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**Inke Limited**  
**映客互娱有限公司**

*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 3700)**

**DISCLOSABLE TRANSACTION IN RELATION  
TO THE SHARE PURCHASE AGREEMENT AND  
CONTINUING CONNECTED TRANSACTION  
IN RELATION TO THE VIE AGREEMENTS**

**SHARE PURCHASE AGREEMENT**

On 14 July 2019, the Buyer, the Cayman Co, the HK Co, the WFOE, the Domestic Company, the Chengdu Subsidiary, the Founder, the Founder Holdco and the Investor Shareholders, entered into the Share Purchase Agreement. Subject to the terms and conditions of the Share Purchase Agreement, among other matters:

- (i) the Investor Shareholders conditionally agree to transfer to the Buyer, severally but not jointly, and the Buyer conditionally agrees to purchase from the Investor Shareholders in aggregate, 63.17% shareholding in the Cayman Co at the relevant Offshore Purchase Price of US\$47,585,200;
- (ii) the Founder Holdco agrees to transfer to the Buyer, and the Buyer agrees to purchase from the Founder Holdco, 36.83% shareholding in the Cayman Co at the relevant Offshore Purchase Price of US\$27,794,499; and
- (iii) save for the Investor Shareholder A and the Investor Shareholder F, other Selling Shareholders conditionally agree to procure their respective onshore affiliates (i.e. the Founder, PRC Affiliate A, PRC Affiliate B, PRC Affiliate C and PRC Affiliate D) to transfer to the Buyer's Affiliate, severally but not jointly, in aggregate 84.33% equity interest in the Domestic Company at the Onshore Purchase Price of RMB66,069,340.

## **LISTING RULES IMPLICATIONS**

### **Disclosable Transaction**

As the highest applicable percentage ratio in respect of the transactions contemplated under the Share Purchase Agreement exceeds 5% but is less than 25%, the entering into of the Share Purchase Agreement constitutes a disclosable transaction of the Company under the Listing Rules which is subject to the reporting and announcement requirements under the Listing Rules.

### **Continuing Connected Transaction**

Each of Mr. Feng Yousheng, Ms. Liao Jieming and Mr. Hou Guangling is a controlling shareholder of the Company and the Buyer's Affiliate and an executive Director of the Company, and is therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Beijing Duomi Online Technology Co., Ltd. is a substantial shareholder of the Company and the Buyer's Affiliate and is therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. The Buyer's Affiliate is directly owned as to approximately 30.32% collectively by Mr. Feng Yousheng, Ms. Liao Jieming and Mr. Hou Guangling, who have always been in consensus and in agreement when exercising their shareholders' rights when passing shareholders' resolutions of the Buyer's Affiliate. The Buyer's Affiliate is therefore an associate of each of Mr. Feng Yousheng, Ms. Liao Jieming and Mr. Hou Guangling and a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

On this basis, the Domestic Company will become a connected person of the Company by virtue of being a subsidiary of the Buyer's Affiliate upon Closing. The existing continuing transactions contemplated under the Blueberry Exclusive Consulting and Service Agreement entered into between the Domestic Company and the WFOE (being the indirectly wholly-owned subsidiary of the Company) will therefore become continuing connected transactions upon Closing. Pursuant to Rule 14A.60 of the Listing Rules, the Company is subject to the applicable annual review and disclosure requirements under Chapter 14A of the Listing Rules in relation to the Blueberry Exclusive Consulting and Service Agreement. Where there is an extension of the term of or amendment of the terms of the Blueberry Exclusive Consulting and Service Agreement, the Company shall fully comply with all applicable reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The transactions contemplated under the Inke VIE Agreements are also continuing connected transactions of the Company under the Listing Rules. The Company has been granted a waiver pursuant to Rule 14A.102 of the Listing Rules from strict compliance with the announcement and independent shareholders' approval, setting annual cap and limiting contractual term to three years or less requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Inke VIE Agreements.

## **II. SHARE PURCHASE AGREEMENT**

On 14 July 2019, the Buyer, Cayman Co, the HK Co, the WFOE, the Domestic Company, the Chengdu Subsidiary, the Founder, the Founder Holdco and the Investor Shareholders, entered into the Share Purchase Agreement.

The principal terms of the Share Purchase Agreement are set out below:

**Date**

14 July 2019

**Subject of the Share Purchase Agreement**

The Cayman Co indirectly holds 100% interests in the WFOE, the sole asset of which is its investment in the entire equity interests in the Domestic Company through the Blueberry VIE Structure. As at the date of this announcement, the WFOE has established the Blueberry VIE Structure such that the WFOE has effective control over the finance and operations of the Domestic Company and the Chengdu Subsidiary and enjoys the entire economic interests and benefits generated by the Domestic Company and the Chengdu Subsidiary.

Subject to the terms and conditions of the Share Purchase Agreement, among other matters:

- (i) the Investor Shareholders conditionally agree to transfer to the Buyer, severally but not jointly, and the Buyer conditionally agrees to purchase from the Investor Shareholders in aggregate 63.17% shareholding in the Cayman Co at the relevant Offshore Purchase Price of US\$47,585,200;
- (ii) the Founder Holdco agrees to transfer to the Buyer, and the Buyer agrees to purchase from the Founder Holdco 36.83% shareholding in the Cayman Co at the relevant Offshore Purchase Price of US\$27,794,499; and
- (iii) save for the Investor Shareholder A and the Investor Shareholder F, other Selling Shareholders conditionally agree to procure their respective onshore affiliates (i.e. the Founder, the PRC Affiliate A, the PRC Affiliate B, the PRC Affiliate C and the PRC Affiliate D) to transfer to the Buyer's Affiliate, severally but not jointly, in aggregate 84.33% equity interest in the Domestic Company at the Onshore Purchase Price of RMB66,069,340.

**Parties**

- 1. Buyer : The Company
- 2. Cayman Co : Social Network Technology Co., Ltd., an exempted company incorporated under the laws of Cayman Islands

3. HK Co : Socialmaker Technology Limited, a limited company incorporated under the laws of Hong Kong
4. WFOE : 藍莓時節文化 (北京) 有限公司 (Blueberry Culture (Beijing) Co., Ltd.\*), a wholly-foreign owned enterprise established under the laws of the PRC
5. Domestic Company : 北京藍莓時節科技有限公司 (Beijing Blueberry Technology Co., Ltd.\*), a limited liability company established under the laws of the PRC
6. Chengdu Subsidiary : 成都藍莓時節科技有限公司 (Chengdu Blueberry Technology Co., Ltd.\*), a limited liability company established under the laws of the PRC and being wholly-owned subsidiary of the Domestic Company
7. Founder : Cai Di ( 蔡狄 ), a PRC individual
8. Founder Holdco : Leoyoung Technology Co., Ltd., a company incorporated under the laws of the BVI
9. Investor Shareholders : Linsen Holdings Limited; Hong Kong Hou De Consulting Limited; Juqian Holdings Limited; G-MEI Network Technology Co., Limited; BRV Aster Fund II, L.P.; and SCC Seed I Holdco, Ltd.

To the best of knowledge, information and belief of the Directors, after making all reasonable enquiries, each of the Cayman Co, the HK Co, the WFOE, the Domestic Company, the Chengdu Subsidiary, the Founder, the Founder Holdco and the Investor Shareholders is an Independent Third Party.

### **Consideration**

The Buyer shall pay the Purchase Price of US\$85,000,000 in aggregate as total consideration to the Selling Shareholders, comprising (i) the Offshore Purchase Price for the Investor Shareholders of US\$47,585,200, (ii) the Offshore Purchase Price for the Founder Holdco of US\$27,794,499; and (iii) the Onshore Purchase Price of RMB66,069,340 for the purchase of the Interest in the Target Group. The reference rate of RMB against US\$ for exchanging and calculation of any amount of the Purchase Price shall be the corresponding reference rate published by the People's Bank of China ( 中國人民銀行公佈的美元對人民幣匯率中間價 ) on the date of three (3) days prior to the date of the Share Purchase Agreement.

Subject to the terms and conditions of the Share Purchase Agreement and based on the respective share proportion of each of the Selling Shareholders in the Cayman Co and Domestic Company, the Buyer shall pay the Purchase Price in the following manner:

**(A) To the PRC Affiliates and the Founder**

Based on the respective share proportion of each of the Investor Shareholders' respective PRC Affiliates and the Founder in the Domestic Company, the Buyer's Affiliate shall pay the relevant Onshore Purchase Price (i.e. a total sum of RMB66,069,340) to the Investor Shareholders' respective PRC Affiliates (as applicable) and the Founder within five (5) Business Days after the Selling Shareholders' respective PRC Affiliates and the Founder complete the registration of the change of shareholders in the Domestic Company with the relevant State Administration for Market Regulation.

**(B) To the Investor Shareholders**

Based on the respective share proportion of each of the Investor Shareholders in the Cayman Co, the Buyer shall pay the Offshore Purchase Price for the Investor Shareholders (i.e. a total sum of US\$47,585,200) to the Investor Shareholders in three (3) instalments as follows:

- (i) within five (5) Business Days after the date of the Share Purchase Agreement, the Buyer shall pay 40% of the Offshore Purchase Price for the Investor Shareholders;
- (ii) within five (5) Business Days after the Closing Date, the Buyer shall pay 40% of the Offshore Purchase Price for the Investor Shareholders; and
- (iii) within five (5) Business Days after the No. 7 Tax Reporting has been completed upon the receipt of a written filing form ( 備案表 ) or documents accepting form ( 材料接收清單 ) issued and sealed by the competent tax authorities or by a confirmation letter of No. 7 Tax Reporting application package submission issued by a professional tax advisor of the relevant Investor Shareholders where applicable, the Buyer shall pay 20% of the Offshore Purchase Price for the Investor Shareholders.

**(C) To the Founder Holdco**

Based on the share proportion of the Founder Holdco in the Cayman Co, the Buyer shall pay the relevant Offshore Purchase Price of a sum of US\$27,794,499 to the Founder Holdco in three batches (3) as follows:

***(i) The First Batch of the Founder's Purchase Price***

The Buyer shall pay the First Batch of Founder's Purchase Price to the Founder Holdco in three (3) instalments:

- a) within five (5) Business Days after the date of the Share Purchase Agreement, the Buyer shall pay 40% of the First Batch of the Founder's Purchase Price;
- b) within five (5) Business Days after the Closing Date, the Buyer shall pay 40% of the First Batch of the Founder's Purchase Price; and
- c) within five (5) Business Days after the No. 7 Tax Reporting has been completed upon the receipt of a written filing form ( 備案表 ) or documents accepting form ( 材料接收清單 ) issued and sealed by the competent tax authorities or by a confirmation letter of No. 7 Tax Reporting application package submission issued by a professional tax advisor of the Founder Holdco, the Buyer shall pay 20% of the First Batch of the Founder's Purchase Price.

***(ii) The Second Batch of Founder's Purchase Price***

The Buyer shall pay the Second Batch of the Founder's Purchase Price to the Founder Holdco in three (3) instalments:

- a) with respect to one third (1/3) of the Second Batch of the Founder's Purchase Price, the Buyer shall pay in three (3) instalments as follows:
  1. within five (5) Business Days after the date of the Share Purchase Agreement, the Buyer shall pay 40% of one third (1/3) of the Second Batch of the Founder's Purchase Price;
  2. within five (5) Business Days after the Closing Date, the Buyer shall pay 40% of one third (1/3) of the Second Batch of the Founder's Purchase Price; and
  3. within five (5) Business Days after the No. 7 Tax Reporting has been completed upon the receipt of a written filing form ( 備案表 ) or documents accepting form ( 材料接收清單 ) issued and sealed by the competent tax authorities or by a confirmation letter of No. 7 Tax Reporting application package submission issued by a professional tax advisor of the Founder Holdco, the Buyer shall pay 20% of one third (1/3) of the Second Batch of the Founder's Purchase Price; and
- b) the Buyer shall pay another one third (1/3) of the Second Batch of Founder's Purchase Price on the first anniversary of the Closing Date; and
- c) the Buyer shall pay the last batch of one third (1/3) of the Second Batch of Founder's Purchase Price on the second anniversary of the Closing Date.

### ***(iii) Founder's Extra Price***

Subject to the terms and conditions of the Share Purchase Agreement, the Buyer shall pay the Founder's Extra Price for a total sum of US\$5,000,000 in three (3) instalments in three (3) years as follows:

- a) at the end of the first anniversary of the Closing Date, the Buyer shall pay one third (1/3) of the Founder's Extra Price;
- b) at the end of the second anniversary of the Closing Date, the Buyer shall pay another one third (1/3) of the Founder's Extra Price; and
- c) at the end of the third anniversary of the Closing Date, the Buyer shall pay the last batch of one third (1/3) of the Founder's Extra Price.

### **Basis of Consideration**

The Purchase Price was determined after arm's length negotiations between the Buyer and the Selling Shareholders after taking into account, among others, the business prospect of the social networking developed (i.e. Jimu APP) by the Domestic Company. The Company has also made reference to the current number and quality of users of Jimu APP, the current ranking of Jimu APP in the APP Store, the expected timetable of Jimu APP to generate income and the synergy effect between Jimu APP and the Company's current business model.

The Purchase Price shall be satisfied by the Buyer to the Selling Shareholders by its internal funding of US\$65,000,000 and proceeds of US\$20,000,000 from its initial public offering date 12 July 2018 allocated for strategic investment and acquisitions opportunities.

### **Conditions Precedent**

#### ***1. the Buyer's conditions precedent***

The obligations of the Buyer to consummate the Closing are subject to the satisfaction or written waiver (where permissible under applicable law) at or prior to the Closing of the following conditions:

##### ***(i) Representations and warranties***

The representations and warranties made by the Parties (other than the Buyer) contained in the Share Purchase Agreement shall be true, correct and complete with respect to the subjects covered therein when made, and shall be true, correct and complete as of the Closing Date with the same force and effect as if they had been made on and as of such date, subject to changes contemplated by the Share Purchase Agreement.

##### ***(ii) Performance of Obligations***

The Parties (other than the Buyer) shall have performed and complied with all agreements, obligations and conditions that are required or contemplated to be performed or complied with by them on or before the Closing.

*(iii) No Order*

All consents of any competent Governmental Authority or of any other person that are required to be obtained by any party thereto (other than the Buyer) in connection with the consummation of the transactions contemplated by the Share Purchase Agreement shall have been duly obtained and effective as of the Closing. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any law or Order (whether temporary, preliminary or permanent) which is then in effect or is pending, proposed or threatened or would have the effect of enjoining, restraining, prohibiting or otherwise making illegal the consummation of the transaction.

*(iv) Agreement and Covenants*

The Parties (other than the Buyer) shall have performed or complied in all material respects with all of the agreements and covenants required by the Share Purchase Agreement to be performed or complied with by them at or prior to the Closing.

*(v) Proceedings and Documents*

All corporate and other proceedings that are required to be performed by the Cayman Co in connection with the Closing shall have been completed to the satisfaction of the Buyer, and the Buyer shall have received the shareholders/directors resolutions of the Cayman Co approving such contemplated thereunder.

*(vi) Delivery of Audited Financial Statements*

The Buyer shall have received from the Cayman Co the Audited Financial Statements (including the executed audit report of the auditor that audited the Audited Financial Statements), which is in the same form and substance as the draft provided to the Buyer on 31 May 2019.

*(vii) Restated Articles*

The Restated Articles in the form attached to the Share Purchase Agreement shall have been duly adopted by all necessary action of the board of directors and the shareholders of Cayman Co and shall have been duly submitted to the appropriate authorities of the Cayman Islands for official filing, and such adoption shall become effective upon the Closing with no alternation or amendment as of the Closing.

*(viii) Board of Directors of the Cayman Co*

The Cayman Co shall have taken all necessary corporate action such that immediately following the Closing the board of the Cayman Co shall have three (3) members, and evidence of the foregoing shall have been delivered to the Buyer.



*(ix) Termination of Existing Company Employee Plan*

The Cayman Co shall terminate any existing company employee plan of the Cayman Co, which shall be approved by the shareholders' or directors' resolutions of the Cayman Co.

*(x) Waiver Letter*

The Cayman Co, the Founder, the Founder Holdco, and the Investor Shareholders shall execute a waiver letter to grant their consents or approvals and waive any and all of their rights, privilege, preemptive, power as may be required by or set forth in the Existing Shareholders Agreement in connection with the execution of, and the completion of the transactions contemplated by, the Share Purchase Agreement and other Transaction Documents to the satisfaction of the Buyer.

*(xi) New Nominee Shareholders of the Domestic Company*

The VIE Share Transfer Agreements have been signed by the Founder, the PRC Affiliate A, the PRC Affiliate B, the PRC Affiliate C, and the PRC Affiliate D and the Buyer's Affiliate.

*(xii) Completion of Registration*

The Cayman Co shall have received from all the original copies of the executed documents (including but not limited to the application documents) needed for registration of the change of shareholders of the Domestic Company with the relevant Administration for Market Regulation branch office in the PRC, and the scanned copy of such documents shall have been provided to the Buyer.

*(xiii) Re-designation of Group Companies Personnel*

The Founder and the Target Group shall have procured that the duly signed resignations, effective as of the Closing Date, of the directors, supervisors, senior management under the re-designation plan to be removed or re-designated as mutually agreed by the Buyer and the Founder. The plan of such re-designation of each company of the Target Group is attached to the Share Purchase Agreement.

*(xiv) No Material Adverse Effect*

No Material Adverse Effect shall have occurred since the date of the Share Purchase Agreement and be continuing.

*(xv) Closing Certificate*

The Company shall have delivered to the Buyer a certificate, substantially in the form appended at the Share Purchase Agreement, dated the Closing Date, signed by a director of Cayman Co, certifying as to the satisfaction of the conditions specified therein.

*(xvi) Execution of the Transaction Documents*

At the Closing, the Buyer shall have received from the Company each of the Transaction Documents, duly executed by the applicable Target Group entity and all other parties thereto (except for the Buyer and the Buyer's Affiliate).

*(xvii) Employment-Related Agreements*

On or prior to the Closing Date, each of the members of the Managers Group shall have entered into the Employment-Related Agreements to the satisfaction of the Buyer, and Cayman Co shall have provided the Buyer with a copy of each such duly executed Employment-Related Agreements.

*(xviii) Termination of certain Blueberry VIE Agreements*

Certain Blueberry VIE Agreements effective upon the Closing shall have been irrevocably terminated and the parties thereto have waived all of their rights thereunder, including the agreements namely, the Blueberry Equity Pledge Agreements, the Blueberry Exclusive Option Agreements and the Blueberry Powers of Attorney entered into by and among the WFOE, the Domestic Company and all the Original Domestic Company Shareholders (excluding Jimujizhe) on 12 July 2019. The confirmations given by spouses of individual Original Domestic Company Shareholders (as applicable) on 12 July 2019 shall have been terminated upon Closing.

*(xix) Opinion of legal advisers*

The Buyer shall have received from the PRC counsel of the Cayman Co the PRC legal opinion dated as of the Closing Date in the form to the reasonable satisfaction of the Buyer, and from the Cayman Islands counsel of the Cayman Co the Cayman legal opinion letter addressed to the Buyer, dated as of the Closing Date in the form to the reasonable satisfaction of the Buyer.

*(xx) Termination of the Existing Shareholders Agreement and the Existing Share Restriction Agreement*

Each Investor Shareholder shall have irrevocably agreed to terminate and waive all of its rights under the Existing Shareholders Agreement and the Existing Share Restriction Agreement effective upon the Closing.

*(xxi) Due Diligence*

The Buyer shall have completed the business, legal and/or financial due diligence to its satisfaction.

*(xxii) Investment Committee Approval*

The Buyer's investment committee, management, board of directors or other authorising body, where applicable, shall have approved the transaction on or prior to the Closing.

*(xxiii) No Litigation*

No Action shall have been instituted against the Founder, the Founder Holdco, or the Investor Shareholders seeking to enjoin, challenge the validity of, or assert any liability against any of them on account of, any transactions contemplated by the Share Purchase Agreement.

**2. *Conditions to the Obligations of the Investor Shareholders***

The obligations of each Investor Shareholder to consummate, severally but not jointly, the sale of the Offered Shares are subject to the satisfaction or written waiver (where permissible under applicable law) at or prior to the Closing Date of the following additional conditions:

*(i) Representations and Warranties*

The representations and warranties of the Buyer contained in the Share Purchase Agreement shall be true and correct as of the date of the Share Purchase Agreement and as of the Closing Date as though made on and as of such date.

*(ii) No Order*

No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any restraint.

*(iii) Agreements and Covenants*

The Buyer shall have performed or complied in all material respects with all of the agreements and covenants required by the Share Purchase Agreement to be performed or complied with by it at or prior to the Closing Date.

None of the Cayman Co, the Founder, the Investor Shareholders or the Buyer may rely on the failure of any of the above Conditions to be satisfied to excuse such party's obligation to effect the transactions if such failure was caused by such party's failure to use the standard of efforts required from such party to consummate the transactions.

## **Closing**

Subject to the terms and conditions hereof, the Closing shall take place via the electronic exchange of the relevant documents no later than the Long-Stop Date, unless otherwise agreed to in writing by the Buyer and the Cayman Co, provided that the Closing with respect to all the Selling Shareholders must occur concurrently on the same date.

Upon Closing, the Cayman Co and the WFOE will become a direct wholly-owned subsidiary and an indirect wholly-owned subsidiary of the Company, respectively. Through the Blueberry VIE Agreements, the WFOE continues to have effective control over the finance and operations of the Domestic Company and Chengdu Subsidiary and enjoys the entire economic interests and benefits generated by the Domestic Company and Chengdu Subsidiary upon Closing.

## **Termination**

The Share Purchase Agreement may be terminated and the transactions may be abandoned at any time prior to the Closing Date, as follows:

- (i) by the unanimously written consent of the Buyer, the Founder and the Investor Shareholders;
- (ii) by the Buyer, the Founder, the Cayman Co or any of the Investor Shareholders, if the Closing Date shall not have occurred on or before the Long-Stop Date; provided, however, that in each of the aforesaid circumstances, the right to terminate the Share Purchase Agreement pursuant to the section thereof shall not be available to any party whose failure to fulfil any obligation under the Share Purchase Agreement or other breach has been the primary cause of, or resulted in, the failure of the applicable condition(s) being satisfied;
- (iii) by the Buyer: upon a breach by any Investor Shareholder and/or the Founder of any representation, warranty, covenant or agreement set forth in the Share Purchase Agreement, or if any representation or warranty of any of the Target Group, the Founder or the Investor Shareholders shall have become untrue, in either case such that the conditions set forth in the Share Purchase Agreement would not be satisfied prior to the Long-Stop Date and such breach would not be curable or, if capable of being cured, shall not have been cured prior to the Long-Stop Date;
- (iv) by any Investor Shareholders or the Founder (as the case may be): upon a breach by the Buyer of its payment obligations under the Share Purchase Agreement to such party and such breach is not cured within thirty (30) days;
- (v) by the Buyer: upon a breach by any Investor Shareholder and/or the Founder of any covenants, warrants, agreements or undertakings during the period from the date of the Share Purchase Agreement to the date of Closing; or

(vi) by the Buyer or the Cayman Co: in the event that any applicable law that makes consummation of the transactions contemplated hereby is illegal or otherwise prohibited or if consummation of the transactions contemplated hereby would violate any non-appealable final order, decree or judgment of any Governmental Authority having competent jurisdiction.

Upon termination of the Share Purchase Agreement, written notice thereof shall be given to the other Party or Parties, specifying the provision or provisions of the Share Purchase Agreement pursuant to which such termination shall have been made, and the Share Purchase Agreement shall forthwith become void, and there shall be no liability under the Share Purchase Agreement on the part of any party thereto or their respective subsidiaries or representatives, except (a) with respect to certain provisions as mentioned in the Share Purchase Agreement which shall remain in full force and effect and (b) nothing in it shall relieve any party from liability for any knowing and intentional breach of, or fraud in connection with, the Share Purchase Agreement. Notwithstanding the foregoing, the Founder and/or the Investor Shareholders shall pay back any payments received by such party under the Share Purchase Agreement by wire transfer remitted from the Buyer.

### **III. GENERAL INFORMATION ON THE PARTIES**

#### **The Company**

The Company is a company incorporated in the Cayman Islands with limited liability, and its shares are listed on the Main Board of the Stock Exchange. The Company is a leading mobile live streaming platform in the PRC.

#### **Investor Shareholder A**

The Investor Shareholder A is an exempted company incorporated in the Cayman Islands. It is principally engaged in investment holding.

#### **Investor Shareholder B**

The Investor Shareholder B is a company incorporated in BVI with limited liability. It is principally engaged in investment holding.

#### **Investor Shareholder C**

The Investor Shareholder C is a company incorporated in BVI with limited liability. It is principally engaged in investment holding.

#### **Investor Shareholder D**

The Investor Shareholder D is a company incorporated in Hong Kong with limited liability. It is principally engaged in investment consultation.

## **Investor Shareholder E**

The Investor Shareholder E is a company incorporated in BVI with limited liability. It is principally engaged in online games and investment business.

## **Investor Shareholder F**

The Investor Shareholder F is a company incorporated in the Cayman Islands with limited liability. It is principally engaged in investment holding.

## **The Founder Holdco**

The Founder Holdco is a company incorporated in BVI with limited liability. It is principally engaged in investment holding.

## **The Cayman Co**

The Cayman Co is an exempted company incorporated in the Cayman Islands on 5 June 2018 with limited liability. It is principally engaged in investment holding.

## **The Domestic Company**

The Domestic Company was established in the PRC on 23 November 2016. It is principally engaged in the business of development of technology and internet cultural activities. As at the date of this announcement, the Domestic Company is owned as to 43.33% by the Founder, as to 17.75% by the PRC Affiliate A, as to 4.58% by the PRC Affiliate B, as to 15.67% by Jimujizhe, as to 10.02% by the PRC Affiliate C and as to 8.65% by the PRC Affiliate D.

## **The HK Co**

The HK Co is a company incorporated in Hong Kong with limited liability. It is principally engaged in investment holding.

## **The WFOE**

The WFOE is a company established in the PRC with limited liability. It is principally engaged in technology development and internet cultural activities.

## **The Chengdu Subsidiary**

The Chengdu Subsidiary is a company established in the PRC with limited liability. It is principally engaged in technology development and internet cultural activities.

## **The Founder**

The Founder is a PRC individual.

## Financial information of the Target Group

The Domestic Company is the only operating company in the Target Group. Chengdu Subsidiary has no actual operation and other companies of the Target Group are either investment holdings or do not have actual operation. According to the audited financial statements of the Domestic Company for the year ended 31 December 2018 prepared in accordance with China Standards on Auditing issued by the Chinese Institute of Certified Public Accountants, the audited total net asset value of the Domestic Company as at 31 December 2018 was RMB5,960,964.16. The net loss before and after taxation of the Domestic Company for the years ended 31 December 2017 and 2018 are as follows:

	<b>The Year ended 31 December</b>	
	<b>2017</b>	<b>2018</b>
		<i>(RMB)</i>
Net (loss) before taxation	<u>(6,195,803.38)</u>	<u>(17,674,424.38)</u>
Net (loss) after taxation	<u>(6,195,803.38)</u>	<u>(17,674,424.38)</u>

## **IV. REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Domestic Company is principally engaged in the business of developing internet social networking app. As at the date of this announcement, the Domestic Company is an ICP Licence owner and has developed and operated Jimu APP, which is a social networking platform targeting young people for strangers. Since the launch of Jimu APP, it has earned a brand reputation for youth and style and its user size has experienced rapid growth. In particular, it has established a strong brand awareness and word-of-mouth advertising effect among young people. Currently, users of Jimu APP are mainly post-95s (being the Z generation), which account for approximately 80% of its total users. Most of its users are from tier-1 and tier-2 cities in the PRC, representing a relatively gender balance for users. Jimu APP's highest ranking in the APP Store in 2019 was top 10 among social networking apps and top 100 among all apps.

The Company believes that there is a low overlap between the users of Jimu APP and that of the existing products of the Company, which are complementary to each other. The young groups who pursue trends, are keen on sharing and social networking and are willing to pay for high-quality lifestyle, which will provide a strong driving force for the growth of the Company. Upon Closing, Jimu APP will strengthen the social networking feature of the interactive entertainment ecology of the Company, establish an organic traffic system and lay a foundation for the Company to build a closed ecological loop for online social networking + entertainment for young users. In addition, the Company will assist in accelerating the growth of Jimu APP by leveraging its existing leading audio and video technology and algorithm technology to build a more dynamic and diversified social platform, and gradually establish an efficient and mature closed business loop by making use of its commercialization ability accumulated over the years to help Jimu APP establish an optimal business model.

As of the date of this announcement, the major business strategy of Jimu APP is to further increase the number of users by elevating user's experience and enhancing participation by upgrading Jimu APP's interactive functions for the users. The Company currently expects that Jimu APP could achieve commercialisation in the near future and to receive income from, amongst others, (i) users membership fees, (ii) sales of virtual currencies which can be used to purchase virtual items and services on Jimu APP and (iii) advertising fees. Based on the large user base of and the business prospect of Jimu APP, the Company believes that the transaction contemplated under the Share Purchase Agreement will bring significant financial value and synergy to the Group.

In view of the foregoing, the Directors (including the independent non-executive Directors) are of the view that the Share Purchase Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms or better, are fair and reasonable, and in the interests of the Company and its shareholders as a whole.



## V. BACKGROUND AND REASONS FOR USE OF THE VIE STRUCTURE

### Laws and regulations relating to the internet cultural activities in the PRC

As mentioned above, the Domestic Company is principally engaged in operating social network platforms for people with similar interests to meet and interact with each other. Such business may be categorised as business in internet cultural activities or internet public information services.

The following is a summary of the principal laws and regulations of the PRC that govern the business of the operation of online social network platforms in the PRC:

The Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》) (the “**Internet Measures**”), which was promulgated by the State Council of the PRC on 25 September 2000, was amended on 8 January 2011 and took effect on the same day. Pursuant to the Internet Measures, the internet information services providers, also called internet content providers, or ICPs, that provide commercial services are required to obtain an operating permit from the Ministry of Industry and Information Technology or its provincial counterpart before engaging in any commercial internet information service operations in China. As at the date of this announcement, the Domestic Company has already obtained the ICP licence.

The Interim Administrative Provisions on Internet Culture (《互聯網文化管理暫行規定》) promulgated by the Ministry of Culture on 17 February 2011 and amended on 15 December 2017, provide that internet entities are classified into operational interest cultural entities and non-operational interest cultural entities. Operational interest cultural entities shall file application for establishment to the competent cultural administration authorities for approval and obtain an online culture operating licence. As at the date of this announcement, the Domestic Company has not obtained the online culture operating licence. The relevant cultural administration authorities or cultural market enforcement authorities may impose punishment.

### Restrictions on Foreign Investment

Investment activities in the PRC by foreign investors are primarily regulated by the Guidance Catalogue of Industries for Foreign Investment (《外商投資產業指導目錄》) (the “**Catalogue**”), which was promulgated and is amended from time to time jointly by the Ministry of Commerce of the PRC (中華人民共和國商務部) and the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會). The list of restricted industries and prohibited industries in the Guidance Catalogue of Industries for Foreign Investment was amended in the Special Administrative Measures for the Admission of Foreign Investment (Negative List) (《外商投資准入特別管理措施(負面清單)》) (“**Negative List 2018**”) which took effect on 28 July 2018. On 30 June 2019, the list of restricted industries and prohibited industries in the Guidance Catalogue of Industries for Foreign Investment was amended in the Special Administrative Measures for the Admission of Foreign Investment (Negative List) (2019) (《外商投資准入特別管理措施(負面清單)(2019年版)》) (“**Negative List 2019**”) which will take effect on 30 July 2019. According to the Negative List 2018 and the Negative List 2019, foreign investment in the business of internet cultural activities, which the Domestic Company is engaged in, in the PRC is prohibited.

## Reasons for adopting the VIE Structure

The primary purpose for the Group to continue adopting the VIE Structure, which was already set up prior to the entering into of the Share Purchase Agreement by the Parties, is to enable the Group to enter and engage in the business of operating social network platforms in the PRC indirectly through the Domestic Company.

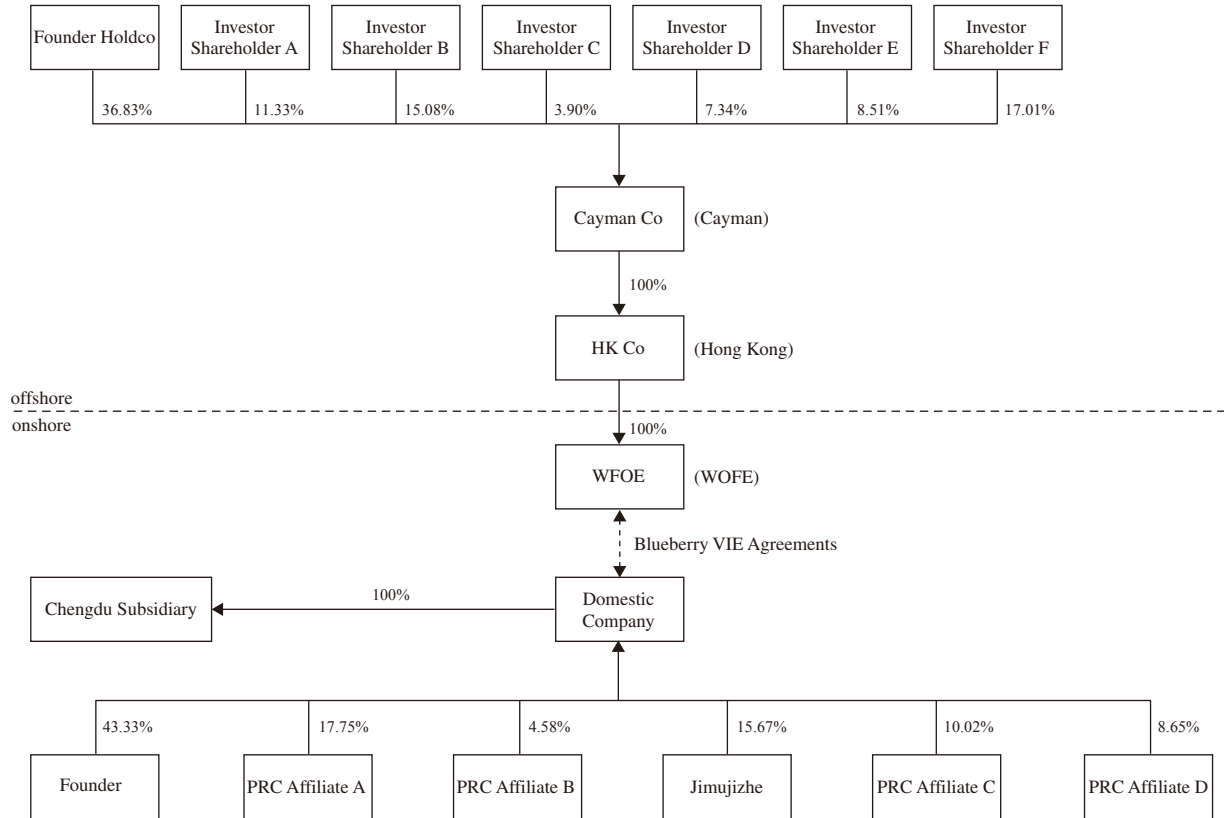
The VIE Structure comprises the Inke VIE Structure, which has been disclosed in the Prospectus, and the Blueberry VIE Structure. The Inke VIE Structure and the Blueberry VIE Structure were respectively set up due to and in order to comply with the foreign ownership restrictions under the PRC laws and regulations as outlined above while enabling Inke PRC and the WFOE to respectively gain control over the Buyer's Affiliate and the Domestic Company and enjoy the entire economic benefits of and interests in the Buyer's Affiliate and the Domestic Company.

Upon Closing, 84.33% of equity interests in aggregate owned by the Founder and the PRC Affiliates in the Domestic Company will be transferred to the Buyer's Affiliate and Jimujizhe will retain the remaining 15.67% of equity interest in the Domestic Company. The Blueberry VIE Agreements to which the Founder and the PRC Affiliates are parties will be terminated. As a result, the WFOE's control over the Domestic Company might be weakened in respect of the 84.33% of equity interests in the Domestic Company owned by the Buyer's Affiliate. However, as the Group exercises effective control over the Buyer's Affiliate through the Inke VIE Structure, the aforementioned *prima facie* weakening of control is effectively remedied and the Group is able to exercise effective control over the Domestic Company through the VIE Structure. In addition, Jimujizhe has unconditionally and irrevocably transferred all its rights in the Domestic Company, including but not limited to the right to dividends, to the WFOE, which further secures the transfer of all economic benefits of the Domestic Company to the Group.

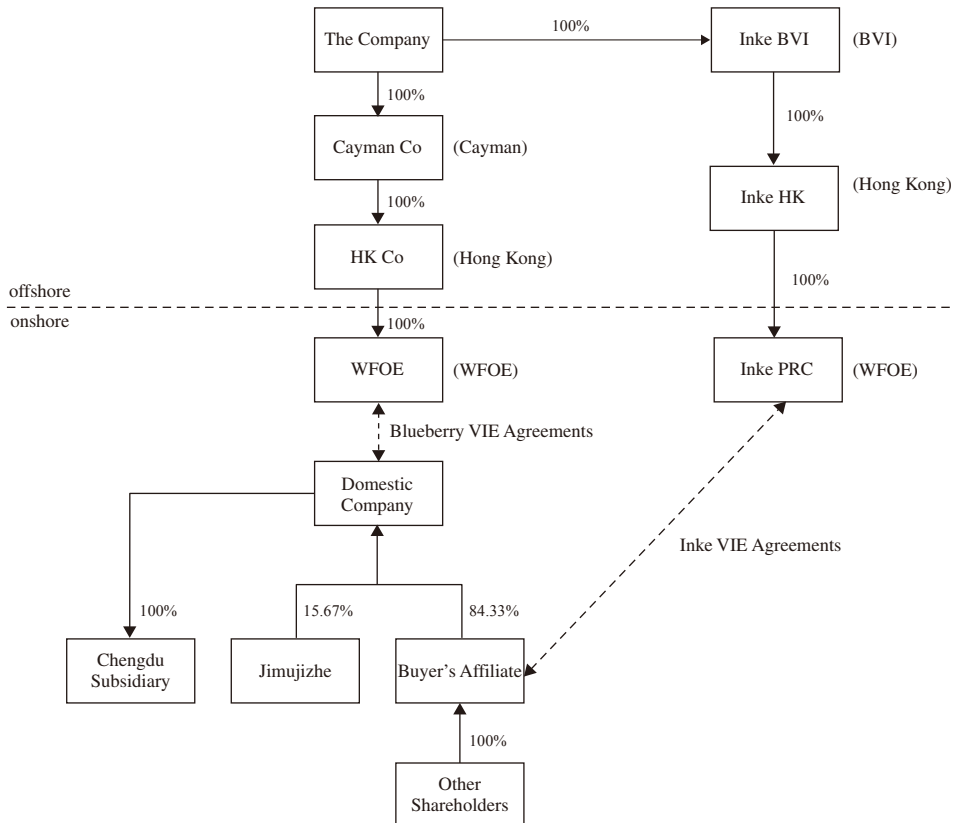
The Directors confirm that pursuant to the VIE Agreements, the financial results of the Domestic Company will be consolidated into the consolidated financial statements of the Company upon the completion of the transaction in accordance with the prevailing accounting principles. Based on the review of the VIE Agreements and discussion with management of the Company, the auditor of the Company concurred with the above view of the Directors.

# VI. DIAGRAM OF THE VIE STRUCTURE

The following diagram sets out the Blueberry VIE Structure as at the date of this announcement:



The following diagram sets out the VIE Structure upon Closing:



## **VII. THE VIE AGREEMENTS**

### **BLUEBERRY VIE AGREEMENTS**

#### **Blueberry Exclusive Consulting and Service Agreement**

##### *Parties and Date*

The WFOE and the Domestic Company entered into the Blueberry Exclusive Consulting and Service Agreement on 12 July 2019.

##### *Subject matter*

The Domestic Company agreed to engage the WFOE as its exclusive consultant and service provider. The advices and services which the WFOE shall provide to the Domestic Company include, but are not limited to, (i) market research and consulting services for marketing, (ii) short-and/or medium-term market development and planning services, (iii) management related consulting services and assistance, assist the Domestic Company in introducing advanced management philosophy and management model, (iv) website construction, maintenance and overall security services, (v) development and research services for business related software and hardware, (vi) technical development, technical consulting, and technology transfer and promotion, (vii) other technical services, (viii) public relations services, (ix) sales agency services, (x) management consulting services and assistance on the Domestic Company's labor and employment system, including but not limited to the organizing the training and evaluation on administrative, management and other personnel, assisting the establishment of an integrated human resources management system and achieve good human resource allocation, (xi) consulting services on the Domestic Company's administrative management, internal review supervision and asset management according to the Domestic Company's needs, and (xii) other service areas. In addition, the WFOE shall have the exclusive and proprietary rights to all intellectual properties arising from and developed during and as a result of the performance of the consulting and advisory services. The WFOE shall have the exclusive and proprietary rights to use all such intellectual properties which the WFOE, the Domestic Company or any of its subsidiaries (as the case may be) has developed during the term of the Blueberry Exclusive Consulting and Service Agreement.

Subject to compliance with applicable PRC laws, the Domestic Company shall pay to the WFOE a service fee that equals to the consolidated profit before taxation of the Domestic Company and its subsidiaries, including all profits attributable to the Domestic Company, but without taking into account the service fee payable under the Blueberry Exclusive Consulting and Service Agreement and after offsetting the prior-year loss (if any), and deducting such amounts as required for working capital, expenses and tax of the Domestic Company in any given year. The WFOE is also entitled to adjust the service fee payable by the Domestic Company based on the actual technical consulting services provided, and the business conditions and development needs of the Domestic Company. The service fee shall be payable within 10 working days after receiving the service fee bill, which should be sent out by the WFOE within 30 days of the commencement of any quarter for the services provided in the preceding quarter.

The WFOE shall enjoy all economic benefits of, and bear all risks arising from, the conduct of the business by the Domestic Company and its subsidiaries. Regardless of whether the Domestic Company incurs significant operating loss, the WFOE shall have discretion to provide financial support to the Domestic Company, to the extent permitted under PRC laws, to ensure that the Domestic Company could meet its daily operating cash flow requirements and/or for the purpose of offsetting any operating loss incurred. In the event that the Domestic Company incurs any operating loss or experiences serious difficulties in its operations, the WFOE shall have the right to request the Domestic Company to cease its operations, and the Domestic Company shall unconditionally accept the requests of the WFOE. On the other hand, without the prior written consent from the WFOE, the Domestic Company shall not accept the same or similar consulting services provided by any other third parties during the term of the Blueberry Exclusive Consulting and Service Agreement.

The Domestic Company shall procure each of its subsidiaries to strictly comply with the terms of the Blueberry Exclusive Consulting and Service Agreement as if it were a party to such agreements.

### ***Term and Termination***

The Blueberry Exclusive Consulting and Service Agreement has an initial term of ten (10) years and may be extended at the discretion of the WFOE. The Blueberry Exclusive Consulting and Service Agreement may be terminated by the WFOE by giving the Domestic Company thirty (30) days' prior written notice of termination or shall be terminated upon the transfer of the entire equity interests in and/or the transfer of all assets of the Domestic Company to the WFOE or its designated person(s) pursuant to the Blueberry Exclusive Call Option Agreements. The Domestic Company is not contractually entitled to terminate the Blueberry Exclusive Consulting and Service Agreement.

### **Blueberry Exclusive Call Option Agreements**

#### ***Parties and Date***

Each Original Domestic Company Shareholder separately entered into a Blueberry Exclusive Call Option Agreement with the WFOE and the Domestic Company on 12 July 2019.

#### ***Subject matter***

The Original Domestic Company Shareholders granted the WFOE (exercisable by itself or any direct or indirect shareholder of WFOE and a direct or indirect subsidiary of such shareholder or an authorised director (being a PRC citizen) of any such shareholder or its direct or indirect subsidiary, hereinafter collectively referred to as the “**designated person**”) irrevocable options to (i) purchase, to the extent permitted by PRC laws and regulations, their equity interests in the Domestic Company, entirely or partially, at the minimum purchase price permitted under PRC laws and regulations, unless where PRC laws and regulations requires valuation of the equity interest, the parties shall re-negotiate in good faith, and make adjustments based on the valuation to comply with the requirements of PRC laws and regulations, or (ii) acquire,

to the extent permitted by PRC laws and regulations, all or part of the assets of the Domestic Company at the net book value of such assets, unless the minimum purchase price permitted under PRC laws and regulations is higher than the net book value of such assets, such minimum purchase price permitted under PRC laws and regulations shall be applied. The WFOE (by itself or any of its designee as specified above) may exercise such options, fully or partially, at any time, subject to applicable PRC laws and regulations. It is also agreed that the WFOE shall have the right to forthwith exercise the option granted under the Blueberry Exclusive Call Option Agreements when relevant PRC laws and regulations permit the equity interests in Domestic Company to be directly held by the WFOE while the Domestic Company continues to legally operate its business. In addition, the Original Domestic Company Shareholders and/or the Domestic Company have agreed to return any proceeds it/they will receive in the event that the call option to acquire the equity interests in and/or assets of the Domestic Company is exercised to the WFOE.

The Domestic Company has undertaken to perform certain acts or refrain from performing certain other acts, including but not limited to the following matters:

- (i) not to supplement, modify or amend its constitutional documents, alter the registered capital or change the registered capital structure of the Domestic Company without the prior written approval from the WFOE;
- (ii) prudently and effectively operate and manage the business and corporate matters of the Domestic Company, and to ensure their existence, in accordance with the good business standards and practice;
- (iii) not to sell, transfer, create encumbrances or otherwise dispose of any assets, business, legal or beneficial interest in the income of the Domestic Company (save for those required in the ordinary course of business) or allow any security interest to be created on its assets of the Domestic Company;
- (iv) not to incur, take up, guarantee or allow any indebtedness without the prior written approval from the WFOE (save for those in the ordinary course of business and having been disclosed to and consented by the WFOE in writing);
- (v) to operate the business of the Domestic Company and its subsidiaries in order to maintain its asset value, and not allow any acts or omission which adversely affects its business or assets value;
- (vi) not to enter into any material contracts (including but not limited to loan agreements, external security agreements, asset disposal agreements or any agreements that place the Company under debt or substantial adverse effects) with an amount of over RMB500,000 (other than those entered in the ordinary course of business) without the prior written approval from the WFOE or the Company;
- (vii) not to lend or provide any financing to any other third party without the prior written approval from the WFOE;

- (viii) to provide all operating and financial information of the Domestic Company and its subsidiaries to the WFOE upon request;
- (ix) where possible, the Domestic Company shall purchase and maintain such insurance with insurers acceptable by the WFOE, with insurance coverage in line with insurance generally maintained by companies within the same region and engaging in similar business and owning similar properties or assets as the Domestic Company;
- (x) not to engage in any mergers or acquisitions or make investment in any entities without the prior written approval from the WFOE;
- (xi) immediately inform the WFOE of any disputes, litigations, arbitrations or administrative proceedings related to the assets, business or income of the Domestic Company;
- (xii) execute all necessary or appropriate documents, take all necessary or appropriate actions and submit all necessary or appropriate defenses against any charges or claims in order to maintain the ownership of all of its assets by the Domestic Company or its subsidiaries;
- (xiii) not to distribute any dividend, distributable profits and/or any assets to any of its shareholders without the prior written approval from the WFOE. If any of the Original Domestic Company Shareholders receives any such dividends, distributable profits and/or other assets, it shall inform the WFOE in three business days upon receipt of the same and forthwith transfer such benefits received by it at nil consideration to the WFOE; and
- (xiv) upon request of the WFOE, appoint any candidate designated by the WFOE to serve as the director and/or executive director, general manager, chief financial officer or other senior management of the Domestic Company.

The Original Domestic Company Shareholders have further undertaken to perform certain acts or refrain from performing certain other acts, including but not limited to the following matters:

- (i) save for the equity pledge in favor of the WFOE created under the Blueberry Equity Pledge Agreements, the Original Domestic Company Shareholders shall not allow any sell, transfer, creation of encumbrances or other third party rights or otherwise dispose of any of their legal and beneficial equity interests held in the Domestic Company without the prior written approval from the WFOE;
- (ii) save for the equity pledge in favor of the WFOE created under the Blueberry Equity Pledge Agreements, the Original Domestic Company Shareholders shall not approve at the shareholders' meeting of the Domestic Company, or procure the board of directors of the Domestic Company not to approve any sell, transfer, creation of encumbrances or other third party rights or otherwise dispose of any legal and beneficial equity interests in or assets of the Domestic Company without the prior written approval from the WFOE;

- (iii) not to approve at the shareholders' meeting of the Domestic Company, or procure the board of directors of the Domestic Company not to approve, any mergers or acquisitions or make investment in any entities by the Domestic Company, without the prior written approval from the WFOE;
- (iv) immediately inform the WFOE of any disputes, litigations, arbitrations or administrative proceedings related to its equity interest in the Domestic Company;
- (v) approve and vote in favor of the shareholders' resolutions of the Domestic Company, or procure the board of directors of the Domestic Company to approve and vote in favor of any resolutions of the Domestic Company, concerning the transfer of equity interests pursuant to the Blueberry Exclusive Call Option Agreements, and take any other action upon the request of the WFOE;
- (vi) the Original Domestic Company Shareholders shall execute all necessary or appropriate documents, take all necessary or appropriate actions and submit all necessary appropriate defenses against any charges or claims in order to safeguard the equity interests held by it;
- (vii) upon request from the WFOE at any time, unconditionally and promptly transfer the equity interests to the WFOE or its designated persons;
- (viii) to strictly comply with the terms of the Blueberry Exclusive Call Option Agreements and any other agreements jointly or severally entered into among the WFOE, the Original Domestic Company Shareholders and the Domestic Company and earnestly fulfil their respective obligations under such agreements and not to take, or omit to take, any actions which may affect the validity and enforceability of these agreements. In any event where any of the Original Domestic Company Shareholders retains any rights in the equity interests under the Blueberry Exclusive Call Option Agreements, the Blueberry Equity Pledge Agreements signed by the parties to the Blueberry Exclusive Call Option Agreements, or the Blueberry Powers of Attorney in favor of the WFOE, the relevant Original Domestic Company Shareholder shall not exercise such rights without the prior written approval from the WFOE;
- (ix) upon request from the WFOE, appoint any candidate designated by the WFOE as a director of the Domestic Company, and procure the appointment of any candidate designated by the WFOE to serve as general manager, chief financial officer and other senior management of the Domestic Company; and
- (x) if any of the Original Domestic Company Shareholders receives any dividends, distributable profits and/or other assets from the Domestic Company, the relevant Original Domestic Company Shareholder shall inform the WFOE within three (3) business days upon receipt of the same and forthwith transfer such benefits received it at nil consideration to the WFOE.



## ***Term and Termination***

The Blueberry Exclusive Call Option Agreements shall expire when all the equity interests in and assets of the Domestic Company have been transferred to the WFOE or its designee as specified above, unless and until the WFOE, at its sole discretion, gives the Domestic Company and the Original Domestic Company Shareholders a thirty (30) days' prior written notice of termination.

## **Blueberry Equity Pledge Agreements**

### ***Parties and Date***

Each Original Domestic Company Shareholder separately entered into a Blueberry Equity Pledge Agreement with the WFOE and the Domestic Company on 12 July 2019.

### ***Subject Matter***

The Original Domestic Company Shareholders agreed to pledge all of its equity interests in the Domestic Company to the WFOE to secure performance of all its obligations and the obligations of the Domestic Company under the agreements underlying the Blueberry VIE Structure. If any of the Original Domestic Company Shareholders breaches or fails to fulfil the obligations under any of the agreements underlying the Blueberry VIE Structure, the WFOE, as the pledgee, will be entitled to foreclose the pledged equity interests, entirely or partially. In addition, the Original Domestic Company Shareholders have undertaken to the WFOE, among other things, not to transfer or otherwise dispose its equity interests in the Domestic Company and not to create or allow any pledge thereon that may affect the rights and interest in the WFOE without its prior written consent.

In addition, the WFOE is not responsible for any loss to the value of the pledged equity interest during the term of the pledge, the Original Domestic Company Shareholders shall also have no right to request the WFOE to compensate for such loss, unless such loss was caused by the intentional act or gross negligence of the WFOE. In the event of any possible apparent loss to the value of the pledged equity interest, sufficient to threaten the relevant interests in the WFOE, the WFOE may represent the Original Domestic Company Shareholders at any time to auction or dispose of the pledged pledge equity interest at the appreciated price at the time the pledge is exercised instead of the time when the Blueberry Equity Pledge Agreements were entered into.

Moreover, if the Domestic Company declares any dividend or distribute any income during the term of the pledge, the WFOE is entitled to receive all such dividends or other income arising from the pledged equity interests, if any. It is also agreed that in the event that the Original Domestic Company Shareholders subscribed or acquired additional equity interest in the Domestic Company, the additional equity interest acquired or subscribed by the Original Domestic Company Shareholders shall also be pledged in favour of the WFOE pursuant to the Blueberry Equity Pledge Agreements.

## ***Term and Termination***

The Blueberry Equity Pledge Agreements shall terminate when the Domestic Company has fulfilled and performed all obligations under the agreements underlying the Blueberry VIE Structure or upon the termination of the agreements underlying the Blueberry VIE Structure. Furthermore, the Blueberry Equity Pledge Agreements shall terminate upon the liquidation and dissolution of the Domestic Company pursuant to PRC laws and regulations and upon which the Domestic Company and the Original Domestic Company Shareholders shall sell all assets, including equity interests, to the WFOE, at nil consideration or the minimum price permitted by PRC laws and regulations, to the extent permitted by PRC laws and regulations, or the then designated liquidator shall dispose of all of the assets including equity interests, in order to protect the interests in shareholders and/or creditors of the direct or indirect offshore parent company of the WFOE.

## **Blueberry Powers of Attorney**

### ***Parties and Date***

Each Original Domestic Company Shareholder separately executed a Blueberry Power of Attorney in favour of the WFOE on 12 July 2019.

### ***Subject Matter***

Each Original Domestic Company Shareholders appointed a director of any direct or indirect shareholder of the WFOE or his/her successor (including any liquidator in replacement of such director or his/her successor) who is a PRC citizen as proxy of the Original Domestic Company Shareholder to exercise all of its shareholders' rights in the Domestic Company.

The individuals to be appointed as the Original Domestic Company Shareholders' proxy shall exclude any shareholders of the Domestic Company and any of their associates. The shareholders' rights exercisable by the proxy include, but not limited to, the rights to (i) attend shareholders' meetings and vote for any shareholders' resolution of the Domestic Company, (ii) exercise all shareholders' rights in accordance with applicable laws and the constitutional documents of the Domestic Company, including but not limited to the exercise of voting rights in shareholders' meetings, sell, transfer, pledge or otherwise dispose of all or part of the equity interests held in the Domestic Company, (iii) to elect and appoint the legal representative, chairman, directors, supervisors, general manager and senior management of the Domestic Company, and (iv) to sign documents, minutes of meetings and file any documents to relevant companies registry, and (v) to vote as the Original Domestic Company Shareholders upon the bankruptcy of the Domestic Company. The proxy is also authorised to enter into and execute any equity transfer agreement upon the exercise of the call option granted under the Blueberry Exclusive Call Option Agreements and to secure performance of the other agreements underlying the Blueberry VIE Structure for and on behalf of the Original Domestic Company Shareholders.

In addition, Jimujizhe unconditionally and irrevocably transferred all its rights in the Domestic Company, including but not limited to the right to dividends, to the WFOE.

## ***Term and Termination***

Each of the Original Domestic Company Shareholders irrevocably confirmed that the powers of attorney shall remain in full force and effect during the term which such Original Domestic Company Shareholder remains as a shareholder of the Domestic Company. The proxy shall have the right to re-designate the powers of attorney to any other individuals or entities without requiring prior notice to or consent from the Original Domestic Company Shareholders.

## **Confirmation from the Spouse of Each of the Original Domestic Company Shareholder**

Pursuant to the Blueberry Exclusive Call Option Agreement and the Blueberry Equity Pledge Agreement, each Original Domestic Company Shareholder has provided a written confirmation, confirming that appropriate arrangements have been made to ensure that none of his/her/its successor, guardian, creditor, spouse or any other person who may be entitled to assume rights and interests in his/her/its equity interest in the Domestic Company upon his/her death, incapacity, divorce or its liquidation, bankruptcy or dissolution or any other circumstances that may affect his/her/its ability to exercise his/her/its shareholder's rights in the Domestic Company will carry out any act that may affect or hinder the fulfillment of his/her/its obligations under each of the agreements underlying the Blueberry VIE Structure to which he/she/it is a party.

On 12 July 2019, each of the spouses of the individual Original Domestic Company Shareholders has also provided a written confirmation confirming that he/she will not carry out any act that may affect or hinder the fulfillment of the respective individual Original Domestic Company Shareholder's obligations under each of the agreements underlying the Blueberry VIE Structure to which his/her spouse is a party.

## **INKE VIE AGREEMENTS**

### **Inke Exclusive Consulting and Service Agreement**

#### ***Parties and Date***

As disclosed in the Prospectus, Inke PRC and the Buyer's Affiliate entered into the Inke Exclusive Consulting and Service Agreement on 14 February 2018.

#### ***Subject Matter***

The Buyer's Affiliate agreed to engage Inke PRC as its exclusive consultant and service provider. The advices and services which Inke PRC shall provide to the Buyer's Affiliate include, but are not limited to, (i) market research and consulting services for marketing, (ii) short-and/or medium-term market development and planning services, (iii) management related consulting services and assistance, assist the Buyer's Affiliate in introducing advanced management philosophy and management model, (iv) website construction, maintenance and overall security services, (v) development and research services for business related software and hardware, (vi) technical development, technical consulting, and technology transfer and promotion, (vii) other technical services, (viii) public relations services, (ix) sales agency

services, (x) management consulting services and assistance on the Buyer's Affiliate's labor and employment system, including but not limited to organising the training and evaluation on administrative, management and other personnel, assisting the establishment of an integrated human resources management system and achieve good human resource allocation, (xi) consulting services on the Buyer's Affiliate's administrative management, internal review supervision and asset management according to the Buyer's Affiliate's needs, and (xii) other service areas. In addition, Inke PRC shall have the exclusive and proprietary rights to all intellectual properties arising from and developed during and as a result of the performance of the consulting and advisory services. Inke PRC shall have the exclusive and proprietary rights to use all such intellectual properties which Inke PRC, the Buyer's Affiliate or any of its subsidiaries (as the case may be) has developed during the term of the Inke Exclusive Consulting and Service Agreement.

Subject to compliance with applicable PRC laws, the Buyer's Affiliate shall pay to Inke PRC a service fee that equals to the consolidated profit before taxation of the Buyer's Affiliate and its subsidiaries, including all profits attributable to the Buyer's Affiliate, but without taking into account the service fee payable under the agreement and after offsetting the prior-year loss (if any), and deducting such amounts as required for working capital, expenses and tax of the Buyer's Affiliate and its subsidiaries in any given year. Inke PRC is also entitled to adjust the service fee payable by the Buyer's Affiliate based on the actual technical consulting services provided, and the business conditions and development needs of the Buyer's Affiliate. The service fee shall be payable within ten (10) working days after receiving the service fee bill, which should be sent out by Inke PRC within thirty (30) days of the commencement of any quarter for the services provided in the preceding quarter.

Inke PRC shall enjoy all economic benefits of, and bear all risks arising from, the conduct of the business by the Buyer's Affiliate and its subsidiaries. Regardless of whether the Buyer's Affiliate incurs significant operating loss, Inke PRC shall have discretion to provide financial support to the Buyer's Affiliate, to the extent permitted under PRC laws, to ensure that the Buyer's Affiliate could meet its daily operating cash flow requirements and/or for the purpose of offsetting any operating loss incurred. In the event that the Buyer's Affiliate incurs any operating loss or experiences serious difficulties in its operations, Inke PRC shall have the right to request the Buyer's Affiliate to cease its operations, and the Buyer's Affiliate shall unconditionally accept the requests of Inke PRC. On the other hand, pursuant to the Inke Exclusive Consulting and Service Agreement, without the prior written consent from Inke PRC, the Buyer's Affiliate shall not accept the same or similar consulting and services provided by any other third parties during the term of the Inke Exclusive Consulting and Service Agreement.

The Buyer's Affiliate shall procure each of its subsidiaries to strictly comply with the terms of the Inke Exclusive Consulting and Service Agreement as if it were a party to such agreements.

## ***Term and Termination***

The Inke Exclusive Consulting and Service Agreement has an initial term of ten (10) years and may be automatically extended at the discretion of Inke PRC. The Inke Exclusive Consulting and Service Agreement may be terminated by Inke PRC by giving the Buyer's Affiliate thirty (30) days' prior written notice of termination or shall be terminated upon the transfer of the entire equity interests in and/or the transfer of all assets of the Buyer's Affiliate to Inke PRC or its designated person(s) pursuant to the Inke Exclusive Call Option Agreements. The Buyer's Affiliate is not contractually entitled to terminate the Inke Exclusive Consulting and Service Agreement.

## **Inke Exclusive Call Option Agreements**

### ***Parties and Date***

As disclosed in the Prospectus, Inke PRC, the Buyer's Affiliate and each of the Other Shareholders separately entered into Inke Exclusive Call Option Agreements on 14 February 2018.

### ***Subject Matter***

The Other Shareholders and the Buyer's Affiliate jointly and severally granted to Inke PRC (exercisable by itself or any direct or indirect shareholder of Inke PRC and a direct or indirect subsidiary of such shareholder (i.e. being any member of our Group) or an authorised director (being a PRC citizen) of any such shareholder or its direct or indirect subsidiary, hereinafter collectively referred to as the "**designated person**") irrevocable options to (i) purchase, to the extent permitted by PRC laws and regulations, their equity interests in the Buyer's Affiliate, entirely or partially, at the minimum purchase price permitted under PRC laws and regulations, unless where PRC laws and regulations requires valuation of the equity interest, the parties shall re-negotiate in good faith, and make adjustments based on the valuation to comply with the requirements of PRC laws and regulations, or (ii) acquire, to the extent permitted by PRC laws and regulations, all or part of the assets of the Buyer's Affiliate at the net book value of such assets, unless the minimum purchase price permitted under PRC laws and regulations is higher than the net book value of such assets, such minimum purchase price permitted under PRC laws and regulations shall be applied. Inke PRC (by itself or any of its designee as specified above) may exercise such options, fully or partially, at any time, subject to applicable PRC laws and regulations. It is also agreed that Inke PRC shall have the right to forthwith exercise the option granted under the Inke Exclusive Call Option Agreement when relevant PRC laws and regulations permit the equity interests in the Buyer's Affiliate to be directly held by Inke PRC while the Buyer's Affiliate continues to legally operate its business. In addition, the Other Shareholders and/or the Buyer's Affiliate have agreed to return any proceeds it/they will receive in the event that the call option to acquire the equity interests in and/or assets of the Buyer's Affiliate is exercised to Inke PRC.

The Buyer's Affiliate has undertaken to perform certain acts or refrain from performing certain other acts, including but not limited to the following matters:

- (i) not to supplement, modify or amend its constitutional documents, alter the registered capital or change the registered capital structure of the Buyer's Affiliate without the prior written approval from Inke PRC;
- (ii) prudently and effectively operate and manage the business and corporate matters of the Buyer's Affiliate, and to ensure their existence, in accordance with the good business standards and practice;
- (iii) not to sell, transfer, create encumbrances or otherwise dispose of any assets, business, legal or beneficial interest in the income of the Buyer's Affiliate (save for those required in the ordinary course of business) or allow any security interest to be created on its assets of the Buyer's Affiliate;
- (iv) not to incur, take up, guarantee or allow any indebtedness without the prior written approval from Inke PRC (save for those in the ordinary course of business and having been disclosed to and consented by Inke PRC in writing);
- (v) to operate the business of Buyer's Affiliate and its subsidiaries in order to maintain its asset value, and not allow any acts or omission which adversely affects its business or assets value;
- (vi) not to enter into any material contracts (including but not limited to loan agreements, external security agreements, asset disposal agreements or any agreements that place the Company under debt or substantial adverse effects) with an amount of over RMB500,000 (other than those entered in the ordinary course of business) without the prior written approval from Inke PRC or the Company;
- (vii) not to lend or provide any financing to any other third party without the prior written approval from Inke PRC;
- (viii) to provide all operating and financial information of the Buyer's Affiliate and its subsidiaries to Inke PRC upon request;
- (ix) where possible, the Buyer's Affiliate shall purchase and maintain such insurance with insurers acceptable by Inke PRC, with insurance coverage in line with insurance generally maintained by companies within the same region and engaging in similar business and owning similar properties or assets as the Buyer's Affiliate;
- (x) not to engage in any mergers or acquisitions or make investment in any entities without the prior written approval from Inke PRC;
- (xi) immediately inform Inke PRC of any disputes, litigations, arbitrations or administrative proceedings related to the assets, business or income of the Buyer's Affiliate;
- (xii) execute all necessary or appropriate documents, take all necessary or appropriate actions and submit all necessary or appropriate defenses against any charges or claims in order to maintain the ownership of all of its assets by the Buyer's Affiliate or its subsidiaries;

- (xiii) not to distribute any dividend, distributable profits and/or any assets to any Other Shareholder without the prior written approval from Inke PRC. If the relevant Other Shareholder receives any such dividends, distributable profits and/or other assets, such Other Shareholder shall inform Inke PRC in three business days upon receipt of the same and forthwith transfer such benefits received by him/her/it at nil consideration to Inke PRC; and
- (xiv) upon request of Inke PRC, appoint any candidate designated by Inke PRC to serve as the director and/or executive director, general manager, chief financial officer or other senior management of the Buyer's Affiliate.

The Other Shareholders have further undertaken to perform certain acts or refrain from performing certain other acts, including but not limited to the following matters:

- (i) save for the equity pledge in favor of Inke PRC created under the Inke Equity Pledge Agreements, the Other Shareholders shall not allow any sell, transfer, creation of encumbrances or other third party rights or otherwise dispose of any of their legal and beneficial equity interests held in the Buyer's Affiliate without the prior written approval from Inke PRC;
- (ii) save for the equity pledge in favor of Inke PRC created under the Inke Equity Pledge Agreements, the Other Shareholders shall not approve at the shareholders' meeting of the Buyer's Affiliate, or procure the board of directors of the Buyer's Affiliate not to approve any sell, transfer, creation of encumbrances or other third party rights or otherwise dispose of any legal and beneficial equity interests in or assets of the Buyer's Affiliate without the prior written approval from Inke PRC;
- (iii) not to approve at the shareholders' meeting of the Buyer's Affiliate, or procure the board of directors of the Buyer's Affiliate not to approve, any mergers or acquisitions or make investment in any entities by the Buyer's Affiliate, without the prior written approval from Inke PRC;
- (iv) immediately inform Inke PRC of any disputes, litigations, arbitrations or administrative proceedings related to his/her/its equity interest in the Buyer's Affiliate;
- (v) approve and vote in favor of the shareholders' resolutions of the Buyer's Affiliate, or procure the board of directors of the Buyer's Affiliate to approve and vote in favor of any resolutions of the Buyer's Affiliate, concerning the transfer of equity interests pursuant to the Inke Exclusive Call Option Agreements, and take any other action upon the request of Inke PRC;
- (vi) each Other Shareholder shall execute all necessary or appropriate documents, take all necessary or appropriate actions and submit all necessary appropriate defences against any charges or claims in order to safeguard the equity interests held by him/her/it;
- (vii) upon request from Inke PRC at any time, unconditionally and promptly transfer the equity interests to Inke PRC or its designated persons;

- (viii) to strictly comply with the terms of the Inke Exclusive Call Option Agreements and any other agreements jointly or severally entered into among Inke PRC, the Other Shareholders and the Buyer's Affiliate and earnestly fulfil their respective obligations under such agreements and not to take, or omit to take, any actions which may affect the validity and enforceability of these agreements. In any event where the Other Shareholders retains any rights in the equity interests under this Inke Exclusive Call Option Agreements, the Inke Equity Pledge Agreements signed by the parties to the Inke Exclusive Call Option Agreements, or the Inke Powers of Attorney in favour of Inke PRC, the Other Shareholders shall not exercise such rights without the prior written approval from Inke PRC;
- (ix) upon request from Inke PRC, appoint any candidate designated by Inke PRC as a director of the Buyer's Affiliate, and procure the appointment of any candidate designated by Inke PRC to serve as general manager, chief financial officer and other senior management of the Buyer's Affiliate; and
- (x) if any Other Shareholder receives any dividends, distributable profits and/or other assets from the Buyer's Affiliate, such Other Shareholder shall inform Inke PRC within three business days upon receipt of the same and forthwith transfer such benefits received by him/her/it at nil consideration to Inke PRC.

In addition, in the event that any of the Other Shareholders (other than Mr. Feng Yousheng, Ms. Liao Jieming and Mr. Hou Guangling) decided to dispose of any equity interests in the Buyer's Affiliate or in the case where offshore holding vehicles of the relevant Other Shareholders (other than Mr. Feng Yousheng, Ms. Liao Jieming and Mr. Hou Guangling) decided to dispose of its shareholding interests in the Company and at any time prior to Inke PRC being entitled to hold direct equity interest in the Buyer's Affiliate whilst Buyer's Affiliate continues to legally operate the same business, Mr. Feng Yousheng, Ms. Liao Jieming and Mr. Hou Guangling shall have the option to request the selling Other Shareholders to transfer its equity interest in Buyer's Affiliate to any one of them at nominal consideration.

### ***Term and Termination***

The Inke Exclusive Call Option Agreements shall expire when all the equity interests in and assets of the Buyer's Affiliate have been transferred to Inke PRC or its designee as specified above, unless and until Inke PRC, at its sole discretion, gives the Buyer's Affiliate and the Other Shareholders a thirty (30) days' prior written notice of termination.



Each Other Shareholder also warrants under each of the Inke Exclusive Call Option Agreements that appropriate arrangements have been made to ensure that none of his/her/its successor, guardian, creditor, spouse or any other person who may be entitled to assume rights and interests in his/her/its equity interest in the Buyer's Affiliate upon his/her death or incapacity or its liquidation, bankruptcy or dissolution, divorce or any other circumstances that may affect or hinder the fulfilment of the obligations under the Inke Exclusive Call Option Agreements, will not, in any manner and under any circumstances, carry out any act that may affect or hinder the fulfilment of his/her/its obligations under each of the Inke VIE Structure. Please refer to the section headed "Confirmation from the spouse of each of the Other Shareholders" below for details of the confirmations provided by the Other Shareholders and their respective spouse.

## **Inke Equity Pledge Agreements**

### ***Parties and Date***

As disclosed in the Prospectus, Inke PRC and the Other Shareholders and the Buyer's Affiliate entered into the Inke Equity Pledge Agreements on 14 February 2018.

### ***Subject matter***

Each of the Other Shareholders agreed to pledge all of their respective equity interests in the Buyer's Affiliate to Inke PRC to secure performance of all their obligations and the obligations of the Buyer's Affiliate under the agreements underlying the Inke VIE Structure. If any Other Shareholder breaches or fails to fulfil the obligations under any of the agreements underlying the Inke VIE Structure, Inke PRC, as the pledgee, will be entitled to foreclose the pledged equity interests, entirely or partially. In addition, each Other Shareholders has undertaken to Inke PRC, among other things, not to transfer or otherwise dispose his/her/its equity interests in the Buyer's Affiliate and not to create or allow any pledge thereon that may affect the rights and interest in Inke PRC without its prior written consent.

The Other Shareholders also represent and warrant to Inke PRC that appropriate arrangements have been made to protect Inke PRC's interests in the event of death, incapacity, bankruptcy or divorce (in the case of individual Other Shareholders) or liquidation, bankruptcy or termination (in the case of corporate Other Shareholders) of the Other Shareholders or any circumstances that may affect their exercise of the shareholders' rights to avoid any practical difficulties in enforcing the Inke Equity Pledge Agreements.

In addition, Inke PRC is not responsible for any loss to the value of the pledged equity interest during the term of the pledge, the Other Shareholders shall also have no right to request Inke PRC to compensate for such loss, unless such loss was caused by the intentional act or gross negligence of Inke PRC. In the event of any possible apparent loss to the value of the pledged equity interest, sufficient to threaten the relevant interests in Inke PRC, Inke PRC may represent the Other Shareholders at any time to auction or dispose of the pledged equity interests. If the value of the shares of Buyer's Affiliate appreciates, Inke PRC shall have priority in the pledge equity interest at the appreciated price at the time the pledge is exercised instead of the time when the Inke Equity Pledge Agreements were entered into.

Moreover, if the Buyer's Affiliate declares any dividend or distribute any income during the term of the pledge, Inke PRC is entitled to receive all such dividends or other income arising from the pledged equity interests, if any. It is also agreed that in the event that the relevant Other Shareholders subscribed or acquired additional equity interest in the Buyer's Affiliate, then the additional equity interest acquired or subscribed by the relevant Other Shareholder shall also be pledged in favor of Inke PRC.

### ***Term and Termination***

The Inke Equity Pledge Agreements shall terminate when the Buyer's Affiliate has fulfilled and performed all obligations under the agreements underlying the Inke VIE Structure or upon the termination of the agreements underlying the Inke VIE Structure. Furthermore, the Inke Equity Pledge Agreements shall terminate upon the liquidation and dissolution of the Buyer's Affiliate pursuant to PRC laws and regulations and upon which the Buyer's Affiliate and the Other Shareholders shall sell all assets, including equity interests, to Inke PRC, at nil consideration or the minimum price permitted by PRC laws and regulations, to the extent permitted by PRC laws and regulations, or the then designated liquidator shall dispose of all of the assets including equity interests, in order to protect the interests in shareholders and/or creditors of the direct or indirect offshore parent company of Inke PRC.

### **Inke Powers of Attorney**

#### ***Parties and Date***

As disclosed in the Prospectus, each Other Shareholder separately executed the Inke Powers of Attorney in favour of Inke PRC on 14 February 2018.

#### ***Subject Matter***

The Other Shareholders appointed a director of any direct or indirect shareholder of Inke PRC or his/her successor (including any liquidator in replacement of such director or his/her successor) who is a PRC citizen as proxy of the relevant Other Shareholder to exercise all of their respective shareholders' rights in the Buyer's Affiliate. The individuals to be appointed as the Other Shareholders' proxies shall exclude the Other Shareholders, any other shareholders of the Buyer's Affiliate and any of their associates. The shareholders' rights exercisable by the proxy include, but not limited to, the rights to (i) attend shareholders' meetings and pass any shareholders' resolution of the Buyer's Affiliate, (ii) exercise all shareholders' rights in accordance with applicable laws and constitutional documents of the Buyer's Affiliate, including but not limited to the exercise of voting rights in shareholders' meetings, sell, transfer, pledge or otherwise dispose of all or part of the equity interests held in the Buyer's Affiliate, (iii) to elect and appoint the legal representative, chairman, directors, supervisors, general manager and senior management of the Buyer's Affiliate, and (iv) to sign documents, minutes of meetings and file any documents to relevant companies registry, and (v) to vote as the Other Shareholders upon the bankruptcy of the Buyer's Affiliate. The proxy is also authorised to enter into and execute any equity transfer agreement upon the exercise of the call option granted under the Inke Exclusive Call Option Agreements and to secure performance of the other agreements underlying the Inke VIE Structure for and on behalf of the relevant Other Shareholder.

## ***Term and Termination***

Each Other Shareholder irrevocably confirmed that the power of attorney shall remain in full force and effect during the term which the relevant Other Shareholder remains as a shareholder of the Buyer's Affiliate. The proxy shall have the right to re-designate the power of attorney to any other individuals or entities without requiring prior notice to or consent from the relevant Other Shareholder.

## **Confirmation from the Spouse of Each of the Other Shareholders**

Pursuant to the Inke Exclusive Call Option Agreements and the Inke Equity Pledge Agreements, each Other Shareholder has provided a written confirmation, confirming that appropriate arrangements have been made to ensure that none of his/her/its successor, guardian, creditor, spouse or any other person who may be entitled to assume rights and interests in his/her/its equity interest in the Buyer's Affiliate upon his/her death, incapacity, divorce or its liquidation, bankruptcy or dissolution or any other circumstances that may affect his/her/its ability to exercise his/her/its shareholder's rights in the Buyer's Affiliate will carry out any act that may affect or hinder the fulfilment of his/her/its obligations under each of the agreements underlying the Inke VIE Structure to which he/she/it is a party.

On 14 February 2018, each of the spouse of the individual Other Shareholders has also provided a written confirmation confirming that he/she will not carry out any act that may affect or hinder the fulfilment of the respective individual Other Shareholder's obligations under each of the agreements underlying the Inke VIE Structure to which his/her spouse is a party.

## **VIII. DISPUTE RESOLUTION, LIQUIDATION, SUCCESSION AND LOSS SHARING UNDER THE VIE AGREEMENTS**

### **Dispute resolution**

Each of the VIE Agreements stipulates that in the event of any dispute arising out of or in relation to the VIE Structure, the parties shall first negotiate in good faith to resolve such dispute. If the parties fail to reach an agreement on the resolution of such dispute within fifteen (15) days, any party may submit such dispute to the CIETAC for arbitration in accordance with the then effective arbitration rules. The arbitration shall be conducted in Beijing, the language of arbitration shall be Chinese, and the results of the arbitration shall be final and binding on all relevant parties.

In addition, pursuant to the dispute resolution clause contained in each of the VIE Agreements, the arbitral tribunal may award remedies over the equity interests or assets of the Domestic Company (where the dispute arises out of the Blueberry VIE Agreements) or Buyer's Affiliate (where the dispute arises out of the Inke VIE Agreements), including restrictions over the conduct of business, restrictions or prohibitions over transfer or disposal of the equity interests or assets or order the winding up of the Domestic Company or the Buyer's Affiliate (where applicable), and the courts of the PRC, Hong Kong and the Cayman Islands shall have jurisdiction to grant and/or enforce the arbitral award and to grant interim remedies over the equity interests or assets of the Domestic Company or the Buyer's Affiliate (where applicable).

The PRC Legal Adviser confirms that the aforementioned dispute resolution provisions set forth in the VIE Agreements are legally valid and binding on the relevant signatories. However, our PRC Legal Adviser is also of the opinion that the aforementioned provisions may not be enforceable under PRC laws. For instance, CIETAC has no power to grant such injunctive relief, nor will it be able to order the winding up of the Domestic Company or the Buyer's Affiliate under current PRC laws. In addition, interim remedies or enforcement orders granted by courts in an overseas jurisdiction, such as Hong Kong and the Cayman Islands, may not be recognised or enforceable in China, and the WFOE and Inke PRC may only seek interim remedies or enforcement from competent PRC courts. As a result, in the event that any party to the VIE Agreements breaches any of the VIE Agreements, the Company may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over the Domestic Company and its subsidiaries and conduct its business, as well as its financial conditions and results of operations, could be materially and adversely affected.

## **Liquidation**

### ***Blueberry VIE Structure***

Pursuant to the Blueberry Exclusive Call Option Agreement, upon the liquidation and dissolution of the Domestic Company pursuant to PRC laws and regulations, the WFOE shall be entitled to appoint a liquidator to manage the assets of the Domestic Company or its subsidiaries. The Domestic Company or its subsidiaries shall, to the extent permitted by PRC laws and regulations, sell all assets at the minimum purchase price permitted by PRC laws and regulations to the WFOE. The Domestic Company or its subsidiaries shall relieve the WFOE or other designated persons of the WFOE of any payment obligation derived from the above mentioned sale to the extent permitted by PRC laws and regulation; any profit derived from the aforementioned the Domestic Company's sale of assets to the WFOE shall form part of the service fee under the Blueberry Exclusive Consulting and Service Agreement and be paid to the WFOE or other qualified persons designated by the WFOE.

All equity interests owned by Jimujizhe in the Domestic Company are also pledged to the WFOE under the Blueberry Equity Pledge Agreement to secure, among other things, the performance of obligations by the Domestic Company under the Blueberry VIE Agreements and in case of any breach of such obligations, the WFOE is entitled to enforce the pledge under the Blueberry Equity Pledge Agreement. Accordingly, in the event of a dissolution or liquidation of the Domestic Company, a liquidator may seize and deal with the assets of Domestic Company according to the order granted by arbitral tribunal or court of competent jurisdictions for the benefit of the WFOE's shareholders and creditors.

### ***Inke VIE Structure***

Pursuant to the Inke Exclusive Call Option Agreement, upon the liquidation and dissolution of the Buyer's Affiliate pursuant to PRC laws and regulations, Inke PRC shall be entitled to appoint a liquidator to manage the assets of the Buyer's Affiliate or its subsidiaries. The Buyer's Affiliate or its subsidiaries shall, to the extent permitted by PRC laws and regulations, sell all assets at the minimum purchase price permitted by PRC laws and regulations to Inke PRC. The Buyer's Affiliate or its subsidiaries shall relieve Inke PRC or other designated

persons of Inke PRC of any payment obligation derived from the above mentioned sale to the extent permitted by PRC laws and regulation; any profit derived from the aforementioned the Buyer's Affiliate's sale of assets to Inke PRC shall form part of the service fee under the Inke Exclusive Consulting and Service Agreement and be paid to Inke PRC or other qualified persons designated by Inke PRC.

All equity interests owned by Other Shareholder in the Buyer's Affiliate are also pledged to Inke PRC under the Blueberry Equity Pledge Agreement to secure, among other things, the performance of obligations by the Buyer's Affiliate under the Inke VIE Agreements and in case of any breach of such obligations, Inke PRC is entitled to enforce the pledge under the Inke Equity Pledge Agreement. Accordingly, in the event of a dissolution or liquidation of the Buyer's Affiliate, a liquidator may seize and deal with the assets of the Buyer's Affiliate according to the order granted by arbitral tribunal or court of competent jurisdictions for the benefit of the shareholders and creditors of Inke PRC.

### **Succession**

As advised by the PRC Legal Adviser, the VIE Agreements are also binding on the successors or permitted assignees of the Original Domestic Company Shareholders, the WFOE, the Other Shareholders and the Buyer's Affiliate, as if such successors or permitted assignees were signing parties to the VIE Agreements. Under the succession law of the PRC, the statutory successors include the spouse, children, parents, brothers, sisters, paternal grandparents and maternal grandparents and any breach by the successors would be deemed to be a breach of the VIE Agreements. Advised by the PRC Legal Adviser, the death, bankruptcy, dissolution or liquidation of the Original Domestic Company Shareholders, the Other Shareholders and/or their respective successors or permitted assignees will not affect the validity of the VIE Agreements.

In addition, the spouse of each of the individual Original Domestic Company Shareholders and Other Shareholders has given certain consents, undertakings and confirmation, details of which are set out in the sections headed "Confirmation from the Spouse of Each of the Original Domestic Company Shareholders" and "Confirmation from the Spouse of Each of the Other Shareholders" in this announcement. As advised by PRC Legal Adviser, any change in the marital status of the individual Original Domestic Company Shareholders and or Other Shareholders will not affect the benefits and interests in the WFOE or Inke PRC under the VIE Agreements.

### **Loss Sharing**

As advised by the PRC Legal Adviser, none of the VIE Agreements provides that the Group is obligated to share the losses of the Domestic Company or provide financial support to the Domestic Company. Further, the Domestic Company is a limited liability company and will be solely liable for its own debts and losses with assets and properties owned by it. Under the PRC laws and regulations, the Company, as the primary beneficiary of the Domestic Company under the VIE Agreements, is not required to share the losses of the Domestic Company or provide financial support to the Domestic Company.

## **IX. ARRANGEMENTS TO ADDRESS POTENTIAL CONFLICT OF INTERESTS**

Jimujizhe undertakes that, during the period that it is a shareholder of the Domestic Company, it will not take or omit to take any action which may lead to a conflict of interest between the WFOE and the Domestic Company or the Domestic Company's subsidiaries. If there is any conflict of interest, Jimujizhe will support the lawful interests in the WFOE and perform actions reasonably required by the WFOE. Furthermore, Jimujizhe has unconditionally and irrevocably transferred all its rights in the Domestic Company, including but not limited to the right to dividends, to the WFOE.

The Other Shareholders undertake that, during the period that it is a shareholder of the Buyer's Affiliate, they will not take or omit to take any action which may lead to a conflict of interest between Inke PRC and the Buyer's Affiliate or any subsidiaries of Buyer's Affiliate. If there is any conflict of interest, the Other Shareholders will support the lawful interests in Inke PRC and perform actions reasonably required by Inke PRC.

## **X. INSURANCE**

The Group did not purchase any insurance to cover the risks relating to the VIE Agreements.

## **XI. EFFECT AND LEGALITY OF THE VIE AGREEMENTS**

The PRC Legal Adviser, after taking reasonable actions and steps to reach its legal conclusions, is of the following legal opinion:

- each of the VIE Agreements, taken individually and collectively, constitutes legal, valid and binding obligations of the parties thereto and will be enforceable under applicable PRC laws and regulations except that (a) the arbitration centre has no power to grant injunctive relief, nor will it be able to order the winding up of the Domestic Company or the Buyer's Affiliate pursuant to the current PRC laws; and (b) interim remedies or enforcement order granted by overseas courts such as the courts of Hong Kong and the Cayman Islands may not be recognised or enforceable in the PRC;
- the VIE Agreements do not, individually or collectively, violate the Contract Law of the PRC (《中華人民共和國合同法》) and would not be deemed as "concealing illegal intentions with a lawful form" and void under the Contract Law of the PRC (《中華人民共和國合同法》);
- the Blueberry VIE Structure does not violate the Administrative Measures for Internet Information Services (《互聯網信息服務管理辦法》) and the Interim Administrative Provisions on Internet Culture (《互聯網文化管理暫行規定》);
- none of the VIE Agreements violates any provisions of the existing articles of association of each of the WFOE, the Domestic Company, the Buyer's Affiliate and Inke PRC; and

- the execution, effectiveness and enforceability of the VIE Agreements do not require any approvals from any PRC governmental authority, except that (a) the transfer of shares in the Domestic Company or the Buyer's Affiliate under the VIE Agreements is subject to the approval by/filing with relevant PRC governmental authority; (b) the enforcement of relevant arbitral award or enforcement order granted by overseas courts needs to apply to the relevant PRC governmental authority in order to be recognised or enforceable in the PRC; and (c) the share pledge under the VIE Agreements is subject to registration requirements with relevant PRC governmental authority.

## **XII. INTERNAL CONTROL MEASURES**

The Group has adopted, and will continue to adopt, the following internal control measures to ensure legal and regulatory compliance of the Group, the sound and effective operation of the Target Group and the implementation of the VIE Agreements:

- (i) as part of the internal control measures, major issues arising from implementation of the VIE Agreements will be regularly reviewed, at least on a quarterly basis, by the Board after Closing;
- (ii) matters relating to compliance and regulatory enquiries from the Governmental Authority (if any) will be discussed at these regular meetings;
- (iii) the relevant business units and operation divisions of the Group will report regularly, which will be no less frequently than on a monthly basis, to the senior management of the Company in relation to compliance and performance conditions under the VIE Agreements and other related matters;
- (iv) the company seals, financial seals, contract seals and crucial corporate certificates of the Domestic Company, the Buyer's Affiliate and their respective subsidiaries are kept by the Group's finance department. Any employee of the Group who wishes to use the seals will have to obtain internal approval from the business, legal and/or finance department(s) (as the case may be) of the Group, as well as approval from relevant department head and vice president and the chief executive officer of the Company, depending on the importance or transaction value of the document to which the seal/seals will be affixed. The business, legal and/or finance departments constitute the Group's central management system and the persons in charge of these departments as well as the department members responsible for the custody and handling of the seals and crucial corporate certificates are employees of the Company;
- (v) if necessary, legal advisers and, or other professionals will be retained to assist the Group to deal with specific issues arising from the VIE Agreements and to ensure that the operation and implementation of the VIE Agreements as a whole will comply with applicable laws and regulations;

- (vi) the Company's independent non-executive Directors will review the compliance of the VIE Agreements on an annual basis and their confirmation will be disclosed in the Company's annual report;
- (vii) to avoid potential conflicts of interest, the Board (including the independent non-executive Directors) will ensure that any designee or person or entity designated by the WFOE, Inke PRC, Jimujizhe and the Other Shareholders for the purpose of exercising any of the rights originally granted to the WFOE, Inke PRC and/or such designee under the VIE Agreements shall be restricted to a legally-held subsidiary of the Company (and which will be under the management control of the Company) or an authorised director of the Company or a legally-held subsidiary (whom shall own fiduciary duties to us) and shall exclude Jimujizhe and the Other Shareholders, and any of their associates. The Board will also ensure that no rights shall be granted to any other third parties outside of the Group which does not owe any fiduciary duties to the Company;
- (viii) the Board (including the independent non-executive Directors) will ensure that the WFOE and Inke PRC will only approve and consent to the relevant operating entity carrying out the Company's principal business and ancillary business which would otherwise be prohibited or restricted to be carried out by foreign invested entities under relevant PRC laws and regulations;
- (ix) the Board (including the independent non-executive Directors) will ensure that the Domestic Company, the Buyer's Affiliate and their respective subsidiaries shall retain and continue to hold all relevant intellectual properties, including trademarks, computer software, copyrights and domain names, required for the purpose of maintaining and renewing its operating licences and permits as required by relevant PRC government authorities, and going forward and to the extent permissible under PRC laws and regulations, Inke PRC or any other legally held member of the Group shall be the registered owner of any other newly developed and non-game related trademarks which will be material to the business of the Group; and
- (x) the Group will unwind the VIE Agreements as soon as relevant PRC laws and regulations allow the business of the Domestic Company to be conducted and operated by the Company's subsidiaries without such arrangements in place.



### **XIII. BOARD'S VIEW ON THE VIE AGREEMENTS**

Based on the above, the Board is of the view that the VIE Agreements are narrowly tailored to achieve the Company's business purpose and minimise the potential for conflict with the relevant PRC laws and regulations. The VIE Agreements also provide that as soon as relevant PRC rules and regulations governing foreign investment in the operation of social network platforms are changed which allow the WFOE to register itself as the shareholder of the Domestic Company, the WFOE is entitled to exercise the option and terminate the VIE Agreements. In view of the foregoing, the Board considers that (i) the VIE Agreements are fundamental to the Domestic Company's legal structure and business operations; and (ii) save as disclosed in this announcement, the VIE Agreements are enforceable under the relevant PRC laws and provide a mechanism that enables the Group to exercise effective control over the Domestic Company.

As of the date of this announcement, to the best of the knowledge, information and belief of the Directors, after making all reasonable enquiries, the Directors are not aware of any factors that has led or would lead to any interference from or restrictions imposed by any PRC governing bodies on the Group's operating the businesses of the Target Group under the VIE Agreements.

### **XIV. RISK FACTORS IN RELATION TO THE VIE AGREEMENTS**

- (i) **If the PRC government finds that the VIE Agreements do not comply with PRC laws and regulations, or if the laws and regulations, or if their interpretations change in the future, the Company would be subject to severe penalties or be forced to relinquish our interests received through the VIE Agreements**

There can be no assurance that the VIE Agreements will be deemed by the relevant governmental or judicial authorities to be in compliance with the existing or future applicable PRC laws and regulations, or the relevant governmental or judicial authorities may in the future interpret the existing laws or regulations with the result that the VIE Agreements will be deemed not to be in compliance with the PRC laws and regulations.

#### ***The Foreign Investment Law***

On 15 March 2019, the National People's Congress approved the Foreign Investment Law, which will come into effect on 1 January 2020 and replace the trio of existing laws regulating foreign investment in China, namely, the Sino-foreign Equity Joint Venture Enterprise Law, the Sino-foreign Cooperative Joint Venture Enterprise Law and the Wholly Foreign-invested Enterprise Law, together with their implementation rules and ancillary regulations. The Foreign Investment Law embodies an expected PRC regulatory trend to unify the corporate legal requirements for both foreign and domestic investments and by way of having a Negative List.

The Negative List, which will be issued by or upon approval by the State Council, refers to special administrative measures for access of foreign investment in specific fields in PRC. A foreign investor shall not invest in any field prohibited from foreign investment under the Negative List. A foreign investor shall meet the investment conditions stipulated under

the Negative List for any restricted fields under the Negative List. For fields not mentioned in the Negative List, domestic and foreign investments shall be treated equally. “Foreign investors” in Foreign Investment Law only include foreign natural persons, enterprises and other organizations, which do not include enterprises incorporated within the territory of China in accordance with PRC laws but controlled by foreign natural persons or entities. Moreover, the Foreign Investment Law does not stipulate that “foreign investment” as defined thereunder shall include contractual arrangements (which include the VIE Structure). Instead, it adds a catch-all provision to the definition of foreign investment so that foreign investment, by its definition, includes “investments made by foreign investors in China through other means stipulated under laws or administrative regulations or provisions of the State Council” without elaboration on the meaning of “other means”.

### ***The Potential Impact of the Foreign Investment Law on the Company***

If there is no applicable law or regulation that explain “other means” of foreign investment under which the Foreign Investment Law refers to, or if “other means” of foreign investment are specified under applicable laws or regulations not to include contractual arrangements, it is unlikely that the contractual arrangements (including the arrangements under the VIE Agreements) will be deemed as “foreign investments” under the Foreign Investment Law and therefore shall neither be subject to the Negative List nor be regulated by relevant authorities in accordance with the requirements of the Negative List.

If the business of the Domestic Company is not on the Negative List and the WFOE can legally operate such business under PRC laws, the WFOE will exercise the call option under the VIE Agreements to acquire the equity interest in the Domestic Company and unwind the contractual arrangements subject to re-approval by the relevant authorities.

If the business of the Domestic Company is on the Negative List, unless applicable laws or regulations define contractual arrangements as one of the “other means” of foreign investment, the probability that contractual arrangements are deemed as “foreign investment” under the Foreign Investment Law and be regulated by relevant authorities in accordance with the requirements of the Negative List, which results in the contractual arrangements being deemed as invalid or being required to meet the requirements of the Negative List is low.

As the Foreign Investment Law has not come into effect and there is no related implementing rule, the interpretation and implementation of the Foreign Investment Law might differ from our understanding. If there are other related regulations defining “other means” of foreign investment to include contractual arrangements, the regulations above will not only apply to the Domestic Company and the Buyer’s Affiliate, but also apply to other entities which operate under contractual arrangements.

***Measures adopted by the Company to mitigate against any potential risk arising from the Foreign Investment Law***

Foreign Investment Law does not contain a concrete guidance to deal with the existing VIE structures. As such, the Board will monitor the implementation of the Foreign Investment Law and discuss with the Company's PRC legal adviser on a regular basis in order to assess any possible impact arising from the implementation of the Foreign Investment Law on the VIE Agreements and the business operation of the Group. In case there would be material and adverse effect on the Group or the business of the Domestic Company arising from the Foreign Investment Law, the Company will timely publish announcements in relation to (i) any amendments to or interpretations of the Foreign Investment Law; and (ii) any material impact of the Foreign Investment Law on the Company's operations and financial position.

**(ii) The VIE Agreements may not be as effective as direct ownership in providing control over the Domestic Company or its shareholders may fail to perform its obligations under the VIE Agreements**

The Group will not have equity ownership interests in the Domestic Company and relies on contractual arrangements under the VIE Agreements with the Domestic Company to operate the social network platforms of the Domestic Company in the PRC. The VIE Agreements may not be as effective as direct ownership in providing the Group with control over the Domestic Company. Direct ownership would allow the Group, for example, to directly or indirectly exercise its rights as a shareholder to effect changes in the board of directors of the Domestic Company. However, under the VIE Agreements, the Group relies on the performance by the Buyer's Affiliate, Jimujizhe and the Other Shareholders of their obligations under the VIE Agreements to exercise control over the Domestic Company. In addition, if the shareholders of the Domestic Company (i.e. the Buyer's Affiliate and Jimujizhe), the Domestic Company or the Other Shareholders fail to perform their respective obligations under the VIE Agreements or otherwise have disputes with the Group, the Group may have to initiate arbitration or other legal proceedings and rely on legal remedies under PRC laws which may be limited and involve significant uncertainty. There can be no assurance that the outcome will be in the Group's favour and it may adversely affect the Group's ability to control the Domestic Company.

**(iii) The Group may lose control over the Domestic Company and may not enjoy the full economic benefits of the Domestic Company if the Domestic Company or Inke PRC declares bankruptcy or becomes subject to a dissolution or liquidation proceeding**

The VIE Agreements contain terms that specifically provide that the Domestic Company may not be dissolved or liquidated without the written consent of the WFOE and the Buyer's Affiliate may not be dissolved or liquidated without the written consent of Inke PRC. However, if the shareholders of the Domestic Company or Inke PRC breach this obligation and voluntarily liquidate the Domestic Company or Inke PRC, all or part of the assets of the Domestic Company or Inke PRC (as applicable) may become subject to liens or rights of third party creditors and the Group may be unable to continue to control Domestic Company and may not enjoy the economic benefits of the Domestic Company, which could adversely affect our business, financial condition and results of operations.

**(iv) The VIE Agreements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed. A finding that the Company owes additional taxes could substantially reduce the Group's net income**

The Group may face material adverse tax consequences if the PRC tax authorities determine that the VIE Agreements were not entered into on an arm's length basis. If the PRC tax authorities determine that the VIE Agreements were not entered into on an arm's length basis, they may adjust income and expenses of the Domestic Company for PRC tax purposes, which could result in higher tax liabilities on the Domestic Company. The operating and financial results of the Group may be materially and adversely affected if the tax liabilities of the Domestic Company increase significantly or if it is required to pay interest on late payments and other penalties.

**(v) The shareholders of the Domestic Company and the Buyer's Affiliate may have conflicts of interest with the Group, which may materially and adversely affect the Group's business and financial conditions**

The Group's control over the Domestic Company is based upon the contractual arrangements under the VIE Agreements, among others, entered into between the WFOE and the Domestic Company, and between Inke PRC and the Buyer's Affiliate. Therefore, conflict of interests in the shareholders of the Domestic Company (i.e. the Buyer's Affiliate and Jimujizhe and the shareholders of the Buyer's Affiliate (i.e. the Other Shareholders) will adversely affect the interests in the Company. If the shareholders of the Domestic Company or the shareholders of the Buyer's Affiliate do not act completely in the Group's interests or the conflicts of interest between the Group and them are not resolved in the Group's favour, the Group's business and financial condition may be materially and adversely affected.

**(vi) Certain terms of the VIE Agreements may not be enforceable under PRC law and enforcement of certain of the Group's rights under the VIE Agreements is subject to regulatory approval**

The VIE Agreements are governed by PRC laws and all disputes will be submitted for arbitration, the ruling of which will be final and binding. Accordingly, these agreements would be interpreted in accordance with PRC laws and disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC is not as developed as in other jurisdictions and uncertainties in the PRC legal system could limit the Group's ability to enforce the VIE Agreements. In the event that the Group is unable to enforce the VIE Agreements, or if the Group suffers significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert control over the Domestic Company. The VIE Agreements contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of the Domestic Company, injunctive relief and/or winding up of the Domestic Company. The VIE Agreements also include a clause in relation to dispute resolution among the parties where, when awaiting the formation of the arbitral tribunal or otherwise under appropriate conditions, the parties thereto may seek temporary injunctive relief or other temporary remedies from the courts in Hong Kong, the PRC, the Cayman Islands and the place where the principal

assets of the Domestic Company are located. However, the PRC Legal Adviser is of the view that pursuant to the PRC laws, the arbitral tribunal may have no power to grant the aforementioned remedies or injunctive relief or to issue a provisional or final liquidation order. In addition, even though the VIE Agreements provide that overseas courts (e.g. courts in Hong Kong) will have the power to grant certain relief or remedies, such relief or remedies may not be recognised or enforced under the PRC laws. As a result, in the event that the Domestic Company or any of the shareholder of the Domestic Company breaches the terms of the VIE Agreements, the Group may not be able to obtain sufficient remedies in a timely manner, and its ability to exert effective control over the Domestic Company could be materially and adversely affected. Furthermore, notwithstanding the relevant contractual provisions contained in the VIE Agreements, courts of competent jurisdiction may grant interim remedies only to the extent permitted under the PRC laws. Pursuant to the VIE Agreements, the WFOE (or its designee) has the exclusive right to purchase all or any part of the equity interests in the Domestic Company from the shareholders of the Domestic Company for the minimum price permitted under the then applicable PRC laws. The equity interest transfer is subject to the approval from or filings with the Ministry of Commerce of the PRC ( 中華人民共和國商務部 ) or its competent local branches and/or their local competent branches, which is outside of the Group's control.

**(vii) The Group does not have any insurance which covers the risks relating to the VIE Agreements and the transactions contemplated thereunder**

The insurance of the Group does not cover the risks relating to the VIE Agreements and the transactions contemplated thereunder and the Company has no intention to purchase any insurance in this regard. If any risk arises from the VIE Agreements in the future, such as those affecting the enforceability of the VIE Agreements and the operation of the Domestic Company, the financial results and financial position of the Group may be adversely affected. However, the Group will monitor the relevant legal and operational environment from time to time to comply with the applicable laws and regulations. In addition, the Group will implement relevant internal control measures to reduce the operational risk. The Group will continue evaluating the feasibility, the cost and the benefit of insuring the transactions under the VIE Agreements.

**(viii) Economic risks the WFOE bears as the primary beneficiary of the Domestic Company, financial support to the Domestic Company and potential exposure of the Group to losses**

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

## XV. LISTING RULES IMPLICATIONS

### Disclosable Transaction

As the highest applicable percentage ratio in respect of the transactions contemplated under the Share Purchase Agreement exceeds 5% but is less than 25%, the entering into of the Share Purchase Agreement constitutes a disclosable transaction of the Company under the Listing Rules which is subject to the reporting and announcement requirements under the Listing Rules.

**The transactions contemplated under the Share Purchase Agreement are subject to the fulfilment of the conditions precedent set out therein and may or may not proceed. Shareholders and potential investors of the Company are reminded to exercise caution when dealing with the shares and other securities of the Company.**

### Continuing Connected Transaction

Each of Mr. Feng Yousheng, Ms. Liao Jieming and Mr. Hou Guangling is a controlling shareholder of the Company and the Buyer's Affiliate and an executive Director of the Company, and is therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. Beijing Duomi Online Technology Co., Ltd. is a substantial shareholder of the Company and the Buyer's Affiliate and is therefore a connected person of the Company under Rule 14A.07(1) of the Listing Rules. The Buyer's Affiliate is directly owned as to approximately 30.32% collectively by Mr. Feng Yousheng, Ms. Liao Jieming and Mr. Hou Guangling, who have always been in consensus and in agreement when exercising their shareholders' rights when passing shareholders' resolutions of the Buyer's Affiliate. The Buyer's Affiliate is therefore an associate of each of Mr. Feng Yousheng, Ms. Liao Jieming and Mr. Hou Guangling and a connected person of the Company under Rule 14A.07(4) of the Listing Rules.

On this basis, the Domestic Company will become a connected person of the Company by virtue of being a subsidiary of the Buyer's Affiliate upon Closing. The existing continuing transactions contemplated under the Blueberry Exclusive Consulting and Service Agreement entered into between the Domestic Company and the WFOE (being the indirectly wholly-owned subsidiary of the Company) will therefore become continuing connected transactions upon Closing. Pursuant to Rule 14A.60 of the Listing Rules, the Company is subject to the applicable annual review and disclosure requirements under Chapter 14A of the Listing Rules in relation to the Blueberry Exclusive Consulting and Service Agreement. Where there is an extension of the term of or amendment of the terms of the Blueberry Exclusive Consulting and Service Agreement, the Company shall fully comply with all applicable reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The transactions contemplated under the Inke VIE Agreements are also continuing connected transactions of the Company under the Listing Rules. The Company has been granted a waiver pursuant to Rule 14A.102 of the Listing Rules from strict compliance with the announcement and independent shareholders' approval, setting annual cap and limiting contractual term to three years or less requirements under Chapter 14A of the Listing Rules in respect of the transactions contemplated under the Inke VIE Agreements.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Action”	any litigation, suit, claim, action, proceeding, hearing, arbitration, mediation, investigation, demand letter, formal or informal regulatory document production request or any other judicial or administrative proceeding, in law or equity
“APP Store”	a type of digital distribution platform for computer software called applications
“Audited Financial Statements”	the audited consolidated balance sheets of the Domestic Company for the financial year ended 31 December 2018 and the related income statement and cash flow statement of the Domestic Company, audited by an accounting firm qualified and registered in the PRC in accordance with the applicable accounting standards with no reservations, together with all the notes and exhibits thereto
“Blueberry Exclusive Call Option Agreement”	each exclusive call option agreement separately entered into among the WFOE, the Domestic Company and each Original Domestic Company Shareholder on 12 July 2019
“Blueberry Exclusive Consulting and Service Agreement”	the exclusive consulting and service agreement entered into between the WFOE and the Domestic Company on 12 July 2019
“Blueberry Equity Pledge Agreement”	each equity pledge agreement separately entered into between the WFOE, the Domestic Company and each Original Domestic Company Shareholder on 12 July 2019
“Blueberry Power of Attorney”	each power of attorney granted by each Original Domestic Company Shareholder in favour of the WFOE on 12 July 2019
“Blueberry VIE Agreements”	the Blueberry Exclusive Consulting and Service Agreement, the Blueberry Exclusive Call Option Agreements, the Blueberry Equity Pledge Agreements and the Blueberry Powers of Attorney; upon Closing, certain agreements to which the Founder and PRC Affiliates are parties will be terminated
“Blueberry VIE Structure”	VIE Structure constituted by the Blueberry VIE Agreements
“Board”	the board of Directors

“Business Day(s)”	any day other than a Saturday or Sunday and other than a day on which banks are required or authorised to close in the Cayman Islands, Beijing, Hong Kong or the City of New York
“Buyer”	the Company
“Buyer’s Affiliate”	北京蜜萊塢網絡科技有限公司 (Beijing Meelive Network Technology Co., Ltd.)*, the operating company of the Group established in the PRC on 31 March 2015, and is controlled by the Group through the Inke VIE Agreements
“BVI”	British Virgin Islands
“Cayman Co”	Social Network Technology Co., Ltd., an exempted company incorporated under the laws of Cayman Islands
“Chengdu Subsidiary”	成都藍莓時節科技有限公司 (Chengdu Blueberry Technology Co., Ltd.*), a limited liability company established under the laws of the PRC. A wholly-owned subsidiary of the Domestic Company
“Closing”	the closing of the transactions contemplated under the Share Purchase Agreement
“Closing Date”	the date on which Closing occurs
“Company”	Inke Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“Condition(s)”	the conditions precedents stated in the Share Purchase Agreement
“Director(s)”	the director(s) of the Company
“Domestic Company”	北京藍莓時節科技有限公司 (Beijing Blueberry Technology Co., Ltd.*), a limited liability company established under the laws of the PRC
“Employment-Related Agreements”	a set of employment related agreements containing confidentiality, non-compete, non-solicitation and invention assignment provisions with respect to employment with the Target Group
“Existing Share Restriction Agreement”	the amended and restated share restriction agreement entered into by and among the Cayman Co, the Founder and certain other parties named therein dated 25 March 2019



“Existing Shareholders Agreement”	the amended and restated shareholders’ agreement relating to the Cayman Co entered into by and among the Cayman Co, the Founder, the Founder Holdco and certain other parties named therein dated 25 March 2019
“First Batch of Founder’s Purchase Price”	US\$14,612,991
“Founder”	Cai Di ( 蔡狄 ), a PRC individual
“Founder Holdco”	Leoyoung Technology Co., Ltd., a company incorporated under the Laws of the British Virgin Islands
“Founder’s Extra Price”	a total amount of US\$5,000,000 payable to the Founder Holdco by the Buyer based on the terms and condition of the Share Purchase Agreement
“Governmental Authority”	any federal, national, foreign, supranational, state, provincial, county, local or other government, governmental, regulatory, administrative or self-regulatory authority, agency, instrumentality or commission or any court, tribunal, or judicial or arbitral body of competent jurisdiction
“Group”	the Company together with its subsidiaries
“HK Co”	Socialmaker Technology Limited, a limited company incorporated under the laws of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“ICP Licence”	internet content provider licence
“Independent Third Party”	any entity or person who is not a connected person of the Company or an associate of any such person within the meanings ascribed thereto under the Listing Rules
“Inke BVI”	Inke Holdings Limited, a company incorporated in the BVI on 30 November 2017 and a direct wholly-owned subsidiary of the Company
“Inke Equity Pledge Agreement”	each equity pledge agreement entered into among Inke PRC, the Buyer’s Affiliate and each of the Other Shareholders on 14 February 2018
“Inke Exclusive Call Option Agreement”	each exclusive call option agreement entered into among Inke PRC, the Buyer’s Affiliate and each of the Other Shareholders on 14 February 2018

“Inke Exclusive Consulting and Service Agreement”	the exclusive consulting and service agreement entered into between Inke PRC and the Buyer’s Affiliate on 14 February 2018
“Inke HK”	Inke Technology Limited, a company incorporated in Hong Kong on 19 December 2017 and an indirect wholly-owned subsidiary of the Company
“Inke Power of Attorney”	each power of attorney granted by each of the Other Shareholders in favour of Inke PRC on 14 February 2018
“Inke PRC”	Beijing Cheese Network Technology Company Limited (北京映客芝士網絡科技有限公司*), a company established in the PRC on 14 February 2018 and an indirect wholly-owned subsidiary of the Company
“Inke VIE Agreements”	the Inke Exclusive Consulting and Service Agreement, the Inke Exclusive Call Option Agreements, the Inke Equity Pledge Agreements and the Inke Powers of Attorney
“Inke VIE Structure”	the VIE structure constituted by the Inke VIE Agreements
“Interest in the Target Group”	100% shareholdings of the Cayman Co and 84.33% equity interest in the Domestic Company
“Investor Shareholder(s)”	include the Investor Shareholder A, the Investor Shareholder B, the Investor Shareholder C, the Investor Shareholder D, the Investor Shareholder E and the Investor Shareholder F
“Investor Shareholder A”	SCC Seed I Holdco, Ltd. an exempted company incorporated under the laws of the Cayman Islands
“Investor Shareholder B”	Juqian Holdings Limited, a limited company incorporated under the laws of BVI
“Investor Shareholder C”	Linsen Holdings Limited, a limited company incorporated under the laws of BVI
“Investor Shareholder D”	Hong Kong Hou De Consulting Limited, a limited company incorporated under the laws of Hong Kong
“Investor Shareholder E”	G-MEI Network Technology Co., Ltd., a limited company incorporated under the laws of BVI
“Investor Shareholder F”	BRV Aster Fund II, L.P., a limited company incorporated under the laws of the Cayman Islands

“Jimu APP”	Jimu dating application ( 積目交友軟件 ), which is a social networking application
“Jimujizhe”	深圳市積目擊者科技合夥企業 ( 有限合夥 )(Shenzhen Jimujizhe Technology Partnership (Limited Partnership)*), a company established in the PRC which is 99% owned by the Founder
“Listing Rules”	the rules governing the listing of securities on the Stock Exchange, as amended and supplemented from time to time
“Long-Stop Date”	the forty-fifth (45th) day after the of the Share Purchase Agreement of the Share Purchase Agreement or another date which is agreed to in writing by the Cayman Co, the Buyer and each of the Selling Shareholders
“Managers Group”	Founder and certain chief executives and manager of the Cayman Co
“Material Adverse Effect”	any circumstance, event, change, effect or development (any such item, an “ <b>Effect</b> ”) that, individually or in the aggregate together with all other Effects, has had or would reasonably be expected to have a material adverse effect on the business, assets, financial condition or results of operations of the Target Group, taken as a whole, provided, however, that no Effect attributable to or resulting from any of the following shall be deemed to be, or taken into account in determining whether there has been or would reasonably be expected to be, a Material Adverse Effect: (i) Effects generally affecting the industries in which any of the Target Group operate, (ii) Effects in relevant accounting standards, other applicable accounting rules or applicable law, or the enforcement or interpretation thereof, or changes or developments in political, regulatory or legislative conditions, or (iii) any failure by the Target Group to meet any forecasts, estimates or projections in respect of revenues, cash flow, earnings or other financial or operating metrics for any period
“Negative List”	the Special Administrative Measures for the Admission of Foreign Investment (Negative List) ( 《外商投資准入特別管理措施 ( 負面清單) 》 ) as it may be amended from time to time

“No. 7 Tax Reporting”	Each of the Investor Shareholders and the Founder Holdco shall, with respect to all of its respective holding shares in the Cayman Co sold to the Buyer, within thirty (30) days of the Closing Date, and (ii) the relevant Selling Shareholders shall, or shall procure the relevant shareholders of the Domestic Company selling certain shares pursuant to the Share Purchase Agreement to, after the relevant amendment registration of the share transfer is completed, with respect to all of its respective holding shares in the Domestic Company sold to the Buyer and/or the Buyer’s Affiliate, submit or cause to be submitted all applicable documents set forth under the Announcement of the State Administration of Taxation on Several Issues concerning the Enterprise Income Tax Matters on the Indirect Transfers of Properties by Non Resident Enterprises ( 國家稅務總局關於非居民企業間接轉讓財產企業所稅若干問題的公告 ), PRC Tax Laws and any other related applicable laws to the PRC tax authorities or other competent Governmental Authority with respect to the sale of the sale of the relevant shares by such party contemplated by the Share Purchase Agreement
“Offered Shares”	the Interest in the Target Group which is offered and to be sold by the Selling Shareholders pursuant to the provisions of the Share Purchase Agreement
“Offshore Purchase Price”	Offshore Purchase Price for Investor Shareholders of US\$47,585,200 and Offshore Purchase Price for Founder Holdco of US\$27,794,499
“Offshore Purchase Price for the Founder Holdco”	US\$27,794,499
“Offshore Purchase Price for the Investor Shareholders”	US\$47,585,200
“Onshore Purchase Price”	RMB66,069,340
“Order”	any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority
“Original Domestic Company Shareholders”	Jimujizhe, the Founder and the PRC Affiliates

“Other Shareholders”

The registered owners of the Buyer’s Affiliate include Chiyu Investment (Beijing) Company Limited (馳譽投資(北京)有限公司) as to 1.09%, Jiaxing Guanglian Investment Management Partnership (Limited Partnership) (嘉興光聯投資管理合夥企業(有限合夥)) as to 3%, Suzhou GSR Zhaohua Ventures Investment Partnership (Limited Partnership) (蘇州金沙江朝華創業投資合夥企業(有限合夥)) as to 2.43%, Jiaxing Guangmei Investment Management Partnership (Limited Partnership) (嘉興光美投資合夥企業(有限合夥)) 2.03%, Jiaxing Guangxin No. 9 Investment Partnership (Limited Partnership) (嘉興光信九號投資合夥企業(有限合夥)) as to 0.78%, Ningbo Anhe Ruichi Investment Partnership (Limited Partnership) (寧波安合瑞馳投資合夥企業(有限合夥)) as to 1.27%, Ningbo Qingzheng Investment Management Partnership (Limited Partnership) (寧波青正投資管理合夥企業(有限合夥)) as to 1.27%, Changxing Shengju Equity Investment Partnership (Limited Partnership) (長興盛鉅股權投資合夥企業(有限合夥)) as to 0.91%, Shenzhen Tencent Entrepreneurship Base Development Co., Ltd. (深圳市騰訊創業基地發展有限公司) as to 0.91%, Beijing Shunya International Investment Co., Ltd. (北京宣亞國際投資有限公司) as to 0.74%, Mr. FENG Yousheng as to 20.94%, Ms. LIAO Jieming (廖潔鳴) as to 4.69%, Mr. HOU Guangling (侯廣凌) as to 4.69%, Ningbo Meishan Bonded Port Inke Changqing Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區映客常青投資管理合夥企業(有限合夥)) as to 7.79%, Ningbo Meishan Bonded Port Inke Huanzhong Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區映客歡眾投資管理合夥企業(有限合夥)) as to 5.06%, Ningbo Meishan Bonded Port Inke Yuanda Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區映客遠達投資管理合夥企業(有限合夥)) as to 5.06%, Beijing Duomi Online Technology Co., Ltd. (北京多米在線科技股份有限公司) (formerly known as Beijing Caiyun Zaixian Technology Development Co., Ltd. (北京彩雲在線技術開發有限公司)) as to 14.59%, Xizang Kunnuo Yingzhan Entrepreneurship Investment Co., Ltd. (西藏昆諾贏展創業投資有限責任公司) as to 10.23%, Suzhou Zihui Juxin Investment Center (Limited Partnership) (蘇州紫輝聚鑫投資中心(有限合夥)) as to 6.38%, Xiamen Saifu Holding Investment Partnership (Limited Partnership)(廈門賽富股權投資合夥企業(有限合夥)) as to 6.12% respectively

“Parties”

the Buyer, the Cayman Co, the HK Co, the WFOE, the Domestic Company, the Chengdu Subsidiary, the Founder, the Founder Holdco and the Investor Shareholders

“PRC”

the People’s Republic of China for the purpose of this announcement, excludes Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan

“PRC Affiliate A”	Ju Qian ( 鞠錢 ), a PRC individual
“PRC Affiliate B”	Lin Sen ( 林森 ), a PRC individual
“PRC Affiliate C”	Xizang Taifu Culture Media Co., Ltd. ( 西藏泰富文化傳媒有限公司 ), a limited company established under the laws of PRC
“PRC Affiliate D”	Beijing Yingnuo Changsheng Venture Investment Co., Ltd. ( 北京英諾昌盛創業投資有限公司 ), a limited company established under the laws of PRC
“PRC Affiliates”	the PRC Affiliate A, the PRC Affiliate B, the PRC Affiliate C and the PRC Affiliate D
“PRC Companies”	the WFOE, the Domestic Company and the Chengdu Subsidiary
“PRC Legal Adviser”	Commerce & Finance Law Offices, the legal adviser to the Company as to the PRC laws
“Prospectus”	the listing document of the Company issued on 28 June 2018
“Purchase Price”	the Offshore Purchase Price and the Onshore Purchase Price
“Restated Articles”	the third amended and restated articles of association of the Cayman Co, which shall have been adopted by the board of directors of the Cayman Co and the members of the Cayman Co and shall be in full force and effect upon Closing
“Restraint”	no Governmental Authority shall have enacted, issued, promulgated, enforced or entered any law or Order (whether temporary, preliminary or permanent) which is then in effect or is pending, proposed or threatened or would have the effect of enjoining, restraining, prohibiting or otherwise making illegal the consummation of the transaction
“RMB”	Renminbi, the lawful currency of the PRC
“Second Batch of Founder’s Purchase Price”	US\$8,181,508
“Selling Shareholder(s)”	the Investor Shareholders and the Founder Holdco
“Share Purchase Agreement”	the share purchase agreement entered into on 14 July 2019, among the Cayman Co., the Buyer, the HK Co., the WFOE, the Domestic Company, the Chengdu Subsidiary, the Founder, the Founder Holdco, the Investor Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Target Group”	the Cayman Co, the HK Co and the PRC Companies and any other direct or indirect subsidiary of the Cayman Co
“Transaction Documents”	the Share Purchase Agreement, the Restated Articles and other ancillary documents the execution of which is contemplated in the Share Purchase Agreement
“US\$”	United States dollars, the lawful currency of the United States
“VIE Agreements”	the Blueberry VIE Agreements and the Inke VIE Agreements
“VIE Share Transfer Agreements”	the share transfer agreement(s) entered into by and among the Founder, the PRC Affiliate A, the PRC Affiliate B, the PRC Affiliate C, the PRC Affiliate D and the Buyer’s Affiliate prior to or at the Closing Date in the form to the reasonable satisfaction of the Buyer (as may be further amended pursuant to instructions of the relevant State Administration for Market Regulation branch office in the PRC)
“VIE Structure”	the VIE structure constituted by the VIE Agreements in respect of the Group’s control over, amongst others, the Domestic Company
“WFOE”	藍莓時節文化 (北京) 有限公司 (Blueberry Culture (Beijing) Co., Ltd.*), a wholly-foreign owned enterprise incorporated under the laws of the PRC

By order of the Board  
**Inke Limited**  
**Feng Yousheng**  
*Chairman*  
*and Executive Directors*

Hong Kong, 15 July 2019

*As at the date of this announcement, the executive directors are Mr. FENG Yousheng, Ms. LIAO Jieming and Mr. HOU Guangling; the non-executive director is Mr. LIU Xiaosong; and the independent non-executive directors are Mr. David CUI, Mr. DU Yongbo and Dr. LI Hui.*

*If there is any inconsistency in this announcement between the English and Chinese versions, the English versions shall prevail.*

\* *For identification purpose only and should not be regarded as the official English translation of the Chinese names. In the event of any inconsistency, the Chinese name prevails.*