
HISTORY, REORGANISATION AND CORPORATE STRUCTURE

HISTORY AND BUSINESS DEVELOPMENT

Our Company acts as the holding company of our Group and was incorporated in the Cayman Islands as an exempted company with limited liability on 18 February 2021. Our Group is a branding, advertising and market services provider based in Hubei Province and offer branding, advertising, and marketing services which comprise (i) branding services; (ii) traditional offline media advertising services; (iii) online media advertising services; (iv) event execution and production services to our customers; and (v) provision of advertisement placement services. Our history can be traced back to 2011, when our founders, Ms. Zheng Qingxiang (鄭青香) and Mr. Chen Chishun (陳熾順) established Huashi Media under the initial name of “Wuhan Shengshi Tongyuan Cultural Communication Company Limited* (武漢盛世同元文化傳播有限公司)”. Ms. Zheng Qingxiang and Mr. Chen Chishun are the parents of Mr. Chen, one of our executive Directors and Controlling Shareholders of our Group. Mr. Chen joined our Group in February 2011. On 20 August 2012, Mr. Chen made a capital injection into Huashi Media in the amount of RMB970,000 and upon completion of the said capital injection, Mr. Chen became the owner of Huashi Media as to 97%, and since then Mr. Chen has become the primary person responsible for the management of our Group.

In January 2016, the shares of Huashi Media were listed on the NEEQ, and was subsequently delisted in April 2019 in preparation for the [REDACTED]. In 2016, we had obtained the qualification as advertisement agent of a state-owned national broadcaster in the PRC. To expand our business, in 2017, we started to provide branding services to our customers, and in 2018, having noted the increasing demand for multi-channel advertising services and the rapid development of technology and the internet, we expanded our advertising services to provide online media advertising services. Huashi Media was accredited as a High and New Technology Enterprise* (高新技術企業) in November 2017 which was renewed in December 2020.

Mr. Chen has accumulated over 12 years of experience in the brand, advertising and media industry. Since he joined Huashi Media, Mr. Chen has been the pillar of our management. For further details about Mr. Chen, please refer to the section headed “Directors and Senior Management” in this document.

BUSINESS MILESTONES

The following table sets forth key developments and milestones of our Group since our establishment:

Year	Event
2011	Huashi Media was established in Wuhan, the PRC
2012	We commenced and started to develop our advertising and market services Huashi Chuangxiang was established in Wuhan, the PRC

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Year	Event
2013	We commenced and started to develop our event execution and production services
2016	<p>We obtained the qualification as advertisement agent of a state-owned national broadcaster in the PRC</p> <p>Huashi Media and its then subsidiaries was recognised as a Strategic Cooperation Partner of the “Five Stars Alliance” (“五星聯盟”戰略合作夥伴) by Guangdong Weishi* (廣東衛視), Henan Weishi* (河南衛視), Hubei Weishi* (湖北衛視), Liaoning Weishi* (遼寧衛視) and Sichuan Weishi* (四川衛視)</p> <p>The shares of Huashi Media were listed on the NEEQ in January (subsequently delisted in April 2019)</p>
2017	<p>Huashi Media was accredited as a High and New Technology Enterprise* (高新技術企業)</p> <p>We commenced and started to develop our branding services</p> <p>Dabieshan Culture was established in Macheng, the PRC</p>
2018	<p>Huashi Media was awarded the Macau International Advertising Festival: 2017-2018 Most Influential Communication Company* (澳門國際廣告節: 2017-2018年度中國最具影響力傳播公司)</p> <p>We commenced and started to develop our online media advertising service</p> <p>Wuyuan Fujie was established in Beijing, the PRC</p>
2020	<p>Huashi Media was awarded as the China International Advertising Festival: 2020 Golden Partner Advertiser Award* (中國國際廣告節廣告主獎•2020年度金夥伴獎)</p> <p>Huashi Media successfully renewed its accreditation as a High and New Technology Enterprise* (高新技術企業)</p> <p>Huashi Media was accredited as a China Level One Advertising Company: Media Service* (中國一級企業「媒體」服務類)</p> <p>Huashi Media was accredited as a Enterprise Credit Rating AAA Credit Enterprise* (企業信用評級AAA級信用企業)</p>

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Year	Event
2021	<p>Huashi Media was awarded as the China International Advertising Festival: 2021 Golden Partner Advertiser Award* (中國國際廣告節廣告主獎•2021年度金夥伴獎)</p> <p>Huashi Media successfully renewed its accreditation as a China Level One Advertising Company Media Service* (中國一級企業「媒體」服務類)</p> <p>Huashi Media was awarded as a Provincial Specialized, Sophisticated, Special and New Little Giant Enterprise* (省級專精特新小巨人企業) by the Department of Economy and Information Technology of Hubei Province (湖北省經濟和信息化廳)</p>
2022	<p>Huashi Media was awarded as a Provincial 4th Batch Specialized, Sophisticated, Special and New Little Giant Enterprise* (省級第四批專精特新小巨人企業) by the Department of Economy and Information Technology of Hubei Province (湖北省經濟和信息化廳) effective from May 2022 to April 2025</p>

CORPORATE HISTORY AND DEVELOPMENT

As at the Latest Practicable Date, Huashi Media, Huashi Chuangxiang, Dabieshan Culture and Wuyuan Fujie were the operating subsidiaries of our Group. The following table contains brief information of our Company and our subsidiaries as at the Latest Practicable Date:

Name	Date of incorporation/ establishment	Place of incorporation/ establishment	Principal activities
Our Company	18 February 2021	Cayman Islands	Investment holding
Subsidiaries			
Huashi International	24 February 2021	BVI	Investment holding
Huashi HK	16 March 2021	Hong Kong	Investment holding
Huashi Brand Management	7 April 2021	PRC	Investment holding

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Name	Date of incorporation/ establishment	Place of incorporation/ establishment	Principal activities
Huashi Media	23 February 2011	PRC	Provision of branding services, traditional offline media advertising services, online media advertising services, event execution and production services and advertisement placement services
Huashi Chuangxiang	26 December 2012	PRC	Provision of branding services, traditional offline media advertising services, online media advertising services and event execution and production services
Dabieshan Culture	7 April 2017	PRC	Provision of traditional offline media advertising services, online media advertising services and event execution and production services
Wuyuan Fujie	5 February 2018	PRC	Provision of traditional offline media advertising services, online media advertising services and event execution and production services
Donghu Brand Research	20 April 2021	Hong Kong	No business operations

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Our Directors consider that by retaining Donghu Brand Research, which is inactive and does not currently have any business operation, within our Group, such readily available corporate vehicle may be used by our Group if and when any need arise in the future and in such circumstances the time of incorporating new corporate vehicles can be saved in this regard.

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 February 2021 with an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each, and is an investment holding company and became the holding company of our Group upon completion of the Reorganisation for the purpose of the [REDACTED] with our businesses conducted through our operating subsidiaries in the PRC.

For further details of the corporate development of our Company, please refer to the paragraph headed “Reorganisation” in this section.

Our Operating Subsidiaries

Huashi Media

Huashi Media was established in the PRC on 23 February 2011 with an initial registered capital of RMB30,000 under the initial company name of “Wuhan Shengshi Tongyuan Cultural Communication Company Limited* (武漢盛世同元文化傳播有限公司)”. As at the Latest Practicable Date, Huashi Media was principally engaged in the provision of branding services, traditional offline media advertising services, online media advertising services, event execution and production services and advertisement placement services.

The name of Huashi Media was changed from “Wuhan Shengshi Tongyuan Cultural Communication Company Limited* (武漢盛世同元文化傳播有限公司)” to “Wuhan Huashi Shujin Communication Company Limited* (武漢華視書錦傳播有限公司)” on 13 December 2013, then to “Huashi Zhongguang International Media (Wuhan) Co., Ltd.* (華視中廣國際傳媒(武漢)股份有限公司)” on 24 August 2015, then to “Wuhan Huashi Zhongguang International Media Company Limited (武漢華視中廣國際傳媒有限責任公司)” on 30 April 2019, and further to the current name of “Huashi Zhongguang International Media (Wuhan) Company Limited* (華視中廣國際傳媒(武漢)有限責任公司)” on 13 May 2019.

On the date of its establishment, Huashi Media was owned by Ms. Zheng Qingxiang (鄭青香) and Mr. Chen Chishun (陳熾順) as to 70% and 30% respectively. Ms. Zheng Qingxiang and Mr. Chen Chishun are the parents of Mr. Chen. On 20 August 2012, Mr. Chen made a capital injection into Huashi Media in the amount of RMB970,000, which was determined with reference to the then paid-up capital of the then shareholders. The capital injection was settled and was legally completed on the same day. Upon completion of the said capital injection, the registered capital of Huashi Media increased to RMB1,000,000, and Huashi Media was owned by Mr. Chen, Mr. Chen Chishun and Ms. Zheng Qingxiang as to 97%, 0.9% and 2.1% respectively.

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On 6 April 2015, Mr. Chen made a capital injection into Huashi Media in the amount of RMB1,970,000, which was determined with reference to the then paid-up capital of the then shareholders. The capital injection was settled on 10 April 2015, and was legally completed on 13 April 2015. Upon completion of the said capital injection, the registered capital of Huashi Media increased to RMB3,000,000, and Huashi Media was owned by Mr. Chen, Mr. Chen Chishun and Ms. Zheng Qingxiang as to 99%, 0.7% and 0.3% respectively.

On 3 June 2015, Mr. Chen, Ms. Wang, Mr. Hu and Ms. Xue, amongst other shareholders, made a further round of capital injection into Huashi Media in the aggregate amount of RMB7,000,000, which was determined with reference to the then paid-up capital of the then shareholders. The capital injection was settled on the same day, and was legally completed on 12 June 2015. Upon completion of the said capital injection, the registered capital of Huashi Media increased to RMB10,000,000.

The following table sets forth the shareholding structure of Huashi Media upon completion of the said capital injections:

Shareholders (<i>Note 1</i>)	Amount of registered capital subscribed (RMB)	Approximate % of equity interest
Mr. Chen	8,680,000	86.8%
Huang Shujun (黃樹軍)	600,000	6%
Ms. Wang	200,000	2%
Song Qiong (宋瓊)	200,000	2%
Mr. Hu (<i>Note 2</i>)	50,000	0.5%
Wang Ming (王明)	50,000	0.5%
Liu Rongshi (劉榮仕)	40,000	0.4%
Guo Jianhui (郭建輝)	30,000	0.3%
Zheng Qingxiang (鄭青香)	21,000	0.21%
Cheng Ying (程英)	20,000	0.2%
Hu Anwei (胡安偉)	20,000	0.2%
Li Ying (李影)	20,000	0.2%
Zhang Feng (張烽)	20,000	0.2%
Ms. Xue	10,000	0.1%
Chen Ying (陳瑩)	10,000	0.1%
Yang Long (楊龍)	10,000	0.1%
Chen Chishun (陳熾順)	9,000	0.09%
Li Na (李娜)	5,000	0.05%
Wang Wushuang (王武霜)	5,000	0.05%
Total	10,000,000	100%

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Note(s):

1. Other than Mr. Chen, Mr. Hu, Ms. Wang and Ms. Xue who are current shareholders of the Company after completion of our Reorganisation, the shareholders above consist of (i) seven previous employees of the Group, being Zhang Feng, Wang Ming, Chen Ying, Guo Jianhui, Li Ying, Li Na and Liu Rongshi; (ii) four current employees of the Group, being Song Qiong, Cheng Ying, Wang Wushuang and Yang Long, who is one of our senior management; (iii) Hu Anwei, who is the current supervisor of Huashi Chuangxiang; (iv) one Independent Third Party, being Huang Shujun; and (v) Zheng Qingxiang and Chen Chishun, who are the parents of Mr. Chen.
2. Mr. Hu is a cousin of Mr. Chen, and prior to his capital injection, he worked as the assistant general manager of Huashi Chuangxiang from June 2013 to August 2014, and decided to make the capital injection into Huashi Media as he was optimistic about the strategic planning and developments of our Group considering our business prospects and growth potential.

Listing on and delisting from the NEEQ

In order to attract financing to further expand its business, Huashi Media decided to tap into the capital market by seeking a listing on the NEEQ. In view of the listing on the NEEQ, on 24 August 2015, pursuant to a shareholders’ resolution, Huashi Media was converted into a joint stock company with limited liability in the PRC. On 29 January 2016, Huashi Media was listed on the NEEQ under the stock code of 835724 and with a registered capital of RMB10,000,000.

By a shareholders’ resolution passed on 13 May 2017, Huashi Media proposed to issue an aggregate of not more than 4,500,000 new shares to certain then existing and new shareholders, for a total consideration of not more than RMB11,250,000, which was determined after arm’s length negotiation with the subscribers, taking into account, among others, the financial performance of Huashi Media for the year ended 31 December 2016 and its prospects. On 30 June 2017, Huashi Media confirmed to issue such 4,500,000 new shares. RMB4,500,000 was injected into the registered share capital of Huashi Media and the remaining RMB6,750,000 was credited to the capital reserves of Huashi Media. As a result, the registered capital of Huashi Media increased to RMB14,500,000 and its total number of issued shares increased to 14,500,000 shares. Upon completion of the said share issue, Huashi Media was owned by Mr. Chen, Ms. Wang, Mr. Hu, Ms. Xue and other shareholders as to approximately 79.6827%, 2.7587%, 4.669%, 0.2068% and 12.6828% respectively. Save for the above, Huashi Media did not have other fund raising activities during its listing on the NEEQ.

By a shareholders resolution passed on 18 September 2017, Huashi Media declared interim dividends to be distributed by the issue of five shares to all then shareholders for every ten shares being held by way of capitalisation of capital reserve, based on the then total number of issued shares of Huashi Media of 14,500,000 shares. As a result, the registered capital of Huashi Media increased to RMB21,750,000 and its total number of issued shares increased to 21,750,000 shares. Upon completion of the said distribution, Huashi Media was owned by Mr. Chen, Ms. Wang, Mr. Hu, Ms. Xue, Beijing Yuese Chuangxiang Internet Technology Company Limited* (北京約瑟創享網絡科技有限公司) (“**Beijing Yuese**”) and other shareholders as to approximately 74.8575%, 2.7586%, 5.7609%, 0.4138%, 4.5011% and 11.7081% respectively. Beijing Yuese has been indirectly owned by Mr. Chen as to 1% equity interest since 29 August 2018, while the remaining 99% equity interest in Beijing Yuese is owned by Independent Third Parties.

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Subsequently, Huashi Media was delisted from the NEEQ on 17 April 2019. Upon the delisting, Huashi Media’s registered capital was RMB21,750,000. As confirmed by our PRC Legal Advisers, the delisting of Huashi Media from the NEEQ was legally completed and the necessary approvals have been obtained. Based on the closing share price of Huashi Media of RMB19.9 per share on the last day when it was listed on the NEEQ, its market capitalisation was RMB432,825,000.

Non-compliance during listing on the NEEQ

Particulars of the non-compliance

Huashi Media provided short-term loans to its related parties (the “**Loan Advances**”), including Mr. Chen and Ms. Xue, in breach of the relevant PRC laws and regulations and the internal rules and measures of Huashi Media between January 2016 and June 2016 (the “**Period of Advances**”), and did not make disclosure in a timely manner in relation to such continuing connected transactions (the “**Non-compliance Incidents**”).

The Loan Advances provided by the Group to Mr. Chen and Ms. Xue were mainly used for the transportation expenses and entertainment expenses which were also for the purpose of the business development and network building activities of Huashi Media. The loans advanced to Mr. Chen in the amount of RMB1,377,000 were repaid in full in July 2016, while that advanced to Ms. Xue in the amount of RMB60,000 was repaid in full in March 2016. In August 2016, Mr. Chen and Ms. Xue paid interests on such loans in the amount of RMB6,811.99 and RMB324.1, respectively, which were determined based on the then prevailing bank lending rates.

For further details of the Loan Advances and the circumstances rendering the Loan Advances to be Non-compliance Incidents, please refer to the paragraph headed “Business – Non-compliance” in this document.

Our Directors confirmed that, save as disclosed above, (i) during the period in which the shares of Huashi Media were listed on the NEEQ, Huashi Media, its subsidiaries and directors were not involved in any breach or suspected breach of the applicable rules or regulations of the NEEQ in all material aspects; and (ii) there has not been any matter that need to be brought to the attention of the regulators and investors in Hong Kong in respect of Huashi Media’s listing on the NEEQ. Our Directors further confirmed that, during the process of delisting from the NEEQ, the relevant regulatory authorities had not raised any concern as to the non-compliance incident set out above. Our PRC Legal Advisers are of the view that during the period in which the shares of Huashi Media were listed on the NEEQ, save as disclosed above, (i) Huashi Media and its subsidiaries had complied with the applicable rules and regulations of the NEEQ in all material aspects; and (ii) to the best of their knowledge, none of the directors of Huashi Media was involved in any material breach or suspected breach of the applicable rules or regulations of the NEEQ.

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The Sole Sponsor has undertaken independent due diligence against Huashi Media including conducting background and litigation searches and reviewing the announcements published by Huashi Media on the NEEQ website as well as the legal opinion of our PRC Legal Advisers. Based on the said due diligence work, nothing has come to the attention of the Sole Sponsor which suggests that our Group and our Directors were not in compliance with all relevant PRC laws and regulations in all material aspects during the listing on the NEEQ, save for the non-compliance incident set out above.

Having considered that NEEQ is a market in the PRC open to qualified investors only and it currently has a low trading volume, our Directors believe that the [REDACTED] on the Stock Exchange, which we believed to be a mature financing platform with a sound regulatory regime, will benefit our Group’s operations and future business development strategies by providing direct access to the international capital markets, raising our brand awareness, enhancing our fund-raising capabilities and broadening our shareholders base.

The following table sets forth the shareholding structure of Huashi Media immediately after its delisting on the NEEQ:

Shareholders <i>(Note 1)</i>	Number of shares in Huashi Media held	Approximate % of equity interest
Mr. Chen	16,281,500	74.8575%
Mr. Hu	1,253,000	5.7609%
Beijing Yuese	979,000	4.5011%
Huang Shujun (黃樹軍)	900,000	4.1379%
Zhang Feng (張烽)	619,000	2.8460%
Ms. Wang	600,000	2.7586%
Song Qiong (宋瓊)	300,000	1.3793%
Wang Ming (王明)	270,000	1.2414%
Chen Ying (陳瑩)	120,000	0.5517%
Ms. Xue	90,000	0.4138%
Liu Lirong (劉麗蓉)	69,000	0.3172%
Zhang Xing (張醒)	60,000	0.2759%
Wang Wushuang (王武霜)	52,500	0.2414%
Cheng Ying (程英)	45,000	0.2069%
Zheng Qingxiang (鄭青香)	31,500	0.1448%
Hu Anwei (胡安偉)	30,000	0.1379%
Liu Ming (劉鳴)	15,000	0.0690%
Yang Long (楊龍)	15,000	0.0690%
Chen Chishun (陳熾順)	13,500	0.0621%
Liu Rongshi (劉榮仕)	6,000	0.0276%
Total	21,750,000	100%

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Note(s):

- Other than Mr. Chen, Mr. Hu, Ms. Wang and Ms. Xue who are current shareholders of the Company after completion of our Reorganisation, the individual shareholders above consist of (i) six previous employees of the Group, being Zhang Feng, Wang Ming, Chen Ying, Zhang Xing, Liu Lirong and Liu Rongshi; (ii) four current employees of the Group, being Song Qiong, Cheng Ying, Wang Wushuang and Yang Long, who is one of our senior management; (iii) Hu Anwei, who is the current supervisor of Huashi Chuangxiang; (iv) two Independent Third Parties, being Huang Shujun and Liu Ming; and (v) Zheng Qingxiang and Chen Chishun, who are the parents of Mr. Chen.

Subsequent to the delisting from the NEEQ, on 30 April 2019, Huashi Media was converted into a limited liability company.

Subsequent transfers of equity interests

In order to consolidate the shareholding of Huashi Media, and in view of the proposed [REDACTED] and the intended shareholding structure upon [REDACTED], various equity transfer agreements were entered into for the transfer of the equity interest in Huashi Media, with details as follows:

	Transferor	Transferee	Consideration (RMB)	Approximate % of equity interest transferred	Date of settlement of consideration
Equity transfer agreements entered into on 26 July 2020					
1.	Mr. Hu	Mr. Chen	167,000	0.7678%	20 July 2020
2.	Huang Shujun (黃樹軍)	Mr. Chen	900,000	4.1379%	20 July 2020
3.	Ms. Wang	Mr. Chen	49,000	0.2253%	18 July 2020
4.	Song Qiong (宋瓊)	Mr. Chen	Nil (<i>Note 1</i>)	1.3793%	N/A
5.	Liu Lirong (劉麗蓉)	Mr. Chen	69,000	0.3172%	20 July 2020
6.	Zhang Xing (張醒)	Mr. Chen	60,000	0.2759%	20 July 2020
7.	Wang Wushuang (王武霜)	Mr. Chen	52,500	0.2414%	20 July 2020
8.	Cheng Ying (程英)	Mr. Chen	45,000	0.2069%	20 July 2020
9.	Zheng Qingxiang (鄭青香)	Mr. Chen	Nil (<i>Note 1</i>)	0.1448%	N/A
10.	Hu Anwei (胡安偉)	Mr. Chen	30,000	0.1379%	20 July 2020
11.	Liu Ming (劉鳴)	Mr. Chen	15,000	0.0690%	20 July 2020
12.	Yang Long (楊龍)	Mr. Chen	15,000	0.0690%	20 July 2020
13.	Chen Chishun (陳熾順)	Mr. Chen	Nil (<i>Note 1</i>)	0.0621%	N/A
14.	Liu Rongshi (劉榮仕)	Mr. Chen	6,000	0.0276%	20 July 2020

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Transferor	Transferee	Consideration (RMB)	Approximate % of equity interest transferred	Date of settlement of consideration
Equity transfer agreements entered into on 4 December 2020				
15. Wang Ming (王明)	Ms. Wang	270,000	1.2414%	22 July 2020
16. Mr. Chen	Mr. Nie	1,305,000	6%	23 July 2020
17. Mr. Chen	Ms. Xue	130,000	0.5977%	22 July 2020
Equity transfer agreements entered into on 17 December 2020				
18. Chen Ying (陳瑩)	Mr. Chen	120,000	0.5517%	21 July 2020
Equity transfer agreements entered into on 7 January 2021				
19. Zhang Feng (張烽)	Ms. Wang	619,000	2.8460%	24 July 2020

Note:

1. Mr. Chen Chishun and Ms. Zheng Qingxiang are the parents of Mr. Chen, and Ms. Song Qiong was the spouse of Mr. Chen at the time of the transfer. Considering that Mr. Chen is the primary person responsible for the management of Huashi Media, and based on their family relationship, each of them gifted their equity interest in Huashi Media to Mr. Chen.

Save for the transfers by Mr. Chen Chishun, Ms. Zheng Qingxiang and Ms. Song Qiong which were made at nil consideration, the above considerations were determined with reference to the then registered capital of Huashi Media. The considerations for the above transfers were settled with the personal savings of the respective transferees. Upon completion of the said equity transfers, Huashi Media was owned by Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu, Ms. Xue and Beijing Yuese as to approximately 76.8736%, 6.6207%, 6%, 4.9931%, 1.0115% and 4.5011% respectively.

On 25 March 2021, Mr. Shen and Beijing Yuese entered into an equity transfer agreement, pursuant to which Beijing Yuese transferred approximately 4.5011% equity interest in Huashi Media to Mr. Shen at a consideration of RMB4,209,700. Upon completion of the said equity transfer, Huashi Media was owned as to approximately 76.8736%, 6.6207%, 6%, 4.9931%, 1.0115% and 4.5011% by Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu, Ms. Xue and Mr. Shen respectively. For further details including the basis of determination of the consideration, please refer to the paragraph headed “[REDACTED] investment” in this section.

As part of the Reorganisation, on 27 April 2021, each of Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue entered into an equity transfer agreement with Huashi Brand Management, pursuant to which each of Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue transferred their 76.8736%, 6.6207%, 6%, 4.9931% and 1.0115% equity interest in Huashi Media to Huashi Brand Management at the consideration of RMB16,720,000, RMB1,440,000, RMB1,305,000, RMB1,086,000 and RMB220,000 respectively, which were determined with reference to the then subscribed capital contribution of Huashi Media. On the same day, Huashi HK and Mr. Shen entered into an equity transfer agreement (as further amended and supplemented by a

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supplemental agreement dated 6 May 2021), pursuant to which Mr. Shen transferred 4.5011% equity interest in Huashi Media to Huashi HK at the consideration of RMB979,000, which was determined with reference to the then subscribed capital contribution of Huashi Media. Upon completion of the said equity transfers, Huashi Media was owned by Huashi Brand Management and Huashi HK as to approximately 95.4989% and 4.5011% respectively.

Huashi Chuangxiang

Huashi Chuangxiang was established in the PRC on 26 December 2012 with an initial registered capital of RMB2,000,000 under the initial name of “Hubei Huashi Television Broadcasting Media Company Limited* (湖北華視電廣傳媒有限公司)”. At the date of establishment, Huashi Chuangxiang was owned by Mr. Chen and Mr. Hu Anwei (胡安偉), who is the current supervisor of Huashi Chuangxiang, as to 90% and 10% respectively. As at the Latest Practicable Date, Huashi Chuangxiang was principally engaged in the provision of branding services, traditional offline media advertising services, online media advertising services and event execution and production services.

On 4 August 2017, the name of Huashi Chuangxiang was changed from “Hubei Huashi Television Broadcasting Media Company Limited* (湖北華視電廣傳媒有限公司)” to the name of “Huashi Zhongguang Film (Hubei) Company Limited* (華視中廣影業(湖北)有限公司)”. On 7 February 2021, the name of Huashi Chuangxiang was further changed from “Huashi Zhongguang Film (Hubei) Company Limited* (華視中廣影業(湖北)有限公司)” to the current name of “Huashi Chuangxiang Culture Media (Hubei) Co., Ltd. (華視創享文化傳媒(湖北)有限公司)”.

Subsequent to a series of equity transfer and capital injection, at the commencement of the Track Record Period, Huashi Chuangxiang had a registered capital of RMB5,000,000, which had been partly paid-up as to RMB2,000,000, and had been wholly-owned by Huashi Media since the commencement of the Track Record Period up to the Latest Practicable Date.

Dabieshan Culture

Dabieshan Culture was established in the PRC on 7 April 2017 with an initial registered capital of RMB5,000,000. Since the date of its establishment and up to the Latest Practicable Date, Dabieshan Culture had been wholly-owned by Huashi Media. As at the Latest Practicable Date, Dabieshan Culture was principally engaged in the provision of traditional offline media advertising services, online media advertising services and event execution and production services.

Wuyuan Fujie

Wuyuan Fujie was established in the PRC on 5 February 2018 with an initial registered capital of RMB10,000,000. On the date of its establishment, Wuyuan Fujie was owned by Huashi Media and Mr. Zhao Yulu (趙宇路), who is the current supervisor of Wuyuan Fujie, as to 80% and 20% respectively. As at the Latest Practicable Date, Wuyuan Fujie was primarily engaged in the provision of traditional offline media advertising services, online media advertising services and event execution and production services.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

As part of the Reorganisation, on 6 January 2021, Huashi Media and Mr. Zhao Yulu entered into an equity transfer agreement, pursuant to which Mr. Zhao Yulu transferred 20% equity interest in Wuyuan Fujie to Huashi Media at nil consideration, given that Mr. Zhao Yulu had not paid up the registered capital in respect of his interest at the time of the transfer. Upon completion of the said equity transfer, Wuyuan Fujie was wholly-owned by Huashi Media and remained a wholly-owned subsidiary of Huashi Media up to the Latest Practicable Date.

[REDACTED]

Mr. Nie

Mr. Nie was introduced to our Group and became acquainted with Mr. Chen through a common friend, Mr. Sun Shaofeng (孫少峰), when Mr. Nie and Mr. Chen were invited by Mr. Sun to a corporate event held in the PRC in early 2016 by a subsidiary of a company listed on the Stock Exchange, of which Mr. Sun was the legal representative at that time. Subsequently, around the time of delisting of Huashi Media from the NEEQ, Mr. Nie, having considered the business prospects and growth potential of our Group and our proposed [REDACTED], became interested in investing in our Group and reached a preliminary understanding with Mr. Chen on his intended investment. In around June 2020, Mr. Nie and Mr. Chen preliminarily agreed on the terms of the equity transfer, and on 4 December 2020, Mr. Chen and Mr. Nie entered into an equity transfer agreement, pursuant to which Mr. Chen transferred 6% equity interest in Huashi Media to Mr. Nie at a consideration of RMB1,305,000, which was determined with reference to the then registered capital of Huashi Media.

The equity transfer with Mr. Nie was made around the same period as the various equity transfers made to consolidate the shareholding of Huashi Media and to prepare for the intended shareholding structure upon our [REDACTED], details of which are set out in the paragraph headed “Corporate History and Development – Our Operating Subsidiaries – Huashi Media – Subsequent transfers of equity interests” in this section, and the basis of determination of the consideration of Mr. Nie was in line with the consideration for such other various equity transfers.

Given his experience in investment and in corporate management and involvement in directorship roles in listed companies, our Group believes that we will be able to benefit from Mr. Nie’s investment through the strategic benefits that could potentially be brought by Mr. Nie as set out in the summary below. Further, Mr. Nie also provided advice and assistance to our Group through his resources and networks when Huashi Media was considering its delisting from the NEEQ and our proposed [REDACTED], including the introduction of certain professional parties for our proposed [REDACTED]. Mr. Nie also assumed a higher risk than Mr. Shen due to the uncertainty and unavailability of the financial performance of the Group for FY2020 and a higher inherent exit risk of the investment as our proposed [REDACTED] may not materialise at the time when his investment was made. Accordingly, there was a higher discount to [REDACTED] of the indicative [REDACTED] of approximately [REDACTED] for Mr. Nie’s investment.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

The consideration for the said equity transfer had been fully and unconditionally settled on 23 July 2020. Upon completion of the said equity transfer on the same day, Huashi Media was owned by Mr. Nie as to 6%.

As part of and upon completion of our Reorganisation, Youxin Capital, an investment holding company wholly-owned by Mr. Nie, became the owner as to 6% shareholding in our Company. For details, please refer to the paragraph headed “Reorganisation” in this section.

Mr. Shen

Mr. Shen was introduced to our Group in 2017 through Mr. Chen Jiulin (陳九霖), who is the legal representative and the largest ultimate beneficial owner of Beijing Yuese. After rounds of discussion among Huashi Media, Beijing Yuese and Mr. Shen, in April 2018, Beijing Yuese decided to become a strategic investor of Huashi Media and purchased 979,000 shares of Huashi Media on the NEEQ, but Mr. Shen, who had reservations on the prospects and liquidity of the NEEQ market, did not make any investment at the time. Subsequently, around the time of delisting of Huashi Media from the NEEQ, Beijing Yuese expressed interest in exiting its investment and on the other hand, Mr. Shen, who was optimistic about the business prospects and growth potential of our Group and our proposed [REDACTED], became interested in investing in our Group. After further discussion between Beijing Yuese and Mr. Shen, on 25 March 2021, Mr. Shen and Beijing Yuese entered into an equity transfer agreement, pursuant to which Beijing Yuese transferred approximately 4.5011% equity interest in Huashi Media to Mr. Shen at a consideration of RMB4,209,700, which was determined based on arm’s length negotiation between Mr. Shen and Beijing Yuese with reference to (i) the appraised net asset value of Huashi Media and its subsidiaries of approximately RMB57.4 million as at 31 December 2020 pursuant to the asset valuation report dated 22 March 2021 prepared by an independent valuer; and (ii) a premium of approximately RMB1.6 million to the appraised net asset value represented by the approximately 4.5011% equity interest, which was determined taking into account the financial performance of our Group for the two years ended 31 December 2020 based on the unaudited management accounts of Huashi Media and the future business prospect of our Group.

Mr. Shen had a moderate inherent risk at the time of his investment as the time of application for our [REDACTED] and the [REDACTED] were then uncertain, and thus the discount to the [REDACTED] of the indicative [REDACTED] was approximately [REDACTED] for his investment. Given his experience in investment and corporate financing, our Group believes that we will be able to benefit from Mr. Shen’s investment through the strategic benefits that could be brought by Mr. Shen as set out in the summary below.

The consideration for the said equity transfer was fully and unconditionally settled in cash on 14 April 2021. Upon completion of the said equity transfer on 30 March 2021, Huashi Media was owned by Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu, Ms. Xue and Mr. Shen as to approximately 76.8736%, 6.6207%, 6%, 4.9931%, 1.0115% and 4.5011% respectively, and as a result Huashi Media was converted from a PRC domestic company into a foreign invested company.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

As part of and upon completion of our Reorganisation, Mr. Shen became the owner as to approximately 4.5011% shareholding in our Company. For details, please refer to the paragraph headed “Reorganisation” in this section.

Details of the said [REDACTED] are summarised as below:

[REDACTED]	Mr. Nie/Youxin Capital	Mr. Shen
Date of the agreement	4 December 2020	25 March 2021
Amount of consideration	RMB1,305,000	RMB4,209,700
Basis of determination of the consideration	Based on the then registered capital of Huashi Media	Based on arm’s length negotiation between Mr. Shen and Beijing Yuese with reference to (i) the appraised net asset value of Huashi Media and its subsidiaries as at 31 December 2020 pursuant to the asset valuation report dated 22 March 2021 prepared by an independent valuer; and (ii) a premium to the appraised net asset value which was determined taking into account the financial performance of our Group for the two years ended 31 December 2020 and the future business prospect of our Group
Date of unconditional settlement of consideration of the [REDACTED]	23 July 2020	14 April 2021
Shareholding/equity interest in Huashi Media subscribed	6%	4.5011%

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

<p>Investment cost per Share paid by the [REDACTED] upon [REDACTED] (immediately upon completion of the [REDACTED] and the [REDACTED]) (Note 1)</p>	<p>Approximately [REDACTED]</p>	<p>Approximately [REDACTED]</p>
<p>Discount to [REDACTED] of the indicative [REDACTED] (Note 2)</p>	<p>Approximately [REDACTED]</p>	<p>Approximately [REDACTED]</p>
<p>[REDACTED] from the [REDACTED] Investments</p>	<p>No [REDACTED] to our Group</p>	<p>No [REDACTED] to our Group</p>
<p>Strategic benefits brought to our Group</p>	<ul style="list-style-type: none"> – Providing advice on the management of our Group’s financial reporting and internal controls – Leveraging his business network to introduce potential customers and business opportunities to our Group 	<p>Leveraging his connections in the financial services market to potentially help with our corporate activities in the capital market</p>
<p>Shareholding of the [REDACTED] in our Company immediately following completion of the Reorganisation but prior to completion of the [REDACTED] and the [REDACTED]</p>	<p>6%</p>	<p>4.5011%</p>
<p>Shareholding in our Company immediately following completion of the [REDACTED] and the [REDACTED] (Note 3)</p>	<p>[REDACTED]</p>	<p>[REDACTED]</p>
<p>Special rights</p>	<p>Nil</p>	<p>Nil</p>
<p>Lock-up period</p>	<p>Nil</p>	<p>Nil</p>

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

[REDACTED]

The Shares held by Mr. Nie/ Youxin Capital are regarded as part of the [REDACTED] for the purpose of Rule 8.08(1) of the Listing Rules as he will not become a substantial shareholder of our Company upon [REDACTED]

The Shares held by Mr. Shen are regarded as part of the [REDACTED] for the purpose of Rule 8.08(1) of the Listing Rules as he will not become a substantial shareholder of our Company upon [REDACTED]

Notes:

1. For illustration purpose assuming completion of the [REDACTED] and the [REDACTED], but without taking into account any Shares which may be issued upon the exercise of the [REDACTED] and any options which may be granted under the Share Option Scheme.
2. For illustration purpose assuming that the [REDACTED] is [REDACTED] per [REDACTED] (being the [REDACTED] of the [REDACTED] between [REDACTED] and [REDACTED] per [REDACTED]) and the exchange rate of RMB1.00 to HK\$1.0916 is adopted.
3. Assuming that the [REDACTED] and the options which may be granted under the Share Option Scheme are not exercised.

Information regarding the [REDACTED]

Mr. Nie

Youxin Capital, an investment holding company, was incorporated as a limited liability company under the laws of the British Virgin Islands on 29 December 2020, and is wholly-owned by Mr. Nie. Mr. Nie graduated from Jiangxi College of Finance and Economics (江西財經學院) (subsequently renamed as Jiangxi University of Finance and Economics (江西財經大學)) in the PRC with a bachelor’s degree in economics in July 1986 and obtained a master’s degree in business administration from the Open University of Hong Kong through distance learning in December 2000.

Mr. Nie has over 15 years of management experience and has previously made personal investments in other private equity and venture capital firms as well as in industrial sector. Mr. Nie became the deputy chief operating officer of China Green (Holdings) Limited (中國綠色食品(控股)有限公司) (stock code: 904.HK), a company listed on the Stock Exchange specialized in green food business, in June 2001 and was subsequently appointed as an executive director in November 2008. Mr. Nie resigned from the office of executive director in November 2013 but remained as the chief operating officer of such company until January 2017. From 2003 to 2008, Mr. Nie was an independent director of Guomai Technologies Inc. (國脈科技股份有限公司) (stock code: 002093.SZ), a telecom outsourcing service provider listed on the Shenzhen Stock Exchange. From June 2008 to June 2023, Mr. Nie was an independent non-executive director, the chairman of the audit committee and a member of the remuneration committee of China Lilang Limited (中國利郎有限公司) (stock code: 1234.HK), a men’s clothing company listed on the Stock Exchange. From December 2014 to June 2017, Mr. Nie was an independent non-executive director and chairman of the remuneration

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

committee and the nomination committee of Luxxu Group Limited (勵時集團有限公司) (previously known as Time2U International Holding Limited (時間由你國際控股有限公司)) (stock code: 1327.HK), a company principally engaged in the manufacture and sales of own-branded watches and jewellery. From January 2016 to October 2019, he was a director of Fu Jian Time Cannel Information Technology Limited (福建天創信息科技股份有限公司), a company principally engaged in software development, system integration and technical services relating to social and public security which was previously listed on the NEEQ (stock code: 837908).

Mr. Nie also owns and operates the business of Xiamen Juxin Investment Co., Ltd.* (廈門颯鑫投資有限公司), a company principally engaged in investment in the primary, secondary and tertiary industries and providing corporate management advisory services, in which he has served as a director since January 2010. His source of fund mainly includes accumulated profits from his own investment gains from securities and other investments as well as his personal savings. Mr. Zhang Bei, one of our executive Directors, is the nephew of Mr. Nie. Save for the aforesaid and his investment in our Group, as at the Latest Practicable Date, Mr. Nie did not have any past or present relationships (including, without limitation, family, trust, business, employment relationships) and did not enter into any agreements, arrangements or understanding with our Group, our Shareholders, Directors or senior management or any of their respective associates.

Mr. Shen

Mr. Shen obtained a bachelor’s degree in French from Beijing Foreign Studies University (北京外國語大學) in the PRC in July 1984, a master’s degree in laws from Peking University (北京大學) in the PRC in July 1987. He also obtained an international diploma in public administration from the National School of Administration (École Nationale d’Administration) in France in November 1991.

Mr. Shen has extensive capital markets and investment experience. From January 1998 to March 2000, he worked at China International Capital Corporation Limited as a vice president. He was a responsible officer of BOCI Asia Limited from April 2003 to February 2004, and also subsequently worked at CLSA Capital Markets Limited and Credit Suisse (Hong Kong) Limited, before returning to China International Capital Corporation Limited as the executive general manager from September 2007 to December 2010. Since January 2011, he has been working at Beijing Yuese Corporate Management Co., Ltd.* (北京約瑟企業管理有限公司), a company engaged in the provision of corporate management services, and is currently its general manager. He is also currently the chairman of Shenzhen Yuese Equities Investment Management Co., Ltd.* (深圳約瑟股權投資管理有限公司), which is a private equity firm. Since January 2016, he has been appointed as a director of Sun Miracle Education (北京太奇教育科技股份有限公司), a company principally engaged in provision of educational services which is listed on the National Equities Exchange and Quotations (stock code: 870263), and has remained in such position up to the Latest Practicable Date.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Mr. Shen’s source of fund mainly includes accumulated profits from his own investment gains from securities and other investments as well as his personal savings. As at the Latest Practicable Date, save for his investment in our Group, Mr. Shen did not have any past or present relationships (including, without limitation, family, trust, business, employment relationships) and did not enter into any agreements, arrangements or understanding with our Group, our Shareholders, Directors or senior management or any of their respective associates, and, to the best knowledge of our Directors having made reasonable enquiry, Mr. Shen is an Independent Third Party.

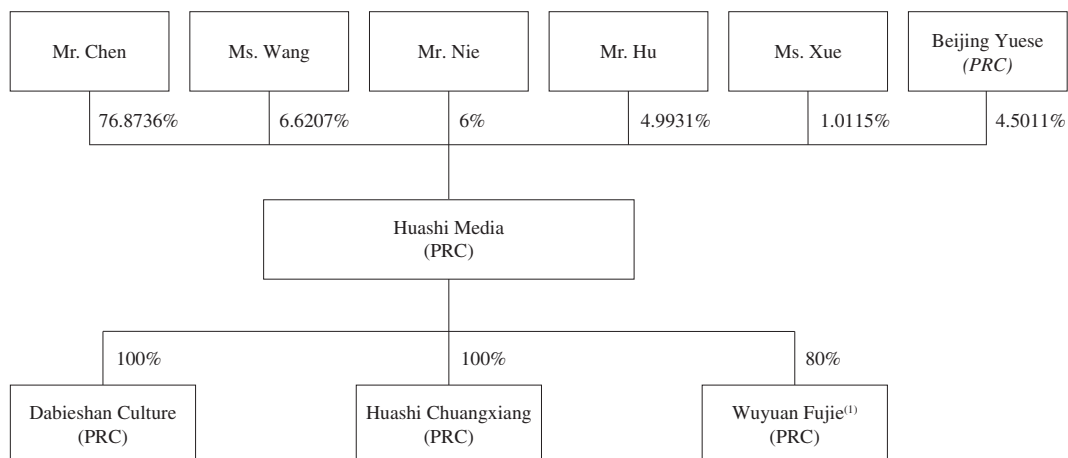
Save as disclosed above, our Directors confirmed that the [REDACTED] do not have other agreements, arrangements, understanding or undertakings with the Company, its subsidiaries, shareholders, directors or senior management or any of their respective associates.

Sole Sponsor’s confirmation

The Sole Sponsor has confirmed that the [REDACTED] Investments are in compliance with the Guidance Letters issued by the Stock Exchange, namely HKEx-GL43-12 issued in October 2012 and updated in July 2013 and March 2017 and HKEx-GL29-12 issued in January 2012 and updated in March 2017, as (i) the considerations for the [REDACTED] Investments were fully and irrevocably settled on 23 July 2020 and 14 April 2021 respectively which were more than 28 clear days prior to the date of the first submission of the [REDACTED] application to the Stock Exchange in relation to the [REDACTED]; and (ii) no special rights were granted to the [REDACTED] that will survive upon the [REDACTED] in respect of the [REDACTED] Investments. The Guidance Letter HKEx-GL44-12 issued by the Stock Exchange in October 2012 and updated in March 2017 is not applicable to the [REDACTED] Investments as no convertible instrument was issued.

REORGANISATION

The following chart sets forth our corporate structure immediately before the Reorganisation:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Note:

- (1) The remaining 20% of the equity interest of Wuyuan Fujie was owned by Mr. Zhao Yulu, who is the current supervisor of Wuyuan Fujie.

In preparation for the [REDACTED] and as part of Reorganisation, we carried out the following steps:

1. Incorporation of JaiYi Culture, Yuanjin Culture, Youxin Capital, Zhong Lun Culture and Hubei Jiaying Culture

JaiYi Culture

JaiYi Culture, an investment holding company, was incorporated as a limited liability company under the laws of the British Virgin Islands on 24 December 2020. On the date of its incorporation, one share of par value of US\$1.00 was allotted and issued to Mr. Chen. Since then and up to the Latest Practicable Date, JaiYi Culture had been wholly-owned by Mr. Chen.

Yuanjin Culture

Yuanjin Culture, an investment holding company, was incorporated as a limited liability company under the laws of the British Virgin Islands on 24 December 2020. On the date of its incorporation, one share of par value of US\$1.00 was allotted and issued to Ms. Wang. Since then and up to the Latest Practicable Date, Yuanjin Culture had been wholly-owned by Ms. Wang.

Youxin Capital

Youxin Capital, an investment holding company, was incorporated as a limited liability company under the laws of the British Virgin Islands on 29 December 2020. On the date of its incorporation, one share of par value of US\$1.00 was allotted and issued to Mr. Nie. Since then and up to the Latest Practicable Date, Youxin Capital had been wholly-owned by Mr. Nie.

Zhong Lun Culture

Zhong Lun Culture, an investment holding company, was incorporated as a limited liability company under the laws of the British Virgin Islands on 24 December 2020. On the date of its incorporation, one share of par value of US\$1.00 was allotted and issued to Mr. Hu. Since then and up to the Latest Practicable Date, Zhong Lun Culture had been wholly-owned by Mr. Hu.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

Hubei Jiaying Culture

Hubei Jiaying Culture, an investment holding company, was incorporated as a limited liability company under the laws of the British Virgin Islands on 24 December 2020. On the date of its incorporation, one share of par value of US\$1.00 was allotted and issued to Ms. Xue. Since then and up to the Latest Practicable Date, Hubei Jiaying Culture had been wholly-owned by Ms. Xue.

2. Transfer of equity interest in Wuyuan Fujie

On 6 January 2021, Huashi Media and Mr. Zhao Yulu entered into an equity transfer agreement, pursuant to which Mr. Zhao Yulu transferred 20% equity interest in Wuyuan Fujie to Huashi Media at nil consideration, given that Mr. Zhao Yulu had not paid up the registered capital in respect of his interest at the time of the equity transfer. Upon completion of the said equity transfer, Wuyuan Fujie was wholly-owned by Huashi Media and remained a wholly-owned subsidiary of Huashi Media up to the Latest Practicable Date.

3. Incorporation of our Company, Huashi International and Huashi HK

Our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability on 18 February 2021, with an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1.00 each, of which one ordinary share was allotted and issued to the initial subscriber, an Independent Third Party, which then transferred to Mr. Chen on the same day. On the same day, 16,719 ordinary shares, 1,440 ordinary shares, 1,305 ordinary shares, 1,086 ordinary shares and 220 ordinary shares were allotted and issued to Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue respectively. Upon completion of the said allotment and issue, our Company was owned by Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue as to approximately 80.5%, 6.93%, 6.28%, 5.23% and 1.06% respectively.

Huashi International

Huashi International, an investment holding company, was incorporated as a limited liability company under the laws of the British Virgin Islands on 24 February 2021. On the date of its incorporation, one share of par value of US\$1.00 was allotted and issued to our Company. Since then and up to the Latest Practicable Date, Huashi International had been wholly-owned by our Company.

Huashi HK

Huashi HK, an investment holding company, was incorporated as a limited liability company under the laws of Hong Kong on 16 March 2021. On the date of its incorporation, 50,000 ordinary shares were allotted and issued to Huashi International. Since then and up to the Latest Practicable Date, Huashi HK had been wholly-owned by Huashi International.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

4. Transfer of equity interest in Huashi Media to Mr. Shen

On 25 March 2021, Mr. Shen and Beijing Yuese entered into an equity transfer agreement, pursuant to which Beijing Yuese transferred approximately 4.5011% equity interest in Huashi Media to Mr. Shen at a consideration of RMB4,209,700. Upon completion of the said equity transfer, Huashi Media was owned by Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu, Ms. Xue and Mr. Shen as to approximately 76.8736%, 6.6207%, 6%, 4.9931%, 1.0115% and 4.5011% respectively, and as a result Huashi Media was converted from a PRC domestic company into a foreign invested company. For further details, please refer to the paragraph headed “[REDACTED] investment” in this section.

5. Establishment of Huashi Brand Management

Huashi Brand Management, an investment holding company, was established in the PRC on 7 April 2021 with an initial registered capital of RMB5,000,000. Since the date of its establishment and up to the Latest Practicable Date, Huashi Brand Management had been wholly-owned by Huashi HK.

6. Establishment of Donghu Brand Research

Donghu Brand Research was incorporated under the laws of Hong Kong on 20 April 2021. On the date of its incorporation, 50,000 ordinary shares were allotted and issued to Huashi HK. Since then and up to the Latest Practicable Date, Donghu Brand Research had been wholly-owned by Huashi HK. Donghu Brand Research did not have any business operations as at the Latest Practicable Date.

7. Transfer of Shares in our Company

On 25 April 2021, Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue transferred 16,720 ordinary shares, 1,440 ordinary shares, 1,305 ordinary shares, 1,086 ordinary shares and 220 ordinary shares in the Company to JaiYi Culture, Yuanjin Culture, Youxin Capital, Zhong Lun Culture and Hubei Jiaying Culture respectively. Upon completion of the said transfers, our Company was owned by JaiYi Culture, Yuanjin Culture, Youxin Capital, Zhong Lun Culture and Hubei Jiaying Culture as to approximately 80.5%, 6.93%, 6.28%, 5.23% and 1.06% respectively.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

8. Acquisition of Huashi Media by Huashi Brand Management

On 27 April 2021, each of Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue entered into an equity transfer agreement with Huashi Brand Management, pursuant to which each of Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue transferred their 76.8736%, 6.6207%, 6%, 4.9931% and 1.0115% equity interest in Huashi Media to Huashi Brand Management at the consideration of RMB16,720,000, RMB1,440,000, RMB1,305,000, RMB1,086,000 and RMB220,000 respectively, which were determined with reference to the then subscribed capital contribution of Huashi Media. Upon completion of the said equity transfers, Huashi Media was owned by Huashi Brand Management and Mr. Shen as to 95.4989% and 4.5011% respectively.

9. Transfer of equity interest in Huashi Media

On 27 April 2021, Huashi HK and Mr. Shen entered into an equity transfer agreement (as further amended and supplemented by a supplemental agreement dated 6 May 2021), pursuant to which Mr. Shen transferred 4.5011% equity interest in Huashi Media to Huashi HK at the consideration of RMB979,000, which was determined with reference to then subscribed capital contribution of Huashi Media. Upon completion of the said equity transfer, Huashi Media was owned by Huashi Brand Management and Huashi HK as to approximately 95.4989% and 4.5011% respectively.

10. Subscription of Shares by JaiYi Culture, Yuanjin Culture, Youxin Capital, Zhong Lun Culture, Hubei Jiaying Culture and Mr. Shen

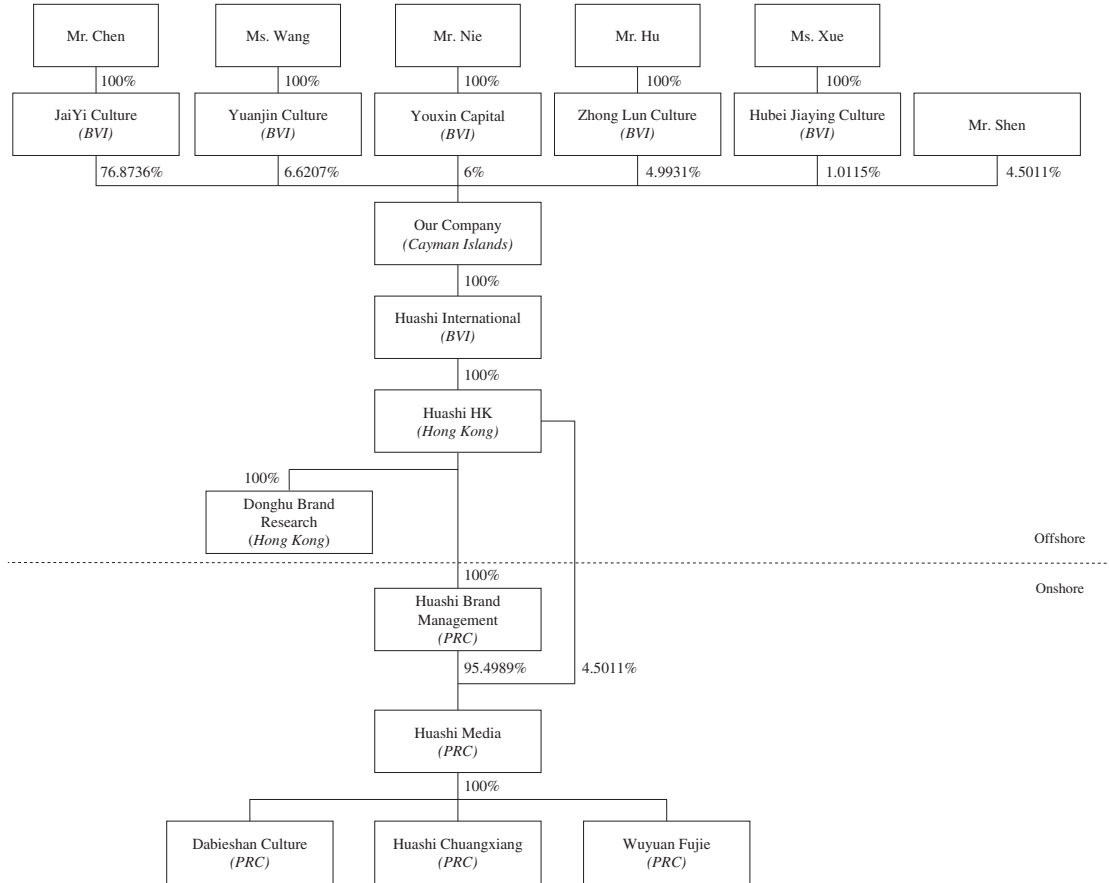
On 7 June 2021, the issued and unissued shares of US\$1.00 each in the share capital of our Company were subdivided into 20 Shares of US\$0.05 each, such that the authorised share capital of the Company be subdivided from US\$50,000.00 divided into 50,000 ordinary shares of US\$1.00 each to US\$50,000.00 divided into 1,000,000 Shares of US\$0.05 each. On the same day, our Company allotted and issued 434,336 Shares, 37,407 Shares, 33,900 Shares, 28,211 Shares and 5,715 Shares to JaiYi Culture, Yuanjin Culture, Youxin Capital, Zhong Lun Culture and Hubei Jiaying Culture respectively at par value.

Further on the same day, our Company and Mr. Shen entered into a subscription agreement, pursuant to which our Company allotted and issued 45,011 Shares to Mr. Shen at the consideration of RMB979,000, which was determined with reference to the consideration for the transfer of the 4.5011% equity interest in Huashi Media from Mr. Shen to Huashi HK. Upon completion of the said allotment and issue and subscription, our Company was owned by JaiYi Culture, Yuanjin Culture, Youxin Capital, Zhong Lun Culture, Hubei Jiaying Culture and Mr. Shen as to 76.8736%, 6.6207%, 6%, 4.9931%, 1.0115% and 4.5011% respectively.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

GROUP STRUCTURE IMMEDIATELY AFTER THE REORGANISATION

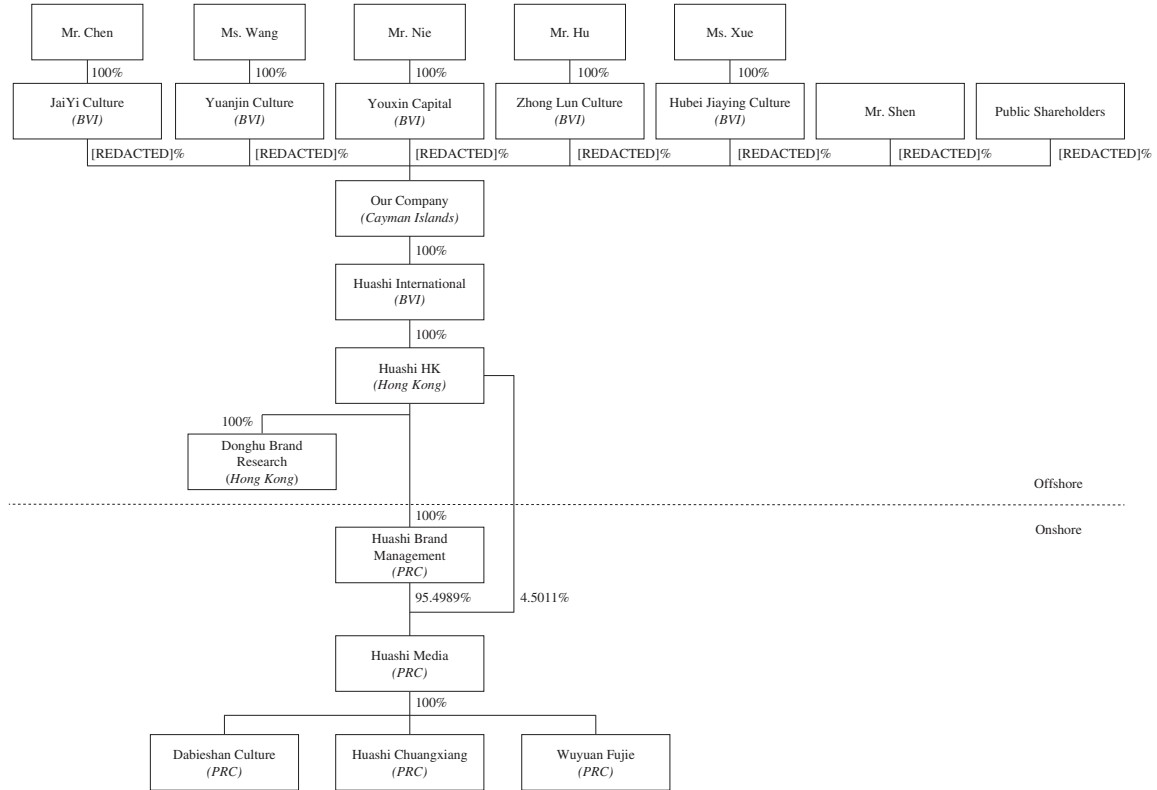
The following chart sets forth our corporate structure immediately after the Reorganisation and prior to completion of the [REDACTED] and the [REDACTED]:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

GROUP STRUCTURE UPON [REDACTED]

The following chart sets forth our corporate structure upon [REDACTED] (assuming the [REDACTED] is not exercised) and not taking into account any Shares which may be allotted and issued pursuant to the exercise of options which may be granted under the Share Option Scheme:



HISTORY, REORGANISATION AND CORPORATE STRUCTURE

PRC LEGAL COMPLIANCE

The Reorganisation was completed on 7 June 2021. Our PRC Legal Advisers have confirmed that the share transfers and any changes in the registered capital in respect of the PRC companies in our Group as described above have been legally and properly completed since all applicable regulatory approvals were obtained and have complied with all applicable laws and regulations in the PRC in all material aspects.

SAFE Registration in the PRC

Pursuant to the Circular 37, promulgated by SAFE and becoming effective on 4 July 2014, (a) a PRC resident must register with the local SAFE branch before contributing 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 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 individual resident shareholder(s), the name of the Overseas SPV, terms of operation, or any increase or reduction of the Overseas SPV’s capital held by PRC individual resident(s), share transfer or swap, and merger or division. Pursuant to Circular 37, failure to comply with these registration procedures may result in penalties.

Pursuant to the Circular 13, promulgated by SAFE and becoming effective on 1 June 2015, the power to accept SAFE registration was delegated to local banks where the assets or interest in the domestic entity was located.

As advised by our PRC Legal Advisers, each of Mr. Chen, Ms. Wang, Mr. Nie, Mr. Hu and Ms. Xue being a PRC individual resident has completed the registration under Circular 37.

The M&A Rules

On 8 August 2006, six PRC regulatory agencies jointly issued the Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》) (the “**M&A Rules**”), which became effective on 8 September 2006, and was amended on 22 June 2009 by MOFCOM. Pursuant to Article 11 of the M&A Rules, where a domestic company, enterprise or individual person intends to take over his/her/its related domestic company in the name of an offshore company which he/she/it lawfully established or controls, the takeover shall be subject to the examination and approval of MOFCOM.

HISTORY, REORGANISATION AND CORPORATE STRUCTURE

As advised by our PRC Legal Advisers, Article 11 of the M&A Rules does not apply to our Reorganisation, because (i) at the time of acquisition of the 4.5011% equity interest in Huashi Media by Mr. Shen, Mr. Shen was a permanent resident of Hong Kong and was independent from Huashi Media and its shareholders, therefore such acquisition whereby Huashi Media was converted into a foreign invested company was not subject to the M&A Rules; and (ii) at the time of the acquisition of the 95.4989% equity interest in Huashi Media by Huashi Brand Management and the acquisition of the 4.5011% equity interest in Huashi Media by Huashi HK, Huashi Media was a foreign invested company, therefore the acquisitions of the equity interests in Huashi Media by Huashi Brand Management and Huashi HK were not subject to the M&A Rules.

Our PRC Legal Advisers have also confirmed that save for the completion of the filing procedures with the CSRC, our Company and its PRC subsidiaries are not required to obtain approval from CSRC, MOFCOM or other relevant PRC authorities for the purpose of the [REDACTED].