr. Nie as to 0.01%. There was no subsequent change in the shareholding structure of Shanghai Lingxiang.

In respect of the abovementioned transfers of equity interest in Beijing Lesimedia by Mr. Zhao, Mr. Yu, Ms. Shu and Mr. Zhang in December 2016 and August 2019, such equity interest were transferred at premium. According to the PRC Individual Income Tax Law (中華人民共和國個人所得稅法) and its implementation rules, the gain of an individual from transfer of equity interest shall be subject to individual income tax. According to the Law of the PRC on the Administration of Tax Collection (中華人民共和國稅收徵收管理法), the tax bureau may impose a fine of RMB2,000 or, in serious circumstances, a fine that is more than RMB2,000 but less than RMB10,000, on a taxpayer who fails to file a return together with necessary information to the tax bureau within the prescribed time limit. Moreover, when a taxpayer does not file tax returns, does not pay or underpays its tax that should be paid within a specified time, the tax bureau may order the taxpayer to pay unpaid or underpaid tax and related late payments, impose on the taxpayer a fine of not less than 50% but not more than five times the amount of tax the taxpayer shall pay or underpay. As advised by our PRC Legal Advisers, Mr. Zhao, Mr. Yu, Ms. Shu and Mr. Zhang have not filed their tax returns relating to the said transfers of equity interest in a timely manner and, thus, have not complied with relevant requirements under the PRC Individual Income Tax Law and its implementation rules. Mr. Zhao, Mr. Yu and Ms. Shu have undertaken to CSRC that each of them would make a tax filing relating to the said transfers of equity interest in Beijing Lesimedia to the applicable tax bureau prior to the [REDACTED] and make the tax payments in accordance with applicable laws and regulations.

Khorgos Lechuang

Khorgos Lechuang was established in the PRC on 9 January 2017 as a limited liability company with an initial registered capital of RMB1,000,000 and was wholly owned by Beijing Lesimedia.

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On 15 April 2021, the registered capital of Khorgos Lechuang was increased to RMB3,000,000 through capital injection in the amount of RMB2,000,000 by Beijing Lesimedia.

Khorgos Lechuang has been principally engaged in the provision of mobile advertising services since its establishment.

In January 2022, Khorgos Lechuang entered into a cooperation agreement on formation of a joint venture with Leyugou Funeng, an Independent Third Party and a wholly owned subsidiary of a leading electrical appliance store in the PRC. Beijing Leyugou was established in the PRC on 14 February 2022 as a limited liability company with a registered capital of RMB10 million according the said cooperation agreement. The equity interest of Beijing Leyugou was owned as to 80% by Leyugou Funeng and 20% by Khorgos Lechuang. It was originally intended that Beijing Leyugou would engage in the sales and marketing business under the cooperation of Leyugou Funeng and Khorgos Lechuang. Due to changes of key personnel of Leyugou Funeng and their development plan, Leyugou Funeng and Khorgos Lechuang mutually agreed to terminate the cooperation in July 2022 and proceeded with the subsequent deregistration procedures. Accordingly, Beijing Leyugou was deregistered on 2 March 2023. Prior to its deregistration, Beijing Leyugou has not commenced any business and no capital contribution has been made to Beijing Leyugou given that the cooperation was at its preliminary stage.

Beijing Lexiao

Beijing Lexiao was established in the PRC on 26 June 2018 as a limited liability company with an initial registered capital of RMB1,000,000 and was wholly owned as to 100% by Beijing Lesimedia.

Beijing Lexiao has been principally engaged in the provision of mobile advertising services since its establishment.

Hunan Lesimedia

Hunan Lesimedia was established in the PRC on 9 November 2021 as a limited liability company with an initial registered capital of RMB2,000,000 and was wholly owned by Beijing Lesimedia.

Hunan Lesimedia has been principally engaged in the provision of mobile advertising services since its establishment.

Khorgos Lemon

Khorgos Lemon was established in the PRC on 23 July 2020 as a limited liability company with an initial registered capital of RMB1,000,000 and was wholly owned by Beijing Lesimedia.

Khorgos Lemon has been principally engaged in the provision of mobile advertising services since its establishment.

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Other subsidiaries of our Group

The following table contains brief information of other subsidiaries of our Group as at the Latest Practicable Date:

Name	Date of incorporation/ establishment	Place of incorporation/ establishment	Principal activities
New Atmedia BVI	28 January 2019	BVI	Investment holding
Glitter Investments HK	11 February 2019	Hong Kong	Investment holding
Hunan Lexiaoyun	11 March 2022	PRC	Investment holding
HK LesiTech	14 May 2018	Hong Kong	Inactive

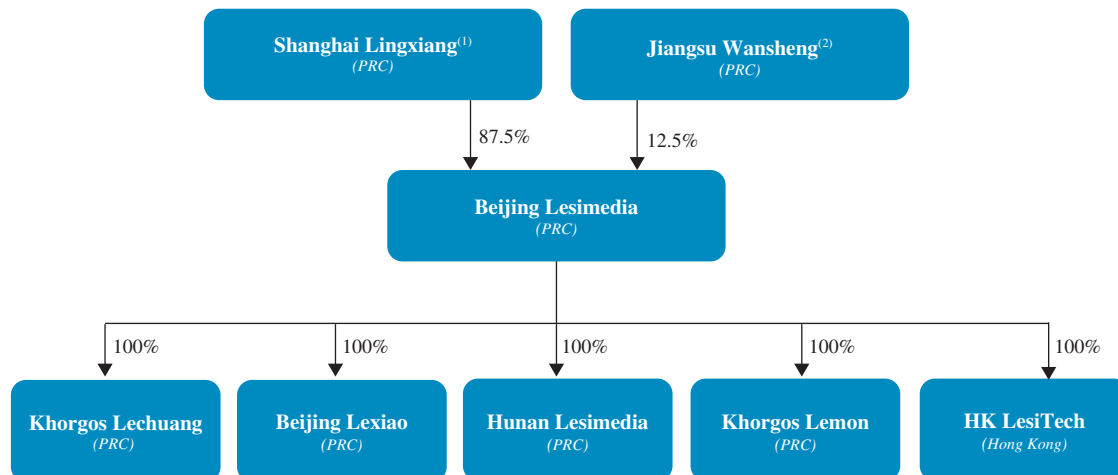
INFORMATION ABOUT JIANGSU WANSHENG

Jiangsu Wansheng is principally engaged in the digital advertising business and investment holding. It is a wholly-owned subsidiary of Leo Group Co., Ltd.* (利歐集團股份有限公司) (“**Leo Group**”), which is principally engaged in mechanical manufacturing and provision of digital marketing services in the PRC and whose shares are listed on the Shenzhen Stock Exchange (stock code: 002131) since April 2007. The single largest shareholder of Leo Group is Mr. Wang Xiangrong* (王相榮), who has served as the chairman and the general manager of Leo Group since February 2005 and August 2009, respectively, and held approximately 9.4% interest in Leo Group as at 31 December 2021. Save as his indirect interest in our Group through his shareholding and directorship in Leo Group, Mr. Wang Xiangrong is an Independent Third Party. Other than mechanical manufacturing and digital marketing services, Leo Group also engages in the investment business and maintains investment portfolios in various industries with a focus on the vehicle manufacture industry, medical and health care industry, semiconductor production industry and aircraft industry. The investment by Jiangsu Wansheng into Beijing Lesimedia was made in accordance with the then investment strategy of Jiangsu Wansheng into the online advertising sector and to create synergy and further the business relationship with our Group. Jiangsu Wansheng was a passive investor and was not involved in the management of our business nor operations. A subsidiary of Jiangsu Wansheng was a customer of our Group in 2020. For the years ended 31 December 2020, we provided advertisement distribution services to Leo Group and generated revenue of insignificant amount of less than RMB1,000. Our businesses with Leo Group were conducted on normal commercial terms, which were comparable to other independent customers and were determined based on arm’s length negotiation.

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REORGANISATION

The following chart sets out the shareholding and corporate structure of our Group immediately prior to the Reorganisation:



Notes:

- (1) The equity interest in Shanghai Lingxiang is owned as to (i) approximately 57.68% by Mr. Zhao, (ii) approximately 35.54% by Mr. Yu, (iii) approximately 6.67% by Ms. Shu, (iv) approximately 0.1% by Xiamen Haitan (as the general partner) and (v) approximately 0.01% by Mr. Nie. The equity interest in Xiamen Haitan is owned as to (i) 90% by Mr. Zhao and (ii) 10% by Mr. Yu.
- (2) The equity interest in Jiangsu Wansheng is ultimately wholly owned by Leo Group. See “Information about Jiangsu Wansheng” in this section.

In preparation of the [REDACTED] Group underwent the Reorganisation, pursuant to which our Company became the holding company of our Group. The main steps of the Reorganisation are set out below:

1. Incorporation of offshore companies

Quartet Yutong BVI

On 22 May 2020, Quartet Yutong BVI was incorporated in the BVI with limited liability. The entire issued share capital of Quartet Yutong BVI is owned solely by Mr. Zhao.

Remit Sheng BVI

On 20 May 2020, Remit Sheng BVI was incorporated in the BVI with limited liability. The entire issued share capital of Remit Sheng BVI is owned solely by Mr. Yu.

Jing Sing BVI

On 21 May 2020, Jing Sing BVI was incorporated in the BVI with limited liability. The entire issued share capital of Jing Sing BVI is owned solely by Ms. Shu.

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Jiang Oofy BVI

On 27 July 2020, Jiang Oofy BVI was incorporated in the BVI with limited liability. The entire issued share capital of Jiang Oofy BVI is owned solely by Mr. Nie.

Ka Lok BVI

On 16 January 2019, Ka Lok BVI was incorporated in the BVI with limited liability. Ka Lok BVI had subsequently undergone a series of share transfers and allotments. Since 1 April 2022, the entire issued share capital of Ka Lok BVI have been owned as to (i) 57.77% by Quartet Yutong BVI, (ii) 35.55% by Remit Sheng BVI, (iii) 6.67% by Jing Sing BVI and (iv) 0.01% by Jiang Oofy BVI.

Our Company

On 22 June 2020, our Company was incorporated in the Cayman Islands as an exempted company with limited liability to act as the holding company of our Group for the [REDACTED] on the Stock Exchange. The initial authorised share capital of our Company was US\$20,000 divided into 20,000,000 Shares with a par value of US\$0.001 each. On the same date, 1 initial Share of US\$0.001 was issued and allotted to an initial subscriber, an Independent Third Party. After a series of share allotments and transfers, our Company has allotted and issued in aggregate 19,000,000 Shares with a par value of US\$0.001 each. On 1 April 2022, our Company was wholly owned by Ka Lok BVI.

On 1 April 2022, the authorised share capital of our Company was increased from US\$20,000 divided into 20,000,000 Shares of a par value of US\$0.001 each to US\$5,000,000 divided into 5,000,000,000 Shares of a par value of US\$0.001 each by the creation of an additional of 4,980,000,000 Shares of par value of US\$0.001 each.

New Atmedia BVI

On 28 January 2019, New Atmedia BVI was incorporated in the BVI with limited liability with an authorised capital of US\$2,000 divided into 2,000 shares of US\$1.00 each. On the same date, 2,000 fully-paid shares were issued and allotted to Ka Lok BVI. Upon completion of such issue and allotment, it was solely owned by Ka Lok BVI. On 16 July 2020, Ka Lok BVI transferred the entire issued shares of New Atmedia BVI to our Company. Upon completion of such transfer of shares, New Atmedia BVI was solely owned by our Company.

Glitter Investments HK

On 11 February 2019, Glitter Investments HK was incorporated in Hong Kong with limited liability with a share capital of HK\$10,000 divided into 10,000 shares of HK\$1.00 each. On the same date, 10,000 fully-paid shares were issued and allotted to New Atmedia BVI. Upon completion of such issue and allotment, it was solely owned by New Atmedia BVI.

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2. *Establishment of Hunan Lexiaoyun*

On 11 March 2022, Hunan Lexiaoyun was established in the PRC as a wholly-foreign owned enterprise of limited liability with an initial registered capital of RMB5 million. It was wholly-owned by Glitter Investments HK. In view of the offer of rental subsidy by the local government of Changsha City as its policy to attract foreign investment, Glitter Investments HK established Hunan Lexiaoyun as an investment holding company and in place of Shanghai Zhuixia.

3. *Deregistration of Shanghai Zhuixia*

Shanghai Zhuixia was established in the PRC on 12 August 2020 with registered capital of RMB5 million and was directly wholly-owned by Glitter Investments HK. Mr. Zhao was the sole director and the legal representative of Shanghai Zhuixia. It was intended that Shanghai Zhuixia would be principally engaged in investment holding and would hold the equity interest of Beijing Lesimedia after the Reorganisation. However, due to the reason as set out in “2. Establishment of Hunan Lexiaoyun” above, Hunan Lexiaoyun was ultimately selected as the special purpose vehicle for the Reorganisation. Accordingly, in order to streamline our corporate structure, Shanghai Zhuixia was deregistered on 29 June 2022. Shanghai Zhuixia had not commenced any business since its establishment. Prior to its deregistration, it had no revenue, assets, liabilities, licences or intellectual properties for operation of any business of our Group and was solvent. Moreover, it was not involved in any litigation, claims or legal proceedings from the date of establishment to the date of deregistration. Our PRC Legal Adviser reviewed all necessary documents on the registration and deregistration of Shanghai Zhuixia and have conducted all reasonable public searches against Shanghai Zhuixia with relevant government authorities (including searches on official websites of the relevant government authorities). Our Directors, as advised by our PRC Legal Adviser, confirmed that Shanghai Zhuixia has complied with all applicable laws and regulations in all material respects from the date of establishment to the date of deregistration.

4. *Transfer of equity interest in Beijing Lesimedia by Jiangsu Wansheng to Shanghai Lingxiang*

On 2 June 2022, in accordance with the shift in investment and exit strategies of Jiangsu Wansheng, taking into account the cash position of Leo Group and after mutual discussion, Jiangsu Wansheng and Shanghai Lingxiang entered into an equity transfer agreement, pursuant to which Jiangsu Wansheng transferred 12.5% equity interest in Beijing Lesimedia to Shanghai Lingxiang at a consideration of RMB30 million. The consideration was determined based on arm’s length negotiation between the parties with reference to the investment cost of Jiangsu Wansheng in Beijing Lesimedia and after having considered the return on investment and net assets value of Beijing Lesimedia as at 30 June 2021 and the financial needs of Leo Group. The consideration was fully settled by 15 June 2022. Such transaction was properly and legally completed on 15 June 2022.

5. *Transfer of equity interest in Beijing Lesimedia by Shanghai Lingxiang to the [REDACTED] Investor*

On 10 April 2022, our Company, Glitter Investments HK, Beijing Lesimedia, Mr. Zhao, Mr. Yu, Ms. Shu, Mr. Nie and the [REDACTED] Investor entered into the [REDACTED] Investment Agreement, pursuant to which the [REDACTED] Investor agreed to acquire 5% equity interest in

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Beijing Lesimedia held by Shanghai Lingxiang, at a consideration of RMB11,010,000 and agreed to sell such 5% equity interest to Glitter Investments HK at the same consideration. The consideration was determined after arm’s length negotiation with reference to the value of equity interest of Beijing Lesimedia as at 30 June 2021 appraised by an independent valuer and the financial performance and future prospect of our Group. On 10 May 2022, the [REDACTED] Investor and Shanghai Lingxiang entered into an equity transfer agreement to transfer the 5% equity interest in Beijing Lesimedia from Shanghai Lingxiang to the [REDACTED] Investor. Such transaction was properly and legally completed on 7 June 2022. The consideration was paid by the [REDACTED] Investor on 6 July 2022 and was fully settled on 29 July 2022 after completion of necessary cross-border payment procedure. Upon completion of such transfer, Beijing Lesimedia became a sino-foreign joint venture enterprise and was owned as to (i) 95% by Shanghai Lingxiang and (ii) 5% by the [REDACTED] Investor. For further details, see “[REDACTED] Investment” in this section.

6. Capital injection to Hunan Lexiaoyun by Shanghai Lingxiang

On 27 June 2022, Shanghai Lingxiang subscribed for new capital of RMB50,505 in Hunan Lexiaoyun, representing approximately 1.0% of the enlarged equity interest of Hunan Lexiaoyun. Such subscription was settled by the transfer of 95% of its equity interest in Beijing Lesimedia by Shanghai Lingxiang to Hunan Lexiaoyun. On 21 July 2022, Hunan Lexiaoyun entered into an equity transfer agreement with Shanghai Lingxiang in respect of the transfer of 95% equity interest in Beijing Lesimedia from Shanghai Lingxiang to Hunan Lexiaoyun. Such transactions were properly and legally completed by 21 July 2022. Upon completion of the said transfers, (i) Hunan Lexiaoyun was owned as to 99% by Glitter Investments HK and 1% by Shanghai Lingxiang and (ii) Beijing Lesimedia was owned as to 95% by Hunan Lexiaoyun and 5% by the [REDACTED] Investor.

The reason for capital injection to Hunan Lexiaoyun by Shanghai Lingxiang is to allow the transfer of equity interest in Beijing Lesimedia to be taken without having the need for funding.

In respect of the capital injection by Shanghai Lingxiang settled by the transfer of equity interest in Beijing Lesimedia, such transfer is regarded as an investment of Shanghai Lingxiang by transferring non-monetary asset under applicable regulations of the PRC. According to the Notice on Personal Income Tax Policy for Non-Monetary Asset Investments (《關於個人非貨幣性資產投資有關個人所得稅政策的通知》) and the Notice on Corporate Income Tax Policy for Non-Monetary asset Investments (《關於非貨幣性資產投資企業所得稅政策問題的通知》), an income of an individual or a corporate from his/its investment by transferring non-monetary asset shall be subject to personal income tax or corporate income tax. Moreover, according to the Notice on Income Tax of Partners of a Partnership Enterprise (《關於合夥企業合夥人所得稅問題的通知》), each of the individual or corporate partners of a partnership enterprise is a taxpayer and shall pay their respective income tax after they receive income from the partnership enterprise. According to the Law of the PRC on the Administration of Tax Collection (中國稅收徵收管理法), the tax bureau may impose a fine of RMB2,000 or, in serious circumstances, a fine that is more than RMB2,000 but less than RMB10,000, on a taxpayer who fails to file a return together with necessary information to the tax bureau within the prescribed time limit. Moreover, when a taxpayer does not file tax returns, does not pay or underpays its tax that should be paid within a specified time, the tax bureau may order the taxpayer to pay unpaid or underpaid tax and related

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late payments, impose on the taxpayer a fine of not less than 50% but not more than five times the amount of tax the taxpayer shall pay or underpay. As advised by our PRC Legal Advisers, Shanghai Lingxiang (being a partnership enterprise) and its partners have not filed their tax returns relating to the investment of Shanghai Lingxiang by transferring non-monetary asset in a timely manner and, thus, have not complied with relevant requirements under the aforementioned Notices. Shanghai Lingxiang and its partners have undertaken to CSRC that each of them would make a tax filing relating to the investment of Shanghai Lingxiang by transferring non-monetary asset to the applicable tax bureau within 60 days from the [REDACTED] and make the tax payments in accordance with applicable laws and regulations.

7. *Transfer of equity interest in Beijing Lesimedia by the [REDACTED] Investor to Glitter Investments HK*

On 21 July 2022, Glitter Investments HK acquired 5% equity interest in Beijing Lesimedia from the [REDACTED] Investor at a consideration of RMB11,010,000, which was settled by the issue and allotment of 1,000,000 Shares, credited as fully paid, by our Company to the [REDACTED] Investor. Such consideration was determined on arm’s length basis with reference to the consideration paid by the [REDACTED] Investor for its acquisition of 5% equity in Beijing Lesimedia. Such transfer was properly and legally completed on 21 July 2022.

Upon completion of the said transfer and allotment, (i) Beijing Lesimedia was owned as to 95% by Hunan Lexiaoyun and 5% by Glitter Investments HK, and (ii) our Company was owned as to 95% by Ka Lok BVI and 5% by the [REDACTED] Investor.

[REDACTED] INVESTMENT

Background of the [REDACTED] Investor

The [REDACTED] Investor is a company incorporated in Singapore with limited liability on 7 December 2020 and has a focus of its investment in the technology, media and telecommunications industry and education industry. The entire equity interest in the [REDACTED] Investor is held directly by Trident Trust, a company incorporated in Singapore with limited liability and an Independent Third Party. Trident Trust is a professional and independent trustee to the Ma Family Trust, which is a discretionary trust established on 3 December 2020, with Mr. Ma being the settlor and protector. The current beneficiaries of the Ma Family Trust are Mr. Ma’s children and remoter issue. Mr. Ma is the sole director of the [REDACTED] Investor. He is the founder of Shaanxi Longmen Education Technology Ltd.* (陝西龍門教育科技有限公司) (“**Longmen Education**”), which was principally engaged in the provision of education training services, and the shares of which were listed on the National Equities Exchange and Quotations System (stock code: 838830) from August 2016 to 18 October 2019. Mr. Ma was the deputy chairman and executive director of Longmen Education. In 2017, Longmen Education was acquired by a subsidiary of Suzhou Kingswood Education Technology Co., Ltd.* (蘇州科德教育科技股份有限公司), the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300192) during its internal reorganisation process and its principal business is education training and offset printing.

Mr. Ma became acquainted with Mr. Zhao and Mr. Yu through the introduction by a business acquaintance of Mr. Ma in 2020. He then explored potential opportunities on the [REDACTED] Investment in view of our Group’s track record and market growth potential.

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To the best of the knowledge, information and belief of our Directors, (i) the [REDACTED] Investor decided to invest in our Group as they were optimistic about the prospect of the mobile advertising industry and our Company after it met our management team and gained an understanding of our business operation and (ii) the [REDACTED] Investment was financed by the capital of the Ma Family Trust. The [REDACTED] Investor nominated Ms. Chang as a non-executive Director. For details of her biographical information, see “Directors and senior management” in this document. Save as disclosed herein, the [REDACTED] Investor and its ultimate beneficial owner do not have any other relationship with our Group, our Shareholders, our Directors, our senior management, any connected persons of our Company and any of their respective associates. Other than having a role as investor and a Shareholder and having nominated Ms. Chang, the [REDACTED] Investor and its ultimate beneficial owners, being Independent Third Parties, (i) had no role and involvement in our Group and (ii) had not received or would not receive any remuneration and/or benefit in kind from our Company, our Controlling Shareholders and/or any of their associates in connection with the [REDACTED].

Investment

On 10 April 2022, our Company, Glitter Investments HK, Beijing Lesimedia, Mr. Zhao, Mr. Yu, Ms. Shu, Mr. Nie and the [REDACTED] Investor entered into the [REDACTED] Investment Agreement. Pursuant to the [REDACTED] Investment Agreement, the [REDACTED] Investor conditionally agreed to acquire, and Mr. Zhao, Mr. Yu, Ms. Shu and Mr. Nie conditionally agreed to procure the sale of, 5% equity interest in Beijing Lesimedia by Shanghai Lingxiang to the [REDACTED] Investor at a consideration of RMB11,010,000, which shall be settled by cash. For details, see “Reorganisation — 5. Transfer of equity interest in Beijing Lesimedia by Shanghai Lingxiang to the [REDACTED] Investor” in this section.

On 21 July 2022, the [REDACTED] Investor transferred its 5% equity interest in Beijing Lesimedia to Glitter Investments HK at a consideration of RMB11,010,000, which is settled by the issue and allotment of 1,000,000 Shares, representing 5% of the total issued share capital of our Company as enlarged by the issue of such Shares. For details, see “Reorganisation — 7. Transfer of equity interest in Beijing Lesimedia by the [REDACTED] Investor to Glitter Investments HK” in this section. The [REDACTED] Investor will hold [REDACTED] of the enlarged issued share capital of our Company immediately following the completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account the exercise of any option which may be granted under the Share Option Scheme).

Summary

The following table sets forth a summary of the [REDACTED] Investment:

Name of the [REDACTED] Investor	Ma LM Assets Management Pte. Ltd.
Date of the [REDACTED] Investment Agreement	10 April 2022
Amount of consideration	RMB11,010,000 (equivalent to approximately HK\$11,998,692)

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Settlement date of the consideration	29 July 2022
Total number of Shares to be held by the [REDACTED] Investor immediately after the [REDACTED] and upon [REDACTED]	[REDACTED] Shares
Shareholding in our Company immediately upon [REDACTED] (assuming the [REDACTED] is not exercised)	[REDACTED]%
Cost per Share paid by the [REDACTED] Investor upon [REDACTED]	Approximately RMB[REDACTED] (equivalent to approximately HK\$[REDACTED]) per Share
Discount to [REDACTED]	Approximately [REDACTED]%, assuming the [REDACTED] is HK\$[REDACTED] per share, being the mid-point of the [REDACTED] range
[REDACTED] by our Group	Not applicable as the payment was made to a then shareholder of Beijing Lesimedia
Strategic benefits from the [REDACTED] Investment	<ul style="list-style-type: none">(i) Widen our shareholder base;(ii) enhance our Group’s corporate governance as the [REDACTED] Investor has brought in Ms. Chang to our Board, who is a qualified lawyer in the United States and the PRC, and possesses more than 5 years of experience in handling corporate governance and compliance matters of listed companies; and(iii) facilitate our Reorganisation so that Beijing Lesimedia would become a sino-foreign joint venture enterprise in the PRC. For further information, see “Reorganisation” in this section.

Although the cost per Share paid by the [REDACTED] Investor upon [REDACTED] represented a discount to the [REDACTED] (being HK\$[REDACTED] per Share, the mid-point of the [REDACTED] range) of approximately [REDACTED]%, our Directors consider that the basis of determination of the consideration was fair and reasonable. Our Company, having taken into consideration that (i) the [REDACTED] Investment would be beneficial to the future business development and possible fund-raising activities of our Group; (ii) the [REDACTED] is conditional and may or may not go forward; (iii) the equity risk assumed by the [REDACTED] Investor in investing in an unlisted company; and (iv)

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the basis of determination of the consideration as disclosed above, believes that despite the significant discount to the [REDACTED], it is in our commercial interests to enter into the [REDACTED] Investment Agreement.

Special rights

Pursuant to the [REDACTED] Investment Agreement, the [REDACTED] Investor was granted certain special rights with a summary as set out below:

- *Anti-dilution.* If our Company issues or sells any Shares or other equity securities at an effective price per share that is less than the acquisition price of the [REDACTED] Investment or our Company issues any new Shares (or convertible securities) at a unit price that is less than the acquisition price of the [REDACTED] Investment, as an anti-dilution protection measure, the [REDACTED] Investor is entitled to subscribe new Shares at the said effective price per Share or the said unit price or request the then Shareholders after reorganisation to transfer the Shares held by them to the [REDACTED] Investor at nil consideration, so that the average purchase price per Share for the Shares then held by the [REDACTED] Investor is equal to the said effective price per share or the said unit price. The [REDACTED] Investor has ceased to have such rights after our Company submitted its [REDACTED] to the Stock Exchange.
- *Information access rights.* The [REDACTED] Investor shall have the access rights to obtain the annual audited consolidated financial statements of our Company before 30 April of every calendar year. The [REDACTED] Investor will cease to have such rights upon [REDACTED].
- *Pre-emptive rights.* If our Company issues any new Shares (or convertible securities), the [REDACTED] Investor shall be entitled to a pre-emptive right to subscribe such new Shares (or convertible securities) under the same conditions. If the Shareholders sell any of the Shares held by them after Reorganisation, the [REDACTED] Investor shall have the pre-emptive right to purchase such Shares. The [REDACTED] Investor has ceased to have such rights after our Company submitted its [REDACTED] application to the Stock Exchange.
- *Right to nominate director.* The [REDACTED] Investor shall be entitled to nominate 1 non-executive Director and has nominated Ms. Chang. The [REDACTED] Investor will cease to have such rights upon [REDACTED].
- *Divestment rights.* If the [REDACTED] does not take place before 31 December 2023, the [REDACTED] Investor has the right to require Mr. Zhao, Mr. Yu, Ms. Shu and Mr. Nie to purchase the Shares held by the [REDACTED] Investor at the aggregate price of the investment amount with a 10% per annum interest rate. Such right has been suspended upon the submission of the application for [REDACTED] by our Company but may resume to be exercisable if and only if the [REDACTED] does not take place and will be terminated upon the [REDACTED].

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Lock-up undertaking of the [REDACTED] Investor

The [REDACTED] Investor has undertaken that, prior to the [REDACTED], it will not transfer any Share to any person who is an existing or potential competitor of our Group or to any company which is engaged in a business competing with our Group, unless prior unanimous consents of all Shareholders are obtained or all the Shares are to be acquired by such person who is competing with our Group. The [REDACTED] Investor has further undertaken to our Company, the Sole Sponsor and the [REDACTED] that, without prior written consent of which, the [REDACTED] Investor will not directly or indirectly dispose any Shares or any interest of whatsoever nature therein in respect of any part of the Shares held by it within 6 months from the date of the [REDACTED].

Non-competition

Pursuant to the [REDACTED] Investment Agreement, Mr. Zhao, Mr. Yu, Ms. Shu and Mr. Nie have undertaken that (i) they will not hold controlling or entire equity interest or engage in any business which competes with the business of our Group, save for their interest in our Group, and (ii) they shall also refer business opportunities to our Group as and when it is possible.

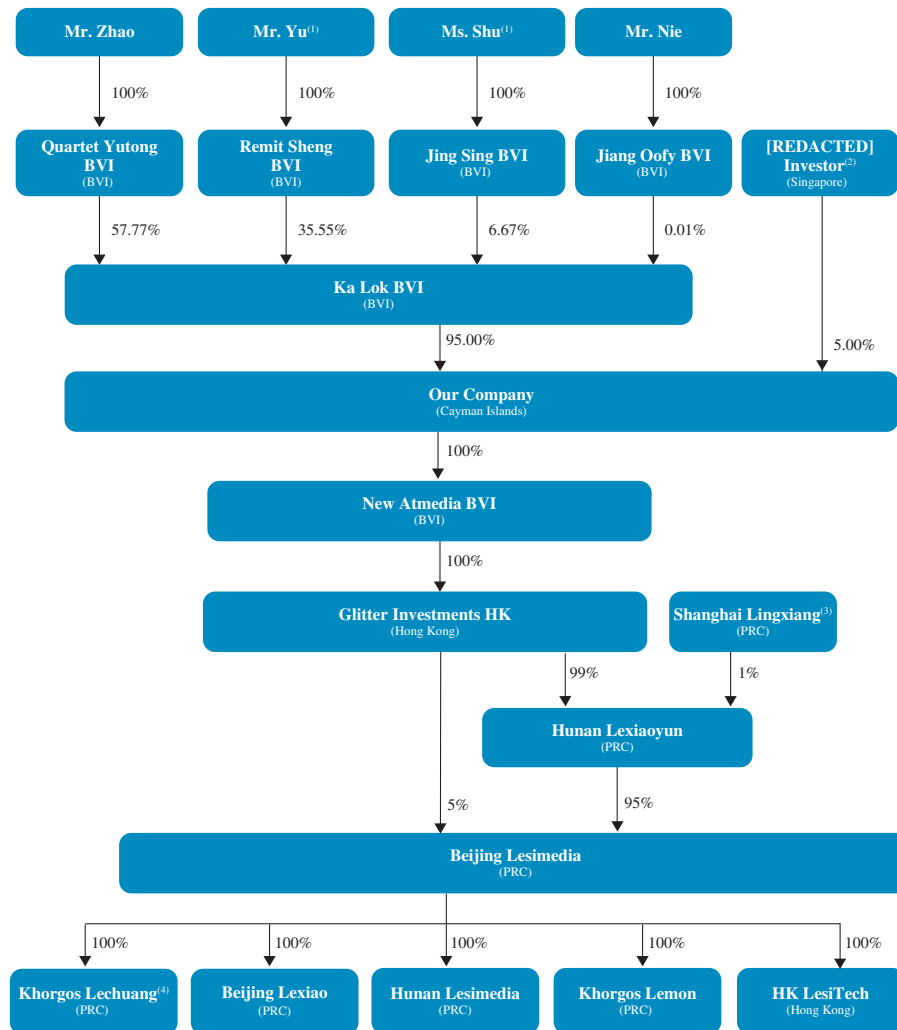
Sole Sponsor’s confirmation

Under the Interim Guidance on [REDACTED] Investments (Guidance Letter HKEx-GL29-12 issued in January 2012 and updated in March 2017), where the consideration for completion or divestment of the last [REDACTED] investment is settled within 28 clear days before the date of first submission of the [REDACTED], the Stock Exchange will generally delay the first day of trading until 120 clear days after the later of the completion or divestment of the last [REDACTED] investments. The [REDACTED] Investment was completed on 29 July 2022. On the basis that (i) the [REDACTED] will be more than 120 clear days after the completion of the [REDACTED] Investment; and (ii) the special rights granted to the [REDACTED] Investor shall terminate upon [REDACTED], the Sole Sponsor has confirmed that, the [REDACTED] Investment is in compliance with the Interim Guidance on [REDACTED] Investments (Guidance Letter HKEx-GL29-12 issued in January 2012 and updated in March 2017) and the Guidance on [REDACTED] Investments (Guidance Letter HKEx-GL43-12 issued in October 2012 and updated in July 2013 and March 2017), while the Guidance on [REDACTED] Investments in Convertible Instruments (Guidance Letter HKEx-GL44-12 issued in October 2012 and updated in March 2017) is not applicable as the [REDACTED] Investment does not involve issue of convertible or exchangeable bonds, notes or loans or convertible preference shares.

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OUR SHAREHOLDING STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

The following chart sets out the shareholding and corporate structure of our Group immediately following the completion of the Reorganisation but before the completion of the [REDACTED] and the [REDACTED]:



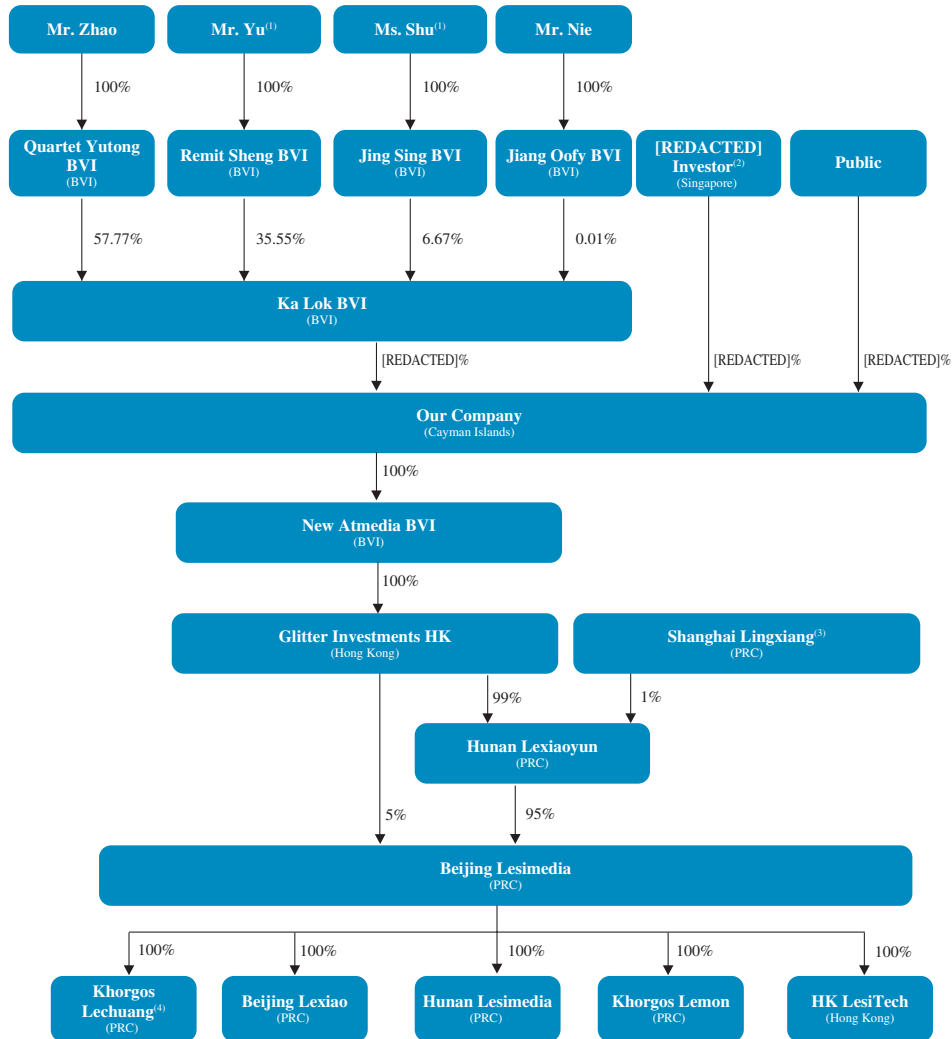
Notes:

- (1) Mr. Yu and Ms. Shu are spouse.
- (2) The [REDACTED] Investor is beneficially owned by Trident Trust, which serves as the trustee to the Ma Family Trust, with beneficiaries being children and remoter issue of Mr. Ma.
- (3) The equity interest in Shanghai Lingxiang is owned as to (i) approximately 57.68% by Mr. Zhao, (ii) approximately 35.54% by Mr. Yu, (iii) approximately 6.67% by Ms. Shu, (iv) approximately 0.1% by Xiamen Haitan (as the general partner) and (v) approximately 0.01% by Mr. Nie. The equity interest in Xiamen Haitan is owned as to (i) 90% by Mr. Zhao and (ii) 10% by Mr. Yu.

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OUR SHAREHOLDING STRUCTURE AFTER THE [REDACTED]

The following chart sets out the shareholding and corporate structure of our Group immediately after the completion of the [REDACTED] (without taking into account of any Shares which may be issued pursuant to the exercise of the [REDACTED] or any option that may be granted under the Share Option Scheme):



Notes:

- (1) Mr. Yu and Ms. Shu are spouse.
- (2) The [REDACTED] Investor is beneficially owned by Trident Trust, which serves as the trustee to the Ma Family Trust, with beneficiaries being children and remoter issue of Mr. Ma.
- (3) The equity interest in Shanghai Lingxiang is owned as to (i) approximately 57.68% by Mr. Zhao, (ii) approximately 35.54% by Mr. Yu, (iii) approximately 6.67% by Ms. Shu, (iv) approximately 0.1% by Xiamen Haitan (as the general partner) and (v) approximately 0.01% by Mr. Nie. The equity interest in Xiamen Haitan is owned as to (i) 90% by Mr. Zhao and (ii) 10% by Mr. Yu.

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[REDACTED] AND [REDACTED]

[REDACTED]

Pursuant to the written resolutions of our Shareholder passed on [date], conditional on the share premium account of our Company being credited as a result of the [REDACTED], our Directors are authorised to capitalise an amount of US\$[REDACTED] standing to the credit of the shares premium account of our Company by applying such sum towards the paying up in full at par a total of [REDACTED] Shares for issue and allotment to holders of Shares whose names appear on the register of members of our Company on the date of passing such resolutions in proportion to their then respective shareholding in our Company. The Shares to be issued and allotted pursuant to such resolution shall carry the same rights in all respects with the existing issued Shares.

[REDACTED]

For details, see “Structure of the [REDACTED]” in this document.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Adviser has confirmed that the Reorganisation was legally completed, insofar as the relevant PRC laws, rules and regulations are applicable, all necessary approvals, filing and permits required under PRC laws and regulations in connection with the Reorganisation have been obtained and the Reorganisation are in compliance with relevant PRC laws and regulations in all material respects.

According to Article 11 of the M&A Rules, where a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/him, acquires a domestic company which is related to or connected with it/him, approval from MOFCOM is required. As confirmed by our PRC Legal Adviser, Article 11 of the M&A Rules is not applicable to the Reorganisation, and in particular the transfer of 95% equity interest in Beijing Lesimedia to Hunan Lexiaoyun is not subject to Article 11 of the M&A Rules since Beijing Lesimedia was a foreign-invested enterprise at the time of the transfer, and hence it is not necessary for us to obtain approval from the MOFCOM for the Reorganisation. Our PRC Legal Adviser is of the opinion that prior CSRC approval for the [REDACTED] is not required under the M&A Rules because (i) the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like the [REDACTED] under this document are subject to the M&A Rules; (ii) our PRC subsidiaries were not established through mergers or acquisitions of domestic companies owned by PRC companies or individuals as defined under the M&A Rules that are the beneficial owners of our Company. However, our PRC Legal Adviser further advises that there is uncertainty as to how the M&A Rules will be interpreted or implemented.

Circular 37

Pursuant to the Circular 37, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the “**Overseas SPV**”) that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC resident is required to register with the local SAFE branch for any major change in respect of the Overseas SPV, including, among other things, a change in the Overseas SPV’s PRC resident shareholder, name of the Overseas SPV, term of operation or any increase or reduction of the Overseas SPV’s registered capital,

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share transfer or swap, and merger or division. Pursuant to Circular 37, failure to comply with these registration procedures may result in penalties, including the imposition of restrictions on the ability of the Overseas SPV’s PRC subsidiary to distribute dividends to its overseas parent. Pursuant to the Circular 13, the power to accept the foreign exchange registration above was delegated from local SAFE branches to local banks where the domestic entity is registered.

As advised by our PRC Legal Adviser, each of Mr. Zhao, Mr. Yu, Mr. Nie and Ms. Shu have completed the registrations as required by Circular 37 on 7 August 2020.

Overseas listing

The CSRC promulgated the Overseas Listing Trial Measures and 5 relevant guidelines on 17 February 2023, which took effect on 31 March 2023. According to the Overseas Listing Trial Measures, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to fulfil the filing procedures with the CSRC and report relevant information. The Overseas Listing Trial Measures also provides that if the issuer meets both the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering by PRC domestic companies: (i) 50% or more of any of the issuer’s operating revenue, total profit, total assets or net assets as documented in its audited consolidated financial statements for the most recent fiscal year is accounted for by domestic companies; and (ii) the main parts of the issuer’s business activities are conducted in mainland China, or its main place(s) of business are located in mainland China, or the majority of senior management staff in charge of its business operations and management are PRC citizens or have their habitual residence located in mainland China. Given that we generated a substantial amount of our total revenue as shown in our audited consolidated financial statements for the five months ended 31 May 2023 in the PRC and that our business activities are mainly conducted in the PRC, our PRC Legal Adviser is of the opinion that the [REDACTED], together with the [REDACTED], is an indirect overseas offering under the Overseas Listing Trial Measures and we are required to complete the filing procedures with CSRC and report relevant information with respect to the [REDACTED] after the submission of our [REDACTED] to the Stock Exchange.