
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR HISTORY

Overview

Our history can be traced back to 2012 when Netjoy Network, a principal operating entity of our Group in the PRC, was established. Mr. Wang and Mr. Qin, both of whom are our Ultimate Controlling Shareholders, joined Netjoy Network as vice general managers shortly after its establishment in charge of its daily operation, and later, together with Mr. Ru, acquired the entire equity interest in Netjoy Network in July 2015. During the period from April 2016 to April 2019, the shares of Netjoy Network were listed on the NEEQ. For the purpose of the Listing, our Company was incorporated as an exempted company with limited liability in the Cayman Islands on March 29, 2019, and as a result of the Reorganization, our Company became the offshore holding company of the current business of our Group, which primarily comprises the online marketing solutions business and the pan-entertainment content services business.

Key Milestones

The following table sets forth the key milestones of our Group:

Year	Milestone
2012	Netjoy Network, a principal operating entity of our Group, was established. Our self-operated pan entertainment-oriented content platform, <i>Huabian</i> Platform, was launched.
2013	Our online marketing solutions business was launched.
2015	Mr. Wang and Mr. Qin, both of whom are our Ultimate Controlling Shareholders, together with Mr. Ru, acquired the entire equity interest in Netjoy Network. Netjoy Network acquired Letui Culture. Jingheng Jianyong invested in our Group as an Onshore Investor.
2016	The shares of Netjoy Network became listed on the NEEQ. We began to acquire user traffic from Supplier A's major content distribution platforms.
2017	Kijiji was introduced into our Group as an Onshore Investor.
2018	Qipu Xinzhe and Wutong Holding were introduced into our Group as the Onshore Investors.
2019	Guzon Asset, Wideview Asset and Aofa Management were introduced into our Group as the Onshore Investors. The shares of Netjoy Network were delisted from the NEEQ. Our Company was incorporated as an exempted company with limited liability in the Cayman Islands.

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Year	Milestone
	We commenced the business relationship with Kuaishou (快手) and Xiaohongshu (小紅書).
2020	Our Group entered into the Contractual Arrangements. We commenced the business relationship with Tencent.

CORPORATE DEVELOPMENT

As of the Latest Practicable Date, we had three principal operating entities in the PRC to carry out our business, namely Netjoy Network, Letui Culture and Quantum Culture Media, details of which are set out below.

Netjoy Network

Netjoy Network principally engages in (i) operating our *Huabian* Platform, a pan entertainment-oriented content platform; and (ii) planning and production of short video.

Establishment of Netjoy Network

Netjoy Network was established as a limited liability company in the PRC on November 15, 2012 with an initial registered capital of RMB100,000. At the time of the establishment, Netjoy Network was held as to 50% each by Mr. Chen Peng (陳鵬) and Mr. Li Jinxiang (李金祥), both of whom are Independent Third Parties. On June 16, 2015, the registered capital of Netjoy Network was increased from RMB100,000 to RMB1,000,000, which was proportionately contributed by the then shareholders of Netjoy Network, namely Mr. Chen Peng and Mr. Li Jinxiang.

Acquisition by our Ultimate Controlling Shareholders and early development

Shortly after the establishment of Netjoy Network, Mr. Wang and Mr. Qin joined Netjoy Network and served as vice general managers, respectively in charge of overall operations and management and development of PC products. Having accumulated years of experience in the information technology and advertising industries, Mr. Wang and Mr. Qin started to seek appropriate business opportunity to leverage their specialty and realize their commercial vision in the advertisement and marketing area. After deliberate consideration, Mr. Wang and Mr. Qin decided to acquire Netjoy Network.

On July 6, 2015, Mr. Wang and Mr. Qin, together with Mr. Ru, acquired 51%, 29%, and 20% of equity interest in Netjoy Network, respectively, from the then shareholders of Netjoy Network, namely Mr. Chen Peng and Mr. Li Jinxiang, at a consideration of RMB510,000, RMB290,000, and RMB200,000, respectively, which was determined after arm's length negotiation among the parties with reference to the then registered capital of Netjoy Network and was fully settled on July 31, 2015 by utilizing their own financial resources.

Mr. Ru is an individual financial investor. He later served as a director of Netjoy Network from October 2015 to March 2020 and a supervisor of Netjoy Network from June 2015 to October 2015, during which period he did not participate in the day-to-day operation and management of Netjoy Network or receive any remuneration from our Group. The role of Mr. Ru at Netjoy Network was non-executive in nature at all times. Considering his limited involvement in our Group and his personal intention of not devoting himself to any roles within our Group after the Listing, Mr. Ru resigned from his position at Netjoy Network in March 2020. As of the Latest Practicable Date, our Directors were not aware of any fact or circumstance that might affect Mr. Ru's suitability to act as a Director of our Company.

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Subsequent to the completion of the above-mentioned transactions and after arm's length negotiations with Mr. Xu and Mr. Dai (both being the then shareholders of Letui Culture), in order to integrate the resources of our *Huabian* Platform with targeted advertising services provided by Letui Culture, Netjoy Network acquired Letui Culture from Mr. Xu and Mr. Dai at a total consideration of RMB1,000,000 on July 17, 2015, details of which are set out in “— Corporate Development — Letui Culture — Acquisition by Netjoy Network.” In relation to the said acquisition of Letui Culture, on July 21, 2015, the registered capital of Netjoy Network was increased from RMB1,000,000 to RMB2,352,941, of which Mr. Xu, Mr. Dai and Netjoy Friends, a limited partnership established by Mr. Wang and Mr. Qin, contributed RMB500,000, RMB500,000, and RMB352,941, respectively. Upon completion of such increase in registered capital, Netjoy Network was held by Mr. Wang, Mr. Xu, Mr. Qin, Mr. Dai, Netjoy Friends and Mr. Ru as to approximately 21.68%, 21.25%, 12.33%, 21.25%, 15.00% and 8.50%, respectively.

In order to streamline and optimize the shareholding structure and to ensure the stable ownership and business development of Netjoy Network, as well as to prepare for the listing of Netjoy Network on the NEEQ, Mr. Wang, Mr. Xu and Mr. Qin entered into an acting-in-concert agreement on July 29, 2015 (the “**Original Acting-in-concert Agreement**”), pursuant to which Mr. Wang, Mr. Xu and Mr. Qin had acknowledged and agreed to communicate thoroughly before the respective board meetings and shareholders' meetings of Netjoy Network and act in concert by aligning their votes at the board meetings and shareholders' meetings of Netjoy Network, and agreed to make decisions in concert with Mr. Wang in the event of failing to reach a consensus on the management and operation of Netjoy Network.

On July 20, 2015, Jingheng Jianyong, one of our Onshore Investors, entered into a capital increase agreement with Netjoy Network and its then shareholders, pursuant to which Jingheng Jianyong agreed to invest RMB15,000,000 in Netjoy Network, among which RMB190,779 was recorded as the registered capital with the remaining funds allocated to the capital reserve. Upon completion of such capital increase, the registered capital of Netjoy Network was increased from RMB2,352,941 to RMB2,543,720, and Netjoy Network was held by Mr. Wang, Mr. Xu, Mr. Qin, Mr. Dai, Netjoy Friends, Mr. Ru and Jingheng Jianyong as to approximately 20.05%, 19.66%, 11.40%, 19.66%, 13.88%, 7.86% and 7.50%, respectively.

Listing on the NEEQ

In order to improve the brand awareness and corporate governance of Netjoy Network as well as to expand its financial resources, in late 2015, Netjoy Network decided to apply for the listing on the NEEQ. In preparation for the proposed listing, on November 16, 2015, Netjoy Network was converted from a limited liability company into a joint stock company with limited liability, with certain portion of its net assets converted into 20,000,000 issued shares with a nominal value of RMB1.00 each attributable to its then shareholders in proportion to their respective shareholdings, and the rest of the net assets allocated to the capital reserve. On April 21, 2016, all of the 20,000,000 issued shares of Netjoy Network were listed on the NEEQ.

With a view to enhancing the liquidity of the shares and further developing our Group's business, during Netjoy Network's listing on the NEEQ, (i) Netjoy Network had several rounds of proportionate share allotment to existing shareholders, and (ii) some Onshore Investors (excluding Jingheng Jianyong, which invested in Netjoy Network prior to its listing on the NEEQ) were introduced to invest in Netjoy Network either by way of acquisition of shares from existing shareholders or through subscription for newly issued shares, details of which are set forth below.

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Allotment of shares to existing shareholders as dividends

On May 17, 2016, the shareholders of Netjoy Network resolved to issue 0.75 additional shares per 10 shares to the then shareholders of Netjoy Network as dividends (being 1,500,000 shares in aggregate). Following such distribution, the total issued shares of Netjoy Network was increased from 20,000,000 shares to 21,500,000 shares and its registered capital was also increased from RMB20,000,000 to RMB21,500,000.

On June 9, 2017, the shareholders of Netjoy Network resolved to issue 6 additional shares per 10 shares to the then shareholders of Netjoy Network as dividends (being 12,900,000 shares in aggregate). Following such distribution, the total issued shares of Netjoy Network was further increased to 34,400,000 shares and its registered capital was also increased to RMB34,400,000.

On May 16, 2018, the shareholders of Netjoy Network resolved to issue 4 additional shares per 10 shares to the then shareholders of Netjoy Network as dividends (being 13,760,000 shares in aggregate). Following such distribution, the total issued shares of Netjoy Network was further increased to 48,160,000 shares and its registered capital was also increased to RMB48,160,000.

Investments by the Onshore Investors

On January 9 and January 20, 2017, Kijiji entered into a share transfer agreement with each of Mr. Ru and Mr. Dai, pursuant to which Kijiji acquired 422,000 shares and 640,000 shares of Netjoy Network from Mr. Ru and Mr. Dai at a consideration of RMB8,440,000 and RMB12,800,000 (namely RMB20.0 per share), respectively, which was determined after arm's length negotiation between the parties with reference to the market value of Netjoy Network on the basis of 21,500,000 total issued shares and was fully settled on April 12, 2017.

On December 18 and December 29, 2017, Kijiji successively entered into two share transfer agreements with Mr. Dai, pursuant to which Kijiji acquired 1,000,000 shares of Netjoy Network in aggregate from Mr. Dai at a total consideration of RMB15,500,000 (namely RMB15.5 per share), which was determined after arm's length negotiation between the parties with reference to the market value of Netjoy Network on the basis of 34,400,000 total issued shares and was fully settled on January 17, 2018.

On January 23, 2018, Qipu Xinzhe entered into a share transfer agreement with Mr. Ru, pursuant to which Qipu Xinzhe proposed to acquire 500,000 shares of Netjoy Network from Mr. Ru at a consideration of RMB6,250,000. As a result of the increase in allotment of shares which took place on May 16, 2018, Qipu Xinzhe and Mr. Ru entered into a supplemental agreement on June 14, 2018, pursuant to which the number of shares proposed to be transferred was increased into 700,000 (representing the same shareholding acquired as calculated pursuant to the original share transfer agreement) at the same consideration of RMB6,250,000 (namely RMB8.93 per share), which was determined after arm's length negotiation between the parties with reference to the market value of Netjoy Network on the basis of 48,160,000 total issued shares and was fully settled on June 20, 2018.

On June 6, 2018, considering an optimistic outlook of Netjoy Network, Kijiji entered into a share transfer agreement with each of Mr. Xu and Mr. Dai, pursuant to which Kijiji agreed to further acquire 2,366,000 shares and 993,000 shares of Netjoy Network from Mr. Xu and Mr. Dai at a consideration of RMB28,486,640 and RMB11,955,720 (namely RMB12.04 per share), respectively, which was determined after arm's length negotiation between the parties with reference to the market value of Netjoy Network on the basis of 48,160,000 total issued shares. Upon subsequent mutual commercial decisions between Kijiji and Mr. Xu and due to certain lock-up restrictions on Mr. Dai pursuant to relevant NEEQ listing rules, Kijiji eventually acquired 2,186,000 shares and 992,000 shares of Netjoy Network from Mr. Xu and Mr. Dai at a consideration of RMB26,319,440 and RMB11,943,680, respectively, which was fully settled on June 20, 2018.

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On May 23, 2018 and June 20, 2018, Wutong Holding entered into a strategic investment agreement and a subscription agreement with Netjoy Network, respectively, pursuant to which Wutong Holding subscribed for 5,368,203 newly issued shares of Netjoy Network at a total consideration of RMB78,000,000 (namely RMB14.53 per share), which was determined after arm's length negotiation between the parties with reference to the pre-money valuation of Netjoy Network as of December 31, 2017, and was fully settled on July 17, 2018. The proceeds from the investment of Wutong Holding had been fully utilized as of the Latest Practicable Date as general working capital of our Group. Following such capital increase and issue of shares, the total issued shares of Netjoy Network was increased from 48,160,000 shares to 53,528,203 shares and its registered capital was also increased from RMB48,160,000 to RMB53,528,203.

On January 30, 2019, Guzon Asset entered into a share transfer agreement with Mr. Qin and Netjoy Network, pursuant to which Guzon Asset acquired 1,372,560 shares of Netjoy Network from Mr. Qin at a consideration of RMB20,011,925 (namely RMB14.58 per share), which was determined after arm's length negotiation between the parties with reference to the market value of Netjoy Network on the basis of 53,528,203 total issued shares and was fully settled on January 31, 2019.

On January 30 and February 25, 2019, Guzon Asset successively entered into two share transfer agreements with Netjoy Friends and Netjoy Network, pursuant to which Guzon Asset acquired 3,771,000 shares of Netjoy Network in aggregate from Netjoy Friends at a total consideration of RMB54,981,180 (namely RMB14.58 per share), which was determined after arm's length negotiation between the parties with reference to the market value of Netjoy Network on the basis of 53,528,203 total issued shares and was fully settled on March 5, 2019.

On March 6, 2019, Wideview Asset entered into a share transfer agreement with Netjoy Friends and Netjoy Network, pursuant to which Wideview Asset acquired 686,000 shares of Netjoy Network from Netjoy Friends at a consideration of RMB10,001,880 (namely RMB14.58 per share), which was determined after arm's length negotiation between the parties with reference to the market value of Netjoy Network on the basis of 53,528,203 total issued shares and was fully settled on March 13, 2019.

On March 7, 2019, Ms. Ji Yue entered into a share transfer agreement with Netjoy Friends and Netjoy Network, pursuant to which Ms. Ji Yue acquired 1,372,000 shares of Netjoy Network from Netjoy Friends at a consideration of RMB20,003,760 (namely RMB14.58 per share), which was determined after arm's length negotiation between the parties with reference to the market value of Netjoy Network on the basis of 53,528,203 total issued shares and was fully settled on March 19, 2019. During the Reorganization, Ms. Ji Yue subsequently transferred her equity interest in Netjoy Network to Aofa Management, a company held by Ms. Ji Yue and Mr. Wang Liang, an Independent Third Party, as to 49% and 51%, respectively. For further details, see “— Reorganization — Onshore Reorganization — Transfer of equity interest in Netjoy Network.”

Special rights granted to the Onshore Investors

Pursuant to relevant investment agreements among certain Onshore Investors and Netjoy Network, such Onshore Investors had been granted with some special rights as below.

- *Special right granted to Wutong Holding.* Pursuant to a supplemental agreement to the strategic investment agreement dated May 23, 2018 entered into between Wutong Holding and Netjoy Network, Wutong Holding is entitled to nominate one director to the board of directors of Netjoy Network. Such right has been superseded by the Contractual Arrangements on March 30, 2020.

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- *Special rights granted to Guzon Asset and Wideview Asset.* Pursuant to certain supplemental agreements to the share transfer agreements involving Guzon Asset and Wideview Asset as described in “— Corporate Development — Netjoy Network — Listing on the NEEQ — Investments by the Onshore Investors” above, Guzon Asset and Wideview Asset have been granted with certain special rights, including the profit guarantee and share compensations from Mr. Wang and Mr. Xu, as well as the right to request for repurchase by Mr. Wang and Mr. Xu (including Mr. Qin pursuant to the request from Wideview Asset only). The aforementioned special rights shall no longer be effective from one day prior to the filing of the Listing application to the Stock Exchange, unless the Listing application is withdrawn, rejected, returned, lapsed or otherwise fails.

Information of the Onshore Investors

The Onshore Investors became acquainted with our Group through their respective business network and invested in our Group in view of our proven track record and market growth potential. Details of the information of the Onshore Investors are set out below:

Jingheng Jianyong is a limited partnership established under the laws of the PRC in 2015 engaging in equity investments and management in private companies with more than RMB130 million of assets under management, the investment portfolio of which focuses on internet, e-commerce and high-technology. Jingheng Jianyong is managed and controlled by its general partner Beijing Jingheng Investment Management Co., Ltd. (北京靜衡投資管理有限公司) (“**Beijing Jingheng**”), the registered shareholders of which are Ms. Liu Yongyan (劉勇燕) (as to 90%) and Ms. Liu Chenyan (劉晨雁) (as to 10%), each being an Independent Third Party. Ms. Liu Yongyan is currently an executive director of Beijing Jingheng and has over 19 years of experience in investment industry. Jingheng Jianyong became acquainted with our Group in May 2015 and invested in our Group in July 2015 by utilizing the financial resources under its management.

Kijiji is a limited liability company established under the laws of the PRC and is a wholly-owned subsidiary of Baixing Net, the shares of which are listed on the NEEQ (stock code: 836012). Baixing Net is ultimately controlled by Mr. Wang Jianshuo, the chairman of the board of Baixing Net and currently also serving as a non-executive Director of our Company. For detailed information of Mr. Wang Jianshuo, please see “Directors and Senior Management — Board of Directors — Non-executive Directors.” Baixing Net is one of the largest classified information platforms in the PRC in provision of local information to consumers and marketing resolutions to merchants. Kijiji became acquainted with our Group in January 2017 and subsequently invested in our Group by utilizing its general working capital.

Qipu Xinzhe is a limited partnership established under the laws of the PRC in 2017 and is managed and controlled by its sole general partner Shanghai Qipu Investment Management Co., Ltd. (上海啟浦投資管理有限公司) (“**Qipu Capital**”). Qipu Capital primarily engages in private investment with focus on TMT, healthcare and high-end manufacturing industries with approximately RMB570 million of assets under management. The registered shareholders of Qipu Capital are Ms. Dai Yanfei (戴豔斐) (as to 75%) and Mr. Song Chunxing (宋純星) (as to 25%), each being an Independent Third Party. Ms. Dai Yanfei is a founding partner, the general manager and an executive director of Qipu Capital, while Mr. Song Chunxing is the supervisor of Qipu Capital, both of whom have more than 10 years of experience in investment industry. Qipu Xinzhe became acquainted with our Group in October 2017 and invested in our Group in January 2018 by utilizing the financial resources under its management.

Wutong Holding is a limited liability company established under the laws of the PRC in 1999, the shares of which are listed on the Shenzhen Stock Exchange (stock code: 300292). Wutong Holding is a leading communications intelligent manufacturing company and internet information service provider in the PRC primarily engaging in the provision of mobile information service, digital marketing service and

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communication intelligent manufacturing service, and is ultimately controlled by Mr. Wan Weifang (萬衛方), an Independent Third Party. Mr. Wan Weifang has over 30 years of experience in the communication equipment manufacturing industry and has been the chairman of the board of directors of Wutong Holding (including its predecessor) since 1999. In addition, Mr. Zhang Jianguo, one of our non-executive Directors, currently serves as the president and a director of Wutong Holding. For detailed information of Mr. Zhang Jianguo, see “Directors and Senior Management — Board of Directors — Non-executive Directors.” Wutong Holding became acquainted with our Group in October 2017 and invested in our Group in May 2018 by utilizing its general working capital.

Guzon Asset is a limited liability company established under the laws of the PRC in 2015 engaging in equity investment activities with approximately RMB90 million of assets under management. The sole registered shareholder and the general manager of Guzon Asset is Mr. Chen Shengfei (陳聖飛), an Independent Third Party who has approximately seven years of experience dedicating in asset management. Guzon Asset became acquainted with our Group in May 2018 and invested in our Group in January 2019 by utilizing the financial resources under its management.

Wideview Asset is a limited liability company established under the laws of the PRC in 2014 engaging in assets management and private investment business with approximately RMB10 billion of assets under management. The registered shareholders of Wideview Asset are Mr. Xu Jingde (徐京德) (as to 70%), Mr. Zhen Xinzong (甄新中) (as to 20%), Mr. Cai Zhen (蔡楨) (as to 5%), and Mr. Liang Li (梁力) (as to 5%), each being an Independent Third Party and a investment partner of Wideview Asset. Mr. Xu Jingde, the executive director and the largest ultimate registered shareholder of Wideview Asset, has more than 20 years of experience in financial industry. Wideview Asset became acquainted with our Group in February 2019 and invested in our Group in March 2019 by utilizing the financial resources under its management.

Ms. Ji Yue is an individual private investor who from time to time participates in various investment opportunities in different target companies encompassing various business sectors. During the Reorganization, Ms. Ji Yue transferred her equity interest in Netjoy Network to Aofa Management. Aofa Management is a limited liability company established under the laws of PRC for investment holding purpose and is held by Ms. Ji Yue and Mr. Wang Liang, an Independent Third Party, as to 49% and 51%, respectively. Mr. Wang Liang was the spouse of Ms. Ji Yue at the time of Ms. Ji Yue’s initial investment in our Group. He is a professional with almost 10 years of experience in internet and venture investment industries. Ms. Ji Yue and Mr. Wang Liang became acquainted with our Group in April 2016 and invested in our Group in March 2019 by utilizing their personal financial resources. For further details of the aforementioned equity transfer, see “— Reorganization — Onshore Reorganization — Transfer of equity interest in Netjoy Network.”

For further details of the past or present relationship among the Onshore Investors and between each of the Onshore Investors and our Group, see “Appendix IV — Statutory and General Information — E. Other Information about the Onshore Investors.”

NEEQ Public Shareholders

During Netjoy Network’s listing on NEEQ, certain minority investors (the “**NEEQ Public Shareholders**”) traded the securities of Netjoy Network with the existing shareholders of Netjoy Network, which were conducted through the trading system of NEEQ based on arm’s length negotiation between the parties thereof with reference to (i) the then publicly available financial information of Netjoy Network as disclosed in accordance with the relevant rules of NEEQ, (ii) the then recent trading price of the shares of Netjoy Network, and/or (iii) the original purchase price of the shares of Netjoy Network, where applicable.

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Four NEEQ Public Shareholders first acquired a total of approximately 0.0651% equity interest in Netjoy Network in March 2017, and a total of nine NEEQ Public Shareholders successively held shares of Netjoy Network during Netjoy Network's listing on NEEQ. In March 2019, six NEEQ Public Shareholders disposed a total of approximately 1.2355% equity interest in Netjoy Network to Mr. Dai at a total consideration of RMB9,867,166, upon completion of which no NEEQ Public Shareholder held any equity interest in Netjoy Network anymore. Throughout the aforementioned period, the NEEQ Public Shareholders in aggregate held no more than 1.4% equity interest in Netjoy Network and none of the NEEQ Public Shareholders individually held over 0.9% equity interest in Netjoy Network.

To the best knowledge of our Directors, (i) each of the NEEQ Public Shareholders was an Independent Third Party; and (ii) there was no actual or potential claims from the NEEQ Public Shareholders in relation to their then equity interest in Netjoy Network.

De-listing from the NEEQ

In consideration of future business strategy and the necessity to improve the financing efficiency of our Group as well as the desire to explore for a listing on other stock exchanges including the Stock Exchange, on March 28, 2019, the shareholders of Netjoy Network resolved to apply for de-listing of Netjoy Network from the NEEQ. On April 19, 2019, Netjoy Network was delisted from the NEEQ. On the date of de-listing, the shareholders of Netjoy Network resolved to approve, among others, the conversion of Netjoy Network from a joint stock company with limited liability into a limited liability company.

Immediately after the delisting from the NEEQ, the then shareholding structure of Netjoy Network is set out as below:

Shareholder	Attributable registered capital (RMB)	Approximate percentage of shareholding
Mr. Wang	9,726,080	18.17%
Mr. Xu	7,282,256	13.60%
Mr. Dai	5,992,656	11.20%
Mr. Qin	4,117,680	7.69%
Mr. Ru	2,140,096	4.00%
Kijiji	6,956,880	13.00%
Wutong Holding	5,368,203	10.03%
Guzon Asset	5,143,560	9.61%
Jingheng Jianyong	3,612,000	6.75%
Ms. Ji Yue	1,372,000	2.56%
Qipu Xinzhe	700,000	1.31%
Wideview Asset	686,000	1.28%
Netjoy Friends ⁽¹⁾	430,792	0.80%
Total	53,528,203	100%

Note:

- (1) Netjoy Friends was originally established as an employee incentive platform of Netjoy Network, which was funded by the interests of Mr. Wang and Mr. Qin. As the liquidity of shares on the NEEQ could not effectively fulfill the incentive purpose, the management team of Netjoy Network did not implement any employee incentive plan through Netjoy Friends and decided to adopt alternative approaches afterwards, including offering performance-related bonuses and adopting the Post-IPO Share Option Scheme. During the period when Netjoy Friends was a shareholder of Netjoy Network, it was held by Mr. Wang and Mr. Qin as to 1% and 99%, respectively. Subsequent to transferring its remaining equity interest in Netjoy Network as set forth in “— Reorganization — Onshore Reorganization — Transfer of equity interest in Netjoy Network,” Netjoy Friends was deregistered on March 13, 2020.

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As confirmed by our Directors to their best knowledge, with which the Sole Sponsor concurs, during the period in which Netjoy Network was listed on the NEEQ, (i) Netjoy Network had operated in compliance in all material respects with all applicable rules of NEEQ; (ii) Netjoy Network had not been subject to any administrative penalty imposed by any relevant law enforcement authority; and (iii) there are no other issues in relation to its prior listing on the NEEQ that need to be brought to the attention of our Shareholders.

Letui Culture

Letui Culture principally engages in overall management of our online marketing solutions business.

Establishment of Letui Culture

On December 19, 2013, Letui Culture was established as a limited liability company in the PRC with an initial registered capital of RMB1,000,000. At the time of establishment, Letui Culture was held by Mr. Xu and Mr. Dai as to 50% and 50%, respectively.

Acquisition by Netjoy Network

On July 1, 2015, Mr. Xu and Mr. Dai respectively entered into an equity transfer agreement with Netjoy Network, pursuant to which each of Mr. Xu and Mr. Dai agreed to transfer all his equity interest in Letui Culture to Netjoy Network at a total consideration of RMB1,000,000, which was determined based on arm's length negotiation between the parties with reference to an appraised net asset value of Netjoy Network and was fully settled on July 21, 2015. Upon completion of such equity transfer, Letui Culture became a wholly-owned subsidiary of Netjoy Network.

Transfer of equity interest

On June 10, 2019, a capital increase agreement was entered into by Netjoy Network and Zheng Han, a company incorporated in Hong Kong and wholly owned by Mr. Ku Ching-Teng (古景騰) (“**Mr. Ku**”), an Independent Third Party prior to the investment and an individual private investor, pursuant to which Zheng Han agreed to invest RMB360,000 in Letui Culture, among which RMB101,010 was recorded as the registered capital with the rest of the funds allocated to the capital reserve. The consideration of the aforementioned capital increase was determined based on the net asset value of Letui Culture and was fully settled on November 8, 2019. Upon the completion of such capital increase, the registered capital of Letui Culture was increased from RMB10,000,000 to RMB10,101,010, and Letui Culture, being a sino-foreign joint venture, was held by Netjoy Network and Zheng Han as to 99% and 1%, respectively.

On November 29, 2019, an equity transfer agreement was entered into by Yunxiang Information and Netjoy Network, pursuant to which Yunxiang Information agreed to acquire 99% of equity interest in Letui Culture from Netjoy Network at a consideration of RMB35.64 million, which was determined based on the net asset value of Letui Culture and was settled on December 6, 2019. Upon the completion of such equity transfer, Letui Culture was held by Yunxiang Information and Zheng Han as to 99% and 1%, respectively.

Quantum Culture Media

Quantum Culture Media principally engages in implementing certain workflow of the online marketing solutions, which includes, among other, placement of advertisements, campaign performance monitoring and optimization, and data verification and settlement.

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Establishment of Quantum Culture Media

On June 8, 2017, Quantum Culture Media was established as a limited liability company in the PRC with an initial registered capital of RMB1,000,000. At the time of establishment, Quantum Culture Media was wholly owned by Netjoy Network.

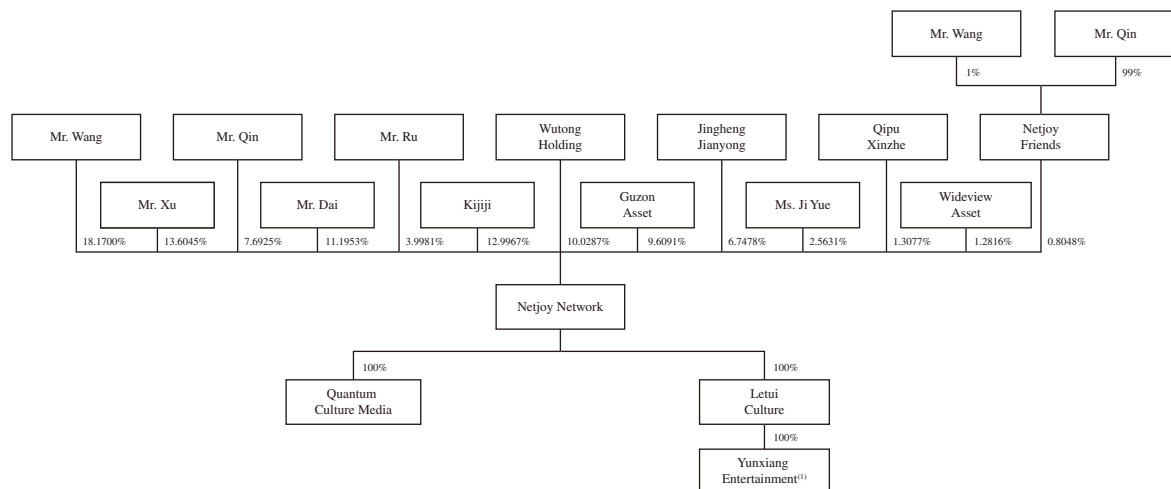
Transfer of equity interest

On May 21, 2019, Letui Culture acquired the entire equity interest in Quantum Culture Media from Netjoy Network at a consideration of RMB1.00, which was determined based on the net asset value of Quantum Culture Media and was fully settled on June 6, 2019. Upon completion of such equity transfer, Quantum Culture Media became a wholly-owned subsidiary of Letui Culture.

REORGANIZATION

In order to optimize our corporate structure to further develop the business of our Group and to more readily access the international capital markets, we underwent a corporate reorganization in preparation for the Global Offering and the Listing, details of which are set out as below.

The following chart sets forth the corporate and shareholding structure of our Group prior to the Reorganization:



Note:

- (1) Yunxiang Entertainment was established before the Reorganization. It is not a major subsidiary of our Group and has no material changes in its shareholding structure during the Track Record Period.

Onshore Reorganization

De-listing of Netjoy Network from the NEEQ

On April 19, 2019, Netjoy Network was delisted from the NEEQ. For further details, see “— Corporate Development — Netjoy Network — De-listing from the NEEQ.”

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Transfer of equity interest in Netjoy Network

On May 8, 2019, certain shareholders of Netjoy Network entered into an equity transfer agreement regarding the shareholding interest in Netjoy Network, details of which are set out below:

<u>Transferor</u>	<u>Transferee</u>	<u>Subject</u>	<u>Consideration (RMB)</u>	<u>Date of payment or satisfaction of payment</u>
Ms. Ji Yue	Aofa Management ⁽¹⁾	2.5631% shareholding in Netjoy Network	20,003,760	May 15, 2019
Mr. Qin	Mr. Xu	2.4277% shareholding in Netjoy Network	18,947,030	May 17, 2019
Netjoy Friends . . .	Mr. Wang	0.8048% shareholding in Netjoy Network	6,280,994	November 5, 2019

Note:

(1) Aofa Management is held by Ms. Ji Yue and Mr. Wang Liang, an Independent Third Party, as to 49% and 51%, respectively.

The consideration of the above-mentioned transactions was determined on the same basis as the last round of investment in Netjoy Network prior to its delisting from the NEEQ, namely RMB14.58 per share. Upon completion of the above-mentioned transactions, the then shareholding structure of Netjoy Network is set out as below:

<u>Shareholder</u>	<u>Attributable registered capital (RMB)</u>	<u>Approximate percentage of shareholding</u>
Mr. Wang	10,156,872	18.97%
Mr. Xu	8,581,778	16.03%
Mr. Dai	5,992,656	11.20%
Mr. Qin	2,818,158	5.26%
Mr. Ru	2,140,096	4.00%
Kijiji	6,956,880	13.00%
Wutong Holding	5,368,203	10.03%
Guzon Asset	5,143,560	9.61%
Jingheng Jianyong	3,612,000	6.75%
Aofa Management	1,372,000	2.56%
Qipu Xinzhe	700,000	1.31%
Wideview Asset	686,000	1.28%
Total	53,528,203	100%

Restructuring of our non-restricted and/or non-prohibited business

For the purpose of consummating the Contractual Arrangements which shall be narrowly tailored in accordance with the requirements of the Stock Exchange, we underwent the following restructuring steps with respect to the business that is not subject to any foreign investment restriction or prohibition.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Transfer of equity interest in Quantum Culture Media

On May 21, 2019, Letui Culture acquired the entire equity interest in Quantum Culture Media from Netjoy Network. For further details, see “— Corporate Development — Quantum Culture Media — Transfer of equity interest.” Upon completion of such equity transfer, Quantum Culture Media became a wholly-owned subsidiary of Letui Culture.

Establishment of Yunxiang Information

On August 29, 2019, Yunxiang Information was established by Netjoy HK in the PRC as a wholly-foreign-owned enterprise with a registered capital of RMB50,000,000.

Transfer of equity interest in Letui Culture

On November 8, 2019, Zheng Han invested HKD402,685 (equal to approximately RMB360,000) in Letui Culture, among which RMB101,010 was recorded as the registered capital with the rest of the funds allocated to the capital reserve. Upon the completion of such capital increase, Letui Culture was held by Netjoy Network and Zheng Han as to 99% and 1%, respectively.

On December 6, 2019, Yunxiang Information acquired the 99% of equity interest in Letui Culture from Netjoy Network. Upon completion of such equity transfer, Letui Culture was held by Yunxiang Information and Zheng Han as to 99% and 1%, respectively.

For further details, see “— Corporate Development — Letui Culture — Transfer of equity interest.”

Offshore Reorganization

Incorporation of offshore holding companies

In March 2019, each of our Ultimate Controlling Shareholders, Mr. Dai and Mr. Ru (all being the shareholders of Netjoy Network and the ultimate beneficial owners of our Company after completion of the Reorganization) had respectively incorporated a wholly-owned investment holding company in the BVI (the “**Offshore Holding Company**”), details of which are set out as below:

<u>Company name</u>	<u>Date of incorporation</u>	<u>Shareholder(s)</u>	<u>Equity interest</u>
Derun Investments	March 13, 2019	Mr. Wang	100%
Quantum Computing	March 13, 2019	Mr. Xu	100%
Global Awesomeness	March 13, 2019	Mr. Dai	100%
CareFree Planning	March 13, 2019	Mr. Qin	100%
Luminous Stars	March 14, 2019	Mr. Ru	100%

Incorporation of our Company and offshore subsidiaries

On March 29, 2019, our Company was incorporated as an exempted company with limited liability in the Cayman Islands with an authorized share capital of US\$50,000 divided into 50,000 Shares with a par value of US\$1.00 each. On the same day, one Share was allotted and issued for cash at par to the initial subscriber, and was subsequently transferred to Derun Investments, a company wholly owned by Mr. Wang.

On April 4, 2019, Netjoy BVI was incorporated in the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares with a par value of US\$1.00 each. On the same day, one share was allotted and issued to our Company for a consideration of US\$1.00, and Netjoy BVI became a directly wholly-owned subsidiary of our Company.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

On April 26, 2019, Netjoy HK was incorporated in Hong Kong with a total issued share capital of HK\$1.00. On the same day, one share was allotted and issued to Netjoy BVI for a consideration of HK\$1.00, and Netjoy HK became an indirectly wholly-owned subsidiary of our Company.

Share sub-division and allotment to the Offshore Holding Companies and the Onshore Investors

On November 8, 2019, the authorized share capital of our Company of US\$50,000 was subdivided from 50,000 Shares with a par value of US\$1.00 each to 1,000,000,000 Shares with a par value of US\$0.00005 each.

On the same date, the one Share previously issued to Derun Investments was canceled and our Company allotted and issued an aggregate of 535,282,030 new Shares at par value to the Offshore Holding Companies and the Onshore Investors. Upon completion, the then shareholding structure of our Company is set out as below:

Company name	Number of Shares	Approximate percentage of shareholding
Derun Investments	101,568,720	18.97%
Quantum Computing	85,817,780	16.03%
Global Awesomeness	59,926,560	11.20%
CareFree Planning	28,181,580	5.26%
Luminous Stars	21,400,960	4.00%
Kijiji	69,568,800	13.00%
Wutong Holding	53,682,030	10.03%
Guzon Asset	51,435,600	9.61%
Jingheng Jianyong	36,120,000	6.75%
Aofa Management	13,720,000	2.56%
Qipu Xinzhe	7,000,000	1.31%
Wideview Asset	6,860,000	1.28%
Total	535,282,030	100 %

Establishment of the family trusts

On November 13, 2019, for succession and estate planning purpose, our Ultimate Controlling Shareholders, Mr. Dai and Mr. Ru set up their respective Family Trusts. On November 28, 2019, each Offshore Holding Company transferred the Shares held by it to the Direct Holding SPV (as defined below) of the relevant Family Trust at nominal consideration. PraxisIFM Nerine Fiduciaries (Hong Kong) Limited acts as the trustee (the “Trustee”) for each Family Trust, further details of which are set out as below.

Trust name	Settlor ⁽¹⁾	Economic settlor and protector	Beneficiaries ⁽²⁾	Intermediary holding SPV ⁽³⁾	Direct holding SPV ⁽⁴⁾
The Longhills Trust	Derun Investments	Mr. Wang	Derun Investments and other beneficiaries as nominated by Mr. Wang from time to time	Derun International	Wang SPV
The FS Trust	Quantum Computing	Mr. Xu	Quantum Computing and other beneficiaries as nominated by Mr. Xu from time to time	FSS Investment	Xu SPV

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Trust name	Settlor ⁽¹⁾	Economic settlor and protector	Beneficiaries ⁽²⁾	Intermediary holding SPV ⁽³⁾	Direct holding SPV ⁽⁴⁾
The MH's Family Trust . . .	CareFree Planning	Mr. Qin	CareFree Planning and other beneficiaries as nominated by Mr. Qin from time to time	SpringRain Planning	Qin SPV
The RGRGU Trust	Global Awesomeness	Mr. Dai	Global Awesomeness and other beneficiaries as nominated by Mr. Dai from time to time	Baxter Investment	Dai SPV
The Ru Liang's Trust	Luminous Stars	Mr. Ru	Luminous Stars and other beneficiaries as nominated by Mr. Ru from time to time	Jingke International	Ru SPV

Notes:

- (1) Each of these companies is the Offshore Holding Company wholly owned by the economic settlor and protector of the relevant Family Trust, and directly held the Shares prior to the establishment of the relevant Family Trust. Pursuant to the trust deed of the relevant Family Trust, the settlor is entitled to revoke the relevant Family Trust, remove the Trustee and appoint a new trustee to the relevant Family Trust at its sole discretion, and the Trustee can only exercise the investment power as to the trust properties under the relevant Family Trust (including the disposal of the Shares beneficially owned by the relevant Family Trust) in accordance with the directions of the settlor.
- (2) As of the Latest Practicable Date, there is no other beneficiary nominated by the relevant economic settlor and protector save as disclosed herein.
- (3) Each of these companies is the intermediary holding vehicle set up by the Trustee for the administration of the relevant Family Trust (the “**Intermediary Holding SPV**”) and the immediate shareholder of the relevant Direct Holding SPV (as defined below). PIFM One Limited, an Independent Third Party nominated by the Trustee, acts as the sole director of the relevant Intermediary Holding SPV.
- (4) Each of these companies is the vehicle directly holding the Shares on behalf of the relevant Family Trust (the “**Direct Holding SPV**”). The economic settlor and protector of the relevant Family Trust acts as the sole director of the relevant Direct Holding SPV and is therefore able to directly exercise the voting rights attached to the Shares held by the relevant Direct Holding SPV.

Share swap between Zheng Han and our Company

On March 5, 2020, a share swap agreement was entered into between our Company and Mr. Ku, the then sole shareholder of Zheng Han, pursuant to which Mr. Ku agreed to subscribe for 247,053 newly issued Shares of our Company as the consideration in exchange for the entire equity interest in Zheng Han. Zheng Han held 1% of equity interest in Letui Culture at the time of the share swap. The consideration was determined based on arm's length negotiation between the parties with reference to a post-money valuation of RMB780 million of our Group and taking into account the initial investment cost in Letui Culture by Zheng Han. Upon completion of such share swap on March 30, 2020, both Zheng Han and Letui Culture became the wholly-owned subsidiaries of our Company.

Increase of authorized share capital

On November 17, 2020, the authorized share capital of our Company was further increased to US\$150,000 which was divided into 3,000,000,000 Shares with a par value of US\$0.00005 each.

Contractual Arrangements

In order for us to operate the business of Netjoy Network in compliance with the relevant PRC laws and regulations, we entered into the Contractual Arrangements with Netjoy Network and its registered shareholders on March 30, 2020. For further details, see “Contractual Arrangements.”

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Acting in Concert Arrangement

To streamline and optimize the shareholding structure and to ensure the stable ownership and business development of our Group, on March 30, 2020, our Ultimate Controlling Shareholders, together with their respective Offshore Holding Companies and the Direct Holding SPVs of their respective Family Trusts (collectively, the “**AIC Parties**”), entered into an acting-in-concert agreement (the “**Acting-in-concert Agreement**”), pursuant to which, (i) our Ultimate Controlling Shareholders confirmed that they had been parties acting in concert in relation to the exercise of their voting rights at the board meetings and shareholders’ meetings of Netjoy Network since July 29, 2015 when the Original Acting-in-concert Agreement was entered into; (ii) the AIC Parties have acknowledged and agreed that they had and would continue to, for so long as they remain interested in the Shares, directly or indirectly, communicate thoroughly and act in concert by aligning their votes at the board meetings and shareholders’ meetings of the members of our Group (where applicable) until the earlier of (i) any of Wang SPV, Xu SPV or Qin SPV ceases to be interested in the Shares, (ii) any of Mr. Wang, Mr. Xu or Mr. Qin ceases to hold any position in the Group, (iii) the collective shareholding held by Wang SPV, Xu SPV and Qin SPV in our Company is less than 30%, or (iv) the Acting-in-concert Agreement is terminated by agreement among the AIC Parties.

For further details of the acting-in-concert arrangement among our Ultimate Controlling Shareholders since July 29, 2015 with respect to Netjoy Network, see “— Corporate Development — Netjoy Network — Acquisition by our Ultimate Controlling Shareholders and early development.”

As confirmed by our PRC Legal Advisors, our Group has obtained all regulatory approvals in connection with the Reorganization as required under the relevant PRC laws and regulations, and the Reorganization has been properly and legally completed in compliance with all applicable PRC laws and regulations.

PRE-IPO INVESTMENT

To consummate the Reorganization, Mr. Ku was introduced to our Group as the Pre-IPO Investor in 2019.

Principal Terms of the Pre-IPO Investment

In addition to the information as described in “— Reorganization” above, the following table sets forth other key particulars of the Pre-IPO Investment:

<u>Total number of Shares subscribed</u>	<u>Date of relevant agreement</u>	<u>Total consideration</u>	<u>Date on which the consideration was fully settled</u>	<u>Cost per share (after taking into account the Capitalization Issue)</u>	<u>Discount to the maximum Offer Price</u>
247,053	June 10, 2019	HKD402,685 ⁽¹⁾	November 8, 2019	HKD1.45	79.52%

Note:

- (1) The consideration was determined based on arm’s length negotiation between the parties with reference to a post-money valuation of RMB780 million of our Group, which served as the general working capital of our Group and was fully utilized as of the Latest Practicable Date.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Mr. Ku is an Independent Third Party prior to his investment in our Group. He is an individual private investor and a professional with extensive experience in securities and investment industry. Mr. Ku currently holds senior management positions in Guzon Investment Management Group Co., Ltd. (巨漳投資管理集團有限公司) and its subsidiaries (including Shenzhen Qianhai Guzon Capital Management Co., Ltd. (深圳前海巨漳資本管理有限公司)), which primarily engage in equity investment activities. By leveraging his industry experience, we believe that Mr. Ku will provide market insights and valuable recommendations to our Group on our operations and strategic development directions.

Mr. Ku's investment in our Group was a crucial step for us to consummate the Reorganization. As Mr. Ku is a non-domestic natural person and was not connected with our Group before his investment, upon completion of his subscription of 1% equity interest in Letui Culture through his then wholly-owned entity Zheng Han, Letui Culture was converted into a sino-foreign joint venture, which has enabled Yuxiang Information to acquire the remaining 99% equity interest in Letui Culture in compliance with applicable PRC laws and regulations, and has further enabled us to reorganize our non-restricted and non-prohibited business in accordance with the requirements of the Stock Exchange that the Contractual Arrangements shall be narrowly tailored.

There were no special rights granted to Mr. Ku. The Shares held by Mr. Ku are subject to a lock-up period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date falling six months after the Listing Date. As of the Latest Practicable Date, Mr. Ku served as a director of Letui Culture, therefore Mr. Ku is a core connected person of our Group and the Shares held by Mr. Ku will not be counted towards the public float upon the Listing for the purpose of Rule 8.08 of the Listing Rules.

The Sole Sponsor has confirmed that the Pre-IPO Investment is in compliance with the Guidance Letter HKEX-GL29-12 issued by the Stock Exchange in January 2012 and as updated in March 2017, the Guidance Letter HKEX-GL43-12 issued by the Stock Exchange in October 2012 and as updated in July 2013 and March 2017 and the Guidance Letter HKEX-GL44-12 issued by the Stock Exchange in October 2012 and as updated in March 2017.

LOCK-UP BY OUR SHAREHOLDERS

Our Controlling Shareholders (a group of AIC Parties) have issued the undertakings to the Stock Exchange under the Listing Rules and pursuant to the Hong Kong Underwriting Agreement with respect to, among others, the lock-up arrangement as to the Shares held by them. See "Underwriting - Underwriting Arrangements and Expenses - The Hong Kong Public Offering - Undertakings to the Stock Exchange under the Listing Rules" and "Underwriting - Underwriting Arrangements and Expenses - The Hong Kong Public Offering - Undertakings pursuant to the Hong Kong Underwriting Agreement" for details.

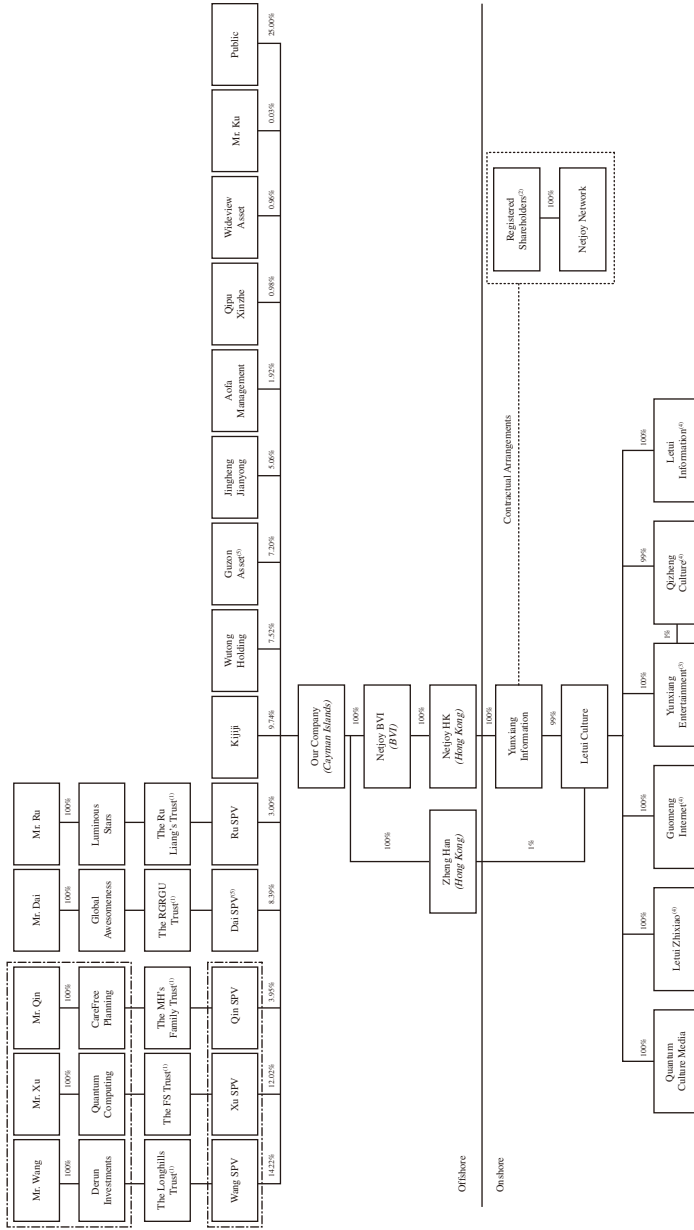
Each of the existing Shareholders other than the Controlling Shareholders, namely Dai SPV, Ru SPV, Guzon Asset, Kijiji, Wideview Asset, Wutong Holding, Jingheng Jianyong, Aofa Management, Qipu Xinzhe, and Mr. Ku, has issued a deed of lock-up undertaking, pursuant to which all or part of the Shares held by them shall be subject to the lock-up period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date falling six months after the Listing Date. See "Underwriting - Lock-up - Undertaking by non-controlling shareholders" for details.

CAPITALIZATION ISSUE

Subject to the share premium account of our Company having sufficient balance, or otherwise being credited as a result of the Offer Shares pursuant to the Global Offering, our Directors shall be authorized to allot and issue a total of 64,470,917 Shares credited as fully paid at par value to the Shareholders on the register of members of our Company at the close of business on the date immediately preceding the date on which the Global Offering becomes unconditional (or as they may direct) in proportion to their respective shareholdings in the Company (as nearly as possible without fractions) by way of capitalization of the sum of USD3,223.54585 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to the Capitalization Issue shall rank *pari passu* in all respects with the then existing issued Shares.

Corporate Structure immediately following the Global Offering

The following charts set forth the shareholding structure of our Group immediately after the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon the exercise of the options which may be granted under the Post-IPO Share Option Scheme):



Notes:

- (1) "....." denotes the AIC Parties, being a group of Controlling Shareholders of our Company.
- (2) "....." denotes Contractual Arrangements.
- (3) For more details of the relevant Family Trust, see "Offshore Reorganization — Establishment of the family trusts."
- (4) For more details of the Registered Shareholders, see "Contractual Arrangements."
- (5) Yuxiang Entertainment was established before the Reorganization. It is not a major subsidiary of our Group and has no material changes in its shareholding structure during the Track Record Period.
- (6) Letui Zhixiao, Guomeng Internet, Qizheng Culture and Letui Informator were established along with the Reorganization. Each of them is not a major subsidiary of our Group and has no material changes in its shareholding structure during the Track Record Period other than our acquisition of the remaining 30% equity interest in Guomeng Internet from an Independent Third Party at nominal consideration which was completed on October 10, 2019.
- (7) Dai SPV and Guozon Asset are the Over-allotment Option Grantors, particulars of which are set out in "Appendix IV — Statutory and General Information — F. Other Information — 12. Particulars of the Over-allotment Option Grantors." After the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is fully exercised and without taking into account the Shares which may be issued upon the exercise of the options which may be granted under the Post-IPO Share Option Scheme), the percentages of shareholding in our Company held by Dai SPV and Guozon Asset are 6.52% and 5.33%, respectively.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

PRC REGULATORY REQUIREMENTS

The Rules on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors in the PRC

Pursuant to the M&A Rules, (i) where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls such that it becomes a foreign invested enterprise, the acquisition shall be subject to the examination and approval of the MOFCOM; and (ii) an offshore special vehicle, or a special purpose vehicle, formed for listing purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interest in the PRC companies in exchange for the shares of offshore companies.

Pursuant to article 11 of the M&A Rules, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls, the acquisition shall be subject to the examination and approval of the MOFCOM.

Our PRC Legal Advisors are of the opinion that article 11 of the M&A Rules are not applicable to the acquisition of 99% equity interest in Letui Culture by Yunxiang Information as Letui Culture was a sino-foreign joint venture upon completion of Mr. Ku's subscription of 1% equity interest in Letui Culture through his then wholly-owned entity Zheng Han, therefore it is not necessary for us to obtain any prior approval from the MOFCOM for such acquisition.

Pursuant to the Interim Measures for the Administration of Establishment and Modification Registration of Foreign Investment Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) (the “**Interim Measures**”) promulgated by the MOFCOM and being effective from October 8, 2016 to December 31, 2019 when Yunxiang Information was established, which was replaced by the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》) promulgated by MOFCOM on January 1, 2020, (i) the Interim Measures apply to the establishment and modification of foreign investment enterprises which are not subject to special administrative measures for permits stipulated by the State; (ii) with respect to the establishment of a foreign investment enterprise subject to the registration as stipulated in the Interim Measures, such foreign investment enterprise shall conduct the relevant registration procedures for the establishment as required by the Interim Measures.

Our PRC Legal Advisors are of the opinion that Yunxiang Information has completed necessary registration with the relevant authorities as required by the Interim Measures and the Measures on Reporting of Foreign Investment Information (《外商投資信息報告辦法》).

SAFE Registration in the PRC

Pursuant to the Administrative Measures on Overseas Investments (《企業境外投資管理辦法》) (“**ODI Rules**”), a domestic institution is required to undergo relevant procedures for offshore investment prior to its overseas direct investment and obtain relevant record-filing, approval, certificate or permit.

Pursuant to the SAFE Circular 37, (a) a PRC resident must register with the local SAFE branch before he or she contributes assets or equity interest to an 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 also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change of Overseas SPV's PRC resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV's capital, share transfer or swap, and merger or division. In the

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be restricted from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

Pursuant to the SAFE Circular 13, the power to accept SAFE registration was delegated from local SAFE to local banks where the assets or interests in the domestic entity are located.

As advised by our PRC Legal Advisors, each of our Ultimate Controlling Shareholders, Mr. Dai, and Mr. Ru, who is required to complete the registration under SAFE Circular 37 and SAFE Circular 13, has duly completed the relevant registrations on August 8, 2019 in accordance with the SAFE Circular 37 and SAFE Circular 13. Each of our Onshore Investors have completed the registration/record-filing with Shanghai Development and Reform Commission, Shanghai Municipal Commission of Commerce and the local bank on October 4, 2019, February 19, 2020 and March 4, 2020, respectively, pursuant to the ODI Rules in relation to its offshore investments as domestic institutions.