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Application Proof of

NEWBORN TOWN INC.
赤子城科技有限公司

(Incorporated in the Cayman Islands with limited liabilities)

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NEWBORN TOWN INC.
赤子城科技有限公司

(Incorporated in the Cayman Islands with limited liabilities)

[REDACTED]

Total number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to adjustment)**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to [REDACTED] and [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per Share, plus [REDACTED]**
Nominal value	**:**	**US$0.0001 per Share**
[REDACTED]	**:**	**[●]**

Sole Sponsor

CMBC CAPITAL

[REDACTED], [REDACTED] *and* [REDACTED]

[REDACTED]

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EXPECTED TIMETABLE[(1)]

[**REDACTED**]

EXPECTED TIMETABLE[(1)]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

EXPECTED TIMETABLE[1]

[**REDACTED**]

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SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to invest in the [**REDACTED**]. *There are risks associated with any investment in the* [**REDACTED**]. *Some of the particular risks associated with an investment in the* [**REDACTED**] *are set out in "Risk Factors". You should read that section carefully before you decide to invest in the* [**REDACTED**].

BUSINESS OVERVIEW

We are a fast-growing player with a global reach in the information distribution services value chain, focussing on mobile app development and provision of mobile advertising platform services through the use of AI technologies. We have over 40 mobile apps within our Solo X product matrix, available on both Android operating system and iOS. Up to 31 December 2018, we had attracted more than 669.9 million global users in terms of device ID cumulatively. One of our core products Solo Launcher achieved personalisation app daily ranking No. 1 by downloads at least once in Google Play in 89 countries and regions such as France, Israel, Singapore and Brazil as at 31 December 2018, according to the iResearch Report. We are also engaged in mobile advertising platform and related business, providing user acquisition solutions to advertisers and monetisation solutions to publishers. Our advertisers consist of app developers, brand advertisers and ad agencies and our publishers are mainly app developers and ad agencies. Our mobile advertising platform processed an average daily ad requests of more than 5.7 billion times in December 2018, which ranked us ahead of all other proprietary platforms of PRC mobile advertising companies focussing on providing overseas mobile marketing services according to the iResearch Report.

Up to the Latest Practicable Date, we were the only PRC company mainly focussing on the overseas market that was engaged in both mobile app development business and mobile advertising platform services business with a full coverage of the programmatic mobile advertising ecosystem, according to the iResearch Report. Solo Aware, our AI engine featuring big data analytics and machine learning technologies, enables us to aggregate data accumulated from both our mobile apps and our mobile advertising platform and further optimise our mobile app development and target advertising capabilities, thereby creating a synergy effect within our businesses.

Mobile App Development

We provide wide-ranging and diversified mobile apps to users in more than 200 countries and regions, mainly including Asia, Americas and Europe. Our Solo X product matrix offers a broad range of mobile apps and widgets to provide a smooth and customised user experience covering diverse usage scenarios. We have built a product portfolio of a variety of products, including but not limited to launcher, security, anti-virus, music, entertainment, fitness and games apps. Up to 31 December 2018, our Solo X product matrix attracted more than 669.9 million global users in terms of device ID cumulatively. We organise our Solo X products into four sub-matrices, namely User System, Fitness, Media & Entertainment and Games. We have developed a suite of apps in each sub-matrix to create tailored experience for the users' specific needs. We engage our users and improve user experience through our portfolio of popular apps, frequent content updates and optimisation with the support of our AI technologies.

The value chain of our Solo X product matrix comprises product development and operation, user acquisition and monetisation. We collect and analyse the data from app stores and other third-party mobile app analytics platforms to gain insight on the trends and development of the global app market. We promote our Solo X product matrix through in-app cross promotion and also market our brand, products and services globally to mobile internet

users primarily through top global internet companies. We monetise our Solo X product matrix mainly through mobile advertising. Our monetisation ability is driven by our large and engaged user base, insight of user interests and demands, and precision targeting of the preferred audience for specific content in a variety of usage scenarios. The number of average daily impressions delivered on our Solo X product matrix increased by 132.1% from the second half of 2017 to the second half of 2018. Our revenue from monetising our mobile apps increased from RMB23.9 million in 2016 to RMB92.9 million in 2018, representing a CAGR of 97.2%.

Mobile Advertising Platform

Leveraging the experience of developing, marketing and monetising the mobile apps in our Solo X product matrix, we are also engaged in mobile advertising platform services, providing user acquisition solutions for advertisers and monetisation solutions for publishers. Our advertisers consist of app developers, brand advertisers and ad agencies and our publishers are mainly app developers and ad agencies. Powered by our Solo Aware AI engine, our proprietary programmatic advertising platform Solo Math serves both advertisers whom we charge for our user acquisition services and publishers whom we pay for presenting advertisers' ads on their ad spaces. We also provide intermediary media buy service for advertisers, which is to purchase ad inventories for advertisers mainly from two top global internet companies. During the Track Record Period, we had been focussing on upgrading our programmatic mobile advertising platform services and further established our Solo Math brand name. Leveraging our expertise on developing and operating mobile advertising platforms, we also provide mobile advertising platform related services including the upgrade and optimisation of mobile advertising software of our customers upon their request. Our revenue from programmatic advertising and related business increased from RMB58.5 million in 2016 to RMB172.8 million in 2018, representing a CAGR of 71.9%. Accordingly, such revenues from programmatic advertising and related business as a percentage of our total revenue generated by mobile advertising platform and related business increased from 51.8% in 2016 to 94.1% in 2018.

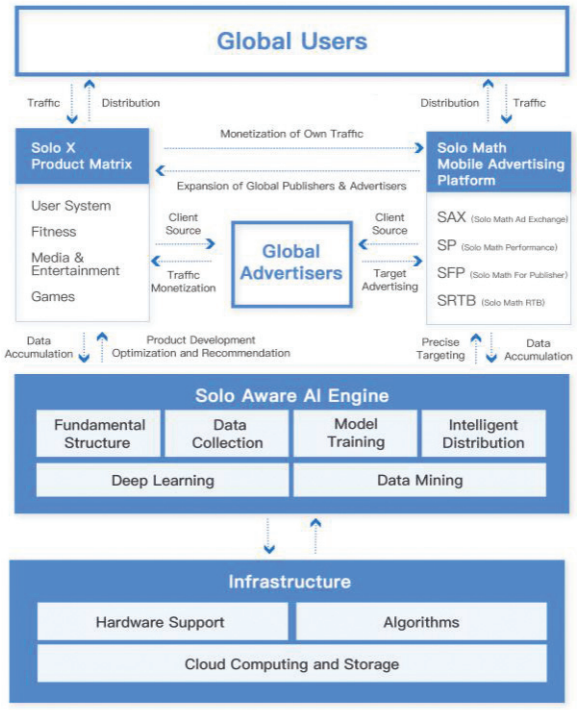
We have a sizable network of publishers and a high-quality advertiser base. Our publisher network directly or indirectly covers a variety of well-known app developers, including developers of games, e-commerce, media, social networking, news and other types of apps. We provided monetisation services to approximately 765,200 apps directly or through their agencies through our proprietary ad exchange in 2018, reaching and covering the largest number of apps amongst the proprietary platforms of PRC mobile advertising companies focussing on providing overseas mobile marketing services, according to the iResearch Report. The average daily ad requests processed on Solo Math advertising platform was more than 5.7 billion times in December 2018, and the largest daily ad request volume on Solo Math was over 6.7 billion times as at 31 December 2018. Our advertiser base consists of app developers, brand advertisers and ad agencies. As at 31 December 2018, for the global top 50 mobile internet companies ranked by global app downloads, our advertiser base covered 37 of them; for the global top 50 mobile internet companies ranked by total revenue generated by their apps, our advertiser base covered 38 of them; such coverage ranked us ahead of the programmatic advertising platform businesses of all other PRC mobile advertising companies focussing on providing overseas mobile marketing services, according to the iResearch Report. In addition, for the global top 100 advertisers in terms of global advertising spending in 2018, we provided mobile marketing services to 87 of them, according to the iResearch Report.

Solo Aware AI Engine

Both our Solo X product matrix and Solo Math advertising platform are empowered by our proprietary Solo Aware AI engine. Solo Aware is designed to serve as a central back-end system to store, process and analyse device data through big data and machine learning technologies. Its goal is to distribute the right content to the right users. Leveraging our user data base accumulated through Solo X product matrix and Solo Math advertising platform, Solo Aware enables us to extract useful information from our datasets, deliver targeted responses to users, and provide more efficient solutions to advertisers and publishers. We have

developed machine learning models that can be used to analyse billions of changing device feature data and implement new model updates every ten seconds, thereby adapting on a real-time basis to actual device data to optimise content distribution. We also use a highly scalable and reliable third-party IT infrastructure built on a micro service, server-less and auto-scaling architecture, which supports and optimises our operations to allow us to distribute ads to devices in more than 200 countries and regions with an average response time of approximately 20 milliseconds.

The following diagram illustrates the synergy of our Solo ecosystem:



The following table sets forth a breakdown of our revenue by business line during the Track Record Period:

	For the year ended 31 December					
	2016		2017		2018	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Mobile advertising platform and related business[(1)]	112,953	82.5	154,162	84.8	183,762	66.4
Mobile app development business	23,899	17.5	27,680	15.2	92,924	33.6
Total	136,852	100.0	181,842	100.0	276,686	100.0

Note:

(1) Related business mainly includes the provision of mobile advertising software upgrade and optimisation services upon request of our customers.

CUSTOMERS AND SUPPLIERS

Our customers are mainly app developers, brand advertisers and ad agencies that need advertising solutions to help them conduct mobile advertising campaigns. Our customer base includes the largest global search engine company, the biggest global social media platform, the largest mobile advertising provider in India and plenty of well-established app developers. Revenue from the top five customers accounted for 36.3%, 36.5% and 46.1% of our total revenue for the years ended 31 December 2016, 2017 and 2018, respectively. Revenue from the largest customer accounted for 9.6%, 11.6% and 24.1% of our total revenue for the same years, respectively. We generally sign a framework advertising agreement with our customers and use CPM or CPA as the pricing model for settlement. We issue invoices to customers after verifying performance data with them and they then pay us advertising fees. The settlement period agreed in the framework agreement is typically 30 to 45 days. During the Track Record Period, some of our customers, especially those of media buy business, delayed their payments significantly beyond the settlement periods offered. The framework agreement may generally be terminated by one party's prior notice to the other party.

Our suppliers are mainly media publishers including both app developers and ad agencies that we engaged for the delivery and presentation of ads. Our suppliers also include IT service providers that provide internet infrastructure service and technical services. Our top five suppliers accounted for 57.3%, 42.3% and 50.7% of our total purchase for the years ended 31 December 2016, 2017 and 2018, while the largest supplier accounted for 20.7%, 10.6% and 15.6% of our total purchase, respectively for the same periods. We generally sign a framework agreement with media publishers. Traffic acquisition is made based on the needs in specific ad campaigns that we conduct for our advertisers. Payment is made after we verify that relevant ad delivery performance requirements have been met. The framework agreement generally may be terminated by one party by giving prior notice to the other party. For the publishers with which we cooperate for monetising ad traffic of our proprietary mobile apps, instead of entering into framework agreements and placing orders for each ad campaign, we agree to the terms of service provided by the ad networks by connecting to their platforms as publishers.

It is common in the industry that media publishers may become advertisers when they have advertising needs to market their apps or service, according to the iResearch Report. For our mobile advertising platform and related business, some of customers who use our mobile user acquisition or related services are also our suppliers who supply ad traffics, or vice-versa. The numbers of overlapping customers and suppliers were 61, 83 and 109 in 2016, 2017 and 2018 respectively, including some of our top five customers and suppliers. For details, please see section headed "Business – Customers and Suppliers – Customers", "Business – Customers and Suppliers – Suppliers" and "Business – Customers and Suppliers – Overlapping of Customers and Suppliers".

OUR STRATEGIC INVESTMENT

We invested in Beijing Duanji for a consideration of RMB17.9 million in May 2016 (the "**2016 Mico Investment**"). Subsequent to the 2016 Mico Investment, we held an equity interest of 17.9% in Beijing Duanji and other shareholders of Beijing Duanji included established investors in the PRC mobile internet industry, such as Plum Venture and the founders of other PRC mobile internet companies. Beijing Duanji was merged with Mico in May 2017, after which we held an equity interest of 8.95% in Mico. We further invested RMB100.0 million in Mico in March 2019 (the "**2019 Mico Investment**", together with the 2016 Mico Investment, the "**Mico Investment**"). As of the Latest Practicable Date, we held an equity interest of approximately 16.77% in Mico. For further details of the Mico investment, see "Business – Our Strategic Investment" in this document.

OUR INDUSTRY

China's Overseas Mobile App Industry/Information Distribution Industry

According to the iResearch Report, a small number of utility apps developed by PRC internet companies were released in the overseas market around 2010. Subsequently, leveraging on their successful experience in China, the leading PRC internet companies began to expand their business overseas. With the increase of improvement of mobile device performance, there was a significant increase of the number of apps developed by PRC internet companies who engaged in and focussed on overseas market around 2015.

According to the iResearch Report, the scale of PRC mobile apps in the overseas market increased from USD3.5 billion in 2014 to USD14.1 billion in 2018, representing a CAGR of 41.6%. It is estimated to continue growing at a CAGR of 22.2% from 2018 to 2023, and reach USD38.5 billion in 2023. After the explosive growth from 2015 to 2016 with an annual growth rate of 41.3%, the growth from 2017 to 2018 maintained a relatively moderate annual growth rate of 19.4%. The popularity of PRC short videos and livestreaming apps in late 2018 in the overseas market further established the potentials in the overseas development of PRC mobile apps. At the same time, the incoming 5G era also creates a new opportunity for game products to harvest a new round of growth in the number of users and usage time. This market is estimated to maintain a growth rate of 18.9% by 2023.

China's Overseas Mobile Advertising Market

According to the iResearch Report, the development of China's mobile advertising services to overseas market started around 2013, which was slightly later than China's mobile apps' development overseas. The increase in the number of PRC apps in overseas market results in the demand for acquisition of global users, thereby creating a fast-growing market for the provision of mobile advertising services by PRC mobile advertising companies. According to the iResearch Report, the total advertising expenditure in China's mobile advertising overseas market increased at a CAGR of 52.8% from US$2.0 billion in 2014 to US$10.9 billion in 2018, and is estimated to reach US$35.8 billion in 2023 at a CAGR of 26.9% from 2018; the advertising spending by North American app developers remains the top among developers around the world, followed by PRC app developers. Additionally, mobile advertising spending in Southeast Asia is estimated to grow significantly from less than US$0.2 billion in 2014 to US$2.29 billion in 2023.

COMPETITIVE STRENGTHS

We believe the following strengths have contributed to our success to date:

- A synergetic business model empowered by complementary mobile app development and mobile advertising platform
- Diversified product offerings and fast growing global user base
- A leading programmatic advertising platform covering the value chain of mobile advertising industry
- Robust big data and advanced AI capabilities based on practical scenarios
- Fast growing and high-quality global advertiser base and a sizable network of publishers
- Visionary, experienced and stable management team

BUSINESS STRATEGIES

Our mission is to precisely connect mobile internet users and information. To that end, we plan to implement the following strategies:

- Continue to upgrade Solo Aware and strengthen our data and technology advantages
- Continue to enrich and expand Solo X product matrix and expand our user base
- Reinforce our programmatic Solo Math advertising platform
- Expand our localised service and distribution network
- Attract, retain and cultivate excellent employees
- Explore strategic investments and acquisitions opportunities

RISK FACTORS

Our business and the [**REDACTED**] involve certain risks, which are set out in the section headed "Risk Factors" in this document. You should read that section in its entirety carefully before you decide to invest in the [**REDACTED**]. Some of the major risks we face include: (i) we face competition in the rapidly evolving industry and we may not be able to keep continuous research and development and innovation, and may not be able to compete successfully against our existing and future competitors; (ii) our Solo X product matrix and Solo Math mobile advertising platform are relatively new and our limited operating history makes it difficult to forecast our business and prospects; (iii) our business is subject to the risks relating to international operations, which could adversely affect our financial conditions and results of operations; (iv) if the mobile internet industry fails to continue to develop, our profitability and prospects may be materially and adversely affected; (v) our business, financial condition and results of operations may be adversely affected by the policy changes of leading internet companies; and (vi) any failure to retain existing advertisers and media publishers or attract new advertisers and media publishers may negatively impact our revenue and business.

PRE-[REDACTED] INVESTMENTS AND CONTROLLING SHAREHOLDERS GROUP

In support of the business operations and development of our PRC operating entities, we introduced a total of 10 Pre-[**REDACTED**] Investors which either subscribed for new shares of NewBornTown Mobile Technology or acquired the equity interests from certain then existing shareholders, including Mr. Du Li, Future Capital Discovery Fund I, L.P., Plum Venture, Haitong Kaiyuan, Haitong Xinxi and Phoenix Fortune. We have popular PRC angel investors amongst these Pre-[**REDACTED**] Investors. Please see "History and Corporate Structure-Pre-[**REDACTED**] Investment" for further details.

The Controlling Shareholders Group, namely Mr. Liu Chunhe and Mr. Li Ping, and their respective holding entities, is a group of individuals acting in concert with each other and is the single largest shareholder group of our Company. After the Repurchases, the Controlling Shareholders Group was interested in approximately 38.19% of the total issued share capital of our Company. Immediately upon completion of the [**REDACTED**] and the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), the Controlling Shareholders Group will be interested in approximately [**REDACTED**]% of the total issued share capital of our Company, comprising (i) Shares representing approximately [**REDACTED**]% of the share capital of our Company held by Spriver Tech Limited, (ii) Shares representing approximately [**REDACTED**]% of the share capital of our Company held by Parallel World Limited. See "Relationship with the Controlling Shareholders Group" for further details.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth a summary of the financial information for the three years ended on 31 December 2016, 2017 and 2018, and should be read together with the combined financial information in Appendix I to this document, including the notes thereto. Our combined financial information has been prepared in accordance with IFRS.

Summary of Combined Statements of Comprehensive Income

	For the years ended 31 December		
	2016	**2017**	**2018**
	RMB'000	**RMB'000**	**RMB'000**
Revenue from contracts with customers	136,852	181,842	276,686
Cost of revenue	(65,949)	(111,468)	(135,266)
Gross Profit	70,903	70,374	141,420
Selling and marketing expenses	(9,919)	(33,693)	(68,975)
Research and development expenses	(2,596)	(11,538)	(17,492)
General and administrative expenses	(12,139)	(13,459)	(14,981)
Net impairment losses on financial assets	(10,123)	(1,584)	(6,963)
Other income	819	1,392	58
Other gain – net	19,238	25,374	35,723

	For the years ended 31 December		
	2016	2017	2018
	RMB'000	RMB'000	RMB'000
Operating profit	56,183	36,866	68,790
Finance cost, net	(203)	(90)	(180)
Profit before income tax	55,980	36,776	68,610
Income tax expenses	(14,765)	(4,795)	(8,873)
Profit for the year	41,215	31,981	59,737
Other comprehensive income/(loss), net of tax			
Items that maybe subsequently reclassified to profit or loss			
Currency translation differences	3,674	(7,277)	8,028
Total comprehensive income for the year	44,889	24,704	67,765

Our total revenue increased from RMB136.9 million in 2016 to RMB181.8 million in 2017, and further to RMB276.7 million in 2018, primarily due to a rapid growth in the revenue from our programmatic mobile advertising business during the Track Record Period and a significant growth in the revenue from our mobile app development business in 2018.

Our profit for the year experienced a decrease from RMB41.2 million in 2016 to RMB32.0 million in 2017, due to a significant increase in our cost for advertising placement at the rapid-growing stage of our business. Our profit for the year increased significantly from RMB32.0 million in 2017 to RMB59.7 million in 2018, primarily due to the enhanced profitability of our mobile app development business as a result of enriched app types, the emergence of our popular apps, the continuing optimisation of our proprietary mobile apps and the promotion efforts. For more details, please refer to the section headed "Financial Information" in this document.

Summary of Combined Balance Sheets Items

	As at 31 December		
	2016	2017	2018
	(RMB in thousands)		
Current assets	469,957	454,761	525,157
Current liabilities	86,510	74,638	101,712
Net current assets	383,447	380,123	423,445
Non-current assets	51,250	63,457	89,072
Non-current liabilities	1,320	2,999	4,171
Net assets	433,377	440,581	508,346

Our net current assets decreased slightly from RMB383.4 million in 2016 to RMB380.1 million in 2017, primarily due to the decrease in our financial assets measure at fair value through profit or loss ("**FVPL**"), partially offset by the decrease in our accounts payable and the increase in our accounts receivable and other receivable. Our net current assets increased from RMB380.1 million in 2017 to RMB423.4 million in 2018, primarily due to (i) the increase in our accounts receivable as a result of our business expansion; and (ii) the increase in our other receivable as a result of collection by senior management and two entities on behalf of our Group, see "Business – Certain Settlement Arrangements" for further details.

As of 31 December 2016, 2017 and 2018, our financial assets measured at FVPL were RMB270.3 million, RMB261.7 million and RMB264.5 million, respectively. Our financial assets measured at FVPL represent the financial products and equity interests we invested. These investments include wealth management products and funds issued by major and

reputable financial institutions in the PRC, and strategic investments in private companies. We have established a set of investment policies and internal control measures to achieve reasonable returns on our investments of wealth management products while mitigating our exposure to investment risks, such as (i) investments shall be made when we have surplus cash that is not required for our short-term working capital purposes; (ii) the types of investments shall be generally very low risk or low risk wealth management products issued by qualified commercial banks; and (iii) investments shall generally be short-term and of a non-speculative nature in order to maintain our liquidity and financial flexibility. See "Financial Information – Discussion of Certain Items from the Combined Balance Sheets Items – Financial Assets Measured at FVPL" for further details.

Summary of Combined Statements of Cash Flows

	As at 31 December		
	2016	**2017**	**2018**
	(RMB in thousands)		
Net cash (outflow)/inflow from operating activities	(57,172)	(16,154)	1,678
Net cash (outflow)/inflow from investing activities	(52,396)	34,585	4,571
Net cash inflow/(outflow) from financing activities	146,710	(20,787)	(3,343)
Net increase/(decrease) in cash and cash equivalents	37,142	(2,356)	2,906
Cash and cash equivalents at the beginning of the year	37,838	78,884	71,738
Effects of exchange rate changes on cash and cash equivalents	3,904	(4,790)	5,896
Cash and cash equivalents at end of year	78,884	71,738	80,540

We recorded negative cash flow from our operating activities of RMB57.2 million for the year ended 31 December 2016. Such cash outflow was largely due to an increase in accounts receivable of RMB106.6 million. At an early stage of our business operations, we were primarily revenue-driven focussing more on attracting new customers and generating revenues, and for the purpose of maintaining business relationship, we may occasionally consider to allow relatively lax collection periods towards certain customers after our assessment on their credibility. In addition, as an emerging market player, with limited bargaining power, we were in a weak position to negotiate for favourable credit terms, which also negatively affected our cash flow in the same period. We recorded negative cash flow from our operating activities of RMB16.2 million for the year ended 31 December 2017, primarily due to a significant decrease in our profit before tax. We transitioned from negative operating cash flow in 2017 to positive operating cash flow in 2018, primarily due to our continuous business growth, improved profitability and enhanced accounts receivable collection management. See "Financial Information – Liquidity and Capital Resources" for more details.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the periods indicated:

	For the year ended 31 December		
	2016	**2017**	**2018**
Revenue growth	N/A	32.9%	52.2%
Net profit growth	N/A	(22.4%)	86.8%
Gross profit margin	51.8%	38.7%	51.1%
Current ratio	543.2%	609.3%	516.3%
Net profit margin	30.1%	17.6%	21.6%
Return on equity	9.5%	7.3%	11.8%
Return on assets	7.9%	6.2%	9.7%

See "Financial Information – Key Financial Ratios" for a discussion of our key financial ratios.

DIVIDENDS

During the Track Record Period, we did not declare any dividends. We are a holding company incorporated in the Cayman Islands. The declaration of dividend is subject to the discretion of our Board. Taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and such other conditions and other factors which they may deem relevant at such time, our Board may recommend a payment of dividend out of our Group's net profit for the year attributable to owners of our Company in each financial year, commencing from the financial year ending 31 December 2020. Any declaration and payment as well as the amount of the dividend will be subject to the Articles, the Cayman Companies Law and any applicable laws and regulations. Currently, we do not have a formal dividend policy or a fixed dividend payout ratio.

[**REDACTED**]

The [**REDACTED**] in connection with the [**REDACTED**] consist primarily of [**REDACTED**] commission and other expenses assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range are estimated to be approximately RMB[**REDACTED**], of which approximately RMB[**REDACTED**] were charged to the combined statements of comprehensive income for the year ended 31 December 2018. We expect the remaining [**REDACTED**] of approximately RMB[**REDACTED**] will be charged to the combined statements of comprehensive income after the Track Record Period, and approximately RMB[**REDACTED**] will be deducted from the share premium. The [**REDACTED**] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

[**REDACTED**] STATISTICS

All statistics in the following table are based on the assumptions that (i) the [**REDACTED**] have been completed and [**REDACTED**] Shares are newly issued in the [**REDACTED**]; (ii) [**REDACTED**] is not exercised; and (iii) [**REDACTED**] Shares are issued and outstanding following the completion of the [**REDACTED**].

	Based on an [REDACTED] of HK$[REDACTED]	**Based on an [REDACTED] of HK$[REDACTED]**
Market capitalisation of our Shares	HK$[REDACTED]	HK$[REDACTED]
Unaudited [**REDACTED**] adjusted net tangible asset per Share	HK$[REDACTED]	HK$[REDACTED]

Please refer to the section headed "Financial Information — Unaudited [**REDACTED**] Statement of Adjusted Net Tangible Assets" for details.

[**REDACTED**]

Assuming an [**REDACTED**] of HK$[**REDACTED**], being the mid-point of the [**REDACTED**] range stated in the document, we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**], after deduction of [**REDACTED**] commissions and estimated expenses in connection with the [**REDACTED**]. If [**REDACTED**] is exercised in full, we estimate that we will receive additional [**REDACTED**] of approximately HK$[**REDACTED**] (after deducting [**REDACTED**] fees and estimated expenses in connection with the [**REDACTED**]), assuming an [**REDACTED**] of HK$[**REDACTED**] per Share, being the mid-point of the [**REDACTED**] range stated in this document.

Our Directors intend to apply the [**REDACTED**] from the [**REDACTED**] as follows:

- Approximately [**REDACTED**]% or HK$[**REDACTED**] is expected to be used to develop, expand and upgrade our Solo X product matrix;
- Approximately [**REDACTED**]% or HK$[**REDACTED**] is expected to be used to upgrade our Solo Math programmatic advertising platform;
- Approximately [**REDACTED**]% of the [**REDACTED**] or HK$[**REDACTED**] is expected to be used to enhance the big data and AI capabilities of our Solo Aware AI engine;
- Approximately [**REDACTED**]% or HK$[**REDACTED**] is expected to be used to enhance our local service capabilities and build our global information distribution network.
- Approximately [**REDACTED**]% of the [**REDACTED**] or HK$[**REDACTED**] is expected to be used for the strategic investment into and acquiring companies and businesses that are relevant or complementary to our business and technologies; and
- Approximately [**REDACTED**]% of the [**REDACTED**] or HK$[**REDACTED**] is expected to be used for working capital and other general corporate purposes.

RECENT DEVELOPMENTS AND MATERIAL ADVERSE CHANGE

Our business model has remained unchanged since 31 December 2018. For the three months ended 31 March 2019, we recorded revenue of RMB90.5 million, increased by 77.9% compared to RMB50.9 million for the same period in 2018. For the three months ended 31 March 2019, we recorded gross profit of RMB58.3 million, which also increased by 197.2% compared to RMB19.6 million for the same period in 2018; our gross profit margin increased from 38.6% for the three months ended 31 March 2018 to 64.5% for the same periods in 2019. Comparing the performance between three months ended 31 March 2018 and 2019, the increase in revenue and gross profit margin is mainly attributable to the increase in revenue of our mobile app development business. The increase in the overall gross profit margin is primarily due to the higher proportion of the revenue generated from our mobile app development business and the higher gross profit margin earned from such business. The financial information for the three months ended 31 March 2019 was extracted from the unaudited financial statements of the Group prepared by the Directors in accordance with IAS 34 "Interim Financial Reporting," which were reviewed by our reporting accountants, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

In June 2019, the Company entered into share repurchase agreements with certain Shareholders to repurchase Series B Preferred Shares of the Company. Please refer to "History and Corporate Structure – Reorganisation – 2019 Share Repurchase".

Our Directors confirm that, save for (i) the [**REDACTED**] as disclosed above, and (ii) possible share-based payment expenses arising from the repurchase of 6,880,990 Series B Preferred Shares from Phoenix Auspicious FinTech Investment L.P., which will materially affect our financial results, since 31 December 2018 and up to the date of this Document, there has been no other material adverse change in our financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our combined financial statements set out in the Accountant's Report included in Appendix I to this Document.

In this document, the following expressions have the following meaning unless the context otherwise requires. Certain technical terms are explained in the section headed "Glossary of Technical Terms" in this document.

"affiliate(s)"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
	[**REDACTED**]
"Articles" or "Articles of Association"	the amended and restated articles of association of the Company, adopted on [●] and will become effective upon [**REDACTED**], as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix III to this document
"associate(s)"	has the meaning ascribed thereto under the [**REDACTED**]
"Beijing Amber Creative"	Beijing Amber Creative Technology Co., Ltd. (北京琥珀創想科技有限公司), a company incorporated under the laws of the PRC with limited liability on 10 August 2015 in which we hold a 3.00% interest. Beijing Yunzhong Amber Technology Partnership LLP ("**Yunzhong Amber**") (北京雲中琥珀科技合夥企業(有限合夥)), Tang Cheng (湯城), Song Rui (宋鋭), Xingyuan Silicon Valley (Shenzhen) Venture Capital Growth Fund LLP (星元硅谷(深圳)創投成長基金(有限合夥)), Zhao Liang (趙亮) and Hua Qiong (華琼) held 35.00%, 30.63%, 21.88%, 5.50%, 2.00% and 2.00% of the equity interest in Beijing Amber Creative, respectively, all of them being Independent Third Parties

"Beijing Amphora"	Beijing Amphora Guotai Venture Capital Investment Ltd. (北京安芙蘭國泰創業投資有限公司), a limited liability company established under the laws of the PRC on 14 January 2014 and a Pre-[**REDACTED**] Investor, which is held as to 60%, 5%, 20% and 15% by Sangzhuzi District Amphora Venture Capital Co., Ltd. (桑珠孜區安芙蘭創業投資有限公司), Shixin Ronghe Investment Management Co., Ltd. (世欣榮和投資管理股份有限公司), Guotai Quntong Investment Holdings Co., Ltd. (北京國泰群同投資控股有限公司) and Zhongguancun Science Park Haidian Park Innovation Service Centre (中關村科技園區海澱園創業服務中心), respectively, all of them being Independent Third Parties
"Beijing Duanji"	Beijing Duanji Network Technology Co., Ltd. (北京端極網絡技術有限公司), a limited liability company incorporated under the laws of the PRC on 6 May 2016 and deregistered on 10 May 2018, which was controlled by Mr. Ye Chunjian, a co-founder of the Group and shareholder of the Company, and was merged with Mico in 2017
"Board"	the board of Directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate

[**REDACTED**]

"Cayman Companies Law"	the Companies Law (2018 Revision) of the Cayman Islands, as mended or supplemented from time to time

"Cayman Registrar"	the registrar of companies of the Cayman Islands

[**REDACTED**]

"China" or "PRC" or "Peoples' Republic of China"	the People's Republic of China, but for the purpose of this document only, excluding Hong Kong, Macau and Taiwan region
"China Fuqiang"	Jiaxing Fuqiang Ruiyi Equity Investment Limited Partnership (嘉興富強瑞益股權投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 19 March 2019 and a Pre-[**REDACTED**] Investor, which is controlled by Fuqiang Asset Management (Shenzhen) Equity Investment Fund Management Co., Ltd. (富強資管(深圳)股權投資基金管理有限公司) ("Fuqiang Capital"), an Independent Third Party, through its capacity as the general partner. Fuqiang Capital is wholly owned by China Fortune Financial Group Limited (中國富強金融集團有限公司), a limited company incorporated under the Laws of Cayman Islands and listed on the Stock Exchange (Stock Code: 290)
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company" or "the Company"	Newborn Town Inc. (赤子城科技有限公司), a company with limited liability incorporated in the Cayman Islands on 12 September 2018
"connected person(s)"	has the meaning ascribed to it under the [**REDACTED**]
"connected transaction(s)"	has the meaning ascribed to it under the [**REDACTED**]
"Consolidated Affiliated Entities"	the entities we control through the Contractual Arrangements, being NewBornTown Mobile Technology and NewBornTown Network Technology
"Contractual Arrangements"	a series of contractual agreements reached to consolidate our interests in the Consolidated Affiliated Entities entered into among WFOE, NewBornTown Mobile Technology and the PRC Equity Holders during the Reorganisation
"controlling shareholders group"	Mr. Liu Chunhe and Mr. Li Ping, together with their respective close associates, including Spriver Tech Limited and Parallel World Limited, a group of individuals acting in concert with each other, which constitute the single largest shareholder group of our Company
"controlling shareholders"	has the meaning ascribed to it under the [**REDACTED**] and unless the context otherwise requires
"core connected person(s)"	has the meaning ascribed to it under the [**REDACTED**]
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Deed of Indemnity"	the deed of indemnity dated [●] executed by the Controlling Shareholders Group in favour of our Company, particulars of which are set forth in the section headed "Statutory and General Information – E. Other Information – I. Deed of Indemnity" in Appendix IV to this document

"Director(s)" or "our Director(s)"	the director(s) of our Company
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》), which first became effective on 1 January 2008, as amended, supplemented, or otherwise modified from time to time
"Existing Articles"	the Amended and Restated Memorandum and Articles of Association of the Company adopted by special resolution of the Shareholders passed on 22 June 2019
"GDPR"	the General Data Protection Regulation
	[**REDACTED**]
"GMIC"	the Global Mobile Internet Conference, which is hosted annually with attendees including global mobile executives, entrepreneurs, developers and investors
"Great Sailing"	Great Sailing Media Limited (formerly known as Mobile Box Limited), a company incorporated in Hong Kong with limited liabilities on 16 April 2013 and an indirect wholly-owned subsidiary of our Company
	[**REDACTED**]
"Group", "our Group", "our", "we" or "us"	the Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries, the business operated by such subsidiaries or their predecessors (as the case may be)

"Haitong Kaiyuan"	Haitong Kaiyuan Investment Ltd. (海通開元投資有限公司), a limited liability company established under the laws of the PRC on 23 October 2008 and a Pre-[**REDACTED**] Investor, which is wholly owned by Haitong Securities Co., Ltd. (海通證券股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange (stock code: 6000837) and the Stock Exchange (stock code: 6837). Haitong Kaiyuan is a connected person of the Company. Please refer to the section headed "Continuing Connected Transactions" for further details of its connected relationship with the Company
"Haitong Xinxi"	Shanghai Haitong Xinxi Investment Center Limited Partnership (上海海桐信兮投資中心(有限合夥)), a limited partnership established under the laws of the PRC on 8 July 2015 and a Pre-[**REDACTED**] Investor, which is controlled by Haitong Kaiyuan through its capacity as the general partner. Haitong Xinxi is a connected person of the Company. Please refer to the section headed "Continuing Connected Transactions" for further details of its connected relationship with the Company
"Hande Houcheng"	Beijing Hande Houcheng Enterprise Management Centre (Limited Partnership) (北京含德厚城企業管理中心(有限合夥)), a limited partnership established under the laws of the PRC on 25 August 2015 where our Shareholders Mr. Liu Chunhe and Mr. Li Ping hold approximately 99.90% and 0.1% interest in it, respectively. Mr. Li Ping holds the 0.1% interest in Hande Houcheng on behalf of Mr. Liu Chunhe. Please refer to the section headed "Continuing Connected Transactions" for further details of its connected relationship with the Company.
"HK Operating Entities"	Solo X Technology, Newborn Town International and Great Sailing

[**REDACTED**]

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
	[**REDACTED**]
"Hong Kong Dollars" or "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Legal Counsel"	Mr. Chan Chung, barrister-in-law in Hong Kong
	[**REDACTED**]
"Hong Kong Securities and Futures Ordinance" or "SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"ICP Licence"	Internet content provider licence, a licence issued by MIIT to permit China-based websites to operate in China

"IFRS"	the International Financial Reporting Standards, amendments and interpretations issued from time to time by the International Accounting Standards Board
"Independent Third Party(ies)"	any entity or person who is not a connected person of our Company or an associate of any such person within the meanings ascribed thereto under the [**REDACTED**]

[**REDACTED**]

"iResearch"	Shanghai iResearch Co., Ltd., an independent global market research and consulting company
"iResearch Report"	a market research report prepared by iResearch and commissioned by us
"Latest Practicable Date"	19 June 2019, being the latest practicable date for the purposes of ascertaining certain information contained in this document prior to its publication

[**REDACTED**]

"Longwin Xinhu"	Shanghai Longwin Xinhu Investment Limited Partnership (上海朗聞信琥投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 12 June 2015 and a Pre-[**REDACTED**] Investor, the general partner of which is Shanghai Longwin Capital Partners (General Partnership) (上海朗聞投資管理合夥企業(普通合夥)), an Independent Third Party

[**REDACTED**]

"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company amended and restated as amended from time to time, a summary of which is set out in the section headed "Summary of the Constitution of the Company and Cayman Islands Company Law" in Appendix III to this document
"Mico"	Beijing Mico World Technology Co., Ltd (北京米可世界科技有限公司), a company incorporated under the laws of the PRC with limited liability on 30 May 2014 which is controlled by Mr. Ye Chunjian, a co-founder of the Group, and we hold an interest of approximately 16.77% in it, please refer to note (13) to the second corporate chart under the section headed "History and Corporate Structure – Reorganisation" for the information of remaining equity interest as of the Latest Practicable Date

"Mico HK"	Mico World Limited (米可世界國際有限公司), a company incorporated under the laws of Hong Kong with limited liability on 24 September 2015 and wholly-owned by Mico
"MIIT"	the Ministry of Industry and Information Technology of the PRC (中華人民共和國工業和信息化部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"NEEQ"	National Equities Exchange and Quotations (全國中小企業股份轉讓系統)
"Newborn Town International"	Newborn Town International Enterprise Limited, a company incorporated in Hong Kong with limited liabilities on 20 December 2013 and a direct wholly-owned subsidiary of our Company
NewBornTown Mobile Technology"	NewBornTown Mobile Technology (Beijing) Holdings Co., Ltd (赤子城移動科技(北京)股份有限公司), a company incorporated under the laws of the PRC with limited liability on 15 August 2007 and by virtue of the Contractual Arrangements, accounted for as our subsidiary
"NewBornTown Network Technology"	NewBornTown Network Technology (Beijing) Co., Ltd (赤子城網絡技術(北京)有限公司), a company incorporated under the laws of the PRC with limited liability on 28 February 2014 and a direct wholly-owned subsidiary of NewBornTown Mobile Technology

[**REDACTED**]

[**REDACTED**]

"Phoenix Fortune"	Beijing Phoenix Fortune Interconnection Investment Fund Limited Partnership (北京鳳凰祥瑞互聯投資基金(有限合夥)), a limited partnership established under the laws of the PRC on 5 June 2015 and a Pre-[**REDACTED**] Investor, which is controlled by Mr. Du Li, a shareholder of the Company and NewBornTown Mobile Technology, through his indirect controlling interest in the general partner of Phoenix Fortune. Please refer to the section headed "Continuing Connected Transactions" for further details of its connected relationship with the Company
"Plum Venture"	Ningbo Meihua Shunshi Angel Capital (Limited Partnership) (寧波梅花順世天使投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on 19 May 2014 and a Pre-[**REDACTED**] Investor, which is controlled by Mr. Wu Shichun through his 80% equity interest in Ningbo Plum Angel Investment Management Co., Ltd. (寧波梅花天使投資管理有限公司), the general partner of Plum Venture. Please refer to the section headed "Continuing Connected Transactions" for further details of its connected relationship with the Company
"PRC Equity Holders"	the shareholders of NewBornTown Mobile Technology as referred to in the section headed "Contractual Arrangements" in this document
"PRC Legal Adviser"	Jingtian & Gongcheng, the legal adviser as to PRC law of the Company
"PRC Operating Entities"	NewBornTown Mobile Technology and NewBornTown Network Technology

"Pre-[**REDACTED**] Investment(s)"	the Pre-[**REDACTED**] investment(s) in the Company undertaken by the Pre-[**REDACTED**] Investors, details of which are set out in the section "History and Corporate Structure" in this document
"Pre-[**REDACTED**] Investors"	those investors in our Group referred to as such in the relevant Pre-[**REDACTED**] Investments, and each a "Pre-[**REDACTED**] Investor"
"Pre-[**REDACTED**] Shareholders' Agreement"	the shareholders' agreement entered into among shareholders of the Company dated 26 June 2019
"Preferred Share(s)"	the Series A Preferred Shares, the Series B Preferred Shares and the Series C Preferred Shares

[**REDACTED**]

"Reorganisation"	the reorganisation of the Group as described in the section headed "History and Corporate Structure" in this document
"Repurchases"	the repurchases of Series B Preferred Shares from Phoenix Auspicious FinTech Investment L.P. on 22 June 2019, Haitong Kaiyuan and Haitong Xinxi on 26 June 2019
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)

"SFC"	the Securities and Futures Commission of Hong Kong
"Series A Preferred Share(s)"	the series A preferred shares of par value US$0.0001 per share in the authorised share capital of the Company, of which 50,021,431 shares are in issue as of the Latest Practicable Date and held by the Series A Preferred Shareholders, each having the rights, preferences, privileges and restrictions as set forth in the Pre-[**REDACTED**] Shareholders' Agreement
"Series A Preferred Shareholder(s)"	the holder(s) of the Series A Preferred Shares
"Series B Preferred Share(s)"	the series B preferred shares of par value US$0.0001 per share in the authorised share capital of the Company, of which 68,453,098 shares are in issue after the Repurchases and held by the Series B Preferred Shareholders, each having the rights, preferences, privileges and restrictions as set forth in the Pre-[**REDACTED**] Shareholders' Agreement
"Series B Preferred Shareholder(s)"	the holder(s) of the Series B Preferred Shares
"Series C Preferred Share(s)"	the series C preferred shares of par value US$0.0001 per share in the authorised share capital of the Company, of which 2,078,286 shares are in issue as of the Latest Practicable Date and held by the Series C Preferred Shareholders, each having the rights, preferences, privileges and restrictions as set forth in the Pre-[**REDACTED**] Shareholders' Agreement
"Series C Preferred Shareholder(s)"	the holder(s) of the Series C Preferred Shares
"Shandong NewBornTown" or "WFOE"	Shandong NewBornTown Network Technology Co., Ltd (山東赤子城網絡技術有限公司), a company incorporated under the laws of the PRC with limited liability on 30 August 2018 and a direct wholly-owned subsidiary of Solo X Technology
"Shareholder(s)"	holder(s) of our Shares
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US$0.0001 each

[**REDACTED**]

"Solo X Technology"	Solo X Technology Limited, a company incorporated in Hong Kong with limited liabilities on 30 October 2018 and a direct wholly-owned subsidiary of our Company

[**REDACTED**]

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto in section 15 of the Companies Ordinance
"substantial shareholder"	has the meaning ascribed thereto in the Hong Kong [**REDACTED**]
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers issued by SFC, as amended or supplemented from time to time
"Track Record Period"	the three financial years ended 31 December 2018

[**REDACTED**]

"Universe"	Universe Intelligence Technology Limited, a company incorporated under the laws of Hong Kong with limited liability on 18 March 2019 and a Pre-[**REDACTED**] Investor, which is wholly owned by Liu Fuwei, an Independent Third Party
"U.S. dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. persons"	U.S. persons as defined under Regulation S
"U.S. Securities Act"	the United States Public Offer Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder

"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"VIE(s)"	Variable interest entity(ies)
"We", "us" or "our"	our Company and, unless the context requires otherwise, our subsidiaries

[**REDACTED**]

"%"	per cent

In this document, the terms "associate", "close associate", "connected person", "connected transaction", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the [**REDACTED**]*, unless the context otherwise requires.*

Unless otherwise specified, all times refer to Hong Kong time and references to years in this document are to calendar years.

The English names of the PRC entities, PRC laws or regulations, and the PRC governmental authorities referred to in this document are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese name shall prevail.

For identification purposes only, unless otherwise expressly stated or the context otherwise requires, all data in this document is as of the date of this document.

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains definitions of certain terms used in this document in connection with our Company and our business. These terms and their definitions may not correspond to standard industry definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as our Company.

"ad(s)"	advertisement(s) presented on media for marketing of products and/or brands
"ad agency"	an intermediary service provider in the mobile advertising industry acting as an agent for its clients to market their products and/or brands and/or to sell their ad inventories
"ad exchange"	a digital marketplace that facilitates the buying and selling of media ad inventory from multiple ad platforms, often through real-time auctions
"ad inventory"	traffic available on online or mobile media for advertising
"ad network"	a mobile advertising service provider that connects advertisers to mobile apps and websites with available ad inventories, with the key function of aggregating ad supply from publishers and matching it with advertisers' demand
"ad space"	the space on websites or mobile apps available for advertisements
"AI"	artificial intelligence
"Android"	an operating system developed and maintained by Google Inc. used in touchscreen technology including smartphones and tablets
"API"	application programming interface, a set of routines, protocols, and tools for building software applications
"app(s)"	application software designed to run on a mobile device

GLOSSARY OF TECHNICAL TERMS

"App Store"	a digital distribution platform, developed and maintained by Apple Inc., for mobile apps on its iOS operating system
"beta"	the second and usually last phase of software or hardware testing in which a sampling of the intended audience test the product for its performance in real world exposure
"big data"	large and diverse data sets able to uncover hidden patterns, unknown correlations, market trends, customer preferences and other useful information assets under new processing model for greater decision-making power, insight and processing optimisation capabilities
"click-through rate"	the ratio of mobile device users who click on the ad to the number of total mobile device users who view the ad
"conversion rate"	the ratio of mobile device users who take a desired action by the advertiser, such as signing up a new account or making purchase, to the number of total mobile device users who view or click the ad
"countries and regions"	country-wide and regional markets in the mobile internet industry distinguished by user demographics, local regulations and other characteristics defined, adopted and applied by app stores and third-party mobile analytics platforms
"CPA"	cost per action, a performance-based pricing model where advertising is paid on the basis of each action of the mobile device user such as download, installation or registration
"CPM(s)"	cost per mille, a non-performance-based pricing model where advertising is paid on the basis of thousand impressions
"DAU(s)"	daily active user(s), which refers to, with respect to our mobile apps, the aggregate number of unique mobile devices that were used to access certain of our mobile apps for at least once a day
"device ID"	a unique device-specific identifier used to accurately measure actions taken by a specific mobile device

"Downloads"	Including the downloads for the Google play apps and iOS apps. The downloads for Google play is the total number of app downloads for the Google Play app. The downloads for iOS apps is the total number of app downloads, not including desktop downloads, redownloads or promotions
"DSP(s)"	demand side platform
"eCPM"	effective cost per mille, used by publishers to determine the revenue generated from a thousand impressions of an ad campaign and to measure the performance of a publisher's inventory being sold in various channels
"fill rate"	the percentage of the total number of ads actually delivered out of the total number of ads requested
"Google Play"	a digital distribution service operated and developed by Google LLC, serving as the official app store for the Android operating system
"IAB"	Interactive Advertising Bureau, an advertising business organisation that develops industry standards, conducts research and provides legal support for the online advertising industry
"impression"	the point in which an ad is viewed once by a visitor, or displayed once on a web page
"interactive ads"	a form of ads engaging users through interactive activities
"iOS"	a mobile operating system developed and maintained by Apple Inc.
"KPI(s)"	key performance indicator, which means, in the context of mobile advertising, the indicator reflecting the effectiveness and performance of the advertising campaign such as the number of new installations, sign-ups or sales

"look-alike"	technologies or algorithms used by advertisers and/or advertising service providers for identifying potential users who have similar preference and characteristics to the existing users of the advertisers
"native ads"	a type of advertising that matches the form and function of the platform upon which it appears
"OpenRTB"	open industry protocols and standards for communication between sellers and buyers on ad spaces developed by IAB
"retention rate"	the percentage of users who are still using an app after a certain number of days after install
"ROI"	return on investment
"RTB"	real time bidding, a means by which ad inventories are bought and sold on via programmatic instantaneous auction
"SDK(s)"	software development kit, a set of software development tools that allows the creation of applications for a certain software package
"SSP(s)"	supply side platform
"tag"	a keyword describing the characteristic assigned such as to an audience or app
"traffic"	in terms of traffic in mobile advertising, the flow of ad audience on mobile media
"unique mobile device"	a term used when not counting the same mobile device duplicatively based on device ID

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements. Such forward-looking statements relate to events that are subject to significant risks and uncertainties, including the risks described in the section headed "Risk Factors" in this document. These forward-looking statements include, but are not limited to, words and expressions such as "aim", "expect", "believe", "plan", "intend", "estimate", "project", "seek", "anticipate", "may", "will", "should", "would" and "could" or similar words, expressions or statements or the negative thereof, in particular, in the sections headed "Business" and "Financial Information" in this document in relation to future events, including our strategies, plans, objectives, goals, targets, future financial results (including without limitation, our profitability, liquidity and capital resources), business prospects, our ability to identify and successfully take advantage of new business development opportunities, our dividend policy, the future development of our industry, the general economy of our key markets and the national and global economy.

These statements are based on numerous assumptions regarding our present and future business strategy and the environment in which we will operate in the future and the information currently available to our management. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance, which is subject to known and unknown risks, uncertainties, assumptions and other factors, some of which are beyond our control, and may cause our actual results, performance or achievements, or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These risks and uncertainties include, but are not limited to, those discussed under the section headed "Risk Factors" in this document and elsewhere in this document and the following:

- our operations and business prospects;
- our business and operating plans, strategies and goals and our ability to successfully implement such plans, strategies and goals;
- the development of the mobile internet market and mobile advertising market;
- our ability to maintain and grow our advertiser and publisher bases;
- our ability to maintain our technology capabilities and a reliable and efficient IT infrastructure;
- our ability to reduce costs;
- our financial condition, operating results and performance;
- our dividend policy;
- our ability to make successful investments and acquisitions;
- market competition, and actions and development of competitors;

- future developments, trends and conditions in the mobile app development industry, mobile advertising industry and markets in which we operate;

- changes to the regulatory environment and operating conditions in the industry and markets in which we operate;

- general political and economic conditions;

- exchange rate fluctuations and evolving legal systems pertaining to the PRC and the industry and markets in which we operate; and

- relevant government policies and regulations relating to our industry, business and corporate structure.

We caution you not to place undue reliance on these forward-looking statements, which reflect our management's view only as at the date of this document. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this document might not occur. All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section.

Potential investors should consider carefully all the information set out in this document and, in particular, should evaluate the following risks associated with the investment in our Shares. You should pay particular attention to the fact that we conduct our operations in the PRC, the legal and regulatory environment of which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or on the trading price of our Shares and could cause you to lose all or part of your investment.

RISKS RELATED TO OUR BUSINESS AND INDUSTRY

We face competition in the rapidly evolving industry and we may not be able to keep continuous research and development and innovation, and may not able to compete successfully against our existing and future competitors.

We face intense competition from existing mobile apps developers and advertising companies in the mobile internet industry. As the demand for new mobile apps and advertising service continues to increase, we expect new competitors to enter these markets and existing competitors to allocate additional resources, which may lead to an increasingly fierce competition in mobile internet industry. Our future success will depend on our ability to respond to rapidly changing technologies, adapt our products and services to evolving industry standards and improve the performance, functionality and reliability of our products and services.

Our existing and future competitors may operate with longer histories and more efficient business models. They may be able to devote greater financial, technical and marketing resources to the research and development, promotion, sales and support of their products and services or respond to new or emerging technologies and changes in market requirements quicker than us. If we cannot keep continuous research and development and innovation or effectively compete against our existing and future competitors, we may become less attractive to our users, advertisers and publishers, which could seriously harm our business and have a material and adverse impact on our business, operation results and growth potential.

Our Solo X product matrix and Solo Math mobile advertising platform are relatively new and our limited operating history makes it difficult to forecast our business and prospects.

We launched our proprietary product Solo Launcher in 2013 and Solo Math mobile advertising platform in 2014. Although our products and services have achieved global popularity in recent years, we may not be able to sustain our historical growth rate in a rapidly evolving industry due to limited history. Our business prospects and future performance depend in large part on our ability to:

- maintain the technological advantages of our Solo X product matrix and Solo Math mobile advertising platform;
- introduce and manage the development of our new products and services;
- maintain, expand and further develop our relationships with business partners and meet their increasing demands;
- keep up with the technological developments or new business models of the rapidly evolving mobile internet industry;
- compete effectively with our competitors in the mobile internet industry; and
- attract and retain qualified and skilled employees.

If we fail to address any of the risks and difficulties that we face, our business may suffer, our revenue may decline and we may not be able to achieve further growth or long-term profitability.

Our business is subject to the risks relating to international operations, which could adversely affect our financial conditions and results of operations.

Our business has rapidly expanded internationally since we released Solo Launcher in 2013. The international market forms an important component of our growth strategy, but expanding our business internationally exposes us to a number of challenges and risks, including:

- difficulties in selecting appropriate geographical regions for overseas expansion and understanding local markets and culture;
- challenges in identifying appropriate local or international third-party business partners and establishing and maintaining a good working relationship with them;
- fluctuations in currency exchange rates;
- political, social or economic instability in markets or regions in which we operate; and
- compliance with applicable foreign laws and regulations.

Our business, financial condition and results of operations could be adversely affected by these and other risks associated with conducting international operations.

If the mobile internet industry fails to continue to develop, our profitability and prospects may be materially and adversely affected.

Our business and prospects depend on the continuing development of the mobile internet industry, which may be affected by a number of factors beyond our control, including:

- technological innovation or new business models of the mobile internet industry;
- challenges in developing successful products and implementing effective marketing strategies that respectively target mobile internet users and advertising customers with a diverse range of preferences and demands;
- changes in regulations or policies affecting the mobile internet industry;
- growth of the mobile internet industry in general.

There is no assurance that the mobile internet industry will continue to develop. Our business, financial conditions, results of operations and prospects will be materially and adversely affected if the mobile internet industry fails to grow or grows more slowly than we expect.

Our business, financial condition and results of operations may be adversely affected by the policy changes of leading internet companies.

We derive a significant portion of our revenue and incur substantial advertising cost from the leading internet companies. The development, operation and monetisation of our Solo X product matrix will be subject to policy changes of such leading internet companies. We generally enter into standard contracts with such companies, in which they typically require us to comply with their policies, such as making promotional offers to our users and changing the placement of our apps at their discretion. In the event of their policy changes, we may be obliged to allocate additional resources and incur extra costs to modify or upgrade our products and services in a timely manner. Further, any failure to comply with the changed policies may lead to adverse consequences such as our inclusion in the blacklists maintain by such internet companies, the removal of our apps from the relevant app stores and the discontinuation of our business relationships with them, in which case our business, financial condition and results of operations may be adversely affected.

Any failure to retain existing advertisers and media publishers or attract new advertisers and media publishers may negatively impact our revenue and business.

To sustain or increase our revenue derived from our Solo Math mobile advertising platform, we need to retain existing advertisers and media publishers, deepen or expand our relationships with them as well as attract new advertisers and media publishers. To retain and attract new advertisers, we need to continue to provide targeted advertising that maximise advertisers' return on their advertising budget. Our advertisers may have business relationships with a number of advertising platforms at the mean time. If advertisers determine that their expenditures on our Solo Math mobile advertising platform do not generate sufficient returns, they may reduce their advertising budgets or terminate advertising arrangements with us. To retain and attract new media publishers, we need to continue to improve the monetisation efficiency of their advertisement inventory. If our media publishers are no longer satisfied with the monetisation efficiency of their advertisement inventory generated by using our proprietary advertising platform, they may reduce or discontinue our access to their advertising space.

In the event we lose advertisers or media publishers, we cannot assure you that we will be able to replace them in a timely manner or at all. We may not be able to attract new advertisers or media publishers. Our failure to retain existing advertisers and media publishers or attract new advertisers and media publishers may materially and adversely affect our business, financial condition, results of operations and prospects.

We may not be able to sustain our historical growth.

We have experienced rapid growth since launched our proprietary product Solo Launcher in 2013. During our Track Record Period, we recorded total revenues of RMB136.9 million, RMB181.8 million and RMB276.7 million for the years ended 31 December 2016, 2017 and 2018, respectively. However, we cannot assure you we will be able to maintain the current level of growth rate in the future. Our business prospects and future success depend on various factors, including consumer spending, increasing competition, emergence of alternative business models, changes in government policies or general economic conditions, as well as other risk factors mentioned in this Document. Thus, there is no assurance that we will be able to maintain our historical growth in future periods.

We recorded net cash outflows during the Track Record Period. We cannot assure you that this will not occur in the future.

We fund our business operations and growth primarily using cash generated from our operating activities. We recorded negative cash flow from our operating activities of RMB57.2 million and RMB16.2 million in 2016 and 2017, respectively, primarily due to the slow payment from some customers of our media buy services at an early stage of our business. There is no assurance that we will be able to generate sufficient cash flow from our operations to fund our business operations and growth in the future, or that will be able to secure sufficient funding at commercially acceptable terms, or at all. If we cannot generate sufficient cash flow from our operations or raise sufficient funding, our liquidity, business, financial conditions and results of operations may be materially and adversely affected.

Our liquidity and financial condition may be materially and adversely affected if we fail to collect accounts receivable from our customers in a timely manner, or at all.

As of 31 December 2018, our accounts receivable were RMB212.3 million and allowance for doubtful asset were RMB20.2 million. Our accounts receivable turnover days were 158 days in the year ended 31 December 2018. We recorded impairment losses on accounts receivable of RMB10.1 million, RMB1.3 million and RMB7.0 million for the year ended 31 December 2016, 2017 and 2018, respectively. As our business continues to scale, our accounts receivable balance may continue to grow, which may increase our risks for uncollectible receivables. We generally do not require collateral or other security from our customers and we cannot assure you that our customers will consistently make timely and full payments to us. Some of our customers, especially those of media buy service significantly delayed their payment beyond the credit terms offered during the Track Record Period. Although we believe that our loss allowance for accounts receivable are currently adequate, our liquidity and financial condition may be materially and adversely affected if we fail to collect accounts receivable from our customers in a timely manner, or at all.

During the Track Record Period, a number of our customers had contributed to significant portion to our revenue.

Our revenue generated from the sales to our five largest customers in 2016, 2017 and 2018 accounted for 36.2%, 36.5% and 46.1% of our total revenue for the same periods. Revenue from the largest single customer in 2016, 2017 and 2018 accounted for 9.6%, 11.6% and 24.1% of our total revenue for the same periods. During the Track Record Period, our five largest customers changed over the years. If one or more of our large customers were to significantly reduce their purchases from us and if we fail to develop new large customers to replace them in a timely manner, or at all, our business, financial condition, results of operations, and prospects would be materially and adversely affected.

If we do not effectively manage our costs, we may not be able to maintain our profit margin and sustain our profitability.

We have expended significant resources to grow our business in recent years by enhancing our technology capabilities, growing our number of employees and strengthening our brand. In particular, we relied on the supply of advertisement traffics from our publishers to provide advertising services for our advertisers. We recorded cost for advertising placement of RMB40.7 million, RMB82.0 million and RMB89.9 million for the years ended 31 December 2016, 2017 and 2018, accounting for 61.7%, 73.5% and 66.4% of our costs of sales during each period, respectively. Our gross profit margin was 51.8%, 38.7% and 51.1% for the years ended 31 December 2016, 2017 and 2018, respectively. Cost for advertising placement accounted for a significant portion of our costs of sales and the increase of cost for advertising placement may impact our profitability and our business, financial condition and results of operations.

Rapid technological changes may result in impairment of our intangible assets, which could negatively affect our reported results of operations.

Our intangible assets amounted to RMB6.3 million, RMB5.5 million and RMB4.7 million as of 31 December 2016, 2017 and 2018, respectively. A substantial portion of our intangible assets are derived from our software. We are required to review our intangible assets for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable, including a decline in company value and a slowdown in mobile internet industry. Our products and services compete in highly competitive global markets characterised by among other factors, rapid adoption of technological and product advancements by competitors, which could negatively affect the assumptions used in cash flow generated from relevant intangible assets for impairment assessment and the estimated useful lives of intangible assets. If the carrying value of our intangible assets is determined to be impaired, we would be required to write down the carrying value or record charges to earnings in our financial statements, thereby materially and adversely affect our results of operations.

We are exposed to foreign currency exchange risk.

We are exposed to foreign currency exchange risk as a portion of our revenue was denominated in other currencies, in particular the U.S. dollar. Although we recorded net foreign exchanges gains in the amount of RMB0.4 million and RMB4.0 million for the years ended 31 December 2016 and 2018, respectively, we recorded net foreign exchange losses in the amount of RMB2.5 million for the year ended 31 December 2017. The value of U.S. dollar against RMB may fluctuate and is affected by, among other things, changes in global political and economic conditions, which are out of our control. Therefore, any fluctuations in the exchange rate of U.S. dollar against other currencies may expose us to exchange rate risks and our results of operations may be adversely affected. We did not hedge our foreign exchange risk during the Track Record Period. Please refer to Note 3.1a of the Accountant's Report set out in Appendix I to this document for a sensitivity analysis on our profit after tax during the Track Record Period in the event that US dollars had strengthened or weakened by 5% against RMB.

We may be unable to obtain additional capital required in a timely manner or on acceptable terms, or at all.

In light of our historical cash needs and our rapid growth, we may in the future require additional cash resources due to changed business conditions or other future developments, including any changes in our pricing policy, marketing initiatives or investments we may decide to pursue. If these resources are insufficient to satisfy our cash requirements, we may seek to obtain a credit facility or sell additional equity or debt securities. However, our ability to obtain additional capital is subject to a variety of uncertainties, including our future profitability, overall financial condition, results of operations, general market conditions and economic, political and other conditions in China and internationally. It is uncertain whether financing will be available in amounts or on terms acceptable to us, if at all. Further, the sale of additional equity securities could result in dilution of our existing shareholders. The incurrence of indebtedness would result in increased debt service obligations and operating and financing covenants that would restrict our operations.

If we fail to build, maintain and enhance our brands, or if we incur a disproportionate amount of expenses pursuing this effort, our business, operating results and prospects may be materially and adversely affected.

We believe that maintaining and enhancing our brand is critical to expanding our user base and number of advertising customers. We also believe that maintaining and enhancing our brand will depend largely on our ability to continue to provide useful, reliable, trustworthy, and innovative products and services, which we may not be able to do successfully in the future. We will also continue to experience media, legislative, or regulatory scrutiny of our decisions regarding user privacy, content, advertising and other issues, which may adversely affect our reputation and brands. We also may fail to respond expeditiously to the sharing and uploading of objectionable content on our products or objectionable practices by our advertising customers, or may fail to otherwise address user concerns, which could erode confidence in our brands.

In addition, maintaining and enhancing our brands may require us to make substantial investments and these investments may not be successful. We promote our brand and products through online advertising networks. These branding and marketing efforts may not result in increased user traffic in a cost-effective way. If we fail to successfully promote and maintain our brands or if we incur excessive expenses in this effort, our business and financial results may be adversely affected. In addition, any negative publicity in relation to our mobile applications, regardless of its veracity, could harm our brands and reputation and, in turn, our business and financial results.

Our advertising services may negatively affect user experience and may lead to a decline in user engagement and, in turn, a reduction in revenues generated from our advertising services.

We generate a substantial portion of our revenues by distributing advertisements to targeted users through our Solo X product matrix. Advertisements are displayed in various formats when users launch, use or exit our products. For example, we distribute ads through our customisation app Solo Locker when users unlock their phone screen. It is important for us to balance the frequency, prominence, size and content of ads that we display against ensuring a favourable user experience of our products. If we are unable to deliver ads in a way that is acceptable or favourable to our users, or ads contain controversial, false or misleading content result in negative emotions or associations in our users, our users may not maintain the current level of engagement and our advertising customers may perceive our advertising services as ineffective in generating a competitive return for them. As a result, our revenues may decline and our business, financial conditions and operating results may be materially and adversely affected.

We may be held liable for information or content displayed on, distributed by or linked to our mobile apps and may suffer a loss of users and damage to our reputation.

We display videos, pictures and other works on our mobile apps. Our users may misuse our products to disseminate content that contains inappropriate, fraudulent or illegal information or that infringes the intellectual property rights of third parties. Although we have implemented control measures and procedures to detect and block the content violate our user agreements or applicable laws and regulations, it may not be sufficient due to the large volume of user activities in real time. In response to any allegations of fraudulent, illegal or inappropriate activities conducted through our mobile apps or any negative media coverage about us, government authorities may intervene and hold us liable and subject us to administrative penalties or other sanctions, such as requiring us to restrict or discontinue certain features and services provided by our mobile apps or to temporarily or permanently disable such mobile apps. If any of such events occurs, our reputation and business may suffer and our results of operations may be materially and adversely affected.

Misappropriation or misuse of privacy information and failure to comply with laws and regulations on data protection, including the GDPR, could result in claims, changes to our business practices, monetary penalties, increased cost of operations, or declines in users and customers, or otherwise harm our business.

We collect device-specific data, which include device ID, IP address and behaviour data, but we do not collect or store personal data such as the users' legal name and personal ID number. As such, our targeting is technically device-based and is not associated with the real person who is the actual user of such device. Although we have adopted measures in relation to data protection, we cannot assure you that we will be able to prevent unauthorised individuals from gaining access to database servers. Any unauthorised access to our servers, or abuse by our employees, could result in the theft or loss of privacy information. If privacy information is misappropriated, misused or lost, we could lose users and customers or become subject to liability or litigation and our reputation could be harmed, any of which could materially and adversely affect our business and results of operations.

If we fail to prevent security breaches, cyber-attacks or other unauthorised access to our systems or our users' data, we may be exposed to significant consequences, including legal and financial exposure and loss of users, and our reputation.

We collect, store, transmit and process a large volume of personal and other sensitive data generated by our users through their activities on our products. Although we have taken various security measures and adopted internal policies to protect our users' personal privacy and data security, we may nevertheless be exposed to risks of security breaches or unauthorised access to or cyber-attacks on our systems or the data we store. Our efforts to protect our data may be unsuccessful due to software "bugs", system errors or other technical deficiencies, mistakes or malfeasance of our employees or contractors, vulnerabilities of our vendors and service providers, or other cybersecurity-related vulnerabilities. Any failure to prevent or mitigate security breaches, cyber-attacks or other unauthorised access to our systems or disclosure of

our users' data, including personal information, could result in loss or misuse of such data, interruptions to the services we provide, diminished user experience, loss of user confidence and trust in our products, impairment of our network, significant legal and financial exposure and potential lawsuits brought by private individuals or regulators.

Interruption or failure of internet infrastructure and telecommunications systems could impair our ability to effectively provide our services, which could cause us to lose users and business partners and harm our business and results of operations.

Our business depends on the performance, reliability and stability of the internet infrastructure and telecommunications systems. The availability of our services depends on third-party providers for services including cloud computing, storage capacity, content delivery and telecommunications. In addition, since a portion of our advertising service rely on the performance of our publishers to deliver the advertisements, any interruption or failure of their information technology and communications systems may undermine the effectiveness of our advertising services and cause us to lose advertisers. Any interruption or failure of internet infrastructure and telecommunications systems could impair our ability to effectively deliver advertisements and provide our services, and could cause us to lose advertisers, publishers and mobile analytics users, and our business, financial condition and results of operations would be adversely affected.

We may not be able to prevent unauthorised use of our intellectual property, which could harm our business and competitive position.

We regard our patents, copyrights, trademarks, trade secrets and other intellectual property as critical to our business. Unauthorised use of our intellectual property by third parties may adversely affect our business and reputation. We rely on a combination of intellectual property laws and contractual arrangements to protect our proprietary rights. It is often difficult to register, maintain, and enforce intellectual property rights in countries with less developed regulatory regimes or inconsistent and unreliable enforcement mechanisms. Sometimes laws and regulations are subject to interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. In addition, our contractual agreements may be breached by our counterparties and there may not be adequate remedies available to us for any such breach.

Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in the PRC or other jurisdictions in which we operate. Detecting and preventing any unauthorised use of our intellectual property is difficult and costly and the steps we have taken may be inadequate to prevent infringement or misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors.

Our apps may be removed from major mobile app distribution platforms due to policy violation, which could impair our monetisation ability and harm our business and results of operations.

We distribute our apps to users through major mobile app distribution platforms. Although we have been complying with the policies of major distribution platforms, our competitors may utilise technical methods to manipulate our apps' placement or ads' click through rate, which may implicate us in policy violations of relevant platforms. As a result, a large batch of apps owned by us may be removed from relevant store and lose monetisation capabilities. Since a substantial portion of our revenue is derived from the traffic monetisation of our apps, our business and results of operations may be harmed due to destructed competition.

We may be subject to claims by third-parties for intellectual property infringement which could result in our payment of substantial damages or licence fees or adversely affect our product and service offering.

As we expand our business, third parties may assert that our technologies or techniques violate their intellectual property rights. Successful intellectual property claims against us could result in significant financial liability or prevent us from operating our business or parts of our business. Despite our efforts to comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights which may force us to alter our technologies, obtain additional licences or cease significant portions of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. Regardless of their merits, such claims could adversely affect our relationships with current or future customers, result in costly litigation, divert management's attention and resources, subject us to significant liabilities, require us to enter into additional royalty or licencing agreements or require us to cease certain activities. Any of the foregoing could adversely affect our business, financial condition, results of operations and prospects.

User growth and engagement depend upon effective interoperation of our products with mobile devices, operating systems and standards that we do not control.

Our products and services are available across a variety of mobile devices and our mobile applications are designed to operate on the Android and IOS operating system. In order to deliver high quality products and services to a broad spectrum of mobile internet users, it is important for our products and services to work well with a range of mobile devices, operating systems, networks and standards that we do not control. Any changes in such devices or operating systems that degrade the functionality of our products and services would affect our users' experience with our products. If we fail to develop relationships with the key participants in the mobile internet industry and mobile advertising industry, or if we fail to maintain the effective interoperation of our products and services with these mobile devices, operating systems, networks and standards, our user growth and user engagement could be harmed, and our business and operating results could be adversely affected.

We rely on our assumptions and estimates to calculate certain key operating metrics. Any real or perceived inaccuracies in our calculations may harm our reputation and negatively affect our business.

The numbers of daily active users of our products are calculated using our internal data that has not been independently verified. While these numbers are based on what we believe to be reasonable calculations for the applicable periods of measurement, there are inherent challenges in accurately measuring usage and user engagement across our large user base. Accordingly, the calculations of our active users may not accurately reflect the actual number of people using our products. Our measures of user growth and user engagement may differ from estimates published by third parties or from similarly titled metrics used by our competitors due to differences in methodology. If our advertising customers, business partners or investors do not perceive our user metrics to be accurate representations of our user base or user engagement, or if we discover material inaccuracies in our user metrics, our reputation may be harmed and our advertising customers and business partners may be less willing to allocate their spending or resources to our products, which could negatively affect our business and operating results.

Our success depends largely on the continuing efforts of our senior management, and our business, operation results and financial condition may be adversely affected if we lose their services.

Our success depends largely on the continued efforts of our senior management, in particular, Mr. Liu Chunhe, our founder and chief executive officer. The loss of Mr. Liu Chunhe or any of our senior management members could harm our business. If any of our core management team members joins a competitor or forms a competing company, we may lose customers, know-how and staff. Although each of our executive officers has agreed to non-competition obligations, these agreements may not be enforceable in the PRC, where our executives and key employees reside, in light of uncertainties relating to PRC legal system.

If we cannot attract, train and retain qualified and highly skilled personnel while controlling our labour costs, we may not able to sustain our growth.

Our future performance, in part, depends on our ability to attract, train and retain qualified and highly skilled personnel, particularly technical, marketing and other operational personnel with experience in the mobile internet industry. Competition for such personnel in mobile internet industry is intense and is expected to be remaining so for the foreseeable future. Our ability to train and integrate new employees into our operations may also be limited and may not meet the demand for our business growth in timely fashion. In addition, labour costs in the PRC and elsewhere have increased with the global economic development, which could also increase our cost to attract and retain talented employees. If we cannot attract, train and retain qualified and highly skilled personnel while controlling our labour costs, we may not able to sustain our growth.

Our results of operations are subject to seasonal fluctuations due to a number of factors, any of which could adversely affect our business and operating results.

We are subject to seasonality and other fluctuations in our business. Our revenues are affected by seasonality in advertising spending in both international and China markets. We believe that such seasonality in advertising spending affects our quarterly results, resulting in the significant growth revenues between the third and the fourth quarters but a decline from the fourth quarter to the next quarter. As a result, our revenues may vary from quarter to quarter, and our quarterly results may not be comparable to the corresponding periods of prior years, and you may not be able to predict our annual results of operations based on a quarter-to-quarter comparison of our results of operations. While we believe that this seasonality will continue to affect our quarterly results, our rapid growth has largely masked seasonal trends to date on an annualised basis.

We may be exposed to additional challenges and risks in relation to our investment in Mico.

We invested in Beijing Duanji for a consideration of RMB17.9 million in May 2016 and held an equity interest of 17.9% in Beijing Duanji subsequent to the 2016 investment. Beijing Duanji was merged with Mico in May 2017, after which we held an equity interest of 8.95% in Mico. In order to create synergies across our own businesses, we further invested RMB100.0 million in Mico in March 2019. As of the Latest Practicable Date, we held an equity interest of 16.77% in Mico. Such investment involves various challenges and risks, including (i) challenges in achieving the expected benefits of business synergies in connection with such strategic investment; (i) unforeseeable possibility that Mico may not operate well and our investment may impair in the future; and (iii) actual or alleged misconduct or non-compliance by Mico, which may lead to negative publicity, government inquiry or investigations against us. Consequently, there can be no assurances that our investment in Mico will not have an adverse impact on our business results of operations and reputation. For further details of Mico investment, see "Business – Our Strategic Investment" in this document.

We face risks from our investments in wealth management products, which may have a material and adverse effect on our results of operations.

As part of our treasury management, we invest surplus cash in wealth management products from time to time. These wealth management products and funds are generally issued by major and reputable financial institutions in the PRC and Hong Kong. As of 31 December 2016, 2017 and 2018, the balance of these financial assets at FVPL was RMB245.2 million, RMB220.2 million and RMB198.0 million, respectively. Accordingly, we are subject to the risks that any of our counterparties, such as the banks that issued wealth management products, may not perform their contractual obligations, such as in the event that any such counterparty declares bankruptcy or becomes insolvent. Any material non-performance of our counterparties with respect to the wealth management products we invested in could materially and adversely affect our financial position and cash flow. Furthermore, our investments are subject to the

overall market conditions, including the capital markets. Any volatility in the market or fluctuations in interest rates may reduce our financial position or cash flow, which in turn, could materially and adversely impact our financial condition.

Future strategic alliances or acquisition may not be successful and may have a material and adverse effect on our business, reputation and results of operations.

We may enter into strategic alliances, such as minority equity investment, with third parties to further our business purpose from time to time. These alliances could subject us to a number of risks, including risks associated with sharing proprietary information, non-performance by the third party and increased expenses in establishing new strategic alliances, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these strategic third parties suffers negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

In addition, although we have no immediate acquisition plans, if appropriate opportunities arise, we may acquire additional assets, products, technologies or businesses that are complementary to our existing business. Future acquisitions and the subsequent integration of new assets and businesses into our own would require significant attention from our management and could result in a diversion of resources from our existing business, which in turn could have an adverse effect on our business operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, the occurrence of significant goodwill impairment charges, amortisation expenses for other intangible assets and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and consummating acquisitions may be significant. In addition to possible shareholders' approval, we may also have to obtain approvals and licences from relevant government authorities for the acquisitions and to comply with any applicable laws and regulations, which could result in increased delay and costs.

Our business insurance coverage may be inadequate and could expose us to significant costs and business disruption.

Insurance products available in the PRC currently are not as extensive as those offered in more developed economies. Consistent with customary industry practice in the PRC, we do not carry business liability or disruption insurance to cover our operations. We have determined that the costs of insuring for related risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to obtain or maintain such insurance. Any uninsured damage to our systems or disruption of our business operations could require us to incur substantial costs and divert our resources, which could have an adverse effect on our financial condition and results of operations.

We may be involved in disputes or legal and other proceedings arising out of our operations from time to time.

We may be involved in disputes arising out of our operations from time to time with our publishers, advertisers and parties who do not have direct business with us. These disputes may lead to legal or other proceedings and may result in substantial costs, delays in our development and operation schedule, and the diversion of resources and management's attention, regardless of the outcome. We may also have disagreements with regulatory authorities in the course of our operations, which may subject us to administrative proceedings and unfavourable decisions that result in penalties or delay or disrupt the development and operations of our facilities. In addition, from time to time, our Directors and senior management may be parties to litigation or other legal proceedings. Even though we may not be directly involved in such proceedings, such proceedings may affect our reputation and, consequently, adversely impact our business.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our business operations.

We are vulnerable to natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events may give rise to server interruptions, breakdowns, system failures, technology platform failures or internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to develop our products and provide advertising services. Our business could also be adversely affected by the effects of Ebola virus disease, Zika virus disease, HlNl flu, H7N9 flu, avian flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics. Our business operations could be disrupted if any of our employees is suspected of having Ebola virus disease, Zika virus disease, HlNl flu, H7N9 flu, avian flu, SARS or other epidemic, since it could require our employees to be quarantined and/or our offices to be disinfected. Most of our Directors, senior management and employees are based in the PRC. If any of the above-mentioned natural disasters, health epidemics or other outbreaks occur in the regions that we operate, our operations may experience material disruptions, such as temporary closure of our offices and suspension of services, which may materially and adversely affect our business and results of operations.

RISKS RELATING TO DOING BUSINESS IN THE PRC

If we fail to obtain and maintain the requisite licences and approvals required under the complex regulatory environment applicable to our businesses in the PRC, or if we are required to take compliance actions that are time-consuming or costly, our business, financial condition and results of operations may be materially and adversely affected.

A portion of our operations are conducted in the PRC, where the mobile internet industry is highly regulated. NewBornTown Mobile Technology and its subsidiaries are required to obtain and maintain applicable licences and approvals from different regulatory authorities in

order to provide current services. Under the current PRC regulatory scheme, a number of regulatory agencies, including but not limited to the SART, the MOC, the MIIT, and the SCIO, jointly regulate major aspects of the mobile internet industry. Operators must obtain various government approvals and licences for relevant mobile internet business.

We have obtained the ICP licences for provision of internet value-added services, which are essential to the operation of our business and generally subject to regular government review or renewal. We cannot assure you that we can successfully update or renew the licences required for our business in a timely manner or that these licences are sufficient to conduct all of our present or future business. See "Business – Licences and Permits."

Considerable uncertainties exist regarding the interpretation and implementation of existing and future laws and regulations governing our business activities. We cannot assure you that we will not be found in violation of any future laws and regulations or any of the laws and regulations currently in effect due to changes in the relevant authorities' interpretation of these laws and regulations. If we fail to complete, obtain or maintain any of the required licences or approvals or make the necessary filings, we may be subject to various penalties, such as confiscation of the revenue that were generated through the unlicensed activities, the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

Changes in PRC's economic, political and social conditions as well as governmental policies could affect our financial condition and results of operations.

A portion of our operations are conducted in the PRC. Accordingly, our financial condition, results of operations and document are subject to the economic, political, social and legal conditions in the PRC. The PRC's economy differs from the economies of most developed countries in many respects, including the structure of economy, level of government involvement, level of development, growth rate, control of capital investment, control of foreign currency and allocation of resources. In addition, it cannot be accurately predicted whether changes in the PRC's political, economic and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, financial condition and results of operations.

Regulation and censorship of information disseminated over the internet in the PRC may adversely affect our business and subject us to liability for content posted on our platform.

Mobile internet companies in the PRC are subject to a variety of existing and new rules, regulations, policies, and licence and permit requirements. In connection with enforcing these rules, regulations, policies and requirements, relevant government authorities may suspend services by, or revoke licences of, any content service provider that is deemed to provide illicit content on mobile devices, and such activities may be intensified in connection with any ongoing government campaigns to eliminate prohibited content.

We endeavour to eliminate illicit content from our apps. However, government standards and interpretations may change in a manner that could render our current monitoring efforts insufficient. We cannot assure you that our business and operations will be immune from government actions or sanctions in the future. If government actions or sanctions are brought against us, or if there are widespread rumours that government actions or sanctions have been brought against us, our reputation and brand image could be harmed, we may lose users and business partners, our revenue and results of operation may be materially and adversely affected.

The legal system in the PRC embodies uncertainties which could limit the legal protections available to us.

The legal system in the PRC is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little precedential value. The legal system in the PRC evolves rapidly and the interpretations of many laws, regulations and rules may contain inconsistencies. Our WFOE is incorporated in the PRC and is wholly-owned by us. Our WFOE is subject to laws and regulations applicable to foreign investment in the PRC in general, as well as specific laws and regulations applicable to wholly foreign-owned enterprises. However, these laws, regulations and legal requirements are constantly changing and their interpretation and enforcement involve uncertainties. These uncertainties could limit the legal protections available to us. In addition, we cannot predict the effect of future developments in the PRC legal system, particularly with regard to mobile internet industry, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the pre-emption of local regulations by national laws. Such unpredictability towards our contractual, property (including intellectual property) and procedural rights could adversely affect our business and impede our ability to continue our operations. Furthermore, any litigation in the PRC may be protracted and result in substantial costs and diversion of resources and management attention.

We may be classified as a PRC resident enterprise for PRC enterprise income tax purposes, which could result in unfavourable tax consequences to us and our shareholders and have a material adverse effect on our results of operations and the value of your investment.

Under the EIT Law an enterprise established outside the PRC whose "de facto management body" is located in the PRC is considered a "PRC resident enterprise" and will generally be subject to the uniform 25% enterprise income tax rate (the "**EIT rate**"), on its global income. Under the implementation rules of the EIT Law, "de facto management body" is defined as the organisation body that effectively exercises management and control over such aspects as the business operations, personnel, accounting and properties of the enterprise.

On 22 April 2009, the SAT released the Notice Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as People's Republic of China Tax Resident Enterprises on the Basis of De Facto Management Bodies (《關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》) ("**Circular 82**") that sets out

the standards and procedures for determining whether the "de facto management body" of an enterprise registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups is located within the PRC. Under Circular 82, a foreign enterprise controlled by a PRC enterprise or PRC enterprise group is considered a PRC resident enterprise if all of the following apply: (i) the senior management and core management departments in charge of daily operations are located mainly within the PRC; (ii) financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (iii) major assets, accounting books, company seals and minutes and files of board and shareholders' meetings are located or kept within the PRC; and (iv) at least half of the enterprise's directors with voting rights or senior management reside within the PRC.

Further to SAT Circular 82, the SAT issued the Administrative Measures for Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial) (《境外註冊中資控股居民企業所得稅管理辦法》(試行) ("**SAT Bulletin 45**"), which took effect on 1 September 2011 and revised on 17 April 2015. SAT Bulletin 45 clarified certain issues in the areas of resident status determination, post-determination administration and competent tax authorities' procedures. Although Circular 82 and SAT Bulletin 45 explicitly provide that the above standards apply to enterprises which are registered outside of the PRC and controlled by PRC enterprises or PRC enterprise groups, Circular 82 may reflect SAT's criteria for determining the tax residence of foreign enterprises in general. If PRC tax authorities determine that we were treated as a PRC resident enterprise for PRC enterprise income tax purposes, the 25% PRC enterprise income tax on our global taxable income could materially and adversely affect our ability to satisfy any cash requirements we may have.

You may be subject to PRC income tax on dividends from us or on any gain realised on the transfer of our Shares.

Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between the PRC and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of PRC, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realised on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. Under the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realised by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

Although a majority of our business operations are in the PRC, it is unclear whether dividends we pay with respect to our Shares, or the gain realised from the transfer of our Shares, would be treated as income derived from sources within the PRC and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realised through the transfer of our Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be materially and adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

Failure to obtain any preferential tax treatments or the discontinuation, reduction or delay of any of the preferential tax treatments that may be available to us in the future could materially and adversely affect our business, financial condition and results of operations.

The enterprise income tax rate generally applicable in the PRC has been 25% since 1 January 2008 pursuant to the EIT Law. NewBornTown Network Technology, one of our PRC operating companies, qualified as a High and New Technology Enterprise in 2017 and was subject to a preferential income tax rate of 15% for two years commencing from 2017, followed by a 50% reduction in applicable tax rate for the year of 2017 and 75% reduction for the year of 2018. The qualifications of a High and New Technology Enterprise is subject to review by the relevant PRC authorities. Although we successfully obtained our qualification upon completion of the relevant review procedures in the past, we cannot assure you that our PRC operating companies will be able to maintain or renew such qualification. Failure to maintain or renew such qualification would prevent our PRC operating companies from enjoying the preferential tax treatments and if this happens, or if the favourable tax policies available to our PRC operating companies are withdrawn or revoked by the relevant PRC authorities or become less favourable, our subsidiaries may be subject to EIT rate of 25%, which would materially and adversely affect our net profit and reduce our profitability

PRC regulations of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the [REDACTED] of the [REDACTED] to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in the PRC. According to the relevant PRC regulations on foreign-invested enterprises in PRC, capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System, or FICMIS, and registration with other governmental authorities in the PRC. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local branches, and (ii) each of our PRC subsidiaries may not procure loans which exceed the difference between its registered capital and its total investment amount as recorded in FICMIS. Any medium or long term loan to be provided by us to our PRC operating entities must be recorded and registered by the National Development and Reform Committee and the SAFE or its local branches. We may not be able to complete such recording or registrations on a timely basis, if at all, with respect to future capital

contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such recording or registration, our ability to use the [**REDACTED**] of the [**REDACTED**] and to capitalise our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On 30 March 2015, the SAFE promulgated the Circular on Reforming the Administration Measures on Conversion of Foreign Exchange Registered Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) ("**Circular 19**"), which will replace Circular 142 from 1 June 2015. Circular 19, however, allows foreign invested enterprises in the PRC to use their registered capital settled in Renminbi converted from foreign currencies to make equity investments, but the registered capital of a foreign invested company settled in Renminbi converted from foreign currencies remains not allowed to be used for investment in the security markets, offering entrustment loans or purchases of any investment properties, unless otherwise regulated by other laws and regulations. Circular 19 may limit our ability to transfer the [**REDACTED**] from the [**REDACTED**] to our PRC subsidiaries and convert the [**REDACTED**] into Renminbi.

Regulation relating to offshore investment activities by PRC residents may subject us to penalties, including restriction on our ability to inject capital into our PRC subsidiaries and our PRC subsidiaries' ability to distribute profits to us.

The SAFE issued the Notice on Relevant Issues Relating to Domestic Residents' Investment and Financing and Round-Trip Investment through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("**Circular 37**"), effective on 4 July 2014. Circular 37 requires PRC residents, including PRC individuals and institutions, to register with the SAFE or its local branches in connection with their direct establishment or indirect control of an offshore special purpose vehicle, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. In addition, such residents in the PRC must update their foreign exchange registrations with the SAFE or its local branches when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC individual shareholder, name and operation term), increases or decreases in investment amount, share transfers or exchanges, or mergers or divisions.

If any shareholder holding interest in an offshore special purpose vehicle, who is a PRC resident as determined by Circular 37, fails to fulfil the required foreign exchange registration with the local SAFE branches, the PRC subsidiaries of that offshore special purpose vehicle may be prohibited from distributing their profits and dividends to their offshore parent company or from carrying out other subsequent cross-border foreign exchange activities, and the offshore special purpose vehicle may be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

We are committed to complying with, and to ensuring that our Shareholders who are subject to the regulations will comply with, the relevant rules. However, there is no assurance that the PRC government will not have a different interpretation of the requirements of Circular

37 in the future. Moreover, we may not at all times be fully aware or informed of the identities of all of our Shareholders who are PRC residents, and we may not always be able to compel our Shareholders to comply with the requirements of Circular 37.

We principally rely on dividends and other distributions on equity paid by our PRC subsidiaries to fund any cash and financing requirements we may have. Any limitation on the ability of our PRC subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business or financial condition.

We are a holding company and we principally rely on dividends and other distributions on equity that may be paid by our PRC subsidiaries and remittances from NewBornTown Mobile Technology and its subsidiaries, for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to the holders of our ordinary shares and service any debt we may incur. If our PRC subsidiaries or NewBornTown Mobile Technology and its subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us.

Under PRC laws and regulations, wholly foreign-owned enterprises in the PRC, may pay dividends only out of their retained earnings as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such a fund reaches 50% of its registered capital. At the discretion of the board of director of the wholly foreign-owned enterprise, it may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends. Any limitation on the ability of NewBornTown Mobile Technology and its subsidiaries to make remittance to our WFOE to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

Fluctuations in exchange rates could result in foreign currency exchange losses and could materially reduce the value of your investment.

The value of Renminbi against the Hong Kong dollar, the U.S. dollar and other currencies fluctuates, is subject to changes resulting from the PRC government's policies and depends to a large extent on domestic and international economic and political developments as well as supply and demand in the local market. On 30 November 2015, the Executive Board of the International Monetary Fund ("**IMF**") completed the regular five-year review of the basket of currencies that make up the Special Drawing Right ("**SDR**") and decided that with effect from 1 October 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. With the development of the foreign exchange market and progress toward interest rate liberalisation and Renminbi internationalisation, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the Hong Kong dollar or the U.S. dollar in the future.

The [**REDACTED**] from the [**REDACTED**] will be received in Hong Kong dollars. As a result, any appreciation of the Renminbi against the U.S. dollar, the Hong Kong dollar or any other foreign currencies may result in the decrease in the value of our [**REDACTED**] from the [**REDACTED**]. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Further, we are also currently required to obtain the SAFE's approval before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our business, financial condition, results of operations and prospects and could reduce the value of and dividends payable on our Shares in foreign currency terms.

Restrictions on the remittance of Renminbi into and out of the PRC and governmental control of currency conversion may limit our ability to pay dividends and other obligations, and affect the value of your investment.

Under our current corporate structure, our income is primarily derived from dividend payments from our PRC subsidiaries. We may convert our revenue in Renminbi into other currencies to meet our foreign currency obligations, such as payments to certain suppliers and payments of dividends declared in respect of our Shares, if any. The PRC government imposes controls on the convertibility of Renminbi into foreign currencies and the remittance of currency out of the PRC. Shortages in the availability of foreign currency may restrict the ability of our subsidiaries in the PRC to remit sufficient foreign currency to pay dividends or other payments to us, or otherwise satisfy their foreign currency denominated obligations.

Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. However, approval from or registration with competent government authorities is required where Renminbi is to be converted into foreign currency and remitted out of the PRC to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our Shareholders. Further, there is no assurance that new regulations will not be promulgated in the future that would have the effect of further restricting the remittance of Renminbi into or out of the PRC.

It may be difficult in effecting service of process upon us or our Directors or officers who reside in the PRC or to enforce non-PRC court judgement against them in the PRC.

Most of our assets are situated in the PRC and most of our Directors and officers and most of their respective assets are located in the PRC. As a result, it may be difficult to effect service of process outside the PRC upon most of our Directors and officers, including with respect to matters arising under applicable securities laws. PRC does not have treaties providing for the

reciprocal recognition and enforcement of judgement of courts with the United States, the United Kingdom and many other countries. Consequently, it may be difficult for you to enforce against us or our Directors or officers in the PRC any judgement obtained from courts outside of the PRC.

On 14 July 2006, Hong Kong and the PRC entered into the Arrangement on Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements Between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) ("**Arrangement**") and revised on 3 July 2008, pursuant to which a party with a final court judgement rendered by a Hong Kong court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgement in the PRC. Similarly, a party with a final judgement rendered by a PRC court requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing may apply for recognition and enforcement of the judgement in Hong Kong. A choice of court agreement in writing is defined as any agreement in writing entered into between parties after the effective date of the Arrangement in which a Hong Kong court or a PRC court is expressly designated as the court having sole jurisdiction for the dispute. Therefore, it is not possible to enforce a judgement rendered by a Hong Kong court in the PRC if the parties in dispute have not agreed to enter into a choice of court agreement in writing. Although the revised Arrangement became effective on 1 August 2008, the outcome and effectiveness of any action brought under the Arrangement may still be uncertain.

PRC Laws and regulations establish more complex procedures for some acquisitions of PRC companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in the PRC.

A number of PRC laws and regulations, including the M&A Rules, the Anti-monopoly Law (《反壟斷法》) promulgated by the Standing Committee of the National People's Congress in August 2007, and the Rules of Ministry of Commerce on Implementation of Security Review System of Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《商務部實施外國投資者併購境內企業安全審查制度的規定》) promulgated by MOFCOM in August 2011 (the "**Security Review Rules**"), have established procedures and requirements that are expected to make merger and acquisition activities in the PRC by foreign investors more time-consuming and complex. These include requirements in some instances that the approval from MOFCOM be obtained in circumstances where overseas companies established or controlled by enterprises or residents in the PRC acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to merger control review or security review. We believe that our business is not in an industry related to national security. However, we cannot preclude the possibility that the Ministry of Commerce or other government agencies may publish interpretations contrary to our understanding or broaden the scope of such security review in the future. We may elect to grow our business in the future in part by acquiring complementary businesses. Complying

with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval from the MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions.

The heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on our business operations, our acquisition or restructuring strategy or the value of your investment in us.

Pursuant to the Notice of State Administration for Taxation on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-Resident Enterprises (《國家税務總局關於加強非居民企業股權轉讓所得企業所得税管理的通知》) ("**SAT Circular 698**") issued by the SAT in December 2009 with retroactive effect from 1 January 2008, where a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas non-public holding company (an "**Indirect Transfer**"), and such overseas holding company is located in a tax jurisdiction that (i) has an effective tax rate of less than 12.5% or (ii) does not impose income tax on foreign income of its residents, the non-resident enterprise, being the transferor, must report to the competent tax authority of the PRC resident enterprise this Indirect Transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax.

On 28 March 2011, the SAT released the SAT Public Notice (2011) No. 24 ("**SAT Public Notice 24**"), which became effective on 1 April 2011, to clarify several issues related to Circular 698. According to SAT Public Notice 24, the term "effective tax" refers to the effective tax on the gain derived from disposition of the equity interests of an overseas holding company; and the term "does not impose income tax" refers to the cases where the gain derived from disposition of the equity interests of an overseas holding company is not subject to income tax in the jurisdiction where the overseas holding company is a resident.

On 3 February 2015, the SAT issued the Announcement of the SAT on Several Issues concerning the Enterprise Income Tax on Income from the Indirect Transfer of Assets by Non-Resident Enterprises (《國家税務總局關於非居民企業間接轉讓財產企業所得税若干問題的公告》) ("**SAT Circular 7**"), which abolished certain provisions in SAT Circular 698, as well as certain other rules providing clarification on SAT Circular 698. SAT Circular 7 provided comprehensive guidelines relating to, and also heightened the PRC tax authorities' scrutiny over, indirect transfers by a non-resident enterprise of PRC taxable assets. Under SAT Circular 7, PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC taxable assets, when a non-resident enterprise transfers PRC taxable assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC taxable assets, by disregarding the existence of such overseas holding company and considering the transaction to be a direct transfer of PRC enterprise income taxes and without any other reasonable commercial purpose. However, SAT Circular 7 contains certain exemptions, including (i) where a non-resident enterprise derives income from the indirect

transfer of PRC taxable assets by acquiring and selling shares of an overseas listed company which holds such PRC taxable assets on a public market; and (ii) where there is an indirect transfer of PRC taxable assets, but if the non-resident enterprise had directly held and disposed of such PRC taxable assets, the income from the transfer would have been exempted from enterprise income tax in the PRC under an applicable tax treaty or arrangement.

On 17 October 2017, the SAT issued the Circular on the Source of Deduction of Income Tax for Non-resident Enterprises (《國家税務總局關於非居民企業所得税源泉扣繳有關問題的公告》) ("**SAT Circular 37**"), which became effective on 1 December 2017 and abolish SAT Circular 698 as well as certain provisions in SAT Circular 7. Pursuant to SAT Circular 37, where the party responsible to deduct such income tax did not or was unable to make such deduction, the non-resident enterprise receiving such income should declare and pay the taxes that should have been deducted to the relevant tax authority. The taxable gain is calculated as the income from such transfer net of the net book value of equity interest.

We have conducted and may conduct acquisitions involving changes in corporate structures, and historically our shares were transferred by certain then shareholders to our current shareholders. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance for the investigation of PRC tax authorities with respect thereto. Any PRC tax imposed on a transfer of our Shares or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in us.

RISKS RELATING TO OUR CONTRACTUAL ARRANGEMENTS

If the PRC government determines that our Contractual Arrangements do not comply with applicable laws or regulations, or if these laws, regulations or their interpretations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in value-added telecommunications services, internet culture services and other related businesses, including mobile apps development business. In particular, under the Guidance Catalogue of Industries for Foreign Investment, which was revised in 2017 and the special Administrative Measures for the Access of Foreign Investment (2018) (《外商投資准入特別管理措施(負面清單)(2018版)》) ("**Negative List**"), our mobile apps development business fall into the value-added telecommunications business which is considered restricted. To comply with PRC laws and regulations, we conduct our mobile apps development business in the PRC through NewBornTown Mobile Technology and its subsidiary, based on a series of Contractual Arrangements by and among WFOE, NewBornTown Mobile Technology and the PRC Equity Holders. As a result of these Contractual Arrangements, we exert control over NewBornTown Mobile Technology and its subsidiaries and consolidate or combine their results of operations into our financial statements. NewBornTown Mobile Technology and its subsidiaries hold the licences, approvals and key assets that are essential for the operations of our mobile apps development business.

Our PRC Legal Adviser is of the view that (i) the Contractual Arrangements are valid, feasible and enforceable against signatories under any PRC laws, rules and regulations; (ii) the Contractual Arrangements are not in breach of any articles of association of the relevant onshore companies; (iii) the Contractual Arrangements are in compliance with the PRC Contract Law; and (iv) no permits or approvals from relevant authorities are needed except that the equity pledge under the equity pledge agreement shall take effect upon registration with the Administration of Industry & Commerce.

However, there are substantial uncertainties regarding the interpretation and application of current or future mainland PRC laws and regulations. The relevant PRC regulatory have broad discretion in determining whether a particular contractual structure violates PRC laws and regulations. Thus, we cannot assure you that the PRC government will not ultimately take a view contrary to the opinion of our PRC Legal Adviser. If we are found in violation of any PRC laws or regulations or if the Contractual Arrangements among our WFOE, NewBornTown Mobile Technology and PRC Equity Holders are determined as illegal or invalid by any PRC court, arbitral tribunal or regulatory authorities, the relevant governmental authorities would have broad discretion in dealing with such violation, including, without limitation:

- revoke the agreements constituting the contractual arrangements;
- revoke our business and operating licences;
- require us to discontinue or restrict operations;
- restrict our right to collect revenue;
- shut down all or part of our websites or services;
- levy fines on us and/or confiscate the proceeds that they deem to have been obtained through non-compliant operations;
- require us to restructure the operations in such a way as to compel us to establish a new enterprise, re-apply for the necessary licences or relocate our businesses, staff and assets;
- impose additional conditions or requirements with which we may not be able to comply; or
- take other regulatory or enforcement actions that could be harmful to our business.

Furthermore, any of the assets under the name of any record holder of equity interest in NewBornTown Mobile Technology and its subsidiaries, including such equity interest, may be put under court custody in connection with litigation, arbitration or other judicial or dispute resolution proceedings against that record holder. We cannot be certain that the equity interest will be disposed of in accordance with the contractual arrangements. In addition, new PRC

laws, rules and regulations may be introduced to impose additional requirements that may impose additional challenges to our corporate structure and contractual arrangements. The occurrence of any of these events or the imposition of any of these penalties may result in a material and adverse effect on our ability to conduct internet-related businesses. In addition, if the imposition of any of these penalties causes us unable to direct the activities of NewBornTown Mobile Technology and its subsidiaries or lose the right to receive their economic benefits, we would no longer be able to consolidate such consolidated affiliated entities into our financial statements, thus adversely affect our results of operation.

Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of the 2015 draft PRC foreign investment law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

The MOFCOM published a discussion draft of the proposed foreign investment law (《中華人民共和國外國投資法(草案徵求意見稿)》) (the "**2015 Draft Foreign Investment Law**") in January 2015 for consultation purposes. While MOFCOM solicited comments on the 2015 Draft Foreign Investment Law in early 2015, substantial uncertainties exist with respect to its enactment timetable, interpretation and implementation. The 2015 Draft Foreign Investment Law, if enacted as proposed, may materially impact the viability of our current corporate structure, corporate governance and business operations in many aspects. For more information, see "Contractual Arrangements – Development in the PRC Legislation on Foreign Investment – The 2015 Draft Foreign Investment Law".

Among other things, the 2015 Draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of "actual control" in determining whether a company is considered a foreign-invested enterprise ("**FIE**"). Once an entity is determined to be an FIE, it will be subject to the foreign investment restrictions or prohibitions set forth in a "negative catalogue" to be separately issued by the State Council later, if the FIE is engaged in the industry listed in negative catalogue, which calls for market entry clearance by the MOFCOM. Under the 2015 Draft Foreign Investment Law, variable interest entities, or consolidated affiliated entities, that are controlled via contractual arrangements would also be deemed as FIEs, if they are ultimately "controlled" by foreign investors.

Although the 2015 Draft Foreign Investment Law was released for consultation purposes, there are substantial uncertainties regarding the 2015 Draft Foreign Investment Law, including with respect to its final content, especially the provisions dealing with VIE structure, adoption timeline or effective date. Mr. Liu Chunhe, our chief executive officer, is a Chinese national and will be capable of exerting material influence on the Board and Shareholders' meeting of the Company, and is therefore the "actual controller" of the Company. However, our PRC Legal Advisers advised that it was still unclear as of the Latest Practicable Date as to: (i) what level of "actual control" is required to qualify as a domestic enterprise; (ii) how domestic enterprises operated by foreign investors under a contractual arrangement are to be regulated; and (iii) what businesses are to be classified as "restricted business" in the negative catalogue under the 2015 Draft Foreign Investment Law.

If, upon its enactment, the 2015 Draft Foreign Investment Law: (i) does not recognise our structure under our Contractual Arrangements as domestic investment; (ii) does not provide any preferential treatment to investors from Hong Kong, Macau and Taiwan; (iii) requires WFOE to apply for access permission, a government permit that allows foreign investors to invest in "restricted" businesses on the negative catalogue, our Contractual Arrangements may be regarded as invalid and illegal if we have not obtained such access permission. As a result, we may be required to unwind the Contractual Arrangements and we would not be able to continue our business in the PRC through the Contractual Arrangements. The occurrence of such an event could have a material and adverse effect on our business, financial condition and results of operations such that our PRC operating entities would no longer be able to consolidate their financial results into our financial results and we would have to derecognise their assets and liabilities according to the relevant accounting standards. An investment loss would be recognised as a result of such derecognition. Our compliance with the 2015 Draft Foreign Investment Law depends on our adherence to such measures. In the event of any failure to comply with such measures, the Contractual Arrangements may be deemed invalid and illegal and we may be required to unwind the Contractual Arrangements and/or dispose of the PRC operating entities, which could have a material and adverse effect on our business, financial condition and results of operations.

In addition, it is uncertain whether the measures to be adopted by us to maintain control over and receive economic benefits from the PRC operating entities alone will be effective in ensuring compliance with the 2015 Draft Foreign Investment Law (if and when it becomes effective). In the event that such measures are not complied with, the Stock Exchange may take enforcement actions against us, such as suspension of investment in our Shares, which may have a material adverse effect on the trading and liquidity of our Shares. For details of the 2015 Draft Foreign Investment Law and the negative catalogue, its potential impact on our Company, and our measures to maintain control over and receive economic benefits from the PRC operating entities, please see "Contractual Arrangements – Development in the PRC Legislation on Foreign Investment" for further details.

Substantial uncertainties exist with respect to the interpretation and implementation of the Foreign Investment Law and how it may impact the viability of our current corporate structure, corporate governance and business operations.

On 23 December 2018, the 7th meeting of the 13th SCNPC reviewed the 2018 draft foreign investment law, and submitted the second draft of the 2018 draft foreign investment law to the NPC for deliberation on 29 January 2019. On 15 March 2019, the NPC adopted the PRC Foreign Investment Law (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") at the closing meeting of the second session of the 13th NPC. Upon taking effect on 1 January 2020, the Foreign Investment Law will replace the Law on Chinese-Foreign Equity Joint Ventures, the Law on Chinese-Foreign Contractual Joint Ventures and the Law on Wholly Foreign-Owned Enterprises. The Foreign Investment Law stipulates three forms of foreign investment, but does not explicitly stipulate the contractual arrangements as a form of foreign investment. For more information, please see "Contractual Arrangements – Development in the PRC Legislation on Foreign Investment – The Foreign Investment Law". If the Foreign

Investment Law becomes effective in the current form, and the then laws, regulations and rules do not incorporate contractual arrangements as a form of foreign investment, our Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be materially affected and will continue to be legal, valid and binding on the parties.

Notwithstanding the above, the Foreign Investment Law stipulates that foreign investment includes "foreign investors invest in the PRC through any other methods under laws, administrative regulations or provisions prescribed by the State Council". There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. Therefore, there is no guarantee that the Contractual Arrangements and the business of the PRC operating entities will not be materially and adversely affected in the future due to changes in PRC laws and regulations. If future laws, administrative regulations or provisions prescribed by the State Council mandate further actions to be completed by companies with existing contractual arrangements, we may face substantial uncertainties as to the timely completion of such actions. In the extreme case scenario, we may be required to unwind the Contractual Arrangements and/or dispose of the PRC operating entities, which could have a material and adverse effect on our business, financial conditions and results of operations. In the event that our Company no longer has a sustainable business after the aforementioned unwinding or disposal or when such requirements are not complied with, the Stock Exchange may consider us to be no longer suitable for [**REDACTED**] on the Stock Exchange and [**REDACTED**]. For details of the Foreign Investment Law and its potential impact on our Company, please see "Contractual Arrangements – Development in the PRC Legislation on Foreign Investment – The Foreign Investment Law" in this Document.

Our Contractual Arrangements may not be as effective in providing operational control as direct ownership and the NewBornTown Mobile Technology or the PRC Equity Holders may fail to perform their obligations under our Contractual Arrangements.

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in value-added telecommunications services, internet culture services and other related businesses, including mobile apps development business. In particular, under the Guidance Catalogue of Industries for Foreign Investment and Negative list, our mobile apps development business falls into the value-added telecommunications services business and is considered "restricted". As a result, we conduct our mobile apps development business in the PRC through NewBornTown Mobile Technology and its subsidiaries, based on a series of Contractual Arrangements by and among WFOE, NewBornTown Mobile Technology and the PRC Equity Holders. Our revenue and cash flow from our mobile apps development business are attributed to NewBornTown Mobile Technology and its subsidiaries. The Contractual Arrangements may not be as effective as direct ownership in providing us with control over NewBornTown Mobile Technology and its subsidiaries. Direct ownership would allow us, for example, to directly or indirectly exercise

our rights as a shareholder to effect changes in the boards of directors of NewBornTown Mobile Technology, which, in turn, could affect changes, subject to any applicable fiduciary obligations at the management level. However, under the Contractual Arrangements, as a legal matter, if NewBornTown Mobile Technology or the PRC Equity Holders fail to perform their respective obligations under the Contractual Arrangements, we may have to incur substantial costs and expend significant resources to enforce those arrangements and resort to litigation or arbitration and rely on legal remedies under PRC laws. These remedies may include seeking specific performance or injunctive relief and claiming damages, any of which may not be effective. For example, if the PRC Equity Holders were to refuse to transfer their equity interest in NewBornTown Mobile Technology to us or our designee when we exercise the call option pursuant to the Contractual Arrangements, or if they were otherwise to act in bad faith toward us, we might have to take legal action to compel them to perform their respective contractual obligations. In the event we are unable to enforce these Contractual Arrangements or we experience significant delays or other obstacles in the process of enforcing these Contractual Arrangements, we may not be able to exert effective control over our affiliated entities and may lose control over the assets owned by NewBornTown Mobile Technology and its subsidiaries. As a result, we may be unable to consolidate NewBornTown Mobile Technology and its subsidiaries in our combined financial statements, which could materially and adversely affect our financial condition and results of operations.

We may lose the ability to use and enjoy assets and licences held by NewBornTown Mobile Technology and its subsidiaries that are important to the operation of our business if NewBornTown Mobile Technology or any its subsidiaries declares bankruptcy or becomes subject to a dissolution or liquidation proceeding.

NewBornTown Mobile Technology and its subsidiaries hold certain assets that are related to our business operations. The Contractual Arrangements with NewBornTown Mobile Technology and the PRC Equity Holders contain terms that specifically obligate the PRC Equity Holders to ensure the valid existence of NewBornTown Mobile Technology and that NewBornTown Mobile Technology may not be voluntarily liquidated. However, should the PRC Equity Holders breach this obligation and voluntarily liquidate NewBornTown Mobile Technology, or should NewBornTown Mobile Technology or any its subsidiaries declares bankruptcy, all or part of their assets may become subject to liens or rights of third-party creditors and we may be unable to continue some or all of our business operations, which could materially and adversely affect our business, financial condition and results of operations.

Our Contractual Arrangements may be subject to scrutiny by the PRC tax authorities and additional taxes may be imposed. A finding that we owe additional taxes could substantially reduce our combined net income and the value of your investment.

According to applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to challenge by the PRC tax authorities, additional taxes and interest may be imposed. We would be subject to adverse tax consequences if the PRC tax authorities were to determine that transactions under the Contractual Arrangements between WFOE and NewBornTown Mobile Technology were not conducted on an arm's-length basis as the PRC tax authorities have the authority to make special tax adjustments on NewBornTown Mobile Technology's tax position. Such adjustments may adversely affect us by increasing NewBornTown Mobile Technology's tax expenses without reducing the tax expenses of WFOE, subjecting NewBornTown Mobile Technology to late payment fees and other penalties for under-payment of taxes. Our consolidated results of operations may be adversely affected if NewBornTown Mobile Technology's tax liabilities increase or if it is subject to late payment fees or other penalties.

The PRC Equity Holders may potentially have a conflict of interest with us, and they may breach their contracts with us or cause such contracts to be amended in a manner contrary to our interests.

We conduct mobile apps development business through NewBornTown Mobile Technology and its subsidiaries. Our control over these entities is based upon the Contractual Arrangements with NewBornTown Mobile Technology and the PRC Equity Holders that allow us to control NewBornTown Mobile Technology. The PRC Equity Holders may potentially have a conflict of interest with us and they may breach their contracts with us if they believe it would further their own interest or if they otherwise act in bad faith. We cannot assure you that when conflicts of interest arise between us and NewBornTown Mobile Technology, the shareholders will act completely in our interests or that the conflicts of interest will be resolved in our favour. In addition, the PRC Equity Holders may breach or cause NewBornTown Mobile Technology to breach the Contractual Arrangements. If NewBornTown Mobile Technology or the PRC Equity Holders breach their contracts with us or otherwise have disputes with us, we may have to initiate legal proceedings, which involve significant uncertainty. Such disputes and proceedings may significantly disrupt our business operations, adversely affect our ability to control NewBornTown Mobile Technology and otherwise result in negative publicity. There is also substantial uncertainty as to the outcome of any such legal proceedings.

We conduct mobile apps development business in the PRC through NewBornTown Mobile Technology and its subsidiaries by way of the Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under PRC laws.

All the agreements which constitute the Contractual Arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these agreements would be interpreted in accordance with PRC laws and disputes and 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 our ability to enforce the Contractual arrangements. In the event that we are unable to enforce the Contractual Arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing them, it would be very difficult to exert effective control over NewBornTown Mobile Technology and its subsidiaries, and our ability to conduct our business and our financial condition and results of operations may be materially and adversely affected. The Contractual Arrangements contain provisions to the effect that the arbitral body may award remedies over the shares and/or assets of NewBornTown Mobile Technology, injunctive relief and/or winding up of NewBornTown Mobile Technology. These agreements also contain provisions to the effect that courts of competent jurisdictions are empowered to grant interim remedies in support of the arbitration pending the formation of an arbitral tribunal. However, under PRC laws, these terms may not be enforceable. Under PRC laws, an arbitral body does not have the power to grant injunctive relief or to issue a provisional or final liquidation order for the purpose of protecting assets of or equity interests in NewBornTown Mobile Technology in case of disputes. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognisable or enforceable in the PRC. PRC laws do allow the arbitral body to grant an award of transfer of assets of or equity interests in NewBornTown Mobile Technology in favour of an aggrieved party. Therefore, in the event of breach of any agreements constituting the Contractual arrangements by NewBornTown Mobile Technology and/or the PRC Equity Holders, and if we are unable to enforce the Contractual Arrangements, we may not be able to exert effective control over NewBornTown Mobile Technology, which could negatively affect our ability to conduct our business.

If we exercise the option to acquire equity ownership of NewBornTown Mobile Technology and its subsidiaries, the ownership transfer may subject us to certain limitations and substantial costs.

Pursuant to the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》) (the "**FITE Regulations**") promulgated by the State Council, foreign investors are not allowed to hold more than 50% of the equity interests of any company providing value-added telecommunications services, including ICP services. In addition, the main foreign investor who invests in a value-added telecommunications business in the PRC must possess prior experience in operating value-added telecommunications businesses and a proven track record of business operations overseas (the "**Qualification Requirements**"). Currently none of the applicable PRC laws, regulations or rules provides clear guidance or interpretation on the Qualification

Requirements. Although we have taken many measures to meet the Qualification Requirements, we still face the risk of not satisfying the requirement promptly. If when PRC laws allow foreign investors to invest in value-added telecommunications enterprises in the PRC, we may be unable to unwind the Contractual Arrangements before we are able to comply with the Qualification Requirements, or if we attempt to unwind the Contractual Arrangements before we are able to comply with the Qualification Requirements we may be ineligible to operate our value-added telecommunication enterprises and may be forced to suspend their operations, which could materially and adversely affect our business, financial condition and results of operations.

Pursuant to the Contractual Arrangements, we have the exclusive right to purchase all or any part of the equity interests in our NewBornTown Mobile Technology and its subsidiaries from the respective equity holders for a nominal price, unless the relevant government authorities or PRC laws request that another amount be used as the purchase price and in which case the purchase price shall be the lowest amount under such request. Subject to relevant laws and regulations, the respective equity holders shall return any amount of purchase price they have received to our WFOEs. If such a return of purchase price takes place, the competent tax authority may require our WFOEs to pay enterprise income tax for ownership transfer income with reference to the market value, in which case the amount of tax could be substantial.

RISK RELATED TO THE [REDACTED]

There has been no prior public market for our Shares and the liquidity and market price of our Shares may be volatile.

Prior to the completion of the [**REDACTED**], there has been no public market for our Shares. The [**REDACTED**] is the result of negotiations between us and the [**REDACTED**] (for itself and on behalf of the [**REDACTED**]), which may not be indicative of the price at which our Shares will be traded following completion of the [**REDACTED**]. In addition, there can be no guarantee that an active trading market for our Shares will develop; or, if it does develop, that it will be sustained following completion of the [**REDACTED**]. If an active market for the Shares does not develop after the [**REDACTED**], the market price and liquidity of the Shares may be adversely affected. There can be no assurance as to the ability of Shareholders to sell their Shares or the prices at which Shareholders would be able to sell their Shares. Consequently, Shareholders may not be able to sell their Shares at prices equal to or greater than the price paid for their Shares in the [**REDACTED**].

The liquidity and trading price of our Shares may be volatile, which could result in substantial losses to you.

The trading price and trading volume of our Shares may be volatile and could fluctuate widely in response to factors beyond our control, including general market conditions of the securities markets in Hong Kong, the PRC, the United States and elsewhere in the world. In particular, the performance and fluctuation of the market prices of other companies with business operations located mainly in the PRC that have listed their securities in Hong Kong

may affect the volatility in the price of and trading volumes for our Shares. A number of PRC-based companies have listed their securities, or are in the process of preparing for [**REDACTED**] their securities, in Hong Kong. Some of these companies have experienced significant volatility, including significant price declines after their initial [**REDACTED**]. The trading performances of the securities of these companies at the time of or after their offerings may affect the overall investor sentiment towards PRC-based companies listed in Hong Kong and consequently may impact the trading performance of our Shares. These broad market and industry factors may significantly affect the market price and volatility of our Shares, regardless of our actual operating performance.

In addition to market and industry factors, the price and trading volume for our Shares may be highly volatile for specific business reasons. In particular, factors such as variations in our revenue, earnings and cash flow could cause the market price of our Shares to change substantially. Investors' perception of our business and financial practices, including our accounting treatments, or those of our peers, may also cause the market price of our Shares to fluctuate. Any of these factors may result in large and sudden changes in the volume and trading price of our Shares.

You will incur immediate and substantial dilution and may experience further dilution in the future.

As the [**REDACTED**] of our Shares is higher than the net tangible book value per Share of our Shares immediately prior to the [**REDACTED**], purchasers of our Shares in the [**REDACTED**] will experience an immediate dilution, whilst our existing Shareholders will receive an increase in the [**REDACTED**] adjusted combined net tangible asset value per Share of their shares. In addition, holders of our Shares may experience further dilution of their interest if the [**REDACTED**] exercise [**REDACTED**] or if we issue additional shares in the future to raise additional capital.

The sale or availability for sale of substantial amounts of our Shares could adversely affect the market price of our Shares.

Future sales of a substantial number of our Shares by our existing shareholders, or the possibility of such sales, could negatively impact the market price of our Shares in Hong Kong and our ability to raise equity capital in the future at a time and price that we deem appropriate. The Shares held by our Controlling Shareholders are subject to certain lock-up periods beginning on the date on which trading in our Shares commences on the Hong Kong Stock Exchange, details of which are set out in the section headed "[**REDACTED**]" in this document. While we currently are not aware of any intention of our Controlling Shareholders to dispose of significant amounts of their Shares after the completion of the lock-up periods, we cannot assure you that they will not dispose of any Shares they may own now or in the future.

We have significant discretion as to how we will use the [REDACTED] of the [REDACTED], and you may not necessarily agree with how we use them.

Our management may spend the [**REDACTED**] from the [**REDACTED**] in ways you may not agree with or that do not yield a favourable return. For details of our intended [**REDACTED**], see "Future Plans and [**REDACTED**]." However, our management will have discretion as to the actual application of our net [**REDACTED**]. You are entrusting your funds to our management, upon whose judgement you must depend, for the specific uses we will make of the net [**REDACTED**] from this [**REDACTED**].

There will be a time gap between the commencement of the [REDACTED] and [REDACTED].

The [**REDACTED**] of our Shares is expected to be determined on the [**REDACTED**]. However, our Shares will not commence [**REDACTED**] on the Hong Kong Stock Exchange until they are delivered, which is expected to take place about six business days after the [**REDACTED**]. As a result, investors may not be able to sell or otherwise [**REDACTED**] during that period. Accordingly, successful applications of our Shares are subject to the risk that the [**REDACTED**] of our Shares when trading begins could be lower than the [**REDACTED**] as a result of adverse market conditions or other adverse developments that may occur during such period.

You may experience difficulties in enforcing your Shareholder rights because we are incorporated in the Cayman Islands; Cayman Islands law may be different from the law of Hong Kong and other jurisdictions and may not provide the same protections to minority shareholders.

We are an exempted company incorporated in the Cayman Islands with limited liability, and the law of the Cayman Islands differs in some respects from that of Hong Kong or other jurisdictions where investors may be located.

Our corporate affairs are governed by, among other things, our Memorandum of Association, our Articles of Association, the Cayman Companies Law and the common law applicable in the Cayman Islands. The rights of shareholders to take legal action against us and our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the Cayman Companies Law, the common law applicable in the Cayman Islands and the Articles. The common law applicable in the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive authority on a court in the Cayman Islands. The rights of our Shareholders and the fiduciary responsibilities of our Directors under Cayman Islands law may differ in some respects from those under statutes or judicial precedents in Hong Kong or other jurisdictions where investors may be located.

As a result, our Shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, Directors or major Shareholders than they would as shareholders of a Hong Kong company or companies incorporated in other jurisdictions.

There can be no assurance if and when we will pay dividends in the future.

Subject to the Cayman Companies Law and our Articles of Association, our Company may in a general meeting declare dividends, but no dividends shall exceed the amount recommended by our Board. Our Board may, subject to our Articles of Association, from time to time, pay to our Shareholders such interim dividends as appear to our Board to be justified by the financial conditions and the profits of our Company. Our Board may in addition from time to time declare and pay special dividends of such amounts and on such dates and out of such distributable funds of our Company as it thinks fit. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under HKFRS, our Articles of Association and the Cayman Companies Law and the common law applicable in the Cayman Islands, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, regulatory restrictions and any other factors determined by our Board of Directors from time to time to be relevant to the declaration or suspension of dividend payments. As a result, although we have paid dividends in the past, there can be no assurance whether, when and in what form we will pay dividends in the future.

Certain facts, forecasts and statistics contained in this document are derived from a third-party report and publicly available official sources and they may not be reliable.

Certain facts, forecasts and other statistics contained in this document relating to the PRC, PRC economy and the mobile internet industry in which we operate have been derived from various official government publications or other third-party reports. We have taken reasonable care in the reproduction or extraction of the official government publications or other third-party reports for the purpose of disclosure in this document; however, we cannot guarantee the quality or reliability of such source materials. They have not been prepared or independently verified by us, the [**REDACTED**] or any of their respective affiliates or advisers and, therefore, we make no representation as to the accuracy of such statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts, forecasts or statistics.

Our future results could differ materially from those expressed or implied by the forward-looking statements.

The forward-looking statements included in this document are based on various assumptions. There are also uncertainties, risks and other unforeseen factors which may cause our actual performance or achievements to be materially different from those expressed or implied by such forward-looking statements. For details of these statements and the associated risks, please refer to the section headed "Forward-looking Statements" in this document.

Investors should read the entire document carefully and should not consider any particular statements in this document or in published media reports or other publicly available information without carefully considering the risks and other information contained in this document.

There may have been, prior to the publication of this document, and there may be, subsequent to the date of this document but prior to the completion of the [**REDACTED**], press and media coverage regarding us and the [**REDACTED**]. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media or otherwise publicly available, nor the fairness or appropriateness of any estimates/forecasts, views or opinions expressed by the press or other media or otherwise publicly available regarding our Shares or the [**REDACTED**] or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Accordingly, prospective investors should not rely on any such information, reports or publications in making their decision whether to invest in our Shares or in the [**REDACTED**]. You should rely solely upon the information contained in this document, the application forms and any formal announcements made by us in making your investment decision regarding our Shares.

In preparation for the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the [**REDACTED**].

WAIVER IN RELATION TO MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the [**REDACTED**] requires that a new applicant applying for a primary [**REDACTED**] on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong. Since our principal business operations are primarily located, managed and conducted in the PRC and will continue to be based in the PRC, our executive Directors and senior management members are and will continue to be based in the PRC. At present, none of our executive Directors is ordinarily resident in Hong Kong. We have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements set out in Rule 8.12 of the [**REDACTED**] subject to the following conditions:

(a) We have appointed two authorised representatives pursuant to Rule 3.05 of the [**REDACTED**] who will act as our principal channel of communication with the Stock Exchange. The two authorised representatives are Mr. WANG Kui, an executive Director and the chief financial officer of the Company, and Mr. AU-YEUNG Wai Ki, Joseph, one of our joint company secretaries. See "Directors and Senior Management" for more information about our authorised representatives. Each of the authorised representatives has confirmed that they possess valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange within a reasonable period of time, when required and will be readily contactable by the Stock Exchange by telephone, facsimile and/or email. Our Company will provide contact details of the two authorised representatives to the Stock Exchange and will inform the Stock Exchange as soon as practicable in respect of any changes in our Company's authorised representatives;

(b) Our authorised representatives have means of contacting all Directors promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. To enhance communication between the Stock Exchange, the authorised representatives and our Directors, our Company has provided the up-to-date contact details of each Director (such as office phone numbers, mobile phone numbers, email addresses and fax numbers) to the authorised representatives and to the Stock Exchange;

(c) Our Company will ensure that each Director who is not ordinarily resident in Hong Kong has valid travel documents to visit Hong Kong and will be able to meet with the Stock Exchange in Hong Kong within a reasonable period; and

(d) Our Company has, in accordance with Rule 3A.19 of the [**REDACTED**], also appointed CMBC International Capital Limited as our compliance advisor, who will act as an additional channel of communication with the Stock Exchange in addition to the authorised representatives of our Company. The compliance advisor will advise on on-going compliance requirements and other issues arising under the

[**REDACTED**] and other applicable laws and regulations in Hong Kong for a period commencing on the [**REDACTED**] at least until the date on which our Company complies with Rule 13.46 of the [**REDACTED**] in respect of our Company's financial results for the first full financial year after the [**REDACTED**].

WAIVER IN RELATION TO JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the [**REDACTED**], we must appoint a company secretary who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the [**REDACTED**], the Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Institute of Chartered Secretaries;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In addition, pursuant to Note 2 to Rule 3.28 of the [**REDACTED**], in assessing "relevant experience", the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he/she played;

(b) familiarity with the [**REDACTED**] and other relevant laws and regulations including the SFO, Companies Ordinance, Companies (Winding up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to the minimum requirement under Rule 3.29 of the [**REDACTED**]; and

(d) professional qualifications in other jurisdictions.

We have appointed Mr. AU-YEUNG Wai Ki, Joseph and Mr. SONG Pengliang as the joint company secretaries of our Company. Mr. SONG Pengliang has been the board secretary at NewBornTown Network Technology since March 2018. He has extensive experience in board and corporate management matters. Prior to joining our Group, he worked at PricewaterhouseCoopers Consulting (Shenzhen) Co., Ltd. Beijing Branch (普華永道諮詢(深圳)有限公司北京分公司) and PricewaterhouseCoopers Business Consulting (Shanghai) Co., Ltd. Beijing Branch (普華永道商務諮詢(上海)有限公司北京分公司) from October 2012 to around August 2015, during which he had worked as a senior consultant, and he worked at Minsheng Securities Co., Ltd. (民生證券股份有限公司) from August 2015 to around March 2018, during which he had worked as a manager. Mr. SONG Pengliang, by virtue of his knowledge and operational and management experience, should be capable of discharging his functions as a company secretary of our Company. However, Mr. SONG Pengliang does not possess the qualifications under Rule 3.28 of the [**REDACTED**], and may not be able to fulfil the requirements of the [**REDACTED**] on his own. Therefore, our Company has appointed Mr. AU-YEUNG Wai Ki, Joseph, a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants, who is qualified under Rule 3.28 of the [**REDACTED**] to act as the other joint company secretary and to work closely with and provide assistance to Mr. SONG Pengliang. The term of the appointment of Mr. SONG Pengliang and Mr. AU-YEUNG Wai Ki, Joseph as the joint company secretaries will expire three years after the [**REDACTED**].

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the [**REDACTED**] on the basis of the proposed arrangements below:

(a) The waiver is valid for an initial period of three years from the [**REDACTED**]. The waiver is granted on condition that we engage Mr. AU-YEUNG Wai Ki, Joseph, who possesses all the requisite qualifications required under Rule 3.28 of the [**REDACTED**], as a joint company secretary, to assist Mr. SONG Pengliang in the discharge of his duties as a company secretary and in gaining the "relevant experience" as required under Rule 3.28 of the [**REDACTED**];

(b) Our Company undertakes to re-apply to the Stock Exchange for a waiver from strict compliance with the company secretary qualification requirements under Rules 3.28 and 8.17 of the [**REDACTED**] if Mr. AU-YEUNG Wai Ki, Joseph ceases to meet the requirements under Rule 3.28 of the [**REDACTED**] or otherwise ceases to serve as the joint company secretary of our Company;

(c) Mr. SONG Pengliang will comply with the annual professional training requirement under Rule 3.29 of the [**REDACTED**] and will endeavour to attend relevant training courses, including briefings on the latest changes to the relevant applicable Hong Kong laws and regulations and the [**REDACTED**] which will be organised by our Company's Hong Kong legal advisors on an invitation basis and seminars organised by the Stock Exchange for listed issuers from time to time; and

(d) Upon expiry of the initial period of three years, Mr. SONG Pengliang's qualifications and experience will be re-evaluated to determine whether the requirements as stipulated in Rule 3.28 of the [**REDACTED**] can be satisfied.

For further details about Mr. AU-YEUNG Wai Ki, Joseph and Mr. SONG Pengliang's qualifications and experience, see "Directors and Senior Management".

WAIVER IN RELATION TO NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into the Contractual Arrangements which would constitute non-exempt continuing connected transactions of our Company under Chapter 14A of the [**REDACTED**] following the completion of the [**REDACTED**]. We have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Chapter 14A of the [**REDACTED**] in relation to the non-exempt continuing connected transactions. Details of such non-exempt continuing connected transactions and the waiver are set out in the sections headed "Contractual Arrangements" and "Continuing Connected Transactions".

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. LIU Chunhe (劉春河)	318 Laojuntang Village Weiji Town Huimin County Shandong Province PRC	PRC
Mr. LI Ping (李平)	106 Jianshe Avenue Fuxing District, Handan Hebei Province PRC	PRC
Mr. WANG Kui (王奎)	San'ai Centre 15 Guanghuali Chaoyang District Beijing PRC	PRC
Independent non-executive Directors		
Mr. PAN Xiya (潘細亞)	300 Yangdu Village Jiulongpo District Chongqing PRC	PRC
Mr. CHI Shujin (池書進)	Subdistrict 4, Donghuashi South Chongwen District Beijing PRC	PRC
Mr. LIU Rong (劉榮)	328 Bibo Road Zhangjiang Town Pudong New District Shanghai PRC	PRC

Further information is disclosed in the section headed "Directors and Senior Management" of this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	**CMBC International Capital Limited** 45/F, One Exchange Square 8 Connaught Place Central Hong Kong

[**REDACTED**]

Legal Advisors to the Company	*As to Hong Kong and US laws* **Herbert Smith Freehills** 23/F Gloucester Tower 15 Queen's Road Central Hong Kong *As to PRC laws* **Jingtian & Gongcheng** 34/F, Tower 3, China Central Place 77 Jianguo Road Beijing PRC *As to Cayman Islands laws* **Maples and Calder (Hong Kong) LLP** 53rd Floor, The Centre 99 Queen's Road Central Central Hong Kong
Legal Advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong laws* **Reed Smith Richards Butler** 20th Floor Alexandra House 18 Chater Road Central Hong Kong

	As to PRC laws **Grandall Law Firm (Beijing)** 9/F, Taikang Financial Tower 38 North Road East Third Ring Beijing PRC
Reporting Accountant and Independent Auditor	**PricewaterhouseCoopers** *Certified Public Accountants* 22/F Prince's Building Central Hong Kong
Hong Kong Legal Counsel	**Mr. Chan Chung** 10/F, Grand Building 15-18 Connaught Road Central Hong Kong
Industry Consultant	**Shanghai iResearch Co., Ltd., China** 3/F, Tower B, Guanghualu SOHO II No. 9 Guanghua Road, Chaoyang District Beijing, PRC
Independent Valuer	**Asia-Pacific Consulting and Appraisal Limited** Room 1907, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay Hong Kong
Compliance Advisor	**CMBC International Capital Limited** 45/F, One Exchange Square 8 Connaught Place Central Hong Kong
Receiving Bank	[**REDACTED**]

CORPORATE INFORMATION

Registered Office	Sertus Chambers Governors Square Suite #5-204 23 Lime Tree Bay Avenue P.O. Box 2547 Grand Cayman, KY1-1104 Cayman Islands
Headquarters and Principal Place of Business in the PRC	12/F, Tower A, CEC Development Building Sanyuanqiao Chaoyang District Beijing PRC
Principal Place of Business in Hong Kong	Room 1903-4, Floor 19 Hong Kong Trade Centre 161 Des Voeux Road Central Hong Kong
Company's Website	**www.newborntown.com** *(The information on the website does not form part of this document)*
Joint Company Secretaries	Mr. SONG Pengliang 12/F, Tower A, CEC Development Building Sanyuanqiao Chaoyang District Beijing PRC Mr. AU-YEUNG Wai Ki, Joseph Room 1903-4 Floor 19, Hong Kong Trade Centre 161 Des Voeux Road Central Hong Kong *(Certified public accountant in Hong Kong,member of Hong Kong Institute of Certified Public Accountants and fellow member of the Association of Chartered Certified Accountants)*

CORPORATE INFORMATION

Authorised Representatives	Mr. WANG Kui 12/F, Tower A, CEC Development Building Sanyuanqiao Chaoyang District Beijing PRC Mr. AU-YEUNG Wai Ki, Joseph Room 1903-4 Floor 19, Hong Kong Trade Centre 161 Des Voeux Road Central Hong Kong
Nomination Committee	Mr. PAN Xiya (Chairman) Mr. LI Ping Mr. CHI Shujin
Audit Committee	Mr. CHI Shujin (Chairman) Mr. LIU Rong Mr. PAN Xiya
Remuneration Committee	Mr. LIU Rong (Chairman) Mr. WANG Kui Mr. PAN Xiya
Compliance Advisor	CMBC International Capital Limited 45/F, One Exchange Square 8 Connaught Place Central Hong Kong

[**REDACTED**]

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road, Central
Central
Hong Kong

Industrial and Commercial Bank of China Limited
Beijing Academy of Sciences Sub-branch
2A Xinkexiangyuan
Haidian District
Beijing
PRC

The information presented in this section includes certain facts, statistics and data, derived from the iResearch Report, which was commissioned by us and from various official government publications and other publicly available publications, unless otherwise indicated. Our Directors believe that the sources of the information presented here are appropriate, including forward-looking information for future periods as identified, and we have taken reasonable care in extracting and reproducing such information.

Our Directors have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render the information false or misleading in any material respect. Our Directors confirm that, after taking reasonable care, they are not aware of any adverse change in market information since the date of this commissioned report which may qualify, contradict, or have an adverse impact on the quality of information in this section. The information has not been independently verified by us nor by any of the Sole Sponsor, the [**REDACTED**]*, the* [**REDACTED**]*, the* [**REDACTED**] *and their respective directors, advisors, and affiliates and no representation is given as to its accuracy, completeness or fairness. The information and statistics may not be consistent with other information and statistics compiled or available from other sources within or outside the PRC. Accordingly, such information should not be unduly relied upon.*

SOURCE OF INFORMATION

Founded in 2002, iResearch is a leading provider of online user data and consumer insights in the PRC. Headquartered in Beijing and Shanghai, iResearch has a management team with over 400 employees worldwide and has accumulated extensive experience in researching and monitoring the development of the internet industry in the PRC.

We have commissioned iResearch to provide industry information on the PRC's Integrated Marketing Industry and have agreed to pay a fee of RMB580,000 to iResearch for the report. Our Directors are of the view that the payment does not affect the fairness of the views and conclusions presented in the iResearch Report. In compiling and preparing the research report, iResearch conducted primary research including interviews with industry participants. Also, secondary research, which involved reviewing industry publications, annual reports and data based on its own database, was conducted. iResearch presented the figures for various market size projections from historical data analysis plotted against macroeconomic data, as well as data with respect to the related industry drivers and integration of expert opinions. iResearch assumed that (i) the social, economic and political environment is expected to remain stable and (ii) key industry drivers are likely to continue to affect the market over the forecast period from 2019 to 2023.

GLOBAL MOBILE INTERNET MARKET

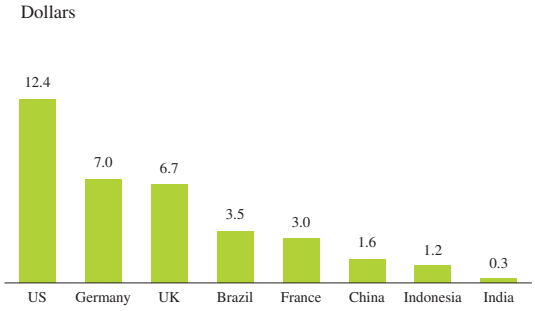
Overview

The proliferation of global mobile internet has developed significantly and the scale of mobile internet users has been increasing in recent years. According to the iResearch Report, in 2014, the worldwide population of mobile internet users was 2.4 billion and reached 3.6 billion in 2018, indicating a CAGR of 10.7%. The worldwide population of mobile internet users is projected to reach 4.4 billion in 2023, representing a CAGR 4.1%. According to the iResearch Report, the global mobile penetration rate increased from 32.9% in 2014 to 47.2% in 2018, and is projected to reach 54.8% in 2023. The penetration rates of internet users in Europe and the United States are relatively high, while in some regions such as Africa and Southeast Asia, the penetration rates are relatively low. In addition, the penetration rate in the youth is higher than that of the total population. Countries and regions with low penetration and rapid growth of youth population are expected to be benefited from the massive growth of domestic population in the future.

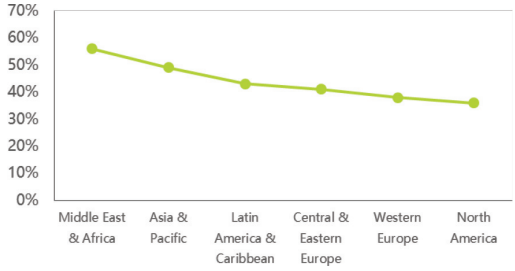
According to the iResearch Report, the scale of global smartphone users reached 2.66 billion in 2018, and will exceed 3 billion in 2020. The rising scale and penetration of global smartphone users reflects the foundation of overseas users with good hardware and equipment, which promotes the overseas users demand for more mobile internet products and services, and enhances the driving force of the development of PRC internet companies in overseas market.

At present, the average cost of mobile traffic in emerging countries is still low, among which the cost of mobile traffic in India is only $0.3 per GB. The relatively low cost of mobile traffic encourages users' usage of and spending in mobile internet products. Global internet traffic consumption continues to grow at a high speed, and the five-year CAGRs of mobile traffic consumption in all regions of the world are more than 35%. Among them, the Middle East & Africa, Asia-Pacific and Latin America are listed in Top 3, the CAGRs of mobile traffic are 56%, 49% and 43%, respectively. The following charts set forth the average mobile traffic cost by countries in 2019 and the CAGR of consumption of mobile traffic by regions from 2017 to 2022:

Average Mobile Traffic Cost per GB by Countries, 2019



CAGR of Consumption of Mobile Traffic by Regions, 2017-2022



CHINA'S AI TECHNOLOGY DEVELOPMENT

According to the iResearch Report, AI technologies in mobile internet industry are becoming mature and their applications include intelligent information distribution, precision marketing, information processing and content creation. The key technologies in AI include machine learning, knowledge mapping, natural language processing and computer vision. Machine learning, especially deep learning is the core of AI, which is the basis of machine analysis, reasoning and decision-making.

With the development of the internet and the increasing popularity of mobile devices, the increasing time spent on mobile devices results in the users' higher demand for more diverse and personalised mobile experience. AI technologies can accurately identify the classified user groups, and infer the users' preferences through quantitative analysis, thereby helping the app developers optimise products, improve users' experience, and distribute the tailored information to the users and helping the advertisers deliver customised ads to targeted users via their apps. In precision marketing, mobile ads are presented to users in different scenarios, such as search engines, streaming products, videos, and games, which can be calculated by intelligent analysis of multi-dimensional big data of AI algorithms. Equipped with AI capabilities, mobile internet companies strive to provide intelligent and creative marketing strategies and recommendations, and accurately target users in various scenarios and channels.

Additionally, unlike the traditional method of planning marketing campaigns, through the integration and analysis of the large amount of data by AI, mobile internet companies are able to generate marketing ideas of different forms and contents quickly according to different ad campaigns, whereby user's interests and demands can be better served, and the click-through rate and conversion rate of marketing campaigns can be improved.

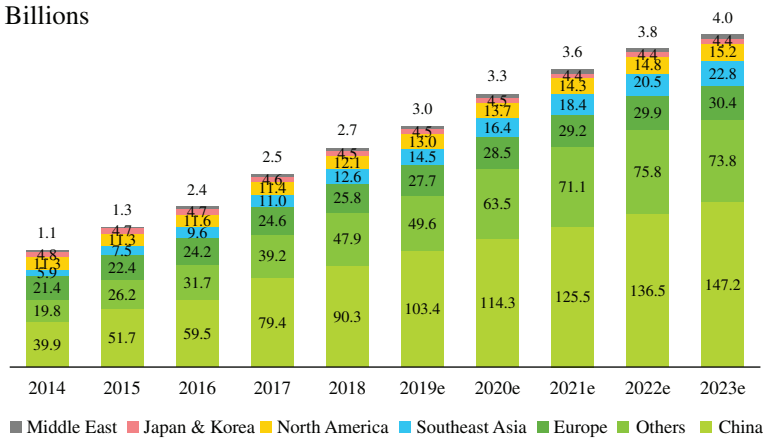
CHINA'S OVERSEAS MOBILE APP INDUSTRY

Global Mobile App Development

According to the iResearch Report, as an important channel for information distribution, the development of mobile apps is an essential business model in mobile internet industry. According to the iResearch Report, the scale of global mobile apps market, including the advertising revenue and in-app purchase revenue, increased from USD97.7 billion in 2014 to USD365.2 billion in 2018, representing a CAGR of 39.0%. It is estimated to continue growing at a CAGR of 20.7% from 2018 to 2023, and reach USD935.2 billion in 2023. In 2018, the total number of global app downloads reached 194 billion. The application of 5G mobile network around 2019 will further stimulate mobile users' demand for mobile apps.

As the extent of the development of mobile internet and infrastructure is different, the development stage of the app market in each country may be different. According to the iResearch Report, countries and regions with well-established app markets include China, North America, Europe, Isreal, Japan and South Korea has entered a mature stage of development with decreasing growth of downloads volume. At the same time, countries and regions, including Southeast Asia (such as Singapore and Indonesia), the Middle East, South America and Africa, are still growing steadily at a relatively high speed, which becomes the emerging markets of mobile internet and the new markets of China mobile apps' development overseas. The following chart sets forth total global downloads of mobile apps by regions from 2014 to 2023:

Downloads of Mobile APPs by Regions, World, 2014-2023E



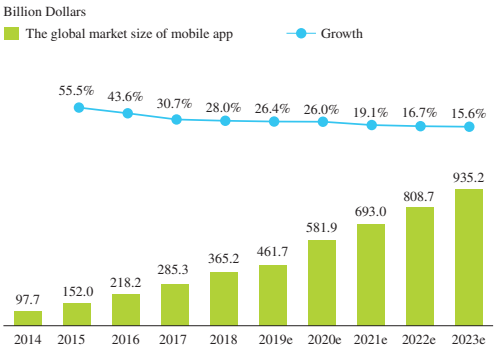
PRC App Developers' Global Expansion

According to the iResearch Report, a small number of utility apps developed by PRC internet companies were released in the overseas market around 2010. Subsequently, leveraging on their successful experience in China, the leading PRC internet companies began to expand their business overseas. With the increase of improvement of mobile device performance, there was a significant increase of the number of apps developed by PRC internet companies who engaged in and focussed on overseas market around 2015. Meanwhile, a number of small and medium enterprises emerged and positioned their target market overseas since their inception with more specialised apps including content and social networking apps, among others. According to the iResearch Report, in 2018, 40% of the TOP 50 PRC mobile apps' overseas downloads was games, 16% was tools and the rest include beauty camera, ecommerce, short videos & live streaming, contents and social network.

Scale of China's Overseas Mobile App Market

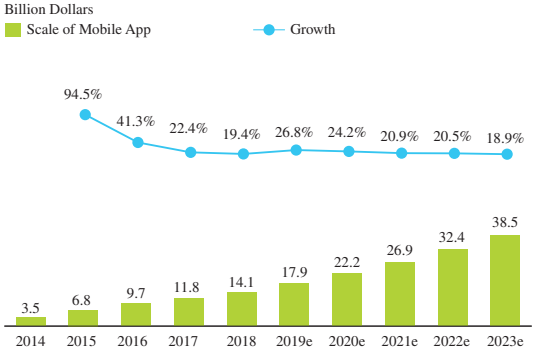
According to the iResearch Report, the scale of PRC mobile apps in the overseas market increased from USD3.5 billion in 2014 to USD14.1 billion in 2018, representing a CAGR of 41.6%. It is estimated to continue growing at a CAGR of 22.2% from 2018 to 2023, and reach USD38.5 billion in 2023. After the explosive growth from 2015 to 2016 with an annual growth rate of 41.3%, the growth from 2017 to 2018 maintained a relatively moderate annual growth rate of 19.4%. The popularity of PRC short videos and livestreaming apps in late 2018 in the overseas market further established the potentials in the overseas development of PRC mobile apps. At the same time, the incoming 5G era also creates a new opportunity for game products to harvest a new round of growth in the number of users and usage time. This market is estimated to maintain a growth rate of 18.9% by 2023. The following charts set forth the global market size of mobile apps and the overseas market size of PRC mobile apps from 2014 to 2023:

The Market Size of Mobile App, World, 2014-2023E



Note: Global Mobile App Market includes the advertising revenue and the revenue paid in-app.

Mobile App in the Overseas Market Size, China, 2014-2023E



Note: China Mobile App Market includes the advertising revenue obtained by PRC Mobile App outside China and the revenue paid in-app.

Key Drivers

According to iResearch, China's overseas mobile app market has the following key drivers:

- *Economy*: China mobile internet market is becoming more mature and begins to lead the trend of global market and PRC internet companies have strong financial capabilities after years of operation. The labour cost of software engineers in China is approximately one fifth of that of the European and the United States. In addition, the market size of global mobile app industry is continuously growing.
- *Society*: The upgrade of mobile communication services has contributed to the development of mobile internet in Southeast Asia, South Asia, South America and other regions. With the increase in the exportation of China's mobile devices, PRC mobile apps entered overseas market by pre-installation. In addition, overseas third-party app stores have orderly competition environment and transparent market rules.
- *Technology*: The competitiveness of China mobile internet industry created a number of technology-oriented internet companies with mature development and operation experience. The huge user base in China also enables such companies to achieve a relatively leading position in the development of server capacity for mobile apps.

Barriers to Entry

According to the iResearch Report, barriers to entry for China's overseas mobile app market include:

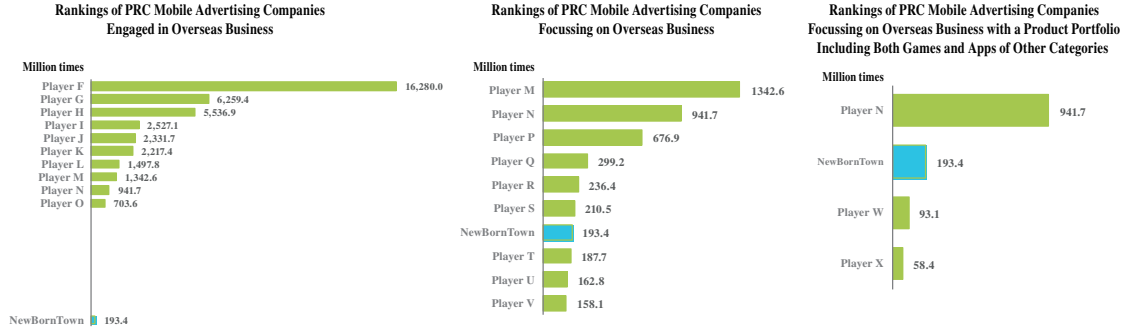
- *Technical barrier.* It is important to have competitive advantages in innovative product development and technical capabilities to compete with both PRC and overseas app developers and to excel in the competitive overseas mobile internet industry and acquire more overseas users.
- *Channel barrier.* In terms of distribution channels, developers should have an in-depth understanding of relevant policies and regulations, especially those published by App Store and Google Play. In terms of promotion channels, overseas media resources are concentrated on top media platforms. Access to their network platform has become the choice of most app developers overseas. Therefore, maintaining good business relationship and cooperation with such top media platforms is important for monetisation.
- *Capital barrier*. The marketing budget for promotion and user acquisition in overseas market is large. Further, it is helpful to establish localised operating teams, which also requires a considerable amount of capital investment.
- *Talent barriers*: The optimisation of products, user acquisition strategies and technology upgrade require talents with extensive technology background and experience.

AI Application in Mobile Apps Development

With the gradual penetration of AI technologies in the field of information distribution, mobile app developers can make accurate content recommendation to users and optimise products in accordance with user feedbacks. AI technologies can improve the efficiency and accuracy of pushing content to target users, helping users access favourite content more conveniently and assisting content providers to acquire more loyal users. Further, with AI technologies, content producers and distributors can collect and analyse the user behaviour data on mobile apps in real time, dynamically adjust the distribution rules and marketing strategies. Additionally, the data collected can assist product development teams to optimise products and improve users' experience.

Competitive Landscape of China's Overseas Mobile App Market

The following charts set forth the rankings for PRC mobile internet companies in terms of the overseas downloads of proprietary apps in App Store and Google Play in 2018. According to the iResearch Report, our Company ranked the nineteenth in companies that have engaged in overseas business, the seventh in companies focussing on overseas business and the second in companies focussing on overseas market with a product portfolio including both games and apps of other categories.



Note: Ranked by total overseas downloads excluding the downloads in the PRC.

The following chart sets out rankings of our featured launcher app, Solo Launcher, in terms of the number of countries and regions including France, Israel, Singapore and Brazil, among others, that ever achieved the best daily ranking by downloads for each indicated app category in Google Play up to 31 December 2018.

Highest Ranks[(1)] of Solo Launcher in Downloads (Google Play)

	App Category		
	Live Wallpaper (Applications)	Personalization (Applications)	Widgets (Applications)
Number of countries and regions – top 1 reached	31	89	1
Number of countries and regions – top 5 reached	101	101	67
Number of countries and regions – top 10 reached	101	101	85
Number of countries and regions – top 100 reached	103	103	101
Number of countries and regions – top 500 reached	103	103	101

Note:

(1) Highest Ranks refers to best ranking ever achieved.

The following chart sets out rankings of another our featured app, DIY Locker, in terms of the number of countries and regions including Germany, India, New Zealand and Argentina, among others, that ever achieved the best daily ranking by downloads for each indicated app category in Google Play as at 31 December 2018.

Highest Ranks[1] of DIY Locker in Downloads (Google Play)

	App Category				
	Overall	Applications (Non-game)	Live Wallpaper (Applications)	Personalization (Applications)	Widgets (Applications)
Number of countries and regions – top 1 reached	0	0	0	40	0
Number of countries and regions – top 5 reached	7	7	50	59	21
Number of countries and regions – top 10 reached	19	19	58	63	34
Number of countries and regions – top 100 reached	44	49	81	83	60
Number of countries and regions – top 500 reached	59	65	103	101	96

Note:

(1) Highest Ranks refers to best ranking ever achieved.

The following chart sets out rankings of Archery Champ, one of our games apps, in terms of the number of countries and regions including Spain, India and South Africa, among others, that ever achieved the best daily ranking by downloads iPhone in App Store for each indicated app category up to 31 December 2018.

Highest Ranks[1] of Archery Champ in Downloads (iPhone App Store)

	App Category	
	Overall	Games
Number of countries and regions – top 1 reached	2	3
Number of countries and regions – top 5 reached	4	22
Number of countries and regions – top 10 reached	10	45
Number of countries and regions – top 100 reached	92	133
Number of countries and regions – top 500 reached	141	151

Note:

(1) Highest Ranks refers to best ranking ever achieved.

CHINA'S OVERSEAS MOBILE ADVERTISING MARKET

Overview

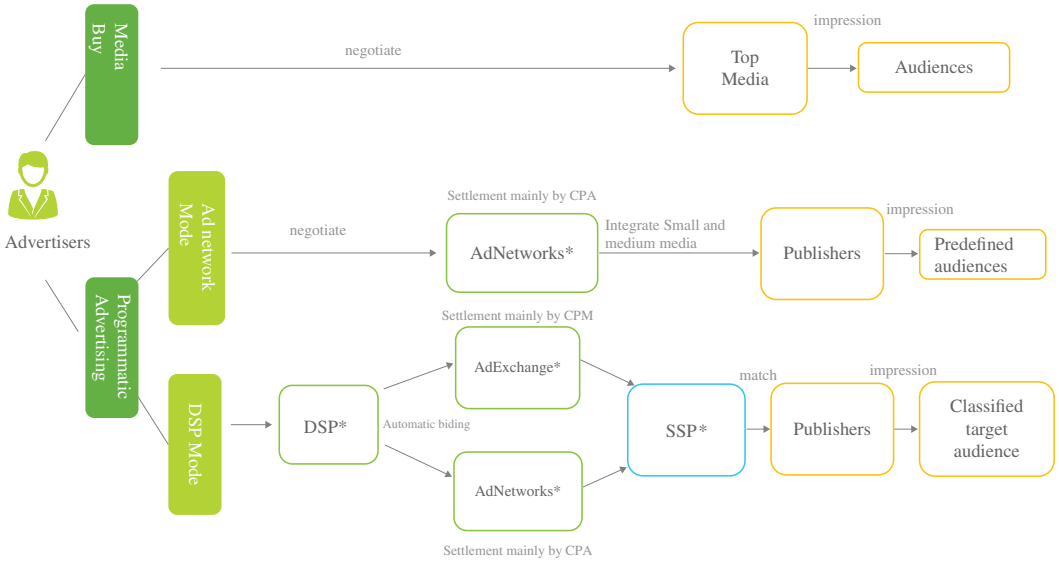
The development of the China's overseas mobile advertising market has been substantially driven by the improvement of mobile internet technology, optimisation of mobile content and increase in mobile traffic. The primary characteristic of the overseas mobile advertising is that the participants include overseas components. The two business models in China's overseas mobile advertising market include (i) PRC mobile advertising companies providing services to PRC advertisers for acquisition of overseas users; and (ii) PRC mobile advertising companies providing services to overseas advertisers for acquisition of global users.

According to the iResearch Report, global total media advertising spending increased from US$528.7 billion in 2014 to US$721.1 billion in 2018, and is expected to reach US$998.0 billion in 2023. In 2018, global mobile advertising spending reached US$187.9 billion, accounting for 26.1% of total advertising spending. It is estimated that the market size of mobile advertising will be approximately US$396.1 billion by 2023, accounting for 39.7% of the total advertising. Mobile advertising is mainly realised by apps, WAP, H5, content advertising, mobile phone system advertisements, etc., and mobile apps are the most important form of mobile advertising. As the mobile advertising industry develops, user acquisition and monetisation demands from app developers are becoming even stronger. Additionally, the development of programmatic advertising started around 2012 and is becoming increasingly prevalent.

Industry Value Chain of Mobile Advertising Market

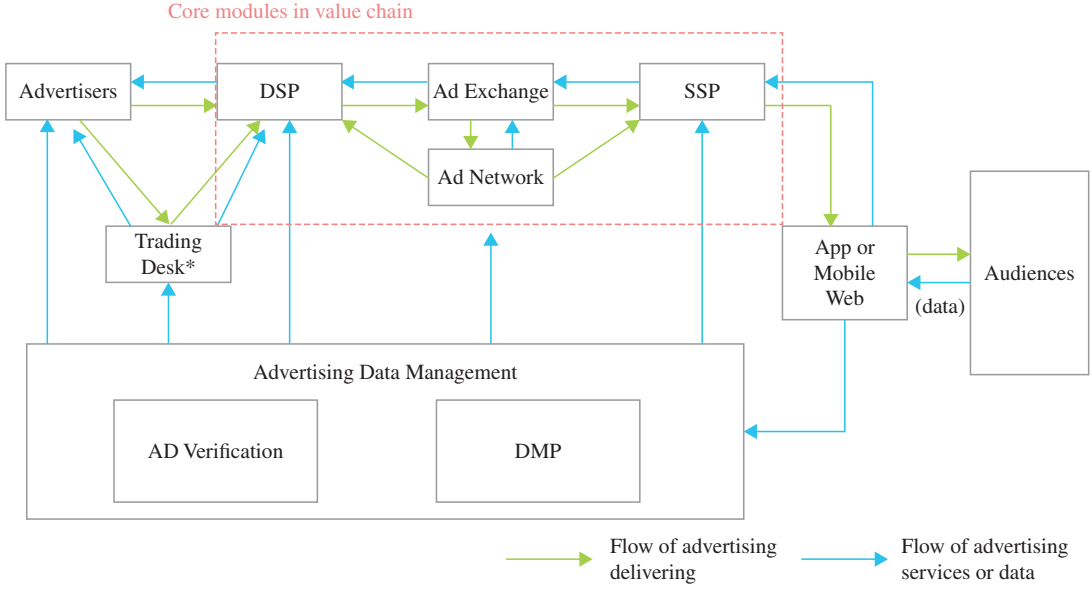
According to the iResearch Report, the key participants in the mobile advertising market are advertisers, advertising service providers, publishers and audiences. The two major patterns of China's overseas mobile advertising services are the programmatic mobile advertising service and the media buy service. Programmatic mobile advertising services are typically provided by the technology-based DSPs, SSPs, ad networks and ad exchanges which realise the

ad delivery transaction in an automated way. Mobile advertising service provider also help advertisers purchase ad inventories in the media buy approach across multiple top publishers and initiate ad campaigns. The following chart illustrates the two major patters of the mobile advertising services provided by PRC mobile advertising companies:



Note: *Provided by PRC mobile advertising services providers.*

According to the iResearch Report, media buy service, as an intermediary service model, has a relatively low entry barrier as the top publishers monetise their ad inventories either non-programmatically or by connecting their API to the ad campaign systems of the advertisers. Programmatic advertising features the automated buying and selling of ad inventories. The core players of programmatic mobile advertising include the DSP, SSP, ad networks and ad exchanges. The following diagram sets forth the core players of programmatic mobile advertising:



Note: *Trading desk usually integrates several DSPs to provide services for offline advertisers.*

In the early development stage of the mobile advertising industry, programmatic advertising was restricted by technical reasons, such as unformed OpenRTB protocol, long response time on platforms and unsatisfactory server capacity. With the development of technology, programmatic advertising developed rapidly and it can improve the efficiency and performance of ad inventory transactions. Further, programmatic platforms can collect user data through SDK or API connection. With the data analytical technologies and regular adjustment on ad verification platform, programmatic advertising can monitor ad deliveries

and reduce click fraud to protect the brands of the advertisers. Real-Time Bidding (RTB) is one of the core functions of programmatic advertising. The three main characteristics of RTB are media resource integration, real-time bidding and reaching classified target audience. Advertisers with the highest bid could buy the desired ad space and publishers could look for the highest market price for their ad inventories. Through automated trading of ad inventories at scale across a broad range of media resources, advertisers can bid for compatible ad spaces at reasonable costs. Programmatic advertising is realised via the RTB mechanism which allows the buying and selling of ad spaces online by real-time auctions that occur in milliseconds. RTB allows for targeting advertising, serving ads to users directly based on their demographic, psychographic, or behavioural attributes. It is expected that the proportion of programmatic advertising will still increase in the future.

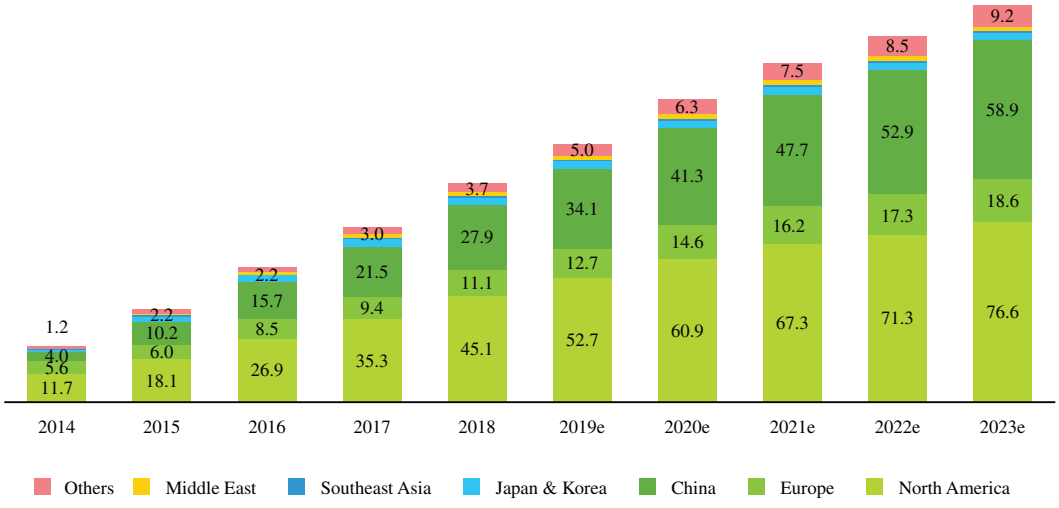
Scale of China's Overseas Mobile Advertising Market

According to the iResearch Report, the development of China's mobile advertising services to overseas market started around 2013, which was slightly later than China's mobile apps' development overseas. The increase in the number of PRC apps in overseas market results in the demand for acquisition of global users, thereby creating a fast-growing market for the provision of mobile advertising services by PRC mobile advertising companies. According to the iResearch Report, the total advertising expenditure in China's mobile advertising overseas market increased from US$2.0 billion in 2014 to US$10.9 billion in 2018 at a CAGR of 52.8%, and is expected to reach US$35.8 billion in 2023 at a CAGR of 26.9% from 2018.

According to the iResearch Report, advertising spending by North American app developers remains the top among developers around the world, followed by PRC app developers. Additionally, mobile advertising spending in Southeast Asia is expected to grow significantly from less than US$0.2 billion in 2014 to US$2.29 billion in 2023. The following chart provides a breakdown of mobile advertising spending by region for the periods indicated:

Ad Spending by Mobile APPs Developers by Regions, World, 2014-2023E

Billion Dollars



Future Trends of China's Overseas Mobile Advertising Market

According to the iResearch Report, future trends for China's overseas mobile advertising market include:

- *A synergetic business model.* More and more mobile internet companies which have their own product matrix and marketing platform services are expected to emerge. This complementary strategy can integrate the data from mobile apps and mobile advertising services, help optimise and calibrate the algorithm models, further enhance the grasp of high-quality traffic and improve the mobile advertising services.
- *Increase in programmatic advertising.* Mobile advertising service providers will continue to increase their investment in products, technologies and data to develop their programmatic advertising platforms.

- *Reliance on big data and AI technologies.* The requirements on mobile advertising service providers' data collection and analytic capabilities will be higher. The publishers will have data with larger amount, richer dimension, and finer granularity. The value of such data will be further explored and utilised.

AI Application in Mobile Advertising

According to the iResearch Report, in mobile advertising, advertisers can only afford a certain number of ad auction requests. In order to increase the volume of advertising transactions and the revenue of advertisers, it is necessary to train and learn the ad delivery techniques by machine learning algorithm to gain insight into the characteristics of different users, and to analyse the needs of potential purchasing users, so as to determine which auction requests are more suitable for the advertisers. Through the application of AI technologies, when the number of advertisement auction requests stays unchanged, the profit of advertisers can be three to six times higher than that of the initial revenue, and the cost of server construction for purchasing users can be reduced.

Competitive Landscape of China's Overseas Mobile Advertising Market

According to the iResearch Report, the companies own both proprietary product matrices and mobile advertising platforms can realise multi-dimensional layout in its own media resources and multi-platform construction. Such business model can connect the massive data sources accumulated by the mobile apps with the mobile advertising platform, and deepen the value of data by AI technologies to improve the monetisation efficiency of mobile apps and achieve precision targeting. Additionally, the multi-platform system also helps to achieve synergy effects that help to enhance the profitability of its own business model and the companies can be less dependent on other platforms. The following chart sets forth the layout overview of the business lines of PRC mobile advertising companies focussing on providing mobile marketing services in overseas market up to the Latest Practicable Date:

Company	Ad network	DSP	Ad exchange	SSP	App matrix
NewBornTown	✓	✓	✓	✓	✓
Player A	✓	✓	✓	✓	
Player B	✓	✓	✓		
Player C	✓	✓			
Player D	✓	✓	✓		
Player E	✓	✓			

Note: The players in industry are selected by the following criteria: (i) headquarter is based in China ; (ii) main business is to provide mobile advertising services in overseas market; (iii) has proprietary programmatic mobile advertising platforms such as ad network, DSP, ad exchange and SSP.

According to the iResearch Report, as the connections with the publishers are through technical interfaces such as SDK, API and JavaScript, it sets a technology barrier for the mobile advertising service providers. Such technology barrier, including more reliable and available types of technical interfaces provided by mobile advertising service providers among others, lead to preference of cooperation from media, and larger amount of accumulated media resources accordingly. It is an important ability to integrate the traffic of publishers for a mobile advertising service provider in overseas market. The following chart sets forth the number of penetrated publishers connected to the mobile advertising platforms of PRC mobile advertising companies focussing on providing overseas mobile marketing services in 2018:

Company	Penetrated media (thousand)	Note
NewBornTown	**700+**	**Ad exchange**
Company C	450+	DSP
Company B	350+	Ad network
Company A	350+	Ad network
Company D	200+	Ad network
Company E	100+	Ad network

Note: The businesses include ad network, DSP, ad exchange, and SSP, and does not include media buy. Media refers to penetrated apps and mobile web covered by one of the proprietary platform excluding overlapping apps in 2018, the number disclosed is the highest amongst all proprietary platforms of a company and NewBorn Town's data was provided by our Group based on the performance of our ad exchange in December 2018.

According to the iResearch Report, the number of requests a mobile advertising platform receives will directly influence the effectiveness of ad impression, which in turn affects the platform's price settlement. The following chart sets forth the number of average daily requests from publishers for PRC mobile advertising companies focussing on providing overseas mobile marketing services in 2018:

Company	Bid Requests (billion)	Note
NewBornTown	**5.7+**	**Ad exchange**
Company C	4.5+	DSP
Company A	2.5+	DSP
Company E	2.2+	Ad network
Company D	1.5+	DSP
Company B	1.5+	DSP

Note: The businesses include ad network, DSP, ad exchange, and SSP, and does not include media buy. Average daily bid requests is calculated from publishers in December 2018, and the number disclosed is the highest amongst all proprietary platforms of a company.

According to the iResearch Report, top mobile apps (as advertisers) typically contribute to a large amount of advertising budget. One of the core competencies of mobile advertising service providers is the ability to reach and serve global top mobile apps. For the global top 100 advertisers in terms of global advertising spending in 2018, our Group provided mobile marketing services to 87 of them. The following chart sets forth the proportion of advertisers in global top 50 companies in terms of app downloads/paid revenues in 2018 for which the PRC mobile advertising companies focussing on providing overseas mobile marketing services provided services:

Company	Coverage of advertisers in top 50 global companies by number of downloads	Coverage of advertisers in top 50 global companies by number of revenue
NewBornTown	**37**	**38**
Company B	35	21
Company D	28	35
Company A	15	22
Company C	12	13
Company E	7	9

Note: The businesses include ad network, DSP, ad exchange, and SSP, and does not include media buy. The advertisers refer to penetrated served advertisers by company in 2018. Global top 50 companies are ranked by downloads or revenue of its apps matrix in 2018.

The principal objective of this summary is to provide potential investors with an overview of the key laws and regulations applicable to us. This summary does not purport to be a comprehensive description of all the laws and regulations applicable to the business and operations of our Group and/or which may be important to potential investors. Investors should note that the following summary is based on laws and regulations in force as at the date of this document, which may be subject to change.

LAWS AND REGULATIONS IN THE PRC

The following is a brief summary of the laws and regulations in the PRC that currently materially affect our Group and our operations.

Regulations on Company Establishment and Foreign Investment

The establishment, operation and management of companies in China is governed by the PRC Company Law (《中華人民共和國公司法》), as promulgated by the Standing Committee of National People's Congress on 29 December 1993 and effective on 1 July 1994, as and subsequently amended on 25 December 1999, 28 August 2004, in 27 October 2005, 28 December 2013 and 26 October 2018. According to the PRC Company Law, companies established in the PRC are either limited liability companies or joint stock limited liability companies. The PRC Company Law applies to both PRC domestic companies and foreign-invested companies. Where laws on foreign investment have other stipulations, such stipulations shall prevail.

The establishment procedures, approval procedures, registered capital requirements, foreign exchange matters, accounting practices, taxation and labour matters of a wholly foreign-owned enterprise are regulated by the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法》), as promulgated on 12 April 1986 and amended on 31 October 2000, 3 September 2016, and the Implementation Regulation of the Wholly Foreign-owned Enterprise Law (《中華人民共和國外資企業法實施細則》), as promulgated on 28 October 1990, amended on 12 April 2001 and 19 February 2014. On 3 September 2016, the National People's Congress Standing Committee published the Decision on Revising Four Laws including the Wholly Foreign-owned Enterprise Law of the People's Republic of China (《全國人民代表大會常務委員會關於修改< 中華人民共和國外資企業法> 等四部法律的決定》), which changes the previous "filing or approval" procedure for foreign investments in China. Except for the industries listed in the Special Administrative Measure (Negative List) for Foreign Investment Access (2018 version) (《外商投資准入特別管理措施(負面清單) (2018年版)》) which came into effect on 28 July 2018 and amended the negative lists under the Guidance Catalogue of Industries for Foreign Investment (Revised in 2017), or the Catalogue, effective on 28 July 2017, foreign investments in business sectors are therefore no longer subject to special administrative measures that require application for approval, instead, only a filing is required. Pursuant to the Provisional Administrative Measures on Establishment and Modifications (Filing) for Foreign-invested Enterprises (《外商投資企業設立及變更備案管理暫行辦法》) promulgated by MOFCOM on 8 October 2016, and amended on 30 July 2017, and 29 June 2018 establishment and changes of foreign invested enterprises not involving the implementation of special access administrative measures prescribed by the state shall be filed with the relevant commerce authorities. Additionally, the registration for a PRC Company'establishment, modification, and termination shall comply with the provision of

Regulation of the People's Republic of China on the Administration of Company Registration (《中華人共 和國公司登記管理條例》) which was promulgated on 24 June 1994 and amended on 18 December 2005, 19 February 2014 and 6 February 2016.

Investment activities in the PRC by foreign investors are mainly governed by the Guidance Catalogue of Industries for Foreign Investment (revised in 2017) (《外商投資產業指導目錄 (2017年修訂)》) (the "**Catalogue**"), which was promulgated jointly by the MOFCOM and the National Development and Reform Commission (the "**NDRC**") on 28 June 2017 and became effective on 28 July 2017. The Catalogue divides industries into four categories in terms of foreign investment. Those categories are: "encouraged", "restricted", "prohibited" and all industries not listed under one of these categories are deemed to be "permitted". The restricted and prohibited foreign-invested industries which are subject to the special administrative measures for access of foreign investment are collectively the "Negative List". The Negative List was replaced by the Special Administrative Measures on Access of Foreign Investment (Negative List) (2018 Edition) (《外商投資准入特別管理措施(負面清單) (2018 年版)》) (the "**Special Administrative Measures**"). The purpose of these regulations is to direct foreign investment into certain priority industry sectors and restrict or prohibit them from entering into other sectors. If the investment falls within the industry sector which belongs to the encouraged category, such foreign investment can be conducted through a wholly foreign-owned enterprise, or a joint venture enterprise with any shareholding percentage requirement. If the investment falls within a permitted category, such investment may be conducted through a wholly foreign-owned enterprise, provided certain requirements are met. However, if the investment falls within a restricted category, in some cases, the establishment of a joint venture enterprise will be required with a minimum shareholding requirement for the Chinese party, varying according to the industries. If the attempted foreign investment falls within a prohibited category, foreign investment of any kind is not allowed. Any industry not falling into any of the encouraged, restricted or prohibited categories is classified as a permitted industry for foreign investment.

Regulations Relating to Value-Added Telecommunication Services

Licences for Value-Added Telecommunication Services

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the "**Telecommunications Regulations**"), promulgated by the State Council on 25 September 2000 and last amended on 6 February 2016, provide a regulatory framework for telecommunications services providers in the PRC. The Telecommunications Regulations require telecommunications services providers to obtain an operating licence prior to the commencement of their operations. The Telecommunications Regulations categorise telecommunications services into basic telecommunications services and value-added telecommunications services. According to the Catalogue of Telecommunications Business (《電信業務分類目錄》), attached to the Telecommunications Regulations and last amended by the MIIT on 28 December 2015, information services provided via fixed network, mobile network and internet fall within value-added telecommunications services.

The Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the "**Internet Measures**"), which was promulgated by the State Council on 25 September 2000 and amended on 8 January 2011, set out guidelines on the provision of internet

information services. The Internet Measures classified internet information services into commercial internet information services and non-commercial internet information services, and a commercial operator of internet content provision services must obtain a Value-added Telecommunications Services Operating Licences ("**ICP Licence**") for the provision of internet information services from the appropriate telecommunications authorities. The Administrative Measures for Telecommunications Businesses Operating Licensing (《電信業務經營許可管理辦法》), which was promulgated by the MIIT on 3 July 2017 and became effective on 1 September 2017, provides that a commercial operator of value-added telecommunications services must first obtain an ICP Licence, from the MIIT or its provincial level counterparts. In addition, in the first quarter of every year while the operator is holding the licence, it must report information such as business performance and service quality to the issuing authorities.

Restrictions on Foreign Investment

Foreign direct investment in telecommunications companies in China is governed by the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (revised in 2016) (《外商投資電信企業管理規定 (2016 年修訂)》), which was promulgated by the State Council on 11 December 2001 and amended on 10 September 2008 and 6 February 2016. The regulations require foreign-invested value-added telecommunications enterprises in China to be established as Sino-foreign equity joint ventures, which the foreign investors may acquire up to 50% of the equity interests of such enterprise. In addition, the main foreign investor who invests in a foreign-invested value-added telecommunications enterprises operating the value-added telecommunications business in China must demonstrate a good track record and experience in operating a value-added telecommunications business; the main foreign investor is defined as the one who makes the largest contribution among all foreign investors and has a share of 30% or more of the total amount invested by all foreign investors. Moreover, foreign investors that meet these requirements must obtain approvals from the MIIT and the MOFCOM, or their authorised local counterparts, which retain considerable discretion in granting approvals, for the commencement of that investor of value-added telecommunication business in China.

In July 2006, the Ministry of Information Industry of the PRC (the "**MII**", which is the predecessor of MIIT) released the Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business (《信息產業部關於加強外商投資經營增值電信業務管理的通知》) (the "**MII Notice**"), pursuant to which, domestic telecommunications enterprises were prohibited to rent, transfer or sell a telecommunications business operation licence to foreign investors in any form, or provide any resources, premises, facilities and other assistance in any form to foreign investors for their illegal operation of any telecommunications business in China. In addition, under the MII Notice, the internet domain names and registered trademarks used by a foreign-invested value-added telecommunication service operator shall be legally owned by that operator (or its shareholders).

According to the Negative List, the internet information services that the Company's PRC subsidiaries currently offer falls within the scope of value-added telecommunications services (except for e-commerce), which is under the "restricted" categories.

We currently hold two ICP Licences issued respectively Beijing Communications Administration, the branch of MIIT on 13 March 2019, and by Beijing Communications Administration, the branch of MIIT, on 23 October 2017.

Regulations Relating to Information Security and Censorship

Internet content in China is regulated and restricted from a state security standpoint. The Standing Committee of the National People's Congress ("**SCNPC**") enacted the Decisions on the Maintenance of Internet Security (《全國人民代表大會常務委員會關於維護互聯網安全的決定》(2009 年修訂)) on 28 December 2000, which was amended on 27 August 2009, that may subject persons to criminal liabilities in China for any attempt to: (i) gain improper entry to a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak state secrets; (iv) spread false commercial information or (v) infringe intellectual property rights. In 1997, the Ministry of Public Security issued the Administration Measures on the Security Protection of Computer Information Network with International Connections (《計算機信息網絡國際聯網安全保護管理辦法》), which were amended by the State Council on 8 January 2011 and prohibit using the internet in ways which, among others, result in a leakage of state secrets or a spread of socially destabilising content. The Ministry of Public Security has supervision and inspection powers in this regard, and relevant local security bureaus may also have jurisdiction. If an ICP Licence holder violates these measures, the PRC government may revoke its ICP Licence and shut down its websites.

On 7 November 2016, the SCNPC promulgated the Cyber Security Law of the People's Republic of China (《中華人民共和國網絡安全法》), which became effective on 1 June 2017, pursuant to which, network operators shall comply with laws and regulations and fulfil their obligations to safeguard security of the network when conducting business and providing services. Those who provide services through networks shall take technical measures and other necessary measures pursuant to laws, regulations and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and the network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties, and network operators of key information infrastructure shall store within the territory of the PRC all the personal information and important data collected and produced within the territory of PRC. The purchase of network products and services that may affect national security shall be subject to national cyber security review. On 2 May 2017, the CAC issued a trial version of the Measures for the Security Review of Network Products and Services (Trial) (《網絡產品和服務安全審查辦法(試行)》), which took effect on 1 June 2017, to provide for more detailed rules regarding cyber security review requirements.

Regulations Relating to Privacy Protection

On 13 December 2005, the Ministry of Public Security issued the Regulations on Technological Measures for Internet Security Protection (《互聯網安全保護技術措施規定》) (the "**Internet Protection Measures**") which took effect on 1 March 2006. The Internet Protection Measures require internet service providers to take proper measures including anti-virus, data back-up and other related measures, and to keep records of certain information

about their users (including user registration information, log-in and log-out time, IP address, content and time of posts by users) for at least 60 days, and detect illegal information, stop transmission of such information, and keep relevant records. In December 2012, the SCNPC promulgated the Decision on Strengthening Network Information Protection (《全國人民代表大會常務委員會關於加強網絡信息保護的決定》) to enhance the legal protection of information security and privacy on the Internet. In July 2013, the MIIT promulgated the Provisions on Protection of Personal Information of Telecommunication and Internet Users (《電信和互聯網用戶個人信息保護規定》) to regulate the collection and use of users' personal information in the provision of telecommunication services and Internet information services in China and the personal information includes a user's name, birth date, identification card number, address, phone number, account name, password and other information that can be used for identifying a user. On 29 December 2011, the MIIT promulgated the Several Provisions on Regulation of the Order of Internet Information Service Market (《規範互聯網信息服務市場秩序若干規定》), which became effective on 15 March 2012. The Provisions stipulate that without the consent of users, internet information service providers shall not collect information relevant to the users that can lead to the recognition of the identity of the users independently or in combination with other information, nor shall they provide personal information of users to others, unless otherwise provided by laws and administrative regulations. On 8 May 2017, the Supreme People's Court and the Supreme People's Procuratorate released the Interpretations of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Concerning the Application of Law in the Handling of Criminal Cases Involving Infringement of Citizens' Personal Information (《最高人民法院、最高人民檢察院關於辦理侵犯公民個人信息刑事案件適用法律若干問題的解釋》), which clarifies several concepts regarding the crime of "infringement of citizens' personal information" stipulated by Article 253A of the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), including "citizen's personal information", "provision", and "unlawful acquisition". Also, it specifies the standards for determining "serious circumstances" and "particularly serious circumstances" of this crime.

Regulations on Advertising Business

The Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), promulgated by the Standing Committee of the National People's Congress on 27 October 1994 and amended on 24 April 2015 and 26 October 2018. This law regulates contents of advertisements, codes of conduct for advertising, and the supervision and administration of advertising industry. It also stipulates that advertisers, advertising operators, and advertisement publishers shall abide by the Advertising Law and other laws and regulations, be honest and trustworthy, and compete in a fair manner in advertising business. According to the Advertising Law, advertising operators and advertisement publishers shall examine the relevant certification documents and verify the contents of advertisements in accordance with laws and regulations. According the Advertising Law, if advertising operators know or should have known the content of the advertisements is false or deceptive but still provide advertising design, production and agency services in connection with the advertisements, they might be subject to penalties, including confiscation of revenue and fines, and the competent PRC authority may suspend or revoke their business licences.

On 4 July 2016, the State Administration for Industry and Commerce promulgated the Interim Measures for the Administration of Internet Advertising (《互聯網廣告管理暫行辦法》), or Interim Measures on Internet Advertising to regulate advertising activities conducted via the internet. According to the Interim Measures on Internet Advertising, advertisements published or distributed via the internet shall not interfere with users' normal use of the internet. For example, advertisements published on web page pop-up windows or in others forms shall be clearly marked with a "close" sign to ensure a "Click to Close." No entity or individual may induce users to click on the contents of an advertisement through deception. An internet advertisement publisher or advertising operator, shall establish and maintain an acceptable registration, examination and file management system for its advertisers; examine, verify and record the identity information of each advertiser. The Interim Measures on Internet Advertising also require internet advertisement publishers and advertising operators to verify related supporting documents, check the contents of the advertisement and prohibits them from designing, producing, providing services or publishing any advertisement if the content and the supporting documents do not match each other or the documentary evidence thereof are insufficient.

Regulations Relating to Intellectual Property

The Copyright Law

China has enacted various laws and regulations relating to the protection of copyright. China is a signatory to some major international conventions on protection of copyright and became a member of the Berne Convention for the Protection of Literary and Artistic Works in October, 1992, the Universal Copyright Convention in October, 1992, and the Agreement on Trade-Related Aspects of Intellectual Property Rights upon its accession to the World Trade Organisation in December 2001.

The Copyright Law of the PRC (Revised in 2010) (《中華人民共和國著作權法》 (2010年修訂)) (the "**Copyright Law**") provides that Chinese citizens, legal persons, or other organisations shall, whether published or not, enjoy copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. The purpose of the Copyright Law aims to encourage the creation and dissemination of works which is beneficial for the construction of socialist spiritual civilisation and material civilisation and promote the development and prosperity of Chinese culture.

Under the Regulation on Protection of the Right to Network Dissemination of Information (《信息網絡傳播權保護條例》) that took effect on 1 July 2006 and was amended on 30 January 2013, it is further provided that an internet information service provider may be held liable under various situations, including if it knows or should reasonably have known a copyright infringement through the internet and the service provider fails to take measures to remove or block or disconnects links to the relevant content, or, although not aware of the infringement, the internet information service provider fails to take such measures upon receipt of the copyright holder's notice of infringement.

Measures on Administrative Protection of Internet Copyright (《互聯網著作權行政保護辦法》), that were promulgated by the MII and NCA and took effect on 30 May 2005, provided that an internet information service provider shall take measures to remove the relevant

contents, record relevant information after receiving the notice from the copyright owner that some content communicated through internet infringes upon his/its copyright and preserve the copyright owner's notice for 6 months. Where an internet information service provider clearly knows an internet content provider's tortuous act of infringing upon another's copyright through Internet, or fails to take measures to remove relevant contents after receipt of the copyright owner's notice although it does not know it clearly, and meanwhile damages public benefits, the infringer shall be ordered to stop the tortious act, and may be imposed of confiscation of the illegal [**REDACTED**] and a fine of not more than 3 times the illegal business amount; if the illegal business amount is difficult to be calculated, a fine of not more than RMB100,000 may be imposed.

The Computer Software Copyright Registration Measures (《計算機軟件著作權登記辦法》) (the "**Software Copyright Measures**"), promulgated by the National Copyright Administration on 20 February 2002, regulate registrations of software copyright, exclusive licencing contracts for software copyright and transfer contracts. The National Copyright Administration of China shall be the competent authority for the nationwide administration of software copyright registration and the Copyright Protection Centre of China (the "**CPCC**"), is designated as the software registration authority. The CPCC shall grant registration certificates to the Computer Software Copyrights applicants which conforms to the provisions of both the Software Copyright Measures and the Computer Software Protection Regulations (Revised in 2013) (《計算機軟件保護條例》(2013 年修訂)).

The Trademark Law

Trademarks are protected by the Trademark Law of the PRC (Revised in 2013) (《中華人民共和國商標法》(2013 年修訂)) which was promulgated on 23 August 1982 and subsequently amended on 22 February 1993, 27 October 2001 and 30 August 2013 respectively as well as the Implementation Regulation of the PRC Trademark Law adopted by the State Council on 3 August 2002 (Revised in 2014) (《中華人民共和國商標法實施條例》 (2014 年修訂)). In China, registered trademarks include commodity trademarks, service trademarks, collective marks and certification marks.

The Trademark Office under the State Administration for Industry and Commerce ("**SAIC**"), handles trademark registrations and grants a term of ten years to registered trademarks. Trademarks are renewable every ten years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within six months prior to the expiration of the term. A trademark registrant may licence its registered trademark to another party by entering into a trademark licence contract. Trademark licence agreements must be filed with the Trademark Office to be recorded. The licensor shall supervise the quality of the commodities on which the trademark is used, and the licensee shall guarantee the quality of such commodities. As for trademarks, the PRC Trademark Law has adopted a "first come, first file" principle with respect to trademark registration. Where trademark for which a registration application has been made is identical or similar to another trademark which has already been registered or been subject to a preliminary examination and approval for use on the same kind of or similar commodities or services, the application for registration of such trademark may be rejected. Any person applying for the registration of a

trademark may not prejudice the existing right first obtained by others, nor may any person register in advance a trademark that has already been used by another party and has already gained a "sufficient degree of reputation" through such party's use.

Domain Names

Internet domain name registration and related matters are primarily regulated by CNNIC Implementing Rules of Domain Name Registration (《中國互聯網絡信息中心域名註冊實施細則》) issued by China Internet Network Information Centre (the "**CNNIC**"), the domain name registrar of the PRC, which became effective on 29 May 2012, the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》), issued by MIIT on 24 August 2017 and effective as of 1 November 2017, and the China Internet Measures on Domain Name Disputes Resolution (《中國互聯網絡信息中心域名爭議解決辦法》) issued by CNNIC which became effective on 1 September 2014. Domain name registrations are handled through domain name service agencies established under the relevant regulations, and the applicants become domain name holders upon successful registration.

Patent Law

According to the Patent Law of the PRC (《中華人民共和國專利法》) amended on 27 December 2008 and the Detailed Rule for the Implementation of Patent Law amended on 9 January 2010 (《中華人民共和國專利法實施細則》), patent is divided into three categories: invention patent, utility model patent, and design patent.

Invention patent is intended to protect new technical solution for a product. The applicant for invention patent must prove that the subject matter product possesses novelty, creativity and practical applicability. The grant of invention patent is subject to disclosure and publication. Normally, the patent administrative authority publishes the application within 18 months after it is filed and if it meets the requirements of this Law in its preliminary review, which may be shortened upon request by the applicant. The patent administrative authority conducts a substantive review within three years from the date the application is filed. The term of protection is 20 years from the date of application. Once the invention patent right is granted, unless otherwise permitted by law, no individuals or entities are permitted to engage in the manufacture, use, offering for sale, sale or import of the patented product, or use the patented method or otherwise engage in the use, offering for sale, sale or import of the product directly derived from applying the patented method, without the licencing of the patent holder.

Utility model patent is intended to protect new technical solution in relation to a product's shape, structure or a combination thereof, which is fit for practical use. The applicant for utility model patent must prove that the subject matter product possesses novelty, creativity and practical applicability. Utility patent is granted and registered upon application unless there are reasons for the patent administrative authority to reject the application after its preliminary review. The utility model patent is subject to the disclosure and publication upon application. The term of protection is 10 years from the date of application. Once the utility patent right is granted, unless otherwise permitted by law, no individuals or entities are permitted to engage in the manufacture, use, offering for sale, sale or import of the patented product, or use the patented method or otherwise engage in use, offering for sale, sale or import of the product directly derived from applying the patented method, without the licencing of the patent holder.

Design patent is intended to protect new design of a product's shape, pattern or a combination thereof as well as its combination with the colour and the shape or pattern of a product, which creates an aesthetic feeling and is fit for industrial application. The applicant for design patent protection must prove that the subject that for matter product is not identical to a prior design. The application procedure and term of protection is the same as that for utility patent. Once a design patent is granted, no individuals or entities are permitted to engage in the manufacture, offering for sale, sale or import of the product protected by such design patent, without the licencing of the patent holder.

Regulations Relating to Foreign Exchange

General Administration of Foreign Exchange

Under the PRC Foreign Currency Administration Rules (《中華人民共和國外匯管理條例》), promulgated on 29 January 1996 and last amended on 5 August 2008, and various regulations issued by the SAFE and other relevant PRC government authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments, payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from the SAFE or its local office. Payments for transactions that take place within the PRC must be made in Renminbi. Unless otherwise required by SAFE, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks under the current account items subject to a cap set by the SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, approval from the SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the relevant rules and regulations of the PRC.

Pursuant to the Notice of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**SAFE Notice No. 59**") promulgated by SAFE on 19 November 2012, that became effective on 17 December 2012 and was further amended on 4 May 2015, approval is not required for the opening of an account entry in foreign exchange accounts under direct investment. SAFE Notice No. 59 also simplified the capital verification and confirmation formalities for foreign invested entities, the foreign capital and foreign exchange registration formalities required for the foreign investors to acquire equities from Chinese party, and further improved the administration on exchange settlement of foreign exchange capital of foreign invested entities.

On 4 July 2014, SAFE promulgated the Notice on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicle (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Notice No. 37**"), effective as of 4 July 2014. Under SAFE Notice No. 37, (1) a PRC

resident must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle, or an Overseas SPV, that is directly established or indirectly controlled by the PRC resident for the purpose of conducting investment or financing; and (2) following the initial registration, the PRC resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change in the Overseas SPV's PRC resident shareholder, name of the Overseas SPV, term of operation, or any increase or reduction of the contributions by the PRC resident, share transfer or swap, and merger or division. Additionally, pursuant to the Notice of SAFE on Further Simplifying and Improving the Direct Investment related Foreign Exchange Administration Policies (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), or SAFE Notice No. 13, which was promulgated on 13 February 2015 and became effective on 1 June 2015, the aforesaid registration shall be directly reviewed and handled by qualified banks in accordance with SAFE Notice No. 13, and SAFE and its branches shall perform indirect regulation over the foreign exchange registration via qualified banks.

The Notice of the SAFE on Reforming the Management Approach regarding the Settlement of Foreign Capital of Foreign-invested Enterprise (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Notice No. 19**") was promulgated on 30 March 2015 and became effective on 1 June 2015. According to the SAFE Notice No. 19, a foreign-invested enterprise may, in response to its actual business needs, settle with a bank the portion of the foreign exchange capital in its capital account for which the relevant foreign exchange bureau has confirmed monetary contribution rights and interests (or for which the bank has registered the account-crediting of monetary contribution). For the time being, foreign-invested enterprises are allowed to settle 100% of their foreign exchange capitals on a discretionary basis; a foreign-invested enterprise shall truthfully use its capital for its own operational purposes within the scope of business; where an ordinary foreign-invested enterprise makes domestic equity investment with the amount of foreign exchanges settled, the invested enterprise shall first go through domestic re-investment registration and open a corresponding Account for Foreign Exchange Settlement Pending Payment with the foreign exchange bureau (bank) at the place of registration. The Notice of the SAFE on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Notice No. 16**") was promulgated and became effective on 9 June 2016. According to the SAFE Notice No. 16, enterprises registered in PRC may also convert their foreign debts from foreign currency into Renminbi on self-discretionary basis. The SAFE Notice No. 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts) on self-discretionary basis, which applies to all enterprises registered in the PRC. The SAFE Notice No. 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope and may not be used for investments in securities or other investment with the exception of bank financial products that can guarantee the principal within the PRC unless otherwise specifically provided. Besides, the converted Renminbi shall not be used to make loans for unrelated enterprises unless it is within the business scope or to build or to purchase any real estate that is not for the enterprise own use with the exception for the real estate enterprise.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company (《國家外匯管理局關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) (the "**Stock Option Rules**"), individuals participating in any stock incentive plan of any overseas publicly listed company who are PRC citizens or non-PRC citizens who reside in China for a continuous period of not less than one year, subject to a few exceptions are required to register with SAFE or its local branches and complete certain other procedures through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete certain other procedures. The participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, the purchase and sale of corresponding stocks or interests and fund transfers. In addition, the PRC agent is required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agent or the overseas entrusted institution or other material changes. The PRC agents must, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. Under the Circular of the State Administration of Taxation on Issues Concerning Individual Income Tax in Relation to Equity Incentives (《國家税務總局關於股權激勵有關個人所得税問題的通知》) promulgated by the SAT and effective from 24 August 2009, listed companies and their domestic organisations shall, according to the individual income tax calculation methods for "wage and salary income" and stock option income, lawfully withhold and pay individual income tax on such income.

On 26 January 2017, SAFE issued the Notice on Improving the Check of Authenticity and Compliance to Further Promote Foreign Exchange Control (《關於進一步推進外匯管理改 革完善真實合規性審核的通知》) ("**SAFE Circular 3**"), which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original version of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. Moreover, pursuant to SAFE Circular 3, domestic entities shall make detailed explanations of the sources of capital and utilisation arrangements, and provide board resolutions, contracts and other proof when completing the registration procedures in connection with an outbound investment.

Regulations Relating to Dividend Distribution

The principal laws and regulations regulating the dividend distribution of dividends by foreign-invested enterprises in the PRC include the Company Law of the PRC (《中華人民共和國公司法》), as amended in 2005, 2013 and 2018, the Wholly Foreign Owned Enterprise Law of the PRC (《中華人民共和國外資企業法》) and its Implementing Rules, the Equity Joint Venture Law of the PRC (《中華人民共和國中外合資經營企業法》) promulgated in 1979 and last amended in 2016 and its implementation regulations promulgated in 1983 and last amended in 2014, and the Cooperative Joint Venture Law of the PRC (《中華人民共和國

中外合作經營企業法》) promulgated in 1988 and last amended in 2017 and its implementation regulations promulgated in 1995 and amended in 2017. Under the current regulatory regime in the PRC, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profit, if any, determined in accordance with PRC accounting standards and regulations. A PRC company is required to set aside as general reserves at least 10% of its after-tax profit, until the cumulative amount of such reserves reaches 50% of its registered capital unless the provisions of laws regarding foreign investment otherwise provided. A PRC company shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.

Regulations Relating to Employment and Social Warfare

The Labour Contract Law

The Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) (the "**Labour Contract Law**"), which was implemented on 1 January 2008 and amended on 28 December 2012, is primarily aimed at regulating employee/employer rights and obligations, including matters with respect to the establishment, performance and termination of labour contracts. Pursuant to the Labour Contract Law, labour contracts shall be concluded in writing if labour relationships are to be or have been established between enterprises or institutions and the labourers. Enterprises and institutions are forbidden to force labourers to work beyond the time limit and employers shall pay labourers for overtime work in accordance with national regulations. In addition, labour wages shall not be lower than local standards on minimum wages and shall be paid to labourers in a timely manner. In addition, according to the Labour Contract Law: (i) employers must pay labourers double income in circumstances where within one year an employer fails to enter into an employment contract that is more than a month but less than a year from the date of employment and if such period exceeds one year, the parties are deemed to have entered into a labour contract with an "unfixed term"; (ii) employees who fulfil certain criteria, including having worked for the same employer continuously for ten years or more, may demand that the employer execute a labour contract with them with an unfixed term; (iii) employees must adhere to regulations in the labour contracts concerning commercial confidentiality and non-competition; (iv) if an employer pays for an employee professional training, the labour contract may specify a term of service, but an upper limit not exceeding the cost of training supplied to the employee has been set as the amount of compensation an employer may seek for an employee's breach of the provisions concerning term of services in the labour contract; (v) employees may terminate their employment contracts with their employers if their employers fail to make social insurance contributions in accordance with the law; (vi) employers who demand money or property from employees as guarantee or otherwise may be subject to a fine of more than RMB500 but less than RMB2,000 per employee; and (vii) employers who intentionally deprive employees of any part of their salary must, in addition to their full salary, pay such employees compensation ranging from 50% to 100% of the amount of salary so deprived if they fail to pay the salary deprived within ascertain period by the labour administration authorities.

Social Insurance and Housing Fund

As required under the Regulation of Insurance for Labour Injury (《工傷保險條例》) implemented on 1 January 2004 and amended in 2010, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) implemented on 1 January 1995, the Decisions on the Establishment of a Unified Programme for Basic Old-Aged Pension Insurance of the State Council (《國務院關於建立統一的企業職工基本養老 保險制度的決定》) issued on 16 July 1997, the Decisions on the Establishment of the Medical Insurance Programme for Urban Workers of the State Council (《國務院關於建立城鎮職工基 本醫療保險制度的決定》) promulgated on 14 December 1998, The Unemployment Insurance Measures (《失業保險條例》) promulgated on 22 January 1999, the Interim Regulations Concerning the Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫 行條例》) implemented on 22 January 1999 and the Social Insurance Law of the PRC (《中 華人民共和國社會保險法》) implemented on 1 July 2011, enterprises are obliged to provide their employees in the PRC with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labour injury insurance and medical insurance. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit.

LAWS AND REGULATIONS IN HONG KONG

Employment Related Laws and Regulations in Hong Kong

Mandatory Provident Fund Schemes ("MPF Schemes")

The MPF Schemes are defined contribution retirement scheme managed by authorised independent trustees.

Employers are required to perform duties relating to the MPF Schemes in accordance with the requirements under the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong) and the Mandatory Provident Fund Schemes (General) Regulation (Cap. 485A of the Laws of Hong Kong) (collectively the "**MPFSO**"). This involves employers handling various MPF matters for their employees after a company has been established, when staff members commence employment, and throughout the course of an employee's employment with our Company until his/her departure. Employers and their employees are both required to contribute 5% of the employee's monthly relevant income as mandatory contribution for and in respect of the employee, subject to the minimum and maximum relevant income levels for contribution purposes. An employer must select a trustee that has been approved by the Mandatory Provident Fund Schemes Authority (the "**MPFA**") as a trustee of its MPF Scheme.

Unless an employee is exempted from this requirement under the MPFSO, an employer is required to enrol a new employee within the first 60 days of employment. Both regular and casual employees (including part-time employees, who are employed for a period of 60 days or more) should be enrolled in the employer selected MPF Scheme(s).

An employer will commit an offence if it fails to enrol its employees in the selected MPF Scheme by the specified statutory deadline, and the employer may be subject to a maximum penalty of HK$350,000 and imprisonment for three years, and to daily penalty of HK$500 for continuing offences. If an employer does not pay contributions or fail to pay contributions on time, the MPFA may file civil actions to recover contributions in arrears, and also initiate criminal prosecution against non-complying employers. Upon conviction, offenders are liable to a maximum penalty of HK$450,000 and imprisonment for four years, and an extra daily fine of up to HK$700. If the employer fails to comply with a court order to pay the contributions in arrears or the surcharge within 14 days of a payment deadline, the offender is liable to a maximum penalty of HK$350,000 and imprisonment for three years upon conviction, and an extra daily fine of up to HK$500. A further financial penalty of HK$5,000 or 10% of the defaulting amount, whichever is greater, is payable by the offender.

Employment Ordinance (Cap. 57 of the Laws of Hong Kong) ("EO")

The EO provides for, amongst other things, the protection of the wages of employees, to regulate general conditions of employment, and for matters connected therewith. Under Section 25 of the EO, where an employment contract is terminated, any sum due to the employee shall be paid to him as soon as it is practicable and in any case not later than seven days after the day of termination. Under Section 63C of the EO, any employer who willfully and without reasonable excuse contravenes Section 25 of the EO commits an offence and is liable to a maximum fine of HK$350,000 and to imprisonment for a maximum of three years. Further, under Section 25A of the EO, if any wages or any sum referred to in Section 25(2)(a) of the EO are not paid within seven days from the day on which they become due, the employer shall pay interest at a specified rate on the outstanding amount of wages or sum from the date on which such wages or sum become due up to the date of actual payment. Under Section 63CA of the EO, any employer who willfully and without reasonable excuse contravenes Section 25A of the EO commits an offence and is liable on conviction to a maximum fine of HK$10,000.

Minimum Wage Ordinance (Cap. 608 of the Laws of Hong Kong) ("MWO")

The MWO provides a prescribed minimum hourly wage rate for every employee employed under the EO. It provides that wages payable to an employee in respect of any wage period, when averaged over the total number of hours worked in the wage period, should be no less than the statutory minimum wage, which was HK$34.5 as at the Latest Practicable Date. Any provision of the employment contract which purports to extinguish or reduce the right, benefit and or protection conferred by this ordinance is void.

Employees' Compensation Ordinance (Cap. 282 of the Laws of Hong Kong) ("ECO")

The ECO establishes a no-fault, non-contributory employee compensation system for work injuries and lays down the obligations of employers in respect of injuries sustained by, or death of their employees caused by accidents arising out of and in the course of employment, or by prescribed occupational diseases suffered by the employees.

Under the ECO, if any employee sustains an injury or dies as a result of an accident arising out of and in the course of his employment, his employer is generally liable to pay for the compensation even if acts of faults or negligence on the employee's behalf may have

contributed to the accident. Similarly, under Section 32 of the ECO, an employee who suffers incapacity or dies arising from an occupational disease is entitled to receive the same compensation as that payable to employees injured in occupational accidents. Further, Section 40 of the ECO provides that all employers (including contractors and subcontractors) are required to take out insurance policies to cover their liabilities both under the ECO and at common law for injuries at work in respect of all their employees (including full-time and part-time employees). Under Section 40(2) of the ECO, an employer who fails to comply with the ECO to secure an insurance cover is liable on conviction upon indictment to a fine of HK$100,000 and imprisonment for two years and on summary conviction to a fine of HK$100,000 and imprisonment for one year.

Under Section 48 of the ECO, an employer shall not, without the consent of the Commissioner for Labour, terminate, or give notice to terminate, the contract of service of an employee (who has suffered incapacity or temporary incapacity in circumstances which entitle him to compensation under the ECO) before the occurrence of certain events. Any person who commits a breach of this provision is liable on conviction to a maximum fine of HK$100,000.

Occupational Safety and Health Ordinance (Cap. 509 of the Laws of Hong Kong) ("OSHO")

The OSHO regulates the safety and health matters in work places, and applies to all employers and occupiers of premises where workplace are located. Its primary purposes are (1) to ensure the safety and health of employees when they are at work, (2) to prescribe measures that will make workplaces of employees safer and healthier for them, to improve the safety and health standards applicable to certain hazardous processes, plant and substances used or kept in workplaces, and (4) to improve the safety and health aspects of working environments of employees.

Employers must, as far as reasonably practicable, ensure the safety and health of their employees in their workplaces by:

(i) providing and maintaining plant and work systems that are safe and without risks to health;

(ii) making arrangements for ensuring safety and the absence of risks to health in connection with the use, handling, storage and transport of plants and substances;

(iii) providing all necessary information, instruction, training and supervision for ensuring safety and health;

(iv) providing and maintaining safe access to and egress from the workplaces; and

(v) providing and maintaining a work environment that is safe and without risks to health.

Under Section 6 of the OSHO, failure to comply with the above provisions constitutes an offence and the employer is liable on conviction to a fine of HK$200,000. An employer who fails to do so intentionally, knowingly or recklessly commits an offence and is liable on conviction to a fine of HK$200,000 and to imprisonment for six months.

Under Sections 9 and 10 of the OSHO, the Commissioner for Labour may also issue improvement notices against non-compliance of the OSHO or the Factories and Industrial Undertakings Ordinance (Cap. 59 of the Laws of Hong Kong), or suspension notices against activities of workplace which may create imminent hazard to employees. Failure to comply with such notices constitutes an offence punishable by a fine of HK$200,000 and HK$500,000 respectively and imprisonment for up to one year.

Taxation Related Laws and Regulations in Hong Kong

The Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) ("IRO") is an ordinance for the purposes of imposing taxes on property, earnings and profits in Hong Kong. The Inland Revenue Ordinance provides, among others, that persons, which include corporations, partnerships, trustees and bodies of persons, carrying on any trade, profession or business in Hong Kong are chargeable to tax on all profits (excluding profits arising from the sale of capital assets) arising in or derived from Hong Kong from such trade, profession or business.

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "IRO Amendment Bill"), which introduces the two-tiered profits tax rates regime. The IRO Amendment Bill was signed into law on 28 March 2018. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entity not qualifying for the two-tiered profits tax rates regime will continued to be taxed at a flat rate of 16.5%. Accordingly, starting from the year of assessment 2018/19, the Hong Kong profit tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK$2 million for the qualifying group entity.

As HK Operating Entities are incorporated in Hong Kong, they are subject to the profit tax regime under the IRO.

LAWS AND REGULATIONS REGARDING DATA PRIVACY IN SELECTED COUNTRIES

Laws and Regulations in the United States

The Federal Trade Commission ("**FTC**") may "prosecute any injury necessary to its duties in any part of the United States" and may initiate an enforcement action if it has "reason to believe" that the law is or has been violated. The basic consumer protection statute enforced by the FTC is Section 5(a)(1) of the Federal Trade Act ("**FTC Act**"), which provides that "unfair and deceptive acts or practices in or affecting commerce are declared unlawful". In particular, it may constitute "unfair" or "deceptive" practice for an online advertisement company, like us, to fail to adhere to promised privacy policies or practices. In addition, the FTC enforces a variety of specific consumer protection statutes, including but not limited to the Children's Online Privacy Protection Act, the Fair Credit Reporting Act, the Controlling the Assault of Non-Solicited Pornography and Marketing Act and others, to prohibit specifically-defined trade practices and generally specify that violations to be treated as if they were "unfair" or "deceptive".

In February 2019, the House and the Senate held hearings respectively kicking off the legislative process for a comprehensive federal privacy law. It is widely agreed that the FTC should have primary enforcement authority for any new data privacy legislation.

The Children's Online Privacy Protection Act ("**COPPA**") applies to operators of commercial websites directed to children 12 and under that collect or maintain personal information, as well as other websites that have actual knowledge that they are collecting or maintaining personal information from a child 12 and under. Principally, COPPA requires operators to: post a privacy policy on the website; provide notice directly to parents; get parental consent; allow parents to review personal information collected from their children; allow parents to revoke their consent, and delete information collected from their children at parents' request; establish and maintain reasonable procedures to protect the confidentiality, security, and integrity of children's information; not condition a children's participation in certain activities on collection of more personal information than is reasonably necessary. As mentioned above, the FTC is the enforcer of COPPA.

Section 230 of the Communication Decency Act currently says that "No provider or user of an interactive computer service shall be treated as the publisher or speaker of any information provided by another information content provider". In other words, online intermediaries that host or republish speech are protected against a range of laws that might otherwise be used to hold them legally responsible for what others say and do. The protected intermediaries include not only regular Internet Service Providers (ISPs), but also a range of "interactive computer service providers,"including basically any online service that publishes third-party content. At least some of our products are protected therefore. However, there have been a number of recent legislative proposals in the United States, at both the federal and state level, that could impose new obligations in areas such as privacy and liability for copyright infringement by third parties. For example, in 2018, Section 230 was amended by the Allow States and Victims to Fight Online Sex Trafficking Act. In particular, the United States government, including the FTC and the Department of Commerce, has announced that it is reviewing the need for greater regulation for the collection of information concerning user behavior on the Internet, including regulation aimed at restricting certain online tracking and targeted advertising practice.

As of the Latest Practicable Date, no specific licenses are required under U.S. federal law for our business.

Laws and Regulations in the European Union

In 2016, the General Data Protection Regulation ("**GDPR**") has been adopted to replace the Data Protection Directive from 1995. The GDPR not only applies to entities located within the EU but also applies to those located outside of the EU if they offer goods or services to, or monitor the behavior of, EU data subjects. Besides, it applies to all companies processing and holding the personal data of data subjects residing in the European Union, regardless of the company's location. The GDPR became enforceable from May 25, 2018 and, unlike a directive, it does not require national governments to pass any enabling legislation, and is thus directly binding and applicable. Consequently, we may be facing new data protection obligations, as well as a reinforcement of pre-existing obligations under the GDPR.

The GDPR applies to 'personal data', meaning any information relating to an identifiable person who can be directly or indirectly identified in particular by reference to an identifier. Entities inside the GDPR's reach must ensure the lawfulness of personal data processing, including as regards intra-group processing activities, data transfers to third countries and the involvement of a processor. Any processing activity is forbidden unless it is justified by law. Special categories of personal data relating, inter alia, to an individual's political opinions, religious or philosophical beliefs or health, merit specific protection, and processing of such data must be subject to appropriate safeguards based on its high-risk potential.

Entities inside the GDPR's jurisdiction will also have to make considerable efforts to get their data protection organization into compliance with the GDPR. Different organizational requirements will have to be fulfilled. Specifically, entities may, depending on particular circumstances, be obligated to: implement records of their data processing activities; designate a Data Protection Officer; carry out a preventive Data Protection Impact Assessment; address the concepts of Privacy by Design and Privacy by Default; implement technical and organizational measures to guarantee the safeguard of personal data; fulfill numerous obligations towards the data subjects; report towards the Supervisory Authorities in case of a personal data breach; and for entities that fall within the scope of application of the GDPR without having an establishment in the EU, to appoint an EU-located representative.

As of the Latest Practicable Date, no specific licenses are required under European Union law for our business.

Laws and Regulations in India

Information Technology Act and Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011

The collection, processing and transfer of personal information (PI) and sensitive personal information (SPI) is regulated by the Information Technology Act, 2000 (IT Act) and the Information Technology (Reasonable Security Practices and Procedures and Sensitive Personal Data or Information) Rules, 2011 (Information Technology Rules) issued thereunder.

The Information Technology Rules defines personal information as "any information that relates to a natural person, which, either directly or indirectly, in combination with other information available or likely to be available with a body corporate, is capable of identifying such person." Furthermore, sensitive personal data is defined as "such personal information which consists of information relating to: (i) password; (ii) financial information such as Bank account or credit card or debit card or other payment instrument details; (iii) physical, physiological and mental health condition; (iv) sexual orientation; (v) medical records and history; (vi) Biometric information".

Section 43A of the IT Act seeks to impose an obligation on body corporates to implement and maintain "reasonable security practices and procedures" while processing PI or SPI, where "body corporate" is defined as any company including a firm, sole proprietorship, or other association of individuals engaged in commercial or professional activities.

Information Technology (Intermediaries Guidelines) Rules, 2011 ("IT ACT")

Section 79 of the IT Act provides safe harbor exemption to intermediaries from liability for third party content. The IT Act defines an 'intermediary' with respect to an electronic record as "a person who on behalf of a third party receives, stores or transmits electronic records or provides any service with respect to that record". Examples of intermediaries include internet service providers, network service providers, search engines, online payment sites, etc. In accordance with this definition, we understand that the company will be an intermediary with respect to the third-party advertisements that it deals with as a part of its business.

As of the Latest Practicable Date, no specific licenses are required under Indian law for our business.

Laws and Regulations in Brazil

There is no sole and specific piece of legislation that deals with data protection. Collection, storage, retention, treatment and use of personal data is ruled by different pieces of legislation scattered over diverse areas of law, applicable to different and specific groups of people and activities. Federal Law 12,965 of April 23, 2014 ("**Internet Law**") and its regulation (Decree 8771) are relevant to data protection. It is noteworthy that the Federal Law 8,078 ("**The Consumer Rights Code**") of September 11, 1990 is also relevant to our concern.

The Internet Law establishes the principles, rights and obligations regarding the use of the internet in Brazil. It deals with the relationship between us and our users. The Internet Law applies, as a general rule, to Brazilian citizens and foreigners living in Brazil and companies/public and private entities (national and foreign) doing business in Brazil. Further to that, the Internet Law applies to foreign companies that collect data in Brazil and to the content of communications in relation to which at least one of the terminals is placed in Brazil or in case they offer services in Brazil or at least one member of the same economic group (internet service provider) is established in Brazil.

Furthermore, this law addresses the collection, storage, use and grant to third parties of access to private data through the internet. Under the Internet Law, Personal Data is defined as "a piece of compiled information or data related to an identified or identifiable natural person, including identifying numbers, location data or electronic identification when these are related to a person as well as that found in private communication exchanged over the internet". The Internet Law also defines the concept of "Data Breach": use, exploitation or disclosure private/personal information without the express, free and informed consent of the person identified by it or without legal permission; the transfer or access to third parties of private information for commercial purposes or not without the prior, express and clear consent of the person identified by it or without legal permission; The supply of unclear and/or incomplete information about the policy on the collection, use, storage, processing and protection of users' personal data and connected records and records of access to internet applications; Retention and the making available to third parties of connections logs and access to internet applications logs as well personal data and the content of private communication without respect for privacy, private life, honor and the image of the parties that are directly or indirectly involved.

As mentioned above, the Consumer Rights Code, which is also related to data protection, addresses the collection and use of consumers' data used for business and commerce. It expressly requires us that the creation of files and databases, and the registration of personal data and data related to commerce, should be prior communicated to consumers. Consumers will have full access to the registered and gathered information about him/her and can request the rectification of incorrectly collected data.

The violation of data security grants to the affected individual compensation for losses and damages suffered. The amounts given for losses and damages will be stipulated by the judge in proportion to the extent of the damages. For example, the Internet Law has not set any criminal penalties for data security breaches; meanwhile, the following sanctions will be applied to internet providers or retainers of private information following the provisions of the Internet Law: (i) A warning, which shall establish a deadline for the adoption of corrective measures; (ii) A fine of up to 10% of the gross income of the economic group in Brazil in the last fiscal year; (iii) Temporary suspension of activities.

Additionally, the Bill of Law 5,276 of 2016 ("**Personal Data Protection Bill**") is in the parliamentary process, and deals directly and consistently with the treatment and protection of personal data. The Personal Data Protection Bill expresses the most recent view of the community on the protection of personal data, as it shapes data protection dealing with private information and secures the free development of the personality and dignity of natural persons.

As of the Latest Practicable Date, no specific licenses are required under Brazilian law for our business.

OVERVIEW

Our history can be traced back to 2011 when Mr. Liu Chunhe started his business as a mobile app developer. We began to actively expand the Group's global footprint in 2013. With the success of our Solo X products around the world, we accumulated a large user base, leveraging on which we entered into the mobile advertising industry. By repositioning us as an information distribution services provider, we took full advantage of our strong big data analytics capabilities and successively started to build our mobile advertising platform in 2014. Through five years of research and development efforts, we have integrated demands from upstream and downstream of the industry and have built our own mobile advertising ecosystem.

KEY BUSINESS MILESTONES

The following is a summary of our key business development milestones:

Year	Event
2013	We launched our first proprietary product Solo Launcher in May and our launcher products attracted more than one million users in six months.
2014	We launched our programmatic advertising platform Solo Math in October.
2015	We were recognised as a "Top Developer" with one of the "Best Apps of 2015" by Google Play. Our launcher products reached a total downloads of approximately 100 million times in May.
2016	We launched our proprietary AI engine Solo Aware. We were recognized as "The Most Promising Platform" by GMIC.
2017	We were recognised as "The Best Going Global Platform" by GMIC.
2018	We launched our OpenRTB-based programmatic ad exchange SAX in January. The average DAUs of our Solo Math platform exceeded 347 million in December, and the largest daily ad delivery request volume on Solo Math exceeded 6.7 billion times as at 31 December 2018.
2018	Solo X product matrix attracted more than 669.9 million users cumulatively up to 31 December 2018 and one of our core products Solo Launcher achieved daily ranking No.1 by downloads at least once in Google Play in 89 countries and regions.
2019	We were granted the "Global Brand Leadership Award" by 2019 Global AI Marketing Leaders Summit.

OUR MAJOR SUBSIDIARIES AND OPERATING ENTITIES

The principal business activities before and after the Reorganisation, date of establishment and commencement of business, place of establishment, registered capital/issued share capital and business licence(s) owned of our major subsidiaries and operating entities that made a material contribution to our results of operations during the Track Record Period are shown below:

Name of Entity	Principal Business Activities Before Reorganisation	Principal Business Activities After Reorganisation	Date of Establishment and Commencement of Business, Place of Establishment	Registered Capital/Issued Share Capital	Business Licence(s) Owned
NewBornTown Mobile Technology	Investment holding	Investment holding	15 August 2007, 22 April 2011 the PRC	RMB58.18 million	PRC Business Licence and ICP Licence
NewBornTown Network Technology	Mobile app development, mobile advertising platform and related service	Mobile app development	28 February 2014 the PRC	RMB300 million	PRC Business Licence and ICP Licence
Shandong NewBornTown	Dormant	Mobile advertising platform and related service	30 August 2018 the PRC	RMB10.50 million	PRC Business Licence
Newborn Town International	Mobile advertising platform service	Mobile advertising platform service	20 December 2013 Hong Kong	HK$10,000	Hong Kong Business Registration Certificate
Great Sailing	Mobile advertising platform service	Mobile advertising platform service	16 April 2013 Hong Kong	HK$500,000	Hong Kong Business Registration Certificate

NewBornTown Network Technology

Establishment

NewBornTown Network Technology was established in the PRC with limited liability on 28 February 2014, with a view to setting up new investment entity in response to investors and gradually transferring the operating business of Solo Launcher into NewBornTown Network Technology. Upon establishment, NewBornTown Network Technology had an initial registered capital of RMB100,000. It was founded by Mr. Liu Chunhe, Mr. Li Ping and Mr. Ye Chunjian, who held 65%, 20% and 15% of the equity interest, respectively. In 2015, NewBornTown Network Technology became a wholly-owned subsidiary of NewBornTown Mobile Technology. Please refer to the paragraph headed "NewBornTown Mobile Technology – Capital increase in 2015" in this section for further details. As at the Latest Practicable Date, NewBornTown Network Technology was principally engaged in mobile app development business.

Capital increase in 2014

On 3 April 2014, in supporting the business operation and development of our Group, NewBornTown Network Technology entered into a share subscription agreement with Mr. Yu Ce, an Independent Third Party, pursuant to which Mr. Yu Ce subscribed additional registered capital of RMB25,000 representing 20% of the equity interest in NewBornTown Network Technology with a consideration of RMB2 million. The investment was determined based on arm's length negotiations between parties with reference to the future prospects of our Group at the time of investment and the consideration was fully settled in April 2014. It was confirmed by the Company that, on 15 June 2014, owing to divergent opinions on comprehensive business philosophies and strategies with the management, Mr. Yu Ce entered into a share transfer agreement with Mr. Liu Chunhe, pursuant to which Mr. Yu Ce transferred 20% of the equity interest in NewBornTown Network Technology to Mr. Liu Chunhe with a consideration of RMB7.6 million. The investment was determined with reference to the future prospect of our Group, in particular, the anticipated investments in NewBornTown Network Technology by Plum Venture, Mr. Huang Mingming and Mr. Du Li as mentioned in the paragraph below and the consideration was fully settled in July 2014. Upon completion of the share subscription and share transfer, NewBornTown Network Technology was held as to 72%, 16% and 12% by Mr. Liu Chunhe, Mr. Li Ping and Mr. Ye Chunjian, respectively.

In supporting the business operation and development of our Group, on 14 July 2014, NewBornTown Network Technology, Mr. Liu Chunhe, Mr. Li Ping and Mr. Ye Chunjian entered into a share subscription agreement with Plum Venture, Mr. Huang Mingming and Mr. Du Li, all then being Independent Third Parties, pursuant to which Mr. Liu Chunhe, Mr. Li Ping and Mr. Ye Chunjian subscribed additional registered capital of RMB28,438, RMB13,750 and RMB10,312, respectively, and Plum Venture, Mr. Huang Mingming and Mr. Du Li subscribed additional registered capital of RMB25,000, RMB16,250 and RMB31,250 of NewBornTown Network Technology with a consideration of RMB4 million, RMB2.6 million and RMB5 million, respectively. The investment was determined with reference to the future prospects of our Group at the time of share subscription and the consideration was fully settled on 3 March 2016. Upon completion of such capital increase, the registered capital of NewBornTown Network Technology increased to RMB250,000, and NewBornTown Network Technology was held as to approximately 47.4%, 13.5%, 10.1%, 10.0%, 6.5% and 12.5% by Mr. Liu Chunhe, Mr. Li Ping, Mr. Ye Chunjian, Plum Venture, Mr. Huang Mingming and Mr. Du Li, respectively.

For the business operation and supplement of future working capital, on 5 December 2014, NewBornTown Network Technology, Mr. Liu Chunhe, Mr. Li Ping, Mr. Ye Chunjian, Plum Venture, Mr. Huang Mingming and Mr. Du Li entered into a convertible debt agreement with Mr. He Qiang, who was entrusted to make the investment by Beijing Amphora, an Independent Third Party, pursuant to which Mr. He Qiang invested RMB12.88 million to NewBornTown Network Technology by way of debt investment. It was agreed by both parties that, before the next round fund raising, NewBornTown Network Technology was entitled to convert the total amount of convertible debt into 3% equity interest of NewBornTown Network Technology. The investment was determined with reference to the future prospects of our

Group at the time of investment and the consideration was fully settled in December 2014. Upon completion of conversion of convertible debt into equity interest on 26 March 2015, the equity interest of NewBornTown Network Technology was as set forth below.

Shareholder	**Registered capital** *(RMB)*	**Approximate percentage of the equity interest** *(%)*
Mr. Liu Chunhe	118,438	45.95
Mr. Li Ping	33,750	13.10
Mr. Ye Chunjian	25,312	9.82
Plum Venture	25,000	9.70
Mr. Huang Mingming*	16,250	6.31
Mr. Du Li	31,250	12.13
Mr. He Qiang**	7,732	3.00
Total	257,732	100

Note:

* Mr. Huang Mingming held the equity interest in NewBornTown Network Technology on trust for Future Capital Discovery Fund I, L.P..

** Mr. He Qiang held the equity interest in NewBornTown Network Technology on trust for Beijing Amphora.

Capital increase in 2015

On 31 March 2015, Mr. He Qiang entered into a share transfer agreement with Beijing Amphora, pursuant to which Mr. He Qiang transferred RMB7,732 of the capital contribution, representing 3% of the equity interest, in NewBornTown Network Technology to Beijing Amphora with a consideration of RMB12.88 million. The consideration was the same as the investment cost in convertible debt by Mr. He Qiang. The share transfer was the unwinding of the entrustment arrangement between Mr. He Qiang and Beijing Amphora in relation to the investment in convertible debt issued by and equity in NewBornTown Network Technology. Concurrent with the share transfer, NewBornTown Network Technology entered into a share subscription agreement with Haitong Kaiyuan, then being an Independent Third Party, pursuant to which Haitong Kaiyuan subscribed additional registered capital of RMB85,911, representing 25% of the equity interest, of NewBornTown Network Technology with a consideration of RMB183 million. The investment was determined with reference to the future prospects of our Group at the time of share subscription and the consideration was fully settled in August 2015. On 7 August 2015, Haitong Kaiyuan entered into a share transfer agreement with Haitong Xinxi, an investment fund controlled by Haitong Kaiyuan through its capacity as general partner, pursuant to which the parties agreed that Haitong Kaiyuan shall transfer approximately 12.5% of the equity interest in NewBornTown Network Technology to Haitong Xinxi with a consideration of RMB91.5 million. Following the subscription and share transfer, the registered capital of NewBornTown Network Technology increased to RMB343,643. Upon completion of the above transactions, the equity interest of NewBornTown Network Technology was as set forth below.

Shareholder	Registered capital *(RMB)*	Approximate percentage of the equity interest *(%)*
Mr. Liu Chunhe	118,438	34.47
Mr. Li Ping	33,750	9.82
Mr. Ye Chunjian	25,312	7.37
Plum Venture	25,000	7.27
Mr. Huang Mingming*	16,250	4.73
Mr. Du Li	31,250	9.09
Beijing Amphora	7,732	2.25
Haitong Kaiyuan	42,955.5	12.50
Haitong Xinxi	42,955.5	12.50
Total	343,643	100

Note:

* Mr. Huang Mingming held the equity interest in NewBornTown Network Technology on trust for Future Capital Discovery Fund I, L.P..

NewBornTown Mobile Technology

Establishment

NewBornTown Mobile Technology was formerly known as Beijing Lianchuang Sizhuang Technology Development Co., Ltd. (北京聯創思壯科技發展有限公司) and incorporated under the laws of the PRC on 15 August, 2007 with an initial registered capital of RMB30,000. From the date of its establishment to April 2011, NewBornTown Mobile Technology was a dormant company without active business operation or significant assets, which was owned by two Independent Third Parties. On 22 April 2011, Mr. Liu Chunhe and Ms. Wu Xueli entered into a share transfer agreement with the two Independent Third Parties, respectively, with an aggregate consideration of RMB30,000, to acquire all of the equity interest in NewBornTown Mobile Technology. Upon completion of the acquisition, 90% and 10% of the equity interest in NewBornTown Mobile Technology was held by Mr. Liu Chunhe and Ms. Wu Xueli, respectively. As at the Latest Practicable Date, NewBornTown Mobile Technology was principally engaged in investment holding.

On 23 April 2013, in accordance with the resolutions considered and approved at the shareholders meeting of NewBornTown Mobile Technology, Ms. Wu Xueli transferred 10% of the equity interest in NewBornTown Mobile Technology with a consideration of RMB3,000 to Mr. Li Ping. The consideration was determined with reference to the share capital contribution and was fully settled on 23 April 2013. Mr. Liu Chunhe, Mr. Li Ping and Mr. Ye Chunjian subscribed additional registered capital of RMB38,000, RMB17,000 and RMB15,000, respectively. Upon completion of the transfer and subscription, NewBornTown Mobile Technology was held as to 65%, 20% and 15% by Mr. Liu Chunhe, Mr. Li Ping and Mr. Ye Chunjian, respectively.

Capital increase in 2015

NewBornTown Mobile Technology entered into capital increase agreements with Mr. Liu Chunhe, Mr. Li Ping, Mr. Ye Chunjian, Mr. Du Li, Beijing Amphora, Plum Venture, Mr. Huang Mingming, Haitong Kaiyuan and Haitong Xinxi, respectively, pursuant to which they subscribed additional registered capital of RMB49.90 million in exchange of their entire equity interests in NewBornTown Network Technology on 21 September 2015. The consideration was fully settled in September 2015. Following the subscription, the registered capital of NewBornTown Mobile Technology increased to RMB50 million. NewBornTown Network Technology became a wholly-owned subsidiary of NewBornTown Mobile Technology.

On 22 September 2015, Mr. Liu Chunhe entered into a share transfer agreement with Hande Houcheng, pursuant to which Mr. Liu Chunhe transferred 5% of the equity interest, among which, RMB5,000 by way of cash contribution and RMB2.495 million by way of equity contribution, in NewBornTown Mobile Technology to Hande Houcheng with nil consideration. Hande Houcheng is a limited partnership established under the laws of the PRC, the general partner of which is Mr. Liu Chunhe, who holds 99.90% of the economic interests of Hande Houcheng, and the limited partner of which is Mr. Li Ping, who holds 0.10% of the economic interests of Hande Houcheng on behalf of Mr. Liu Chunhe. The establishment of Hande Houcheng was intended to be a shareholding platform to motivate and retain highly sought-after talent and in turn secure the long-term growth of our Group, where all shares of Hande Houcheng shall be taken as a share pool to [**REDACTED**] incentive to suitable management and employees in NewBornTown Mobile Technology. The aforementioned proposed share incentive plan has not been adopted subsequently. As of the Latest Practicable Date, no share had been granted as incentive or rewards to any employee under the proposed share incentive plan of Hande Houcheng since its establishment. Upon completion of above capital increase and transfer, the equity interest of NewBornTown Mobile Technology was as set forth below.

Shareholder	**Registered capital** *(RMB million)*	**Approximate percentage of the equity interest** *(%)*
Mr. Liu Chunhe	14.735	29.47
Mr. Li Ping	4.910	9.82
Mr. Ye Chunjian	3.685	7.37
Mr. Du Li	4.545	9.09
Beijing Amphora	1.125	2.25
Plum Venture	3.635	7.27
Mr. Huang Mingming*	2.365	4.73
Haitong Kaiyuan	6.250	12.50
Haitong Xinxi	6.250	12.50
Hande Houcheng	2.500	5.00
Total	50.000	100

Note:

* Mr. Huang Mingming held the equity interest in NewBornTown Mobile Technology on trust for Future Capital Discovery Fund I, L.P..

On 29 October 2015, NewBornTown Mobile Technology was converted into a joint stock company. On 8 November 2015, NewBornTown Mobile Technology entered into a share subscription agreement with Phoenix Fortune and Longwin Xinhu, both then being Independent Third Parties, pursuant to which Phoenix Fortune and Longwin Xinhu respectively subscribed 2.941 million shares and 0.588 million shares in NewBornTown Mobile Technology with a consideration of RMB100 million and RMB20 million. The investment was determined with reference to the future prospects of our Group at the time of investment and the consideration was fully settled in November 2015. The registered capital of NewBornTown Mobile Technology increased to RMB53.529 million. Upon completion of the subscription, the equity interest of NewBornTown Mobile Technology was as set forth below.

Shareholder	**Number of shares** *(Million)*	**Approximate percentage of the equity interest** *(%)*
Mr. Liu Chunhe*	14.735	27.53
Mr. Li Ping	4.910	9.17
Mr. Ye Chunjian	3.685	6.88
Mr. Du Li	4.545	8.49
Beijing Amphora	1.125	2.10
Plum Venture	3.635	6.79
Mr. Huang Mingming**	2.365	4.42
Haitong Kaiyuan	6.250	11.68
Haitong Xinxi	6.250	11.68
Hande Houcheng	2.500	4.67
Phoenix Fortune	2.941	5.49
Longwin Xinhu	0.588	1.10
Total	53.529	100

Note:

* On 9 October 2015, in order to recognise the performance of and provide incentive to Mr. Wang Kui, our executive Director and the chief financial officer, Mr. Liu Chunhe transferred 3.07% of the equity interest in NewBornTown Mobile Technology to Mr. Wang Kui, and Mr. Liu Chunhe is entrusted to hold aforesaid 3.07% of equity interest in NewBornTown Mobile Technology on Mr. Wang Kui's behalf.

** Mr. Huang Mingming hold the equity interest in NewBornTown Mobile Technology on trust for Future Capital Discovery Fund I, L.P.

Capital increase in 2016

NewBornTown Mobile Technology entered into a share subscription agreement with Phoenix Fortune, pursuant to which Phoenix Fortune further subscribed 4,654,695 shares in NewBornTown Mobile Technology with a consideration of RMB200 million. The investment was determined with reference to the future prospects of our Group at the time of investment, and the consideration was fully settled in May 2016. The registered capital of NewBornTown Mobile Technology increased to RMB58.183695 million. Upon completion of the subscription,

NewBornTown Mobile Technology was held as to approximately 25.33%, 8.44%, 6.33%, 7.81%, 1.93%, 6.25%, 4.07%, 10.74%, 10.74%, 4.30%, 13.05% and 1.01% by Mr. Liu Chunhe, Mr. Li Ping, Mr. Ye Chunjian, Mr. Du Li, Beijing Amphora, Plum Venture, Mr. Huang Mingming, Haitong Kaiyuan, Haitong Xinxi, Hande Houcheng, Phoenix Fortune and Longwin Xinhu, respectively.

Equity transfer in 2019

In April 2019, Haitong Xinxi entered into a share transfer agreement with China Fuqiang, an Independent Third Party, pursuant to which Haitong Xinxi transferred 484,864.13 shares, representing approximately 0.83% of the equity interest, in NewBornTown Mobile Technology to China Fuqiang with a consideration of RMB10 million. To the best knowledge of the Directors, Haitong Xinxi was in need of financial resource for the redemption by certain of its investors in the material time and therefore it entered into the share transfer agreement with China Fuqiang. The consideration was fully settled in May 2019.

Upon completion of the above equity transfers in 2019, the shareholding structure of NewBornTown Mobile Technology is set out as below:

Shareholder	**Approximate number of shares** *(Million)*	**Approximate percentage of the equity interest** *(%)*
Mr. Liu Chunhe*	14.735	25.33
Mr. Li Ping	4.910	8.44
Mr. Ye Chunjian	3.685	6.33
Mr. Du Li	4.545	7.81
Beijing Amphora	1.125	1.93
Plum Venture	3.635	6.25
Mr. Huang Mingming**	2.365	4.07
Haitong Kaiyuan	6.250	10.74
Haitong Xinxi	5.765	9.91
Hande Houcheng	2.500	4.30
Phoenix Fortune	7.596	13.05
Longwin Xinhu	0.588	1.01
China Fuqiang	0.485	0.83
Total	58.184	100

Note:

* On 9 October 2015, in order to recognise the performance of and provide incentive to Mr. Wang Kui, our executive Director and the chief financial officer, Mr. Liu Chunhe and Mr. Wang Kui, entered into share transfer and shareholding entrustment agreements, pursuant to which Mr. Liu Chunhe transferred 3.07% of the equity interest in NewBornTown Mobile Technology to Mr. Wang Kui, with nil consideration, and Mr. Liu Chunhe is entrusted to hold aforesaid 3.07% of equity interest in NewBornTown Mobile Technology on Mr. Wang Kui's behalf.

** Mr. Huang Mingming held the equity interest in NewBornTown Mobile Technology on trust for Future Capital Discovery Fund I, L.P.

Shandong NewBornTown

Establishment

Shandong NewBornTown was established in the PRC with limited liability on 30 August 2018, with an initial registered capital of RMB10 million and was a wholly-owned subsidiary of NewBornTown Network Technology. As at the Latest Practicable Date, Shandong NewBornTown was principally engaged in mobile advertising platform service business. The shareholding structure of Shandong NewBornTown at the time of establishment is set out as below:

Shareholder	**Registered capital** *(RMB million)*	**Percentage of the equity interest** *(%)*
NewBornTown Network Technology	10.00	100.00

Introduction of Universe

We introduced a Hong Kong entity, Universe Intelligence Technology Limited ("**Universe**"), as an Independent Third Party and overseas investor. Universe subscribed additional registered capital of Shandong NewBornTown with a total consideration of the US dollar equivalent of RMB0.5 million in April 2019, which was determined with reference to the registered capital of Shandong NewBornTown since it was dormant before the completion of Reorganisation. As advised by our PRC Legal Advisers, the subscription had completed all required governmental registrations. After completion of the said subscription on 2 April 2019, Shandong NewBornTown was converted into a sino-foreign joint venture and was held as to approximately 95.24% and 4.76% by NewBornTown Network Technology and Universe, respectively. As at the Latest Practicable Date, Shandong NewBornTown was an indirectly wholly-owned subsidiary of our Company. Please refer to section headed "History and Corporate Structure – Onshore Reorganisation – Transfer of Shandong NewBornTown" for further details.

Newborn Town International

Establishment

Newborn Town International was incorporated on 20 December 2013 with limited liability under the laws of Hong Kong. At the time of incorporation, the issued share capital of Newborn Town International was HK$10,000. As at the Latest Practicable Date, Newborn Town International was principally engaged in mobile advertising platform service and mobile app development.

Acquisition of Great Sailing in 2015

Great Sailing was incorporated on 16 April 2013 with limited liability under the laws of Hong Kong, the issued share capital of which was HK$500,000 at the time of incorporation. It was principally engaged in mobile advertising platform service. In view of the potential growth and development of our business, on 20 September 2015, among other parties, Newborn Town International and Mr. Lawrence Fu, who held 100% of the equity interest in Great Sailing, entered into a share sale and purchase agreement, pursuant to which, among other things, Newborn Town International agreed to acquire from Lawrence Fu his entire interests in Great Sailing with a consideration of USD625,384.58. The consideration was determined based on arm's length negotiations between parties with reference to future prospects of Great Sailing and the consideration was fully settled in November 2015. Upon completion of the said share sale and purchase agreement, Great Sailing became a wholly-owned subsidiary of Newborn Town International. As at the Latest Practicable Date, Great Sailing was principally engaged in mobile advertising platform service.

Disposal of Mobile Alpha Limited in 2016

Mobile Alpha Limited ("**Mobile Alpha**"), then being a wholly-owned subsidiary of Newborn Town International, was incorporated on 2 March 2016 with limited liability under the laws of Hong Kong, the issued share capital of which was HK$1 at the time of incorporation. Mobile Alpha did not carry out any business and was dormant before the disposal. Newborn Town International disposed the entire equity interest in Mobile Alpha to Beijing Duanji with a nominal consideration of HK$1 in October 2016 and Beijing Duanji then used Mobile Alpha for its business operation.

PREVIOUS LISTING ATTEMPT ON THE NEEQ AND VOLUNTARY WITHDRAWAL

As our business continued to grow and to further leverage NewBornTown Mobile Technology's management, corporate and brand awareness as well as to obtain alternative financing, NewBornTown Mobile Technology initiated the early phase of preparation for listing on the NEEQ and submitted its NEEQ Listing application on 21 December 2015 (the "**NEEQ Listing**"). During the review process of the NEEQ Listing application, two batches of customary comments, *inter alia*, financial fluctuation and business operation model, were received from the relevant regulator. Our Directors are of the view that the comments raised by the regulator in relation to NewBornTown Mobile Technology were not material, and were duly addressed and resolved in the responses. Subsequently, the potential acquisition by Tech-Long (as defined below) was contemplated for the business growth of our Group while the Directors considered such introduction would have implication on the timetable of NEEQ Listing, NewBornTown Mobile Technology has ceased to progress its application for the proposed NEEQ Listing in April 2016. Please refer to the paragraph headed "Contemplated Transaction with Tech-Long and Voluntary Withdrawal" in this section for further details for the acquisition.

On such basis, our Directors take the view that there is nothing in relation to the NEEQ Listing application which would affect our Company's suitability for the Listing and are not aware of any substantial matter in relation to the NEEQ Listing application that needs to be brought to the Stock Exchange's attention.

[REDACTED]

CONTEMPLATED TRANSACTION WITH TECH-LONG AND VOLUNTARY WITHDRAWAL

In May 2016, the then shareholders of NewBornTown Mobile Technology (the "**Then Shareholders**") entered into an asset purchase agreement (the "**Tech-Long Agreement**") with Guangzhou Tech-Long Packaging Machinery Co., Ltd. ("**Tech-Long**"), a company listed on the Shenzhen Stock Exchange (SZSE stock code: 002209). According to the Tech-Long Agreement, Tech-Long would acquire all equity interests in NewBornTown Mobile Technology with consideration comprising mainly of new shares to be issued by Tech-Long, plus certain cash payment, to the Then Shareholders (the "**Tech-Long Transaction**"). Through the Tech-Long Transaction, NewBornTown Mobile Technology expected to access the funding platform of Tech-Long as a listed company and get certain proceeds from the contemplated issuance of new shares by Tech-Long which was conditional with the Tech-Long Transaction.

Tech-Long is principally engaged in the design and manufacture of liquid packaging machinery. Upon completion, Tech-Long will become the sole shareholder of NewBornTown Mobile Technology. Mr. Du Li, indirectly controlled approximately 21% of equity interest in Tech-Long. To the best knowledge of our Directors, save for the above, Tech-Long has no past or present relationships with our Group other than in relation to the Tech-Long Transaction.

The Tech-Long Transaction was subject to certain conditions including the approvals of the board of directors and shareholders of Tech-Long and the approval of the CSRC as the Tech-Long Transaction was treated as a material assets restructuring of Tech-Long. Tech-Long submitted a reorganisation proposal to the SZSE for its review. The SZSE raised one round of comments on 1 June 2016, which were addressed by Tech-Long on 7 June 2016. Such comments were mainly on the disclosure of (i) change-of-control analysis and lock-up arrangements of Tech-Long and its shareholders, respectively; and (ii) business model and financial and operational data of NewBornTown Mobile Technology. The SZSE did not raise any comments as to the suitability or eligibility of NewBornTown Mobile Technology's business for listing. Our Directors are of the view that the comments raised by the SZSE in relation to NewBornTown Mobile Technology were not material, and were duly addressed and resolved in the responses of Tech-Long. To the best knowledge of our Directors, the SZSE did not raise any further comments thereafter.

Due to changes in market conditions and the tightened regulatory environment on capital market activities in the PRC at the time, in relation to, *inter alia*, the contemplated amendment of the Measures for the Administration of the Material Asset Restructurings of Listed Companies, i.e. the purchase that may cause fundamental change to the principal business of the listed company would be deemed as new listing, which subsequently became effective in September 2016, our Directors are of the view that it was uncertain as to the timing to obtaining CSRC approval on the Tech-Long Transaction. The Then Shareholders and Tech-Long terminated the Tech-Long Agreement in July 2016 through mutual agreement. Our Directors confirm that there was no dispute or break-up fee arising out of the Tech-Long Agreement.

PRE-[REDACTED] INVESTMENT

Overview

	Plum Venture	Mr. Du Li	Beijing Amphora	Mr. Huang Mingming[1]	Haitong Kaiyuan	Haitong Xinxi	Phoenix Fortune	Longwin Xinhu	China Fuqiang	Universe
Number of Shares/ percentage of equity interest subscribed for or acquired	Subscribed 10% of the equity interest in NewBornTown Network Technology	Subscribed 12.5% of the equity interest in NewBornTown Network Technology	Subscribed 3% of the equity interest in NewBornTown Network Technology	Subscribed 6.5% of the equity interest in NewBornTown Network Technology	Subscribed 12.5% of the equity interest in NewBornTown Network Technology	Subscribed 12.5% of the equity interest in NewBornTown Network Technology	(i) Subscribed 2,941,000 additional shares of NewBornTown Mobile Technology; (ii) Subscribed 4,654,695 additional shares of NewBornTown Mobile Technology	Subscribed 588,000 additional shares of NewBornTown Mobile Technology	China Fuqiang acquired 484,864.13 shares of NewBornTown Mobile Technology from Haitong Xinxi	Subscribed 41,572 ordinary shares of the Company
Consideration paid	RMB4 million	RMB5 million	RMB12.88 million	RMB2.6 million	RMB91.5 million	RMB91.5 million	(i) RMB100 million (ii) RMB200 million	RMB20 million	RMB0.48 million	US dollar equivalent to RMB0.5 million
Approximate percentage of shareholding in our Company immediately upon completion of the [REDACTED] and the [REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Date on which the Pre-[REDACTED] Investment was fully and irrevocably settled	16 July 2014	16 July 2014	11 December 2014	16 July 2014	27 May 2015	13 August 2015	(i) 11 November 2015 (ii) 6 May 2016	16 November 2015	7 May 2019	15 May 2019

	Plum Venture	Mr. Du Li	Beijing Amphora	Mr. Huang Mingming[1]	Haitong Kaiyuan	Haitong Xinxi	Phoenix Fortune	Longwin Xinhu	China Fuqiang	Universe
Cost per share paid by the Pre-[REDACTED] Investors and discount to/ premium over the [REDACTED][2]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) Mr. Huang Mingming held the equity interest in NewBornTown Network Technology and subsequently NewBornTown Mobile Technology on trust for Future Capital Discovery Fund I, L.P..

(2) Assuming the [**REDACTED**] is HK$[**REDACTED**] per [**REDACTED**], being the mid-point of the indicative [**REDACTED**] range.

(3) Taking into account the return from the transfer of shares of NewBorn Town Mobile Technology to China Fuqiang.

(4) Taking into account the return from the Repurchases.

Principal terms of the Pre-*[REDACTED] *Investment

Lock-up period	Upon request by the Company or the [**REDACTED**], the Pre-[**REDACTED**] Investors and their affiliates will not directly or indirectly, at any time, sell or otherwise transfer or dispose of any securities of the Company (other than transfers to affiliates permitted by applicable laws) without the prior written consent of the Company or the [**REDACTED**], as the case may be, for a period of up to 180 days from the [**REDACTED**].
Use of proceeds from the Pre-[**REDACTED**] Investments	We utilised all of the [**REDACTED**] from the Pre-[**REDACTED**] Investments for the development and operation of our business, including but not limited to personnel recruitment, new business and product development, technology infrastructure, office utilities and marketing.
Strategic benefits the Pre-[**REDACTED**] Investors brought to our Company	At the time of the Pre-[**REDACTED**] Investments, our Directors were of the view that our Company would benefit from the additional capital provided by the Pre-[**REDACTED**] Investors' Investments in our Company.
Basis of determining the consideration paid	The consideration for the Pre-[**REDACTED**] Investments were determined based on arm's length negotiation between our Company and the Pre-[**REDACTED**] Investors after taking into consideration the timing of the investments and the status and prospects of our business and operating entities.

Special rights of the Pre-*[REDACTED] *Investors

All of our Pre-[**REDACTED**] Investors are currently bound by the terms of the Existing Articles, which will be replaced by our Articles effective upon completion of the [**REDACTED**]. Pursuant to the Pre-[**REDACTED**] Shareholders' Agreement, the Pre-[**REDACTED**] Investors were granted certain special rights in relation to our Company, including, among others, information and inspection rights, right to designate, appoint, remove, replace directors, right of participation, right of first refusal, right of co-sale, restrictions on transfer, right of redemption, protective rights, most favoured treatment and non-competition and non-solicitation. The Pre-[**REDACTED**] Shareholders Agreement and such special rights except for right of redemption will terminate effective upon the [**REDACTED**] of the Company on the Stock Exchange. The right of redemption will be terminated immediately prior to the filing of an application to the Stock Exchange for the [**REDACTED**] of and for permission to deal in the securities of the Company (the "[**REDACTED**]"); and it shall be reinforced automatically in full force and effect upon the earliest of (a) the return of or rejection from the Stock Exchange or the SFC in relation to the [**REDACTED**] Application; (b) the Company serving a notice of withdrawal of its [**REDACTED**] to the Stock Exchange; or (c) the lapse of its [**REDACTED**].

Information about the principal Pre-*[REDACTED] *Investors

Plum Venture is a limited partnership established under the laws of the PRC, the general partner of which is Ningbo Plum Angel Investment Management Co., Ltd. (寧波梅花天使投資管理有限公司) ("**Plum Angel**"). Plum Angel, a limited company incorporated under the laws of the PRC, is held as to 80% and 20% by Mr. Wu Shichun and Ms. Zhang Xiaoyan. Ms. Zhang Xiaoyan is an Independent Third Party. Mr. Wu Shichun is a popular angel investor in the PRC, with plenty of investment experience in the internet industry by funds he controlled. Plum Venture is principally engaged in industrial investment, investment management, investment consulting, business management consulting and financial consulting. Plum Venture also invested in other mobile internet companies besides us.

Phoenix Fortune is a limited partnership established under the laws of the PRC, the general partner of which is Beijing Phoenix Fortune Innovation Investment Co., Ltd. (北京鳳凰財富創新投資有限公司), which is held as to 20% and 80% by Mr. Wu Shichun and Beijing Phoenix Fortune Holdings Group Co., Ltd. (北京鳳凰財富控股集團有限公司), which in turn controlled by Mr. Du Li, a shareholder of NewBornTown Mobile Technology. Phoenix Fortune is principally engaged in business of investment management, including long-term equity investment in other mobile internet companies.

Haitong Xinxi is a limited partnership established under the laws of the PRC, the general partner of which is Haitong Kaiyuan. Haitong Kaiyuan, a limited company incorporated under the laws of the PRC, is wholly owned by Haitong Securities Co., Ltd. (海通證券股份有限公司) ("**Haitong Securities**"). Haitong Securities is a joint stock limited company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange (Stock Code: 600837) and the Stock Exchange (Stock Code: 6837). Haitong Xinxi is principally engaged in industrial investment, investment management and investment consulting. Haitong Kaiyuan is principally engaged in equity investment and equity-related debt investment.

Mr. Huang Mingming holds the shares in NewBornTown Network Technology and NewBornTown Mobile Technology upon trust for Future Capital Discovery Fund I, L.P., and is entrusted to exercise certain shareholder rights on behalf of Future Capital Discovery Fund I, L.P.. Future Capital Discovery Fund I, L.P. is an exempted limited partnership established under the laws of the Cayman Islands, the general partner of which is Future Capital Discovery Fund GP, L.P.. The general partner of Future Capital Discovery Fund GP, L.P. is Future Capital Discovery Fund GP, Ltd.. Mr. Huang Mingming, acting as the duly authorised director of Future Capital Discovery Fund GP, Ltd., has rich investment experience in the PRC, and he invested in various industries including the mobile internet industry.

Our Directors are of the view that we could benefit from the additional capital provided by the Pre-[**REDACTED**] Investors, and their investment has demonstrated their confidence in our operation and serve as an endorsement of our performance strength and prospects.

Confirmation from the Sole Sponsor

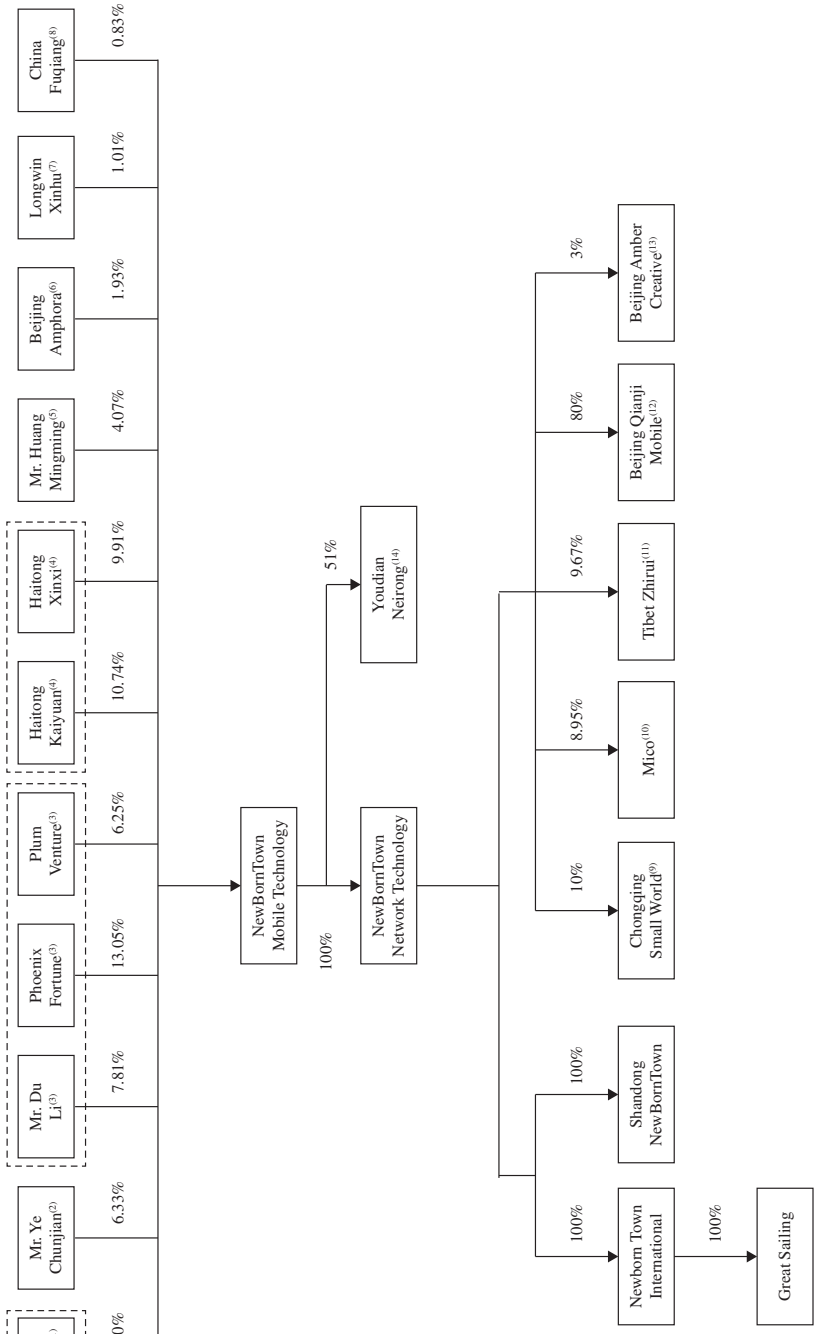
After reviewing the terms of the Pre-[**REDACTED**] Investments and the Pre-[**REDACTED**] Shareholders Agreement and given that (i) our Directors confirmed that the terms of the Pre-[**REDACTED**] Investment (including the consideration) were determined on arm's length basis, and (ii) there has been at least 120 days between the completion of the Pre-[**REDACTED**] Investments and/or the divestments (including the Repurchases as mentioned in the paragraph headed "2019 Share Repurchases" in this section) and the [**REDACTED**], the Sole Sponsor has confirmed that the investment by the Pre-[**REDACTED**] Investors is in compliance with the applicable requirements under Guidance Letter HKEx-GL29-12 issued in January 2012 and updated in March 2017 by the Stock Exchange, the Guidance Letter HKEx-GL43-12 issued in October 2012 and updated in July 2013 and March 2017 by the Stock Exchange and the Guidance Letter HKEx-GL44-12 issued in October 2012 and updated in March 2017 by the Stock Exchange.

INVESTMENT IN MICO

With a view to creating synergies across our own businesses, in May 2016, NewBornTown Network Technology subscribed RMB25,536 registered capital representing 17.9% of the equity interest in Beijing Duanji with a consideration of RMB17.9 million. The consideration was determined with reference to the future prospects of Beijing Duanji and the consideration was fully settled in July 2016. Beijing Duanji entered into an absorption and merger agreement dated 1 April 2017 with Mico subsequently, pursuant to which Beijing Duanji was merged with Mico in May 2017. In March 2019, NewBornTown Network Technology subscribed additional RMB250,000 registered capital in Mico with a consideration of RMB100 million. The consideration was determined with reference to the future prospects of Mico and the consideration was fully settled in March 2019. Upon the completion of the Mico investment, we held an equity interest of approximately 16.77% in Mico as of the Latest Practicable Date. For further details of the Mico Investment, see "Business – Our Strategic Investment" in this document.

REORGANISATION

The following chart sets forth the corporate structure immediately prior to the commencement of the Reorganisation and our investment in Mico in March 2019:



Notes:

(1) Mr. Liu Chunhe, Mr. Li Ping and Hande Houcheng entered into an acting in concert agreement in January 2017, pursuant to which, Mr. Liu Chunhe, Mr. Li Ping and Hande Houcheng agreed that they would act in concert in our Group with each other until the date when the said Acting in Concert Agreement is terminated in writing by Mr. Liu Chunhe, Mr. Li Ping and Hande Houcheng.

On 9 October 2015, in order to recognise the performance of and provide incentive to Mr. Wang Kui, our executive Director and the chief financial officer, Mr. Liu Chunhe and Mr. Wang Kui, entered into share transfer and shareholding entrustment agreements, pursuant to which Mr. Liu Chunhe transferred 3.07% of the equity interest in NewBornTown Mobile Technology to Mr. Wang Kui, with nil consideration, and Mr. Liu Chunhe is entrusted to hold aforesaid 3.07% of equity interest in NewBornTown Mobile Technology on Mr. Wang Kui's behalf.

(2) Mr. Ye Chunjian is a co-founder of the Group.

(3) Phoenix Fortune is a limited partnership established under the laws of the PRC, the general partner of which is Beijing Phoenix Fortune Innovation Investment Co., Ltd. (北京鳳凰財富創新投資有限公司), which is held as to 20% and 80% by Mr. Wu Shichun and Beijing Phoenix Fortune Holdings Group Co., Ltd. (北京鳳凰財富控股集團有限公司) ("**Beijing Phoenix**"), controlled by Mr. Du Li through his 80% equity interest in Beijing Phoenix. Plum Venture is controlled by Mr. Wu Shichun through his 80% equity interest in Ningbo Plum Angel Investment Management Co., Ltd. (寧波梅花天使投資管理有限公司), the general partner of Plum Venture.

(4) Haitong Xinxi is a limited partnership established under the laws of the PRC, the general partner of which is Haitong Kaiyuan. Haitong Kaiyuan, a limited company incorporated under the laws of the PRC, is wholly owned by Haitong Securities Co., Ltd. (海通證券股份有限公司) ("**Haitong Securities**"). Haitong Securities is a joint stock limited company incorporated in the PRC with limited liability and listed on the Shanghai Stock Exchange (Stock Code: 600837) and the Stock Exchange (Stock Code: 6837).

(5) Mr. Huang Mingming holds the shares in NewBornTown Mobile Technology upon trust for Future Capital Discovery Fund I, L.P., and is entrusted to exercise certain shareholder rights on behalf of Future Capital Discovery Fund I, L.P.. Future Capital Discovery Fund I, L.P. is an exempted limited partnership established under the laws of the Cayman Islands the general partner of which is Future Capital Discovery Fund GP, L.P.. The general partner of Future Capital Discovery Fund GP, L.P. is Future Capital Discovery Fund GP, Ltd..

(6) As at 29 January 2019, Beijing Amphora is a limited company incorporated under the laws of the PRC, which is held as to 15%, 45%, 5%, 20% and 15% by Beijing SME Services Centre (北京市中小企業服務中心), Sangzhuzi District Amphora Venture Capital Co., Ltd. (桑珠孜區安芙蘭創業投資有限公司), Shixin Ronghe Investment Management Co., Ltd. (世欣榮和投資管理股份有限公司), Guotai Quntong Investment Holdings Co., Ltd. (北京國泰群同投資控股有限公司) and Zhongguancun Science Park Haidian Park Innovation Service Centre (中關村科技園區海淀園創業服務中心), respectively.

(7) Longwin Xinhu is a limited partnership established under the laws of the PRC, the general partner of which is Shanghai Longwin Capital Partners (General Partnership) (上海朗聞投資管理合夥企業(普通合夥)).

(8) China Fuqiang is a limited partnership established under the laws of the PRC, the general partner of which is Fuqiang Capital Asset Management (Shenzhen) Equity Investment Fund Management Co., Ltd. (富強資管(深圳)股權投資基金管理有限公司)("**Fuqiang Capital**"). Fuqiang Capital is wholly owned by China Fortune Financial Group Limited (中國富強金融集團有限公司), a limited company incorporated under the laws of Cayman Islands and listed on the Stock Exchange (Stock Code: 290).

(9) The remaining equity interest in Chongqing Small World was held as to 90% by Mr. Wu Peng, an Independent Third Party.

(10) Right after the merger of Beijing Duanji and Mico, the remaining equity interest in Mico was held approximately as to 25.80% by Mr. Ye Chunjian, 9.05% and 9.00% by Tianjin Tonghe Chuangyuan Enterprise Management Centre LLP ("**Tonghe Chuangyuan**") (天津通和創源企業管理中心(有限合夥)) and Ningbo Meishan Bonded Port Tonghe Chuangyuan Enterprise Management Consulting Centre LLP ("**Ningbo Tonghe Chuangyuan**") (寧波梅山保稅港區通和創源企業管理中心(有限合夥)), both were controlled by Mr. Ye Chunjian through his capacity as executive partner, 2.75% by Mr. Wu Shichun, 2.50% by Ningbo Meihua Mingshi Investment Partnership (L.P.)(寧波梅花明世投資合夥企業(有限合夥)) ("**Meihua Mingshi**"), controlled by Mr. Wu Shichun through his 80% equity interest in the executive partner of Meihua Mingshi, 10% by Phoenix Fortune, 3.50% by Mr. Wang Xinming, the supervisor of Shandong NewBornTown, 19.35% by Ms. Cao Wen, an Independent Third Party, 3.50% by Mr. Wang Xiaobin, an Independent Third Party, and

the remaining 5.60% equity interest in Mico is held by Mr. Zhang Qinglai, Mr. Ye Kai, Mr. Zhang Wenlong, Mr. Zhang Zhihe and Jiaxing Zizhi No. 1 Investment Partnership LLP ("**Jiaxing Zizhi**") (嘉興自知一號股權投資合夥企業(有限合夥)), all being Independent Third Parties.

(11) The remaining equity interest in Tibet Zhirui Venture Capital Enterprise (Limited Partnership) (西藏志睿創業投資企業(有限合夥)) ("**Tibet Zhirui**") was held as to 32.25%, 29.06%, 16.12% and 12.90% by Shanghai Yueteng Internet Technology Co., Ltd (上海悦騰網絡科技有限公司(有限合夥)), Tibet Zhiyuzuo Venture Capital Management Centre GP (西藏志與拙創業投資管理中心(普通合夥)), Shanghai Oudeli Equity Investment Management Partnership LLP (上海歐得立股權投資管理合夥企業(有限合夥)) and Shanghai Pianyi Investment Management Co., Ltd (上海翩逸投資管理有限公司(有限合夥)), all being Independent Third Parties.

(12) The remaining equity interest in Beijing Qianji Mobile Technology Co., Ltd. (北京千極移動科技有限責任公司) ("**Beijing Qianji Mobile**") was held as to 20% by Mr. Chen Shuxing, an Independent Third Party.

(13) Beijing Yunzhong Amber Technology Partnership LLP ("**Yunzhong Amber**") (北京雲中琥珀科技合夥企業(有限合夥)), Mr. Tang Cheng and Mr. Song Rui held approximately 35.00%, 30.63% and 21.88% of the equity interest in Beijing Amber Creative, respectively, and all of them are Independent Third Parties. Xingyuan Silicon Valley (Shenzhen) Venture Capital Growth Fund LLP (星元硅谷(深圳)創投成長基金(有限合夥)), Mr. Zhao Liang and Ms. Hua Qiong held 5.50%, 2.00% and 2.00% of the equity interest in Beijing Amber Creative, respectively, and all of them are Independent Third Parties.

(14) The remaining equity interest in Fujian Youdian Neirong Culture Media Co., Ltd (福建有點內容文化傳媒有限公司) ("**Youdian Neirong**") was held as to 42% and 7% by Mr. Fan Lizhi and Mr. Lin Jinwen, and all of them are Independent Third Parties.

In preparation for the [**REDACTED**] and to streamline our corporate structure, we underwent the following Reorganisation.

Incorporation of Offshore Investment Holding Companies

Spriver Tech Limited

On 22 August 2018, Spriver Tech Limited was incorporated in the BVI with limited liability with an authorised share capital of US$50,000.00 divided into 50,000 shares with a par value of US$1.00 each. Spriver Tech Limited is principally engaged in investment holding. Upon incorporation, 50,000 shares were allotted and issued to Mr. Liu Chunhe at par.

Parallel World Limited

On 24 August 2018, Parallel World Limited was incorporated in the BVI with limited liability with an authorised share capital of US$50,000.00 divided into 50,000 shares with a par value of US$1.00 each. Parallel World Limited is principally engaged in investment holding. Upon incorporation, 50,000 shares were allotted and issued to Mr. Li Ping at par.

Pixel Perfect Tech Limited

On 22 August 2018, Pixel Perfect Tech Limited was incorporated in the BVI with limited liability with an authorised share capital of US$50,000.00 divided into 50,000 shares with a par value of US$1.00 each. Pixel Perfect Tech Limited is principally engaged in investment holding. Upon incorporation, 50,000 shares were allotted and issued to Mr. Ye Chunjian at par.

Incorporation of our Company

On 12 September 2018, our Company was incorporated in the Cayman Islands as an exempted company with limited liability and authorised share capital of US$50,000.00, divided into 500,000,000 Shares of a par value of US$0.0001 each. On the same day, the Company allotted and issued an aggregate of 100,000,000 ordinary Shares to Spriver Tech Limited, Parallel World Limited and Pixel Perfect Tech Limited at par value of US$0.0001 each. Upon completion of the allotment and issue, the shareholding structure of our Company is set out as below:

Shareholder	Number of shares	Approximate percentage of Shareholding
Spriver Tech Limited	63,167,000	63.17%
Parallel World Limited	21,047,000	21.05%
Pixel Perfect Limited	15,786,000	15.79%
Total	100,000,000	100%

Spriver Tech Limited and Parallel World Limited transferred 7,978 Shares and 1,136 Shares to Pixel Perfect Tech Limited, respectively. The transfer had been properly and legally settled and completed with the register of members of our Company updated on 28 April 2019. The Company allotted and issued 10,715,817 Shares to Spriver Tech Limited and 41,572 Shares to Universe, respectively. The allotments had been properly and legally settled and completed with the register of members of our Company updated on 14 May 2019.

Incorporation of offshore subsidiary

On 30 October 2018, Solo X Technology Limited was established in Hong Kong with the share capital of HK$10,000.00 divided into 10,000 shares. Upon incorporation, 10,000 shares were allotted and issued to our Company. From its incorporation to the Latest Practicable Date, Solo X Technology Limited was 100% held by our Company. Solo X Technology Limited is the holding company of Shandong NewBornTown.

Onshore Reorganisation

In preparation for the [**REDACTED**] and to streamline our corporate structure and businesses, we underwent the following reorganisation in the PRC.

Disposal of Youdian Neirong

On 15 December 2018, NewBornTown Mobile Technology entered into a share transfer agreement with Shandong NewBornTown, pursuant to which NewBornTown Mobile Technology transferred its 51% of the equity interest in Youdian Neirong to Shandong NewBornTown with a consideration of approximately RMB7.29 million. The consideration was determined based on arm's length negotiations between parties with reference to the share capital contribution and the said share transfer was completed in or around January 2019. Immediately before the Reorganisation, Shandong NewBornTown had held 51% of the equity interest in Youdian Neirong, the principal business of which is content-based e-commerce. Youdian Neirong serves as a downstream content provider for e-commerce platforms, focussing on generating, distributing and managing quality contents, such as user reviews and blog messages by some key opinion leaders, as a marketing strategy to attract and retain a clearly defined audience, ultimately influencing prospective users' purchasing behaviours, which is different from the principal business of our Group. For the purpose of streamlining the business of the Group, Shandong NewBornTown transferred its 51% equity interest to Beijing Zhonghe Tongrun Management and Consulting Co., Ltd ("**Zhonghe Tongrun**"), which was beneficially owned as to approximately 25.33%, 8.44%, 6.33%, 7.81%, 1.93%, 6.25%, 4.07%, 10.74%, 9.91%, 4.30%, 13.05%, 1.01% and 0.83% by Mr. Liu Chunhe, Mr. Li Ping, Mr. Ye Chunjian, Mr. Du Li, Beijing, Amphora, Plum Venture, Mr. Huang Mingming, Haitong Kaiyuan, Haitong Xinxi, Hande Houcheng, Phoenix Fortune, Longwin Xinhu and China Fuqiang, respectively. The consideration was RMB1, which was determined with reference to the agreed price between both parties under the business separation arrangement, pursuant to an equity transfer agreement dated 28 March 2019. As advised by our PRC Legal Advisers, the transfer had been properly and legally settled. The said transfer was completed in June 2019.

Disposal of Beijing Qianji Mobile and Chongqing Small World

Before the Reorganisation, NewBornTown Network Technology had held 80% and 10% equity interest in Beijing Qianji Mobile and Chongqing Small World Network Technology Co., Ltd. (重慶小世界網絡科技有限公司) ("**Chongqing Small World**"), respectively. There was no actual business carried out by Beijing Qianji Mobile before the disposal and the principal business of Chongqing Small World was software development, system integration and data processing and storage services. For the purpose of streamlining the business of the Group, NewBornTown Network Technology transferred its 80% and 10% equity interest in Beijing Qianji Mobile and Chongqing Small World, respectively, to Ms. Hua Qiong, an Independent Third Party, with nil consideration, by taking into account the fact that Beijing Qianji Mobile was a dormant company since incorporation and Chongqing Small World recorded a loss at the time of the equity transfer and its future prospect pursuant to two equity transfer agreements dated 12 December 2018 and 20 December 2018. As advised by our PRC Legal Advisers, the transfers had been properly and legally settled. After the completion of the said transfers on 24 December 2018 and 27 February 2019 up to the Latest Practicable Date, we had no interest in Beijing Qianji Mobile and Chongqing Small World.

Disposal of Tibet Zhirui

Before the Reorganisation, NewBornTown Network Technology held 9.67% partnership interest in Tibet Zhirui. Tibet Zhirui is a private equity investment fund and a limited partnership established under the laws of the PRC, which is principally engaged in venture investments primarily in early growth stage companies in information technology and network technology industry. For the purpose of streamlining the business of the Group, NewBornTown Network Technology transferred its 9.67% partnership interest to Zhonghe Tongrun at the consideration of RMB1, which was determined with reference to the agreed price between both parties under the business separation arrangement, pursuant to the partnership interest transfer agreement dated 28 March 2019. As advised by our PRC Legal Advisers, the transfers had been properly and legally settled.

Transfer of Shandong NewBornTown

As a part of Reorganisation, pursuant to equity transfer agreement dated 9 April 2019, NewBornTown Network Technology and Universe transferred approximately 95.24% and 4.76% equity interests in Shandong NewBornTown to Solo X Technology, a wholly-owned subsidiary of our Company in Hong Kong, with a total consideration of the HK dollars equivalent to RMB10.5 million, which was determined with reference to the registered share capital of Shandong NewBornTown. As advised by our PRC Legal Advisers, the transfer had been properly and legally completed. After the completion of the said transfers on 9 April 2019 and up to the Latest Practicable Date, Shandong NewBornTown was converted into a wholly foreign owned enterprise and was held as to 100% by Solo X Technology. Shandong NewBornTown is the PRC holding company for the purpose of the Contractual Arrangements.

Business migration within the Group

As a part of Reorganisation, in May 2019, NewBornTown Network Technology, Shandong NewBornTown and the Beijing Branch of Shandong NewBornTown ("**Beijing Branch**") entered into asset transfer and personnel arrangement agreement, pursuant to which NewBornTown Network Technology transferred business operations in connection with mobile advertising platform service, including but not limited to business-related contracts, employment relationships and intellectual property rights, to Shandong NewBornTown and Beijing Branch. The consideration of the agreement was RMB290,532.05, among which, RMB7,783.29 shall be paid by Shandong NewBornTown and RMB282,478.76 shall be paid by Beijing Branch. As part of such arrangement, the relevant staff employments were transferred from NewBornTown Network Technology to the Beijing Branch of Shandong NewBornTown. The business migration was substantially completed in June 2019.

Offshore Reorganisation

Pursuant to the share transfer agreement entered into between NewBornTown Network Technology and the Company dated 20 June 2019, NewBornTown Network Technology shall transfer 100% of its shareholding in Newborn Town International to the Company at a consideration of HK$1, which was determined with reference to the agreed price.

Reclassification of the Share Capital of our Company

On 22 June 2019, the authorised share capital of the Company was USD50,000.00 divided into 500,000,000 Shares of par value of USD0.0001 each. And the authorised share capital of the Company are reclassified and re-designated into:

Number	Class of shares	Share capital *(US$)*
361,321,497	ordinary Shares of US$0.0001 each	36,132.1497
50,021,431	Series A Preferred Shares of US$0.0001 each	5,002.1431
86,578,786	Series B Preferred Shares of US$0.0001 each	8,657.8786
2,078,286	Series C Preferred Shares of US$0.0001 each	207.8286
500,000,000	**Total**	50,000.0000

All of the Preferred Shares will convert to ordinary Shares of US$0.0001 par value each upon completion of the [**REDACTED**].

Allotment and Issue of Shares of our Company

On 22 June 2019, to largely mirror the shareholding structure of NewBornTown Mobile Technology immediately prior to the Reorganisation, the Company issued and allotted, in aggregate, 50,021,431 Series A Preferred Shares, 86,578,786 Series B Preferred Shares and 2,078,286 Series C Preferred Shares of the Company, par value US$0.0001 per Share, to the following entities which are either Pre-[**REDACTED**] Investors or affiliates of respective Pre-[**REDACTED**] Investors. The rights of holders of different series of preferred Shares and ordinary Shares are governed by the Pre-[**REDACTED**] Shareholders Agreement. For more details please refer to the section headed "History and Corporate Structure – Pre-[**REDACTED**] Investment – Special rights of the Pre-[**REDACTED**] Investors". The following table sets out the number and class of subscription shares and the consideration paid by the investors. The allotments had been properly and legally settled and completed with the register of member of our Company updated on 22 June 2019.

Subscriber	Number and class of shares subscribed for by the investor	Approximate % of shareholding	Subscription price *(US$)*
Plum Venture	15,580,797 Series A Preferred Shares	6.25%	1,558.0797
Future Capital Discovery Fund I, L.P.	10,137,162 Series A Preferred Shares	4.06%	1,013.7162
Phoenix Wealth Investment (Holdings) Limited	19,481,355 Series A Preferred Shares	7.81%	1,948.1355
ICO STORE INC	4,822,117 Series A Preferred Shares	1.93%	482.2117
Phoenix Auspicious FinTech Investment L.P.	32,557,630 Series B Preferred Shares	13.05%	3,255.7630

Subscriber	Number and class of shares subscribed for by the investor	Approximate % of shareholding	Subscription price *(US$)*
Hash Global Management Company Ltd.	2,520,360 Series B Preferred Shares	1.01%	252.0360
Haitong Kaiyuan	26,789,541 Series B Preferred Shares	10.74%	2,678.9541
Haitong Xinxi	24,711,255 Series B Preferred Shares	9.91%	2,471.1255
CHUANGQI INTERNATIONAL LIMITED	2,078,286 Series C Preferred Shares	0.83%	207.8286
	Total	55.59%	13,867.8503

2019 Share Repurchases

On 22 June 2019, the Company entered into a share repurchase agreement with Phoenix Auspicious FinTech Investment L.P.("**Phoenix Auspicious**"), pursuant to which, among other things, the Company agreed to repurchase 6,880,990 Series B Preferred Shares of the Company from Phoenix Auspicious ("**Repurchase Shares I**") with a consideration of RMB100 million. The consideration was determined based on the initial investment cost plus an investment return calculated based on the weighted average investment amount and an agreed investment return rate. The share repurchase was fully completed and settled on 26 June 2019. Upon completion of the said share repurchase, the Repurchase Shares I had been cancelled by the Company, and Phoenix Auspicious holds 25,676,640 Series B Preferred Shares, representing 11.10% of the equity interest, in the Company after the cancellation.

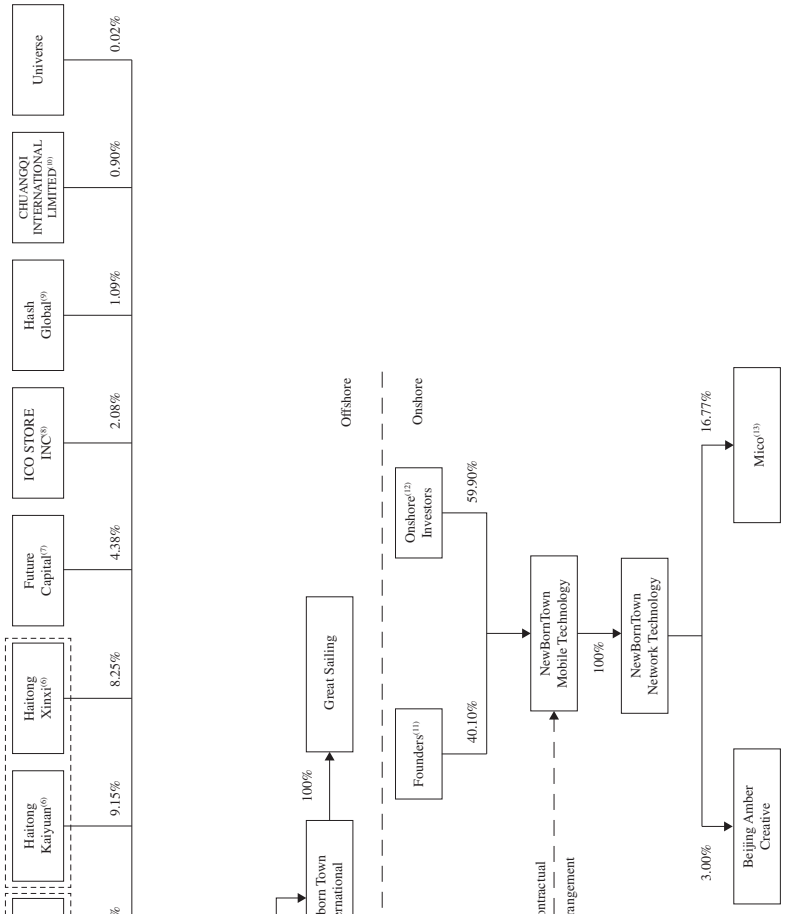
On 26 June 2019, the Company entered into share repurchase agreements with Haitong Kaiyuan and Haitong Xinxi, respectively, pursuant to which, among other things, the Company agreed to repurchase 5,622,349 Series B Preferred Shares and 5,622,349 Series B Preferred Shares of the Company from Haitong Kaiyuan and Haitong Xinxi, respectively, ("**Repurchase Shares II**") with a consideration of RMB30 million and RMB30 million, respectively. The consideration was determined based on the initial investment cost plus an investment return calculated based on the weighted average investment amount and an agreed investment return rate. The share repurchase is expected to be completed by 5 July 2019. Upon completion of the said share repurchase, the Repurchase Shares II would be cancelled by the Company, and Haitong Kaiyuan and Haitong Xinxi would hold 21,167,192 Series B Preferred Shares and 19,088,906 Series B Preferred Shares, representing 9.15% and 8.25% of equity interest, in the Company after the cancellation, respectively.

Implementation of the Contractual Arrangements

For the implementation of the Contractual Arrangements, a series of structured contracts were entered into on 26 June 2019 with respect to the contractual arrangements of the NewBornTown Mobile Technology and PRC Equity Holders with Shandong NewBornTown details of which are set out in section headed "Contractual Arrangements" in this document.

Simplified Corporate Structure of our Group immediately after the Reorganisation

The following chart shows the shareholding and corporate structure of our Group immediately after completion of the Reorganisation and the Repurchases but before completion of the **[REDACTED]**:



Notes:

(1) Spriver Tech Limited is an investment holding company wholly owned by Mr. Liu Chunhe. Mr. Liu Chunhe is an executive Director and the founder of the Group.

(2) Parallel World Limited is an investment holding company wholly owned by Mr. Li Ping. Mr. Li Ping is an executive Director and a co-founder of the Group.

(3) Pixel Perfect Tech Limited is an investment holding company wholly owned by Mr. Ye Chunjian. Mr. Ye Chunjian is a co-founder of the Group.

(4) Gingko Kik Limited is an investment holding company wholly owned by Mr. Wang Kui. Mr. Wang Kui is an executive Director of the Company. On 28 April 2019, Spriver Tech Limited transferred 6,580,753 Shares of our Company to Gingko Kik Limited with nil consideration and the trust arrangement between Mr. Liu Chunhe and Mr. Wang Kui on 9 October 2015 has therefore been unwinded.

(5) Phoenix Wealth Investment (Holdings) Limited is an investment holding company incorporated in BVI with limited liability, which is wholly owned by Mr. Du Li, a shareholder of NewBornTown Mobile Technology.

Plum Venture is a limited partnership established under the laws of the PRC. The general partner of Plum Venture is Ningbo Plum Angel Investment Management Co., Ltd. (寧波梅花天使投資管理有限公司), which is controlled by Mr. Wu Shichun.

Phoenix Auspicious FinTech Investment L.P. is an exempted limited partnership established under the laws of Cayman Islands, the general partner of which is Phoenix Wealth (Cayman) Asset Management Limited, an exempted company incorporated under the laws of Cayman Islands. Phoenix Wealth (Cayman) Asset Management Limited is wholly owned by Phoenix Wealth (Hong Kong) Asset Management Limited, a limited company incorporated under the laws of Hong Kong, which is in turn wholly owned by Mr. Du Li, a shareholder of NewBornTown Mobile Technology.

For further details of Mr. Du Li, Plum Venture, Mr. Wu Shichun and Beijing Phoenix Fortune Holdings Group Co., Ltd., please refer to sub-section headed "Pre-[**REDACTED**] Investment" and note(3) to the group chart under sub-section headed "Reorganisation" as appropriate in this section.

(6) Haitong Kaiyuan is a limited company established under the laws of the PRC. Haitong Xinxi is a limited partnership established under the laws of the PRC and controlled by Haitong Kaiyuan through its capacity as general partner. For further details, please refer to sub-section headed "Pre-[**REDACTED**] Investment" and note(4) to the group chart under sub-section headed "Reorganisation" in this section.

(7) Future Capital Discovery Fund I, L.P. ("**Future Capital**") is an exempted limited partnership established under the laws of the Cayman Islands the general partner of which is Future Capital Discovery Fund GP, L.P.. The general partner of Future Capital Discovery Fund GP, L.P. is Future Capital Discovery Fund GP, Ltd..

(8) ICO STORE INC is an investment holding company wholly owned by Ms. Zhou Weili, who, in turn, indirectly controls 60% of the interest in Beijing Amphora. Beijing Amphora is a limited company established under the laws of the PRC and is a shareholder of NewBornTown Mobile Technology. Beijing Amphora is a limited company incorporated under the laws of the PRC, which is held as to 60%, 20% 15% and 5% by Sangzhuzi District Amphora Venture Capital Co., Ltd. (桑珠孜區安芙蘭創業投資有限公司), Guotai Quntong Investment Holdings Co., Ltd. (北京國泰群同投資控股有限公司), Zhongguancun Science Park Haidian Park Innovation Service Centre (中關村科技園區海淀園創業服務中心) and Shixin Ronghe Investment Management Co., Ltd. (世欣榮和投資管理股份有限公司), respectively.

(9) Hash Global Management Company Ltd. ("**Hash Global**"), incorporated in BVI with limited liability, is an investment holding company wholly owned by Shanghai Longwin Asset Management Center (General Partnership) (上海朗聞資產管理中心(普通合夥)), which is the general partner of Shanghai Longwin Capital Partners (General Partnership) (上海朗聞投資管理合夥企業(普通合夥)) ("**Longwin Capital**"). Longwin Capital is the general partner of Longwin Xinhu, a shareholder of NewBornTown Mobile Technology.

(10) CHUANGQI INTERNATIONAL LIMITED, incorporated in BVI with limited liability, is an investment holding company wholly owned by China Fortune Financial Group Limited (中國富強金融集團有限公司)("**China Fortune**"), a limited company incorporated under the laws of Cayman Islands and listed on the Stock Exchange (Stock Code: 00290). China Fortune indirectly holds 100% of the equity interest in Fuqiang Asset Management (Shenzhen) Equity Investment Fund Management Co., Ltd. (富強資管(深圳)股權投資基金管理有限公司), which is the general partner of China Fuqiang, a shareholder of NewBornTown Mobile Technology.

(11) Our founder, Mr. Liu Chunhe, holds approximately 25.33% of the equity interest, and our co-founders Mr. Li Ping and Mr. Ye Chunjian holds approximately 8.44% and 6.33% of the equity interest, respectively.

(12) Onshore investors are Mr. Du Li, holding approximately 7.81% of the equity interest, Beijing Amphora, holding approximately 1.93% of the equity interest, Plum Venture, holding approximately 6.25% of the equity interest, Mr. Huang Mingming, holding approximately 4.07% of the equity interest, Haitong Kaiyuan, holding approximately 10.74% of the equity interest, Haitong Xinxi, holding approximately 9.91% of the equity interest, Phoenix Fortune, holding approximately 13.05% of the equity interest, Longwin Xinhu, holding approximately 1.01% of the equity interest, China Fuqiang, holding approximately 0.83% of the equity interest, and Hande Houcheng, holding approximately 4.30% of the equity interest, in NewBornTown Mobile Technology.

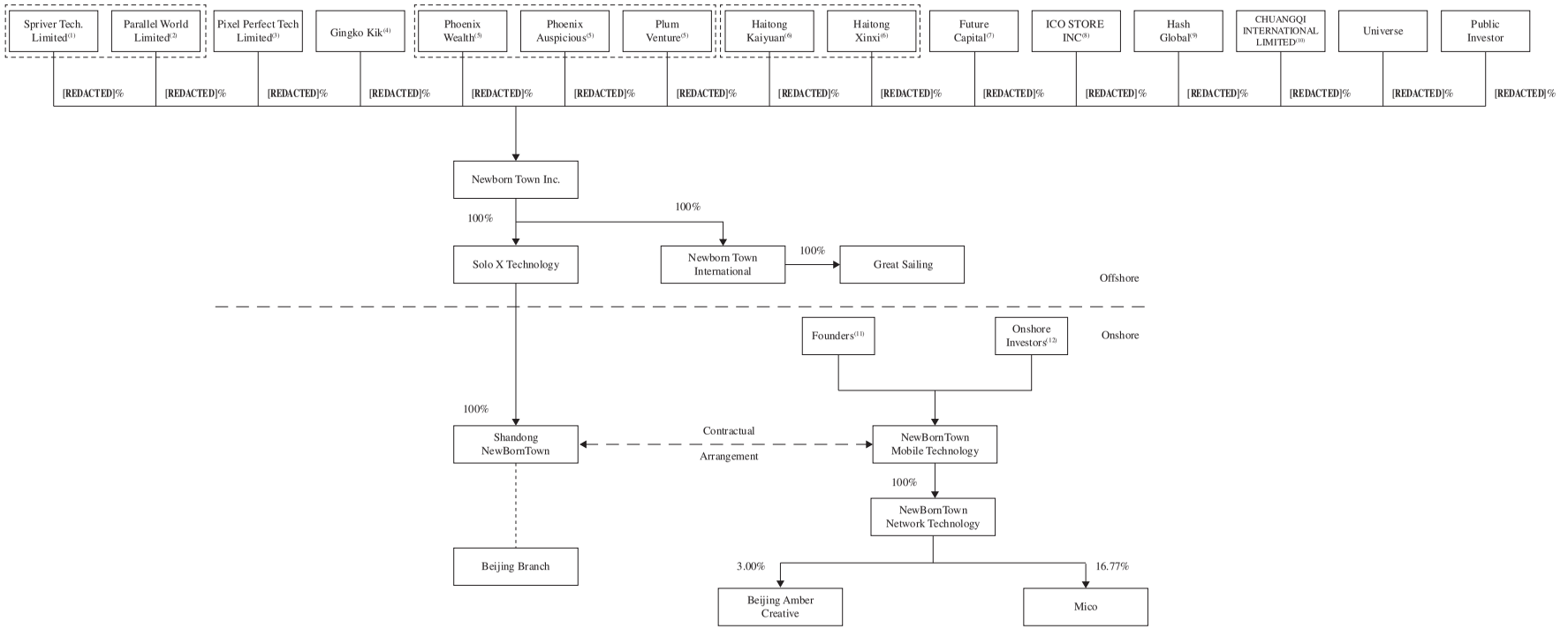
(13) The remaining equity interest in Mico was held approximately as to 23.27% by Mr. Ye Chunjian, 8.01% and 7.96% by Tianjin Tonghe Chuangyuan Enterprise Management Centre LLP ("**Tonghe Chuangyuan**") (天津通和創源企業管理中心(有限合夥)) and Ningbo Meishan Bonded Port Tonghe Chuangyuan Enterprise Management Consulting Centre LLP ("**Ningbo Tonghe Chuangyuan**") (寧波梅山保稅港區通和創源企業管理中心(有限合夥)), both were controlled by Mr. Ye Chunjian through his capacity as executive partner, 2.43% by Mr. Wu Shichun, 2.21% by Ningbo Meihua Mingshi Investment Partnership (L.P.)(寧波梅花明世投資合夥企業(有限合夥))("**Meihua Mingshi**"), controlled by Mr. Wu Shichun through his 80% equity interest in the executive partner of Meihua Mingshi, 2.65% Ningbo Meishan Bonded Port Beichen Xinshineng Equity Investment Partnership LLP (寧波梅山保稅港區北辰新勢能股權投資合夥企業(有限合夥)) ("**Beichen Xinshineng**"), controlled by Mr. Wu Shichun through his 78% equity interest in the executive partner of Beichen Xinshineng, 8.85% by Phoenix Fortune, 3.10% by Mr. Wang Xinming, the supervisor of Shandong NewBornTown, 17.12% by Ms. Cao Wen, an Independent Third Party, 3.10% by Mr. Wang Xiaobin, an Independent Third Party, and the remaining 4.52% equity interest in Mico is held by Mr. Zhang Wenlong, Mr. Zhang Qinglai, Mr. Ye Kai, and Jiaxing Zizhi No. 1 Investment Partnership LLP ("**Jiaxing Zizhi**") (嘉興自知一號股權投資合夥企業(有限合夥)), all being Independent Third Parties.

(14) Please note that the percentage of shareholding in the above shareholding structure may not add up to 100% due to rounding.

THIS DOCUMENT IS IN DRAFT FORM. THE INFORMATION CONTAINED HEREIN IS INCOMPLETE AND IS SUBJECT TO CHANGE. THIS DOCUMENT MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED "WARNING" ON THE COVER OF THIS DOCUMENT.

Simplified Corporate Structure of our Group immediately after the [REDACTED]

The chart below illustrates the corporate structure and shareholding structure of our Group immediately after the completion of the [**REDACTED**] (assuming [**REDACTED**] is not exercised):



Notes:

(1) – (12) Please refer to the details contained in sub-section headed "Simplified Corporate Structure of our Group immediately after the Reorganisation" in this section.

(13) Please note that the percentages may not add up to 100% due to rounding.

Public float

Upon completion of the [**REDACTED**] (assuming [**REDACTED**] is not exercised), the Shares held by certain of our Shareholders who are, or are indirectly controlled by, our core connected persons, namely each of Spiver Tech Limited, Parallel World Limited, Gingko Kik, Phoenix Wealth, Phoenix Auspicious, Plum Venture, Haitong Kaiyuan and Haitong Xinxi, shall be considered as a core connected person of our Company and accordingly in aggregate approximately [**REDACTED**]% of our issued Shares will not count towards part of the public float pursuant to the Rule 8.24 of the [**REDACTED**].

Save as provided above, upon completion of the [**REDACTED**] (assuming [**REDACTED**] is not exercised), each of Pixel Perfect Tech Limited, Future Capital, ICO STORE INC, Hash Global, CHUANGQI INTERNATIONAL LIMITED, Universe shall not be considered as a core connected person of our Company and accordingly in aggregate approximately [**REDACTED**]% of our issued Shares, together with the [**REDACTED**], will count towards part of the public float pursuant to the Rule 8.24 of the [**REDACTED**].

PRC LEGAL COMPLIANCE

As advised by our PRC Legal Advisers, we have obtained and completed all the requisite approvals, registrations and/or filings formalities in all material aspects from the relevant PRC government authorities in respect of the Reorganisation, and the Reorganisation to the extent that PRC laws are applicable, has complied with the applicable laws and regulations in the PRC.

SAFE Registration

Pursuant to the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and in Return Investment Via Special Purpose Companies (《關於境內居民通過特殊目的境外投融資及返程投資外匯管理有關問題的通知》) (the "Circular No. 37") promulgated by the SAFE and came into force on 4 July, 2014, a PRC citizen residing in the PRC or an overseas individual who does not hold a Chinese identity document but has a habitual residence in China due to economic interests (a "PRC Resident") must register with the local branch of SAFE before he contributes legal assets or equity interests in China or overseas in an oversea special purpose vehicle, which is directly incorporate or indirectly controlled by the PRC Resident for the purpose of overseas investment or financing.

Pursuant to the Notice on Further Simplifying and Improving the Foreign Exchange Management Policies for Direct Investment (《關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "Circular No. 13") promulgated by the SAFE and came into force on 1 June, 2015, SAFE cancelled the foreign exchange registration approval under overseas direct investment. The banks would review and carry out foreign exchange registration under overseas direct investment directly, and SAFE and its branches shall implement individual supervision over foreign exchange registration of overseas direct investment via the banks.

As confirmed by our PRC Legal Advisers, the ultimate registered Shareholders of our Company, namely Mr. Liu Chunhe, Mr. Li Ping and Mr. Ye Chunjian have completed the foreign exchange registrations on 18 April 2019 respectively pursuant to Circular No. 37 and Circular No. 13 in relation to their offshore investments as PRC residents.

M&A Rules

According to Provisions on Merger and Acquisition of Domestic Enterprises by Foreign Investor (《關於外國投資者併購境內企業的規定》) (the "M&A Rules") jointly promulgated by the MOFCOM, State-Owned Assets Supervision and Administration Commission of the State Council, SAT, CSRC, SAIC and SAFE on 8 August, 2006, came into force on 8 September, 2006 and amended on 22 June, 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise. The M&A Rules, among others, further require that an offshore special vehicle, or a special purpose vehicle, formed for [**REDACTED**] purposes and controlled directly or indirectly by PRC companies or individuals, shall obtain the approval of the CSRC prior to the [**REDACTED**] and trading of such special purpose vehicle's securities on an overseas stock exchange, especially in the event that the special purpose vehicle acquires shares of or equity interests in the PRC companies in exchange for the shares of offshore companies.

Pursuant to Interim Administrative Measures for the Filing of the Incorporation and Change of Foreign-invested Enterprises (the "Measures") promulgated by the MOFCOM on 29 June, 2018, where a non-foreign-invested enterprise changes into a foreign-invested enterprise due to acquisition, consolidation by merger or otherwise, which is subject to filing as stipulated in the Measures, it shall file and submit the filing information on the incorporation of foreign-invested enterprises simultaneously while going through the registration procedures for incorporation with the competent administrations for industry and commerce and market supervision.

Our PRC Legal Advisers are of the opinion that prior CSRC approval for this offering or prior MOFCOM approval for the Reorganisation is not required because (i) Shangdong NewBornTown was already a sino-foreign equity joint venture company prior to its indirect acquisition by our Company which was completed on 9 April 2019, therefore the Reorganisation is not subject to Article 11 of the M&A Rules, and (ii) no provision in the M&A Rules clearly classifies contractual arrangements as a type of transaction subject to the M&A Rules.

OVERVIEW

We are a fast-growing player with a global reach in the information distribution services value chain, focussing on mobile app development and provision of mobile advertising platform services through the use of AI technologies. We have over 40 mobile apps within our Solo X product matrix, available on both Android operating system and iOS. Up to 31 December 2018, we had attracted more than 669.9 million global users in terms of device ID cumulatively. One of our core products Solo Launcher achieved personalisation app daily ranking No. 1 by downloads at least once in Google Play in 89 countries and regions such as France, Israel, Singapore and Brazil as at 31 December 2018, according to the iResearch Report. We are also engaged in mobile advertising platform and related business, providing user acquisition solutions to advertisers and monetisation solutions to publishers. Our advertisers consist of app developers, brand advertisers and ad agencies and our publishers are mainly app developers and ad agencies. Our mobile advertising platform processed an average daily ad requests of more than 5.7 billion times in December 2018, which ranked us ahead of all other proprietary platforms of PRC mobile advertising companies focussing on providing overseas mobile marketing services according to the iResearch Report.

Up to the Latest Practicable Date, we were the only PRC company mainly focussing on the overseas market that was engaged in both mobile app development business and mobile advertising platform services business with a full coverage of the programmatic mobile advertising ecosystem, according to the iResearch Report. Solo Aware, our AI engine featuring big data analytics and machine learning technologies, enables us to aggregate data accumulated from both our mobile apps and our mobile advertising platform and further optimise our mobile app development and target advertising capabilities, thereby creating a synergy effect within our businesses.

Mobile App Development

We provide wide-ranging and diversified mobile apps to users in more than 200 countries and regions, mainly including Asia, Americas and Europe. Our Solo X product matrix offers a broad range of mobile apps and widgets to provide a smooth and customised user experience covering diverse usage scenarios. We have built a product portfolio of a variety of products, including but not limited to launcher, security, anti-virus, music, entertainment, fitness and games apps. Up to 31 December 2018, our Solo X product matrix attracted more than 669.9 million global users in terms of device ID cumulatively. We organise our Solo X products into four sub-matrices, namely User System, Fitness, Media & Entertainment and Games. We have developed a suite of apps in each sub-matrix to create tailored experience for the users' specific needs. We engage our users and improve user experience through our portfolio of popular apps, frequent content updates and optimisation with the support of our AI technologies.

The value chain of our Solo X product matrix comprises product development and operation, user acquisition and monetisation. We collect and analyse the data from app stores and other third-party mobile app analytics platforms to gain insight on the trends and development of the global app market. We promote our Solo X product matrix through in-app cross promotion and also market our brand, products and services globally to mobile internet users primarily through top global internet companies. We monetise our Solo X product matrix mainly through mobile advertising. Our monetisation ability is driven by our large and engaged user base, insight of user interests and demands, and precision targeting of the preferred audience for specific content in a variety of usage scenarios. The number of average daily impressions delivered on our Solo X product matrix increased by 132.1% from the second half of 2017 to the second half of 2018. Our revenue from monetising our mobile apps increased from RMB23.9 million in 2016 to RMB92.9 million in 2018, representing a CAGR of 97.2%.

Mobile Advertising Platform

Leveraging the experience of developing, marketing and monetising the mobile apps in our Solo X product matrix, we are also engaged in mobile advertising platform services, providing user acquisition solutions for advertisers and monetisation solutions for publishers. Our advertisers consist of app developers, brand advertisers and ad agencies and our publishers are mainly app developers and ad agencies. Powered by our Solo Aware AI engine, our proprietary programmatic advertising platform Solo Math serves both advertisers whom we charge for our user acquisition services and publishers whom we pay for presenting advertisers' ads on their ad spaces. We also provide intermediary media buy service for advertisers, which is to purchase ad inventories for advertisers mainly from two top global internet companies. During the Track Record Period, we had been focussing on upgrading our programmatic mobile advertising platform services and further established our Solo Math brand name. Leveraging our expertise on developing and operating mobile advertising platforms, we also provide mobile advertising platform related services including the upgrade and optimisation of mobile advertising software of our customers upon their request. Our revenue from programmatic advertising and related business increased from RMB58.5 million in 2016 to RMB172.8 million in 2018, representing a CAGR of 71.9%. Accordingly, such revenues from programmatic advertising and related business as a percentage of our total revenue generated by mobile advertising platform and related business increased from 51.8% in 2016 to 94.1% in 2018.

We have a sizable network of publishers and a high-quality advertiser base. Our publisher network directly or indirectly covers a variety of well-known app developers, including developers of games, e-commerce, media, social networking, news and other types of apps. We provided monetisation services to approximately 765,200 apps directly or through their agencies through our proprietary ad exchange in 2018, reaching and covering the largest number of apps amongst the proprietary platforms of PRC mobile advertising companies focussing on providing overseas mobile marketing services, according to the iResearch Report. The average daily ad requests processed on Solo Math advertising platform was more than 5.7 billion times in December 2018, and the largest daily ad request volume on Solo Math was over 6.7 billion times as at 31 December 2018. Our advertiser base consists of app developers, brand advertisers and ad agencies. As at 31 December 2018, for the global top 50 mobile internet companies ranked by global app downloads, our advertiser base covered 37 of them; for the global top 50 mobile internet companies ranked by total revenue generated by their apps, our advertiser base covered 38 of them; such coverage ranked us ahead of the programmatic

advertising platform businesses of all other PRC mobile advertising companies focussing on providing overseas mobile marketing services, according to the iResearch Report. In addition, for the global top 100 advertisers in terms of global advertising spending in 2018, we provided mobile marketing services to 87 of them, according to the iResearch Report.

Solo Aware AI Engine

Both our Solo X product matrix and Solo Math advertising platform are empowered by our proprietary Solo Aware AI engine. Solo Aware is designed to serve as a central back-end system to store, process and analyse device data through big data and machine learning technologies. Its goal is to distribute the right content to the right users. Leveraging our user data base accumulated through Solo X product matrix and Solo Math advertising platform, Solo Aware enables us to extract useful information from our datasets, deliver targeted responses to users, and provide more efficient solutions to advertisers and publishers. We have developed machine learning models that can be used to analyse billions of changing device feature data and implement new model updates every ten seconds, thereby adapting on a real-time basis to actual device data to optimise content distribution. We also use a highly scalable and reliable third-party IT infrastructure built on a micro service, server-less and auto-scaling architecture, which supports and optimises our operations to allow us to distribute ads to devices in more than 200 countries and regions with an average response time of approximately 20 milliseconds.

Benefiting from the rapid growth of the programmatic mobile advertising business during the Track Record Period and a significant growth of our mobile app monetisation in 2018, our total revenues increased from RMB136.9 million in 2016 to RMB276.7 million in 2018, representing a CAGR of 42.2%; our gross profit increased from RMB70.9 million in 2016 to RMB141.4 million in 2018, representing a CAGR of 41.2%.

COMPETITIVE STRENGTHS

A synergetic business model empowered by complementary mobile app development and mobile advertising platform

As the developer of more than 40 mobile apps in Solo X product matrix, we have built expertise in mobile apps operations and obtained in-depth knowledge of user data. Through years of innovation, research and development of mobile apps, we keep close track of the evolution of users interests, study user behavioural data and engagement patterns and understand user preferences through multi-dimensional data analysis. Since the launch of our Solo Launcher in 2013 and up to 31 December 2018, we had attracted more than 669.9 million global users cumulatively.

Leveraging the experience of developing, marketing and monetising the mobile apps in our Solo X product matrix, we understand the developers' need of both user acquisition and monetisation. Our mobile advertising platform:

- processed an average daily ad requests of more than 5.7 billion times in December 2018;

- provided monetisation services for approximately 765,200 apps directly and through their agencies in 2018, reaching and covering the largest number of apps amongst the proprietary platforms of PRC mobile advertising companies focussing on providing overseas mobile marketing services, according to the iResearch Report;

- in 2018, for the top 50 mobile internet companies ranked by number of global app downloads, we provided mobile advertising platform services to 37 of them and such coverage ranked us ahead of the programmatic advertising platform businesses of all other PRC mobile advertising companies focussing on providing overseas mobile marketing services, according to the iResearch Report.

Leveraging our user data accumulated through Solo X product matrix and Solo Math advertising platform, Solo Aware enables us to extract useful information from our datasets, deliver targeted responses to users, and provide more efficient solutions to advertisers and publishers. Solo Aware carries mature computational methods and cost-effective computing power for us to process and draw insights from data by exercising data mining, machine learning and model training in different usage scenarios.

We believe our synergetic business model gives us competitive advantages in the following aspects: (i) for mobile app development, our database and data analytics capabilities enable us to identify, study and understand the differences in users' demand, thus developing new products, optimising current products to improve user experience and increasing the monetisation efficiency with target advertising strategies; and (ii) for mobile advertising platform services, the continuous development and interaction of both the user acquisition and monetisation sides of our ecosystem provides us with additional data and insight to train our AI models to improve their accuracy and performance, thereby increasing the effectiveness of our services and contributing to the sustainability of our growth; (iii) our experience and growth in mobile app development and the provision of mobile advertising platform services can further enhance the quality and size of our database which in turn help to facilitate the function of Solo Aware, and create a virtuous cycle within our business model.

Diversified product offerings and fast growing global user base

We have achieved significant global user scale through our proprietary Solo X product matrix, which is a series of apps and widgets developed to provide smooth and customised user experience covering diverse usage scenarios such as user system, fitness, media, entertainment and games. We believe high quality and well-operated mobile apps are key to our success, allowing us to attract a large number of users and accumulate a rich library of user profile. We provide wide-ranging and diversified mobile apps to users in more than 200 countries and regions. We organise our Solo X products into four sub-matrices, and have developed a suite of apps in each sub-matrix to create tailored experience for the users' specific needs. We engage our users and improve user experience through our portfolio of popular apps, frequent content updates and optimisation. Through our multi-dimensional data analysis engine Solo Aware, we are able to gain user insights and effectively cater to different user needs.

Up to 31 December 2018, our Solo X product matrix attracted more than 669.9 million global users in terms of device ID cumulatively. One of our core products Solo Locker was named Google Play Best Apps of 2015. According to the iResearch Report, as at 31 December 2018, our User System apps Solo Launcher achieved personalisation app daily ranking No. 1 by downloads in Google Play in 89 countries and regions such as France, Israel, Singapore and Brazil and DIY Locker achieved personalisation app daily ranking No. 1 by downloads in Google Play in 40 countries and regions such as Germany, India, New Zealand and Argentina; our 3D sport game Archery Champ achieved games daily ranking top 10 by downloads for iPhone in App Store in 45 countries and regions such as Spain, India and South Africa as at 31 December 2018; and our game Beetles.io achieved games daily ranking top 10 by downloads in Google Play in 16 countries and regions such as the United Kingdom, Canada, Sweden and Singapore as at 31 December 2018.

We have four sub-matrices covering different user scenarios to reach and engage wide user base and employ an unbundling strategy to design apps suite in each sub-matrix to enhance user stickiness and increase user online time. Based on our user insights, we aim to identify large and fast-growing groups of mobile device users with unmet or emerging interests and demands. We developed a portfolio of other Solo X products and services through apps and widgets, establishing our sub-matrix system and aiming to further improve the functionality, performance and personalisation of mobile devices following our user-centric and data-driven approach. The apps in Solo X product matrix complement each other and enrich users' experience. We promote our Solo X products through in-app cross promotion to further expand our user base. The users of apps in our Solo X product matrix are provided with convenient in-app recommendation of and access to other complementary Solo X products, which create a strong network and synergy effect to cross-market our Solo X products. As Solo Launcher integrates certain functions of the Android operating system and serves as an operating interface between the Android operating system and mobile users, our User System sub-matrix plays a key role in the recommendation of the apps in other sub-matrices. Our Solo Aware AI technologies enable us to analyse user data and offer precise content recommendation of apps and information to improve user engagement.

We mainly monetise our apps by mobile advertising through two top global internet companies. The number of average daily impressions delivered on our Solo X product matrix increased by 132.1% from the second half of 2017 to the second half of 2018.

A leading programmatic advertising platform covering the value chain of mobile advertising industry

We started to build our mobile advertising platform in 2014 and are one of the pioneer companies in the PRC to enter into the global mobile advertising market. Through five years of research and development efforts on the AI technologies and big data analytics of the mobile advertising platform, we have a competitive advantage in the provision of mobile advertising platform services covering the full industry value chain to connect advertisers and publishers channelled through various platforms. We were awarded "Global Brand Leadership Award" in the 2019 Global AI Marketing Leaders' Summit, "The Best Overseas Platform" and "The Best Going Global Platform" by Global Mobile Internet Conference for our mobile advertising platform services.

Through continued efforts in building and refining our supply and demand side platforms that integrate the upstream and downstream of the mobile advertising industry, we have established four modules in our Solo Math platform, namely the Solo Math Ad Exchange, Solo Math Performance, Solo Math For Publisher and Solo Math RTB. It enables us to further enhance our ability of resource integration and to improve our value proposition as an advertising service provider for advertisers and publishers worldwide. By participating in full coverage of the mobile advertising industry value chain, we are able to better understand market trends and demands, enhance the stability of our business model and improve our ability to access the upstream and downstream resources.

Along with the development of the mobile advertising industry, programmatic advertising has become increasingly prevalent as an effective means of transacting ad inventories in the mobile advertising industry. Leveraging our programmatic mobile advertising platform Solo Math based on global mainstream industry standards such as OpenRTB, we believe we are well-positioned to capture the growing opportunities in programmatic advertising. We believe that the integration of our four programmatic advertising modules, which can aggregate and direct ad traffic and improve efficiencies, will help us to meet different demands from advertisers, diversify the ways of cooperation with publishers, accumulate more data input to train our AI model and improve the performance and precision in our target advertising offering.

Robust big data and advanced AI capabilities based on practical scenarios

Our robust big data and AI capabilities based on practical scenarios enable us to expand and optimise our Solo X product matrix and to achieve better performance for our advertisers' ad deliveries and campaigns and greater monetisation efficiency for our publishers.

Solo Aware is our proprietary AI engine, and it is the core to achieve accurate information distribution. Solo Aware has the following key technology strengths:

- *Data collection*. We collect data from different sources, including data from the usage of mobile apps in Solo X product matrix and the data directly related to ad requests and deliveries processes on Solo Math advertising platform. Our data assets include device-specific information, data tracked through the ad delivery process and behavioural data such as purchasing habits and subscription.

- *Data processing*. We have independently developed data compression system, which enables us to complete stateless data collection, design data storage solution and conduct multi-dimensional data mining. We cleanse raw data into more meaningful and structured data to train our AI models. Through machine learning that continually analyses billions of ad requests, we can monitor actual device data and ad performance on a real-time basis and adapt timely and rapidly to achieve performance improvements.

- *Intelligent distribution*. Solo Aware is able to use different models for testing, select the optimal model for prediction and continue optimising such model for distribution, whereby optimising our mobile app development and target advertising technologies.

We are dedicated to investing in research and development to continuously improve our technology. We had a research and development team of 69 full-time employees as at 31 December 2018, constituting approximately 41.3% of our employees. In 2016, 2017 and 2018, we incurred research and development expenses of RMB2.6 million, RMB11.5 million and RMB17.5 million, respectively.

Fast growing and high-quality global advertiser base and a sizable network of publishers

Our rapidly-growing and global advertiser base mainly consists of app developers, brand advertisers and ad agencies. As at 31 December 2018, for the global top 50 mobile internet companies ranked by global app downloads, our advertiser base covered 37 of them; for the global top 50 mobile internet companies ranked by total revenue generated by their apps, our advertiser base covered 38 of them; such coverage ranked us ahead of the programmatic advertising platform businesses of all other PRC mobile advertising companies focussing on providing overseas mobile marketing services, according to the iResearch Report. In addition, for the global top 100 advertisers in terms of global advertising spending in 2018, we provided mobile marketing services to 87 of them, according to the iResearch Report. Our advertisers include well-known apps operating in various industries such as e-commerce, games, social networking and other types of apps. Our business model in the cooperation with not only app developers and brand advertisers but also ad agencies help us build a broad and stable coverage of different advertisers and maintain a healthy financial position as ad agencies would typically make payments on behalf of the advertisers they represent in a timely manner.

During the Track Record Period, our advertiser coverage continued to expand, and our total revenue from mobile advertising platform and related business had been increasing year by year. Our advertiser base covered 26, 30 and 38 countries and regions in 2016, 2017 and 2018, respectively. We maintain a multi-tier coverage of media, which enables us to offer one-stop cross-media user acquisition services for advertising campaigns, and enables our advertisers to manage their advertising budgets and optimise the performance of their ad deliveries.

Our publisher base is diversified geographically. Our Solo Math platform connected publishers from more than 200 countries and regions. We provided monetisation services for approximately 765,200 apps directly and through their agencies on our proprietary ad exchange in 2018, reaching and covering the largest number of apps amongst the PRC mobile advertising companies focussing on providing overseas mobile marketing services and we processed an average daily ad requests from publishers of more than 5.7 billion times in December 2018. Our publisher network directly or indirectly covers a variety of well-known app developers, including developers of games, e-commerce, media, social networking, news and other types of apps.

Visionary, experienced and stable management team

Our founder Mr. Liu Chunhe and co-founder Mr. Li Ping, possess in-depth understanding of the mobile internet industry with over eight years of experience in technologies, big data and mobile internet industries. They have led us to establish an innovative business model, maintain technology-driven development strategies and realise fast growing revenue in the mobile internet industry. They have been in collaboration for many years, which ensures our stable development. Other members of our management team have prior experience at well-known enterprises such as China International Capital Corporation Limited and Beijing Kingsoft Internent Security Software Co., Ltd. Their valuable experience enables us to identify and seise emerging opportunities, expand cooperation networks and enhance our competitiveness in the industry.

We believe that our experienced management team plays an important role in our success and possess the vision to seise market opportunities, formulate sound business strategies and respond expediently to industry trends. We are therefore confident that our management team will continue to lead us to innovate, excel and succeed as a PRC company with global influence.

BUSINESS STRATEGIES

Our mission is to precisely connect mobile internet users and information. To that end, we plan to implement the following strategies:

Continue to upgrade Solo Aware and strengthen our data and technology advantages

We have been dedicated to and will continue our research and development efforts in developing our AI technologies and applications. We aim to further invest in our development of advanced technologies including data mining, machine learning, natural language processing and neural networks. We intend to invest in more computational resources that power our Solo Aware AI engine and improve Solo Aware's ability of data cognition, data perception, data planning and data recommendation.

Continue to enrich and expand Solo X product matrix and expand our user base

In order to expand our user base and deepen our global presence, we strive to maintain our existing user base and to attract new users. We intend to expand the sub matrices to broader and more comprehensive app categories to satisfy the users' various and increasing demands for better mobile apps. We also plan to develop and launch new mobile apps that are individually designed to target new groups of users from different countries and regions that have distinct interests and demands for content and information. We intend to improve the monetisation ability of our Solo X product matrix by exploring different monetisation methods such as improving the ratio of paying users.

Reinforce our programmatic Solo Math advertising platform

We will further expand the scale and scope of our business with advertisers and publishers and strengthen our service coverage in the mobile advertising industry value chain. We plan to explore technologies to improve the precision targeting, ad quality optimisation, anti-fraud mechanism of our advertising platform. We aim to improve the user interface and processing efficiency of Solo Math and provide customised services to our advertisers and publishers. We also aim to strengthen our ability to provide programmatic advertising services and reach more advertisers and publishers by investing in increasing and optimising workflow automation and improving precision targeting abilities of our Solo Math advertising platform.

Expand our localised service and distribution network

We aim to become a company with global influence and we will continue enhancing our local service capabilities in the countries and regions where we operate, while expanding our global coverage to increase the scope and depth of our global cooperation with app developers. We intend to expand our local teams dedicated to marketing and business relationship building to understand the differentiated culture backgrounds and business models in each region and better serve the demands of local app developers. We will seek to enhance our overseas local service capabilities to strengthen our overseas market presence in key local markets. We will further explore cross-region opportunities as the regional and global competition among technology companies and app developers intensifies and the demand for user acquisition, monetisation and mobile analytics escalates.

Attract, retain and nurture excellent employees

We have devoted efforts to build our research and development and operation team and will continue to establish a talented employee base in areas such as big data, AI technologies and product development. We strive to maintain a supportive atmosphere and rewarding incentive mechanism that attracts great talent, offer professional training programmes and inspires our employees to realise their potential. We believe that a versatile and experienced management team and employees will provide us with significant advantages in the rapidly evolving market and continue to drive our innovation and growth.

Explore strategic investments and acquisitions opportunities

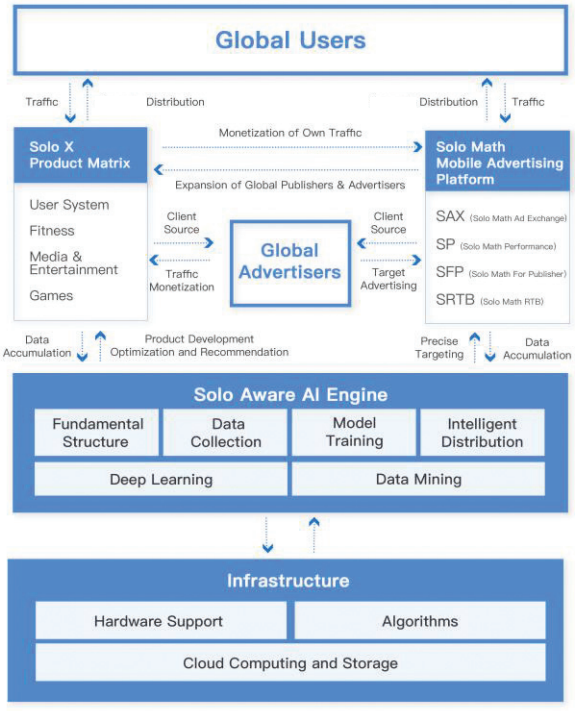
We intend to pursue strategic investment or acquire businesses that are complementary to our current businesses which can help strengthen and scale our operations and enhance our business reputation. We aim to target companies that have competitive strengths in technology, data and other areas or participants in the upstream and downstream industries to further strengthen our competitive position in the mobile advertising and mobile analytics industries. We believe our relationship with key industry participants and our experience in mobile internet industry will assist us in making sound investment and acquisition decisions.

After the Track Record Period and up to the Latest Practicable Date, saved as disclosed in sub-section headed "Our Strategic Investment" in this section, we had not engaged in any negotiation or entered into any letter of intent or agreement for acquisition nor identified any definite acquisition or investment target.

BUSINESS OPERATIONS

Our businesses primarily consist of mobile app development business and mobile advertising platform and related business. We are engaged in the development of a series of mobile apps, known as Solo X product matrix, for use on both the Android operating system and iOS. These mobile apps provide rich functionality and extensive personalisation to the users of mobile devices. Our mobile advertising platform services connect the advertisers' demand for user acquisition and the publishers' demand for monetisation primarily through our proprietary Solo Math mobile advertising platform powered by our Solo Aware big data analytics and AI technologies. During the Track Record Period, we derived the majority of our revenues from the monetisation of Solo X product matrix and the provision of mobile advertising platform and related services, and our PRC Operating Entities are responsible for our daily business operation while we use our HK Operating Entities for billing purpose.

The following diagram illustrates the synergy of our Solo ecosystem:



The following table sets forth a breakdown of our revenue by business line during the Track Record Period:

	For the year ended 31 December					
	2016		2017		2018	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Mobile advertising platform and related business[(1)]	112,953	82.5	154,162	84.8	183,762	66.4
Mobile app development business	23,899	17.5	27,680	15.2	92,924	33.6
Total	136,852	100.0	181,842	100.0	276,686	100.0

Note:

(1) Related business mainly includes the provision of mobile advertising software upgrade and optimisation services upon request of our customers.

The following table sets forth a breakdown of our gross profit and gross profit margin by business line during the Track Record Period:

	For the year ended 31 December					
	2016		2017		2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Mobile advertising platform and related business[(1)]	56,684	50.2	50,586	32.8	55,755	30.3
Mobile app development business	14,219	59.5	19,788	71.5	85,665	92.2
Total	70,903	51.8	70,374	38.7	141,420	51.1

Note:

(1) Related business mainly includes the provision of mobile advertising platform upgrade and optimisation services upon request of our customers.

Solo X Product Matrix

We provide diversified mobile apps to users in more than 200 countries and regions. Our Solo X product matrix is a series of apps and widgets developed to provide smooth and customised user experience covering diverse usage scenarios. We have four sub-matrices covering different user scenarios to reach and engage wide user base and we believe our unbundling strategy of designing apps suite in each sub-matrix can enhance user stickiness and increase user online time. We have built a product portfolio of more than 40 products, including but not limited to launcher, security, anti-virus, music, entertainment, fitness and games apps. Up to 31 December 2018, our Solo X product matrix attracted more than 669.9 million global users in terms of device ID cumulatively. The following table is a general summary of the geographic distribution of the users' of our Solo X product matrix as at 31 December 2018.

	As at 31 December 2018	
	Total Users[(1)]	**Percentage**
	(in millions)	*(%)*
Rest of Asia[(2)]	251.3	37.5
North America[(3)]	187.4	28.0
Europe[(4)]	92.1	13.7
South America[(5)]	78.1	11.7
Rest of the world[(6)]	45.1	6.7
Mainland China	15.9	2.4
Total	669.9	100.0

Note:

(1) Data is based on the IP address location of each device ID and the geographical distribution is classified based on the Company's internal categorisation.

(2) Includes other countries and regions in Asia, excluding Mainland China.

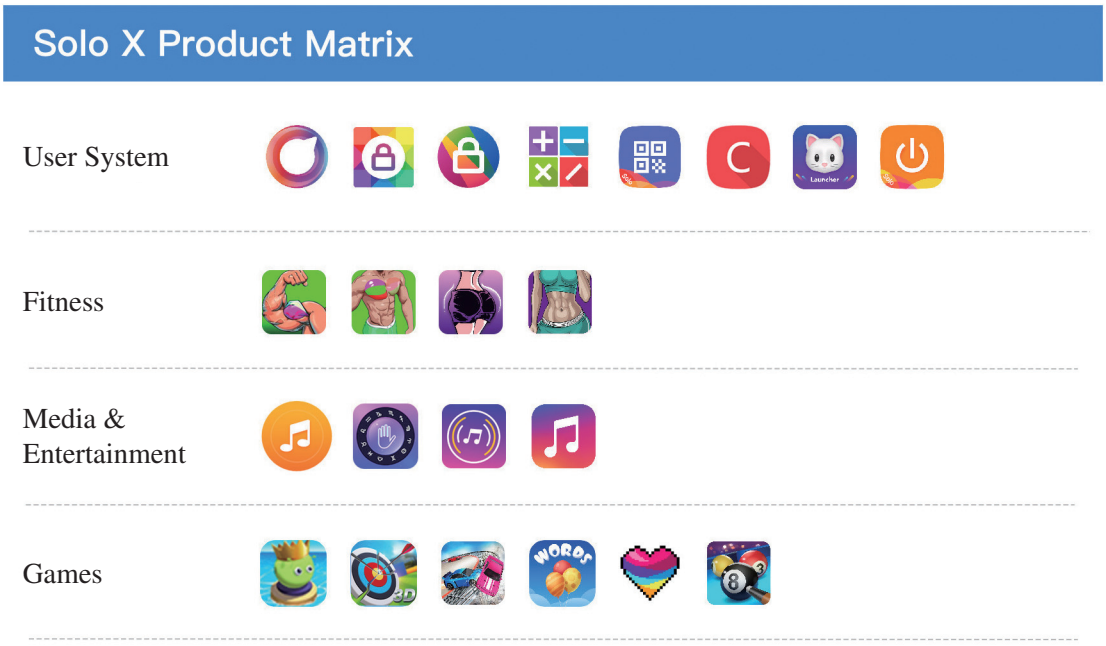
(3) Includes United States and Mexico, among others.

(4) Includes United Kingdom, France and Spain, among others.

(5) Includes Brazil, Colombia and Venezuela, among others.

(6) Includes Egypt and Madagascar, among others.

We organise our Solo X products into four sub-matrices, namely User System, Fitness, Media & Entertainment and Games. The following chart illustrates a number of mobile apps in our Solo X product matrix:



User System Sub-matrix

Android devices grew significantly in recent years and the demand for customised and personalised user interfaces and applications was increasing. While the Android operating system provides basic functions of mobile devices, a majority of Android devices come with standard pre-installed launchers that operate above the Android operating system and manage all apps, widgets and functions through a default user interface. User System apps on an Android device can typically be customised to fit various user preferences and to help users manage apps to improve efficiency and accessibility. Our User System sub-matrix enhances the performance, functionality, speed and features of mobile devices and differentiates user experience on such devices. Up to 31 December 2018, User System sub-matrix attracted approximately 509.7 million global users and the average DAUs amounted to more than 20.2 million.

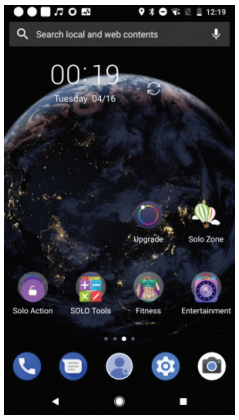
Solo Launcher

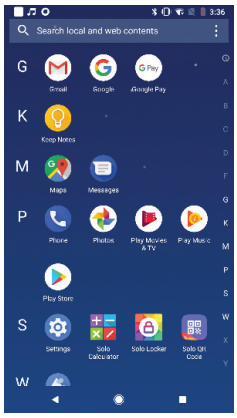
Solo Launcher is the core product of our User System sub-matrix, which was designed to provide simpler and faster user experience, highly configured settings and diversified functionalities to maximise user preference.

Solo Launcher offers mobile device users with "clean, smooth and DIY" experience. Through themes, gestures and various levels of customisation, Solo Launcher users can personalise their mobile devices to function more in sync with their own habits and symbolise their individualities. Solo Launcher includes many new functions and features not available in factory configured launchers, which increases the utility of mobile devices and makes it more convenient.

The following diagrams illustrate user interface designs and app drawers of Solo Launcher.

Desktop Home Screen





Desktop Apps Drawer

The key features of Solo Launcher include:

- **Solo Boost:** The icon of Solo Boost indicates the device's memory usage and the users can free up memory and delete cache files with a tap of the button. Simple-mode cleaning can usually be done within seconds and the pop-up window on the screen will show how much space it has freed on the mobile device and further perform a deep-boost cleaning for the device.

- **Solo Action:** Solo Action offers a series of shortcuts for the users to adjust certain settings or find certain apps they frequently use. It also allows the users to perform certain quick actions, including screen locking and quick navigating.

- **Solo Search:** There is a search bar at the top of Solo Launcher home screen, which allows the users to search for information on the web and for apps, contacts, music or messages locally as well.

- **Solo Weather:** Through Solo Weather widget on the home screen, the users can know live weather conditions and temperature without opening any weather apps. The Solo Weather icon automatically changes in accordance with the location of the mobile device and its weather condition.

- **Solo Now:** Solo Now aggregates content from news feeds and other websites and the users can access Solo Now by sliding the home screen. Solo Now can provide the users with articles, videos and recommendations in accordance with their interests and preferences by analysing their chosen topics and browsing histories.

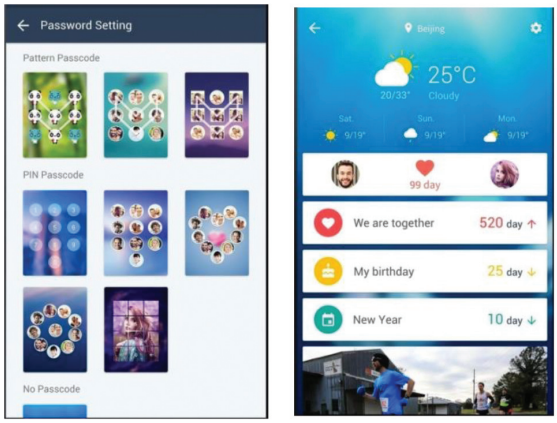
- **Gesture:** Solo Launcher offers different gestures for easier operation on the mobile device – a combination of single fingers, double fingers, swiping and rotation for the users to operate the device more conveniently in accordance with their own habits.

- **DIY:** Solo Launcher users can freely design the user interface of their mobile devices by changing the settings, including but not limited to the number of rows and columns on the desktop, icon size, hiding applications from the app drawer, font size and colour, screen transition effects, colour schemes and folder styles.

Solo Launcher is offered for free in Google Play and other Android based app stores and is currently available in more than 30 languages. According to the iResearch Report, Solo Launcher achieved personalisation app daily ranking No. 1 by downloads in Google Play in 89 countries and regions such as France, Israel, Singapore and Brazil as at 31 December 2018.

Our experience in operating Solo Launcher allows us to create and continue to expand a product matrix that is built upon Solo Launcher and integrates all of our Solo X sub-matrices. Based on our user insight, we aim to identify large and fast-growing groups of mobile device users with unmet or emerging interests and demands. We developed a large portfolio of other Solo X products and services through apps and widgets, establishing our sub-matrix system and aiming to further improve the functionality, performance and personalisation of mobile devices following our user-centric and data-driven approach. We use our big data analytics and data mining technologies to understand the preferences and demands of our users, which offers us insights in developing, upgrading and expanding our Solo X product matrix.

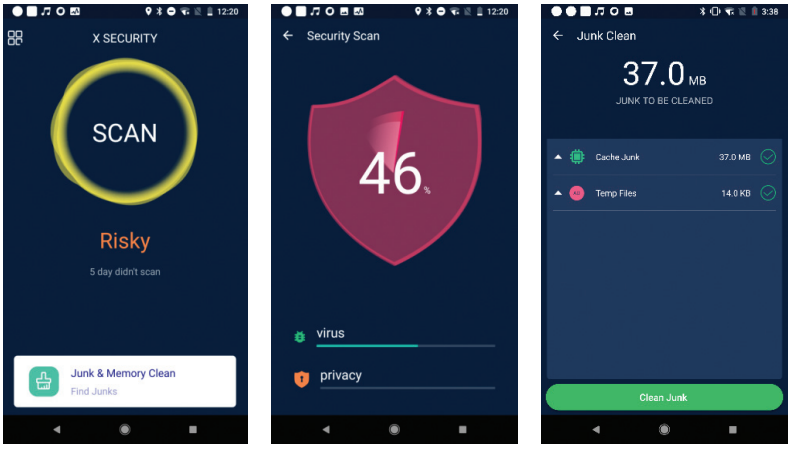
Locker Apps



As default lockers on Android device offer basic functions, we developed different locker apps compatible with the Android operating system. The functions include designing the lock screen of mobile devices and customising the passcode patterns and images for opening a particular app. Solo Locker was named the Google Play Best Apps of 2015 and according to the iResearch Report, DIY Locker achieved personalisation app daily ranking No. 1 by downloads in Google Play in 40 countries and regions such as Germany, India, New Zealand and Argentina as at 31 December 2018.

Solo Locker provides many different lock/unlock styles and a number of themes to lock/unlock mobile device screens in accordance with the users' preference, which are beyond the basic locker functions that the native Android operating system provides. It allows users to add live widgets to the locked screen such that users can conveniently check information or access apps directly from the locked screen. For example, users can check weather information and control music player without unlocking the screen.

Security apps

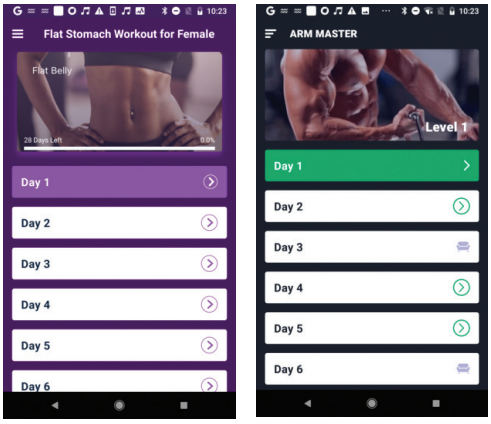


We have developed a number of security apps that are available on Android operating system. They incorporate functions of anti-virus, junk cleaner, booster, anti-phishing and malicious website blocking in a single lightweight installation package to protect mobile users against security threats and malicious applications. The security apps can perform on-demand scan of programme files on the mobile devices and test them against the security threats database. Through the multi-layer security scan, they can remove junk files and system cache files to release memory and speed up the mobile device.

Battery products

We have also developed battery products including Solo Battery Saver and battery widgets to reduce power consumption and prolong battery life of mobile devices. With a single tap by the users on one of the several pre-set modes, Solo Battery Saver can optimise power consumption by managing Wi-Fi, Bluetooth connection, audio player, screen brightness, vibration, data synchronisation, apps and other battery-draining components in mobile devices. It also allows the users to customise the battery saving schedules of their mobile devices to suit their needs. After being configured, Solo Battery Saver can intelligently switch modes and/or turn on/off functions at different battery levels or time.

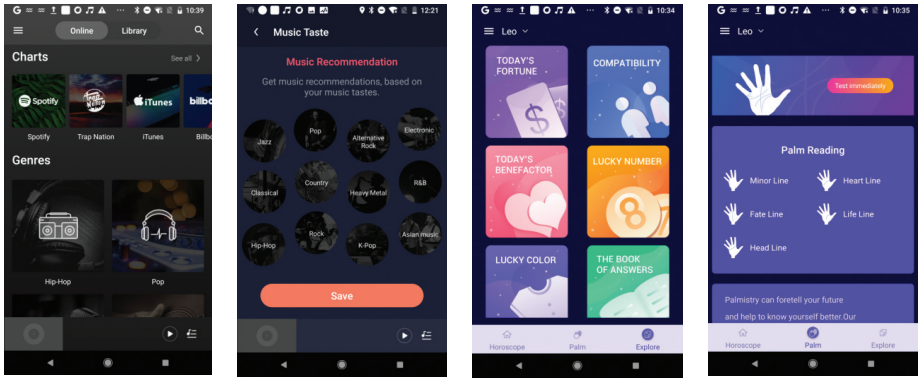
Fitness Sub-matrix



We developed a portfolio of fitness apps to make fitness simple and flexible and to encourage formation of long-lasting healthy habits for our users. These apps bring our users an array of workouts from abs and core to arms and legs for every exercise level and a number of apps in the Fitness sub-matrix are designed to focus on the exercise of one particular body part. All of them are available on Android operating system and/or iOS. Up to 31 December 2018, Fitness sub-matrix attracted approximately 54.1 million global users.

Our fitness apps typically offer monthly workout plans for body shaping and strength training. Workout plans provided in the apps are set into several difficulty levels to meet the demands from beginners to the advanced users, so that users can personalise training plans based on their own routines and goals. With animations and video tutorials, our progressive training routines are designed to help the users boost their performance. The data report enables trainers to track and manage many aspects of their performance, including weight loss progress, burned calories and training history.

Media & Entertainment Sub-matrix

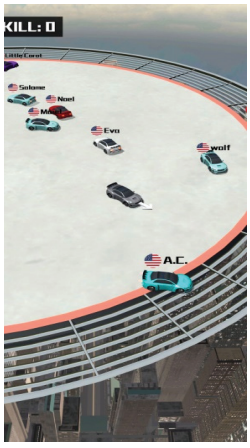


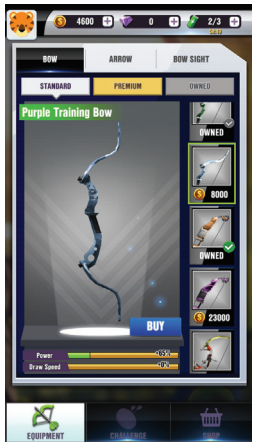
We have Media & Entertainment sub-matrix to cater to the user' increasing demand for relaxation and entertainment using their mobile devices, such as listening to music, watching videos and fortune telling. Apps in our Media & Entertainment sub-matrix are available on Android operating system. Media & Entertainment sub-matrix attracted approximately 86.7 million global users up to 31 December 2018.

Our music apps typically feature large selections of popular artists and albums sourced from a well-known video-sharing website in accordance with its terms of service. The music library spans across major music genres including pop, R&B, classical and jazz. The music apps cater to diverse musical preferences through search functions and AI-enabled personalised recommendations and suggest playlists based on a variety of factors, such as users' previous music selections and listening habits, time of the year and geolocation. They support music file types such as MP3 and MP4 and users can easily manage their music files both from the collections within the app and local mobile device storage.

One of our horoscope apps is updated on a daily basis for entertainment. By selecting zodiac signs, users can receive daily, weekly and monthly horoscope updates, along with access to horoscope personality analysis, daily lucky colour, daily lucky number and zodiac compatibility. The users can read analyses on their relationships, careers and fortunes through the palm reading function by scanning their palms.

Games Sub-matrix





We have developed a portfolio of games apps. Most of our games are available on Android operating system and/or iOS with in-app purchase of premium features, virtual items and game currencies. Games sub-matrix attracted approximately 19.4 million global users up to 31 December 2018. According to iResearch Report, as at 31 December 2018, Archery Champ, one of our 3D sport games achieved games daily ranking top 10 by downloads for iPhone in Apple App Store in 45 countries and regions such as Spain, India and South Africa and Beetles.io achieved games daily ranking top 10 by downloads in Google Play in 16 countries and regions such as the United Kingdom, Canada, Sweden and Singapore.

Archery Champ is a 3D archery game that allows players to vividly experience the archery scenes. Players can earn gold coins in the game and use the gold coins to unlock different game modes, locations and various equipment that may further improve aiming accuracy.

One of our casual games simulates the car racing scene, and the player can drag his/her car and hit other cars off the arena to win the game. It is a game with simple rules for players of most ages to play it anytime and anywhere. Players may choose different themes and change the colour of their cars.

The following table sets forth certain user statistics of our Solo X sub-matrices up to 31 December 2018.

	Average DAUs[(1)] *(in millions)*	**Total Users[(1)]** *(in millions)*
User System sub-matrix	20.2	509.7
Media & Entertainment sub-matrix	8.2	86.8
Fitness sub-matrix	6.0	54.1
Games sub-matrix	0.7	19.4
Total	35.2	669.9

Note:

(1) Total users are calculated by device ID and are based on each individual app without excluding overlapping users of apps.

Product Development

We employ a collaborative approach to developing our products. Our product development process comprises project planning, coding, art designing, testing and operating. The quality and functionality of a product depends on high-level integration and completion of the aforesaid process. Before we commit to developing any products, we conduct research on user needs and market demand. We collect and analyse the data on app stores including Google Play, App Store and other third-party mobile app analytics platforms, mainly focussing on the data including app types, countries and regions, the number of installations, DAUs, retention rate and revenue, to gain insight into the trends and development of global app market. After rounds of internal discussions on development strategies of a certain product, we go through a prescribed series of steps before officially launching the product, including (i) developing both user and server end software and building the fundamental architecture for the product; (ii) graphics designing; (iii) internal testing on user interactions; and (iv) beta version testing, often with multiple iterations.

Once a product is launched, our operation team is dedicated to collecting user feedback, studying data on user satisfaction and identifying areas in which the product needs to be further enhanced or fine-tuned. In addition, our data analytics system automatically generates a large number of daily reports relating to the operations of our products, which further helps us timely identify areas that need improvement. We have been promptly releasing new versions of our products, monthly or up to several times in a monthly, to resolve issues thus identified after product releases, enhancing existing functions or adding new features to improve our products.

As at 31 December 2018, we had 53 employees dedicated to product development for our Solo X product matrix and 25 dedicated to the operation and maintenance of our product matrix.

Marketing

We promote our Solo X product matrix through in-app cross promotion. We believe users of any one of our Solo X product matrix can readily become interested in trying, and are provided convenient in-app access to, other complementary Solo X products, which create a strong network and synergy effect to cross-market our Solo X products. As Solo Launcher is the users' first entry point to their mobile devices, we have developed user insights and understanding of user preferences through mature machine learning algorithms and system. Our Solo Aware AI technologies enable us to analyse user data and offer precision content recommendation of apps and information to improve user stickiness and user experience and our User System sub-matrix plays a key role in the recommendation mechanism. For example, if the user is identified as a user of our Solo X product, the recommendation of the other products in our Solo X product matrix directed to this particular user while he/she is using our product(s) would be selective and tailored based on our analysis of his/her needs and preferences.

We market our brand, products and services globally to mobile internet users primarily through top global internet companies. As such internet companies are amongst the top media platforms in the mobile internet industry, we cooperate closely with them to launch the advertising campaigns of our proprietary mobile app products, leveraging their user acquisition services to achieve satisfying promotion results and high ROI.

We also attend tech conferences for business development and marketing of our brand and services to our global business partners. We have opened account homepage on top global social media to establish our brand image and maintain our user base. We promote our brand, products and services on such media platforms through posts, pictures and short films.

Monetisation of Solo X Products

We primarily monetise our mobile app products through mobile advertising, the revenue of which accounted for 100%, 99.7% and 97.4% of the total revenue of our mobile app development business for the years ended 31 December 2016, 2017 and 2018, respectively. We also monetise our mobile app products by charging the users for the in-app purchase of virtual items and premium features of the apps.

Since the launch of our Solo Launcher in 2013 and up to 31 December 2018, we had attracted more than 669.9 million global users and accumulated abundant user data. Our value proposition to advertisers is driven by our large user base, understanding of user interests and demands, and precision targeting of content to the preferred audience in a variety of usage scenarios. We provide advertising solutions to two top global internet companies.

The effectiveness of our monetisation is affected by a number of factors, including the size of our user base, the number of our product offerings and our available ad inventories. The number of average daily impressions delivered on our Solo X product matrix increased by 132.1% from the second half of 2017 to the second half of 2018. We possess the technical capability to efficiently manage our ad spaces. At the same time, our priority is to achieve a balance between user experience and utilisation of ad spaces.

During the Track Record Period, the top two advertising customers of our Solo X products in terms of revenue contribution were both top global internet companies, which act as third party ad networks. Our Solo X products are connected to the SSP of the ad networks through their SDK and the ads delivered to and displayed on our products include a broad range of industries, including healthcare, e-commerce, online games, merchant services and social media. Instead of entering into framework agreements and placing orders for each ad campaign, we agree to the terms of service provided by the ad networks by connecting to their platforms as publishers. We typically use CPM as the pricing model for settlement with our advertising customers and the settlement period is typically a month.

We believe that our user-centred and data-driven approach to product development and content delivery, both powered by our AI and big data capabilities, attracts advertisers and drives the growth of our advertising revenues.

We deliver ads on our Solo X product matrix in a variety of formats in accordance with our advertisers' demand and the compatibility between the ad content and the app content presented to the users of our apps. Depending on the level of integration with app content, our ad formats mainly include native ads, Shuffle ads, banner ads, interstitial ads, interactive ads, and video ads.

Native ads in content feed

Native ads are customised to fit in the information stream of the host app or consistent with the components of the host app user interfaces. Most native ads are integrated into content feeds. They can be pictures, texts, or videos. Native ads in content feed can be displayed on Solo Now's news feed, Solo Family's Appwall and the results page of some other Solo Launcher apps such as Solo Boost.

Shuffle

Shuffle is our proprietary ad format and we obtained a design patent in the PRC in 2015. Shuffle is a small icon in the shape of a gift box that appears randomly on the screen of mobile devices. After tapping the gift-box icon, Shuffle will present news feeds, coupon deals or promotions randomly to the users.

Banner ads

Banner ads are rectangular image or text ads placed on top or at the bottom of the host app screen. The ads stay on the screen while the host app is in use, and can refresh automatically at certain intervals. Users may click through the ads if they are interested.

Interstitial ads

Interstitial ads are full-screen image or video that pop up on top of the interface of the host app. They are typically displayed at natural transition points in the flow of an app, such as the launch or exit of an app or between activities within an app. When an interstitial ad is shown, the user has the choice to click through the ad, or close it and return to the app, or wait for the ad to close automatically after a few seconds.

Search ads

Search ads are ads that are displayed when an app shows the results from a user's search queries. Search ads can be displayed when a user generates a search query using Solo Launcher's search bar.

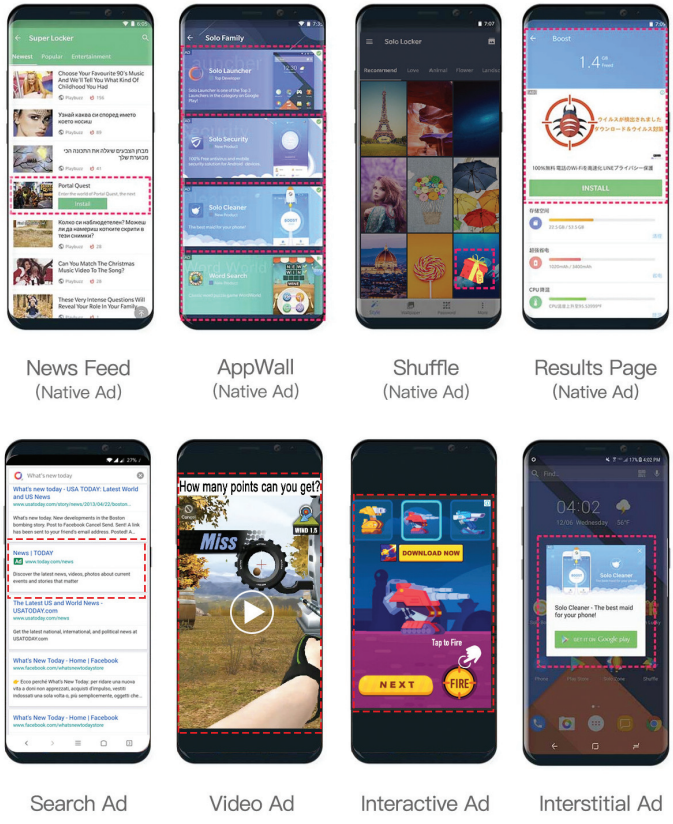
Interactive ads

Interactive ads are typically presented to users as interactive games that pop up from the media publishers that such users are visiting. After viewers click through and interact with advertisements, they will be directed to advertisers' landing pages where they may complete purchases or other actions with the advertisers.

Video ads

Video ads are the pop-up videos displayed while users are watching a stream of videos or reading the content of the host app. Users can choose to play the videos and click on the video for more information or skip them. Rewarded video ads are video ads that users have the option of watching in exchange for in-app rewards.

The follow diagrams illustrate some examples of the ad formats presented on our Solo X products:



Mobile Advertising Platform Services

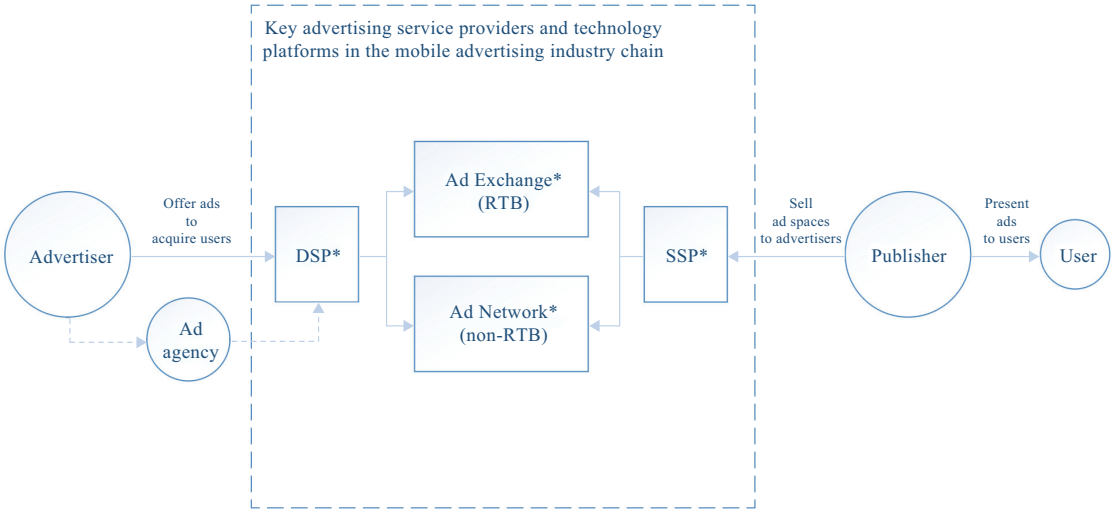
Leveraging the experience of developing, marketing and monetising the mobile apps in our Solo X product matrix, we are also engaged in mobile advertising platform service, providing user acquisition solutions for app developers when they are advertisers and monetisation solutions for app developers when they are publishers. Powered by our Solo Aware AI engine, our proprietary programmatic advertising platform Solo Math serves both advertisers whom we charge for our user acquisition services and publishers to whom we pay ad inventories acquisition costs for presenting ads on their ad spaces. We also provide the intermediary media buy service for advertisers, which is to purchase ad inventories for advertisers mainly from two top global internet companies. During the Track Record Period, we had been focussing on upgrading our programmatic mobile advertising platform service and further established our Solo Math brand name. Our revenue from programmatic advertising increased from RMB58.5 million in 2016 to RMB172.8 million in 2018, representing a CAGR of 71.9%. Revenues from programmatic advertising and related business as a percentage of our total revenues generated by mobile advertising platform and related business increased from 51.8% in 2016 to 94.1% in 2018.

Our Value Proposition to Publishers and Advertisers

Mobile advertising market involves advertisers, advertising service providers, publishers and mobile device users. Publishers supply user traffic and achieve monetisation through mobile advertising, while advertisers place multiple forms of ads on a variety of publishers to reach users in various countries and regions. We are an advertising service provider that offers user acquisition service to advertisers and monetisation service to publishers.

Our publishers are mainly app developers who need to monetise their apps through offering their ad spaces and we act as an advertising service provider to help developers sell ad inventory to advertisers of different sizes and achieve their monetisation goals. We offer tools and services to app developers that allow their apps to deliver ads in various ad formats such as native, banner, interstitial and videos. Our advertisers are mainly app developers, brand advertisers and ad agencies through which we provide user acquisition services to the ultimate advertisers they represent. We offer advertisers tailor-made marketing strategies to optimise their mobile advertising campaigns in accordance with the different life cycles of their apps and achieve their user acquisition goals. Our data-driven mobile advertising platform services help advertisers discover, engage and activate potential users, monitor and measure the results of marketing campaigns, and create content customised for potential users across different content distribution channels through mobile devices. Leveraging our strong AI capabilities and big data analytics powered by Solo Aware, we also analyse ad interaction and performance data to achieve more accurate audience profiling and more precise targeting in advertising campaigns. We can reach more than 300 million unique mobile devices and process billions of requests worldwide per day with rapid response time in milliseconds. Additionally, we employ highly scalable data storage and processing platform based on well-established third-party cloud platform services that enable us to deal with information from a large numbers of devices.

Our mobile advertising platform services primarily feature programmatic advertising. The key roles of programmatic mobile advertising industry value chain include demand side platforms (DSP), supply side platforms (SSP), ad exchanges (usually RTB based) and ad networks (usually non-RTB based), and our Solo Math advertising platform provides services in all these sectors. The following flowchart illustrates the process of programmatic advertising and the services that our Solo Math platform can provide:



Note: * indicates the service which our Solo Math platform offers

Solo Math Programmatic Advertising Platform

Solo Math is a programmatic advertising platform which functions like an AI-powered supermarket of ad inventories. Publishers place their ad inventories in the supermarket shelf, advertisers bid for the ad space that meet their ad campaign parameters and specific marketing demands and Solo Math employs automated procedures to settle the transactions. The key functions of our advertising platform are aggregating ad spaces from publishers and matching them with advertisers' demand by employing a central ad server to deliver and present ads to users, which enables targeting, tracking and reporting of impressions or actions. Solo Math is able to monitor a full behaviour cycle of a user's interaction with the ad, from the click on the host app, interaction with the ad, click on the ad's landing page and actions subsequent to viewing the ad through SDKs and APIs. Such technologies and data are critical in optimisation of campaign performance, which can help achieve precision targeting and improve ROI of ad campaigns for advertisers.

Through continued research and development efforts in integrating the upstream and downstream of the mobile advertising industry, we have established four modules in our Solo Math platform, namely:

- *Solo Math Ad Exchange (SAX),* which is a Solo Aware-powered RTB-based automated marketplace for ad deliveries connecting not only SSPs and DSPs including our proprietary supply and demand side platforms, but also other ad exchanges;

- *Solo Math Performance (SP),* which is a performance-based ad network aggregating ad campaigns from advertisers, evaluating such campaigns based on different performance prediction calculated by our Solo Aware AI technologies, and providing them with compatible ad inventories from publishers;

- *Solo Math For Publisher (SFP),* our proprietary SSP for publishers, which is connected to and is able to call ad networks and exchanges including our proprietary SAX and SP and DSPs for selling of ad inventories;

- *Solo Math RTB (SRTB),* our proprietary DSP for advertisers, which allows advertisers to select from or bid for ad inventories supplied from multiple platforms and sources.

The average daily ad requests processed on Solo Math was more than 5.7 billion times for December 2018, and the largest daily ad request volume on Solo Math was over 6.7 billion times as at 31 December 2018. As at 31 December 2018, for the global top 50 mobile internet companies ranked by global app downloads, our advertiser base covered 37 of them; for the global top 50 mobile internet companies ranked by total revenue generated by their apps, our advertiser base covered 38 of them; such coverage ranked us ahead of the programmatic advertising platform businesses of all other PRC mobile advertising companies focussing on providing overseas mobile marketing services, according to the iResearch Report. In addition, for the global top 100 advertisers in terms of global advertising spending in 2018, we provided mobile marketing services to 87 of them, according to the iResearch Report. We can reach an average of more than 347 million unique mobile devices per day in December 2018. We provided monetisation services through our SAX module for approximately 765,200 apps directly and through their ad agencies in 2018, reaching and covering the largest number of apps amongst the proprietary platforms of PRC mobile advertising companies focussing on providing overseas mobile marketing services, according to the iResearch Report.

The following diagram table sets forth the key features of our four programmatic advertising modules:

	Solo Math Ad Exchange (SAX)	Solo Math Performance (SP)	Solo Math For Publisher (SFP)	Solo Math RTB (SRTB)
Role	Ad exchange	Ad network	SSP	DSP
Key features	• RTB-based	• Performance based	• Access to developers as publishers directly	• Access to developers as advertisers directly
Pricing model	CPM	CPA	CPM	CPM
Connection method	API (OpenRTB protocol)	API	SDK and API	API

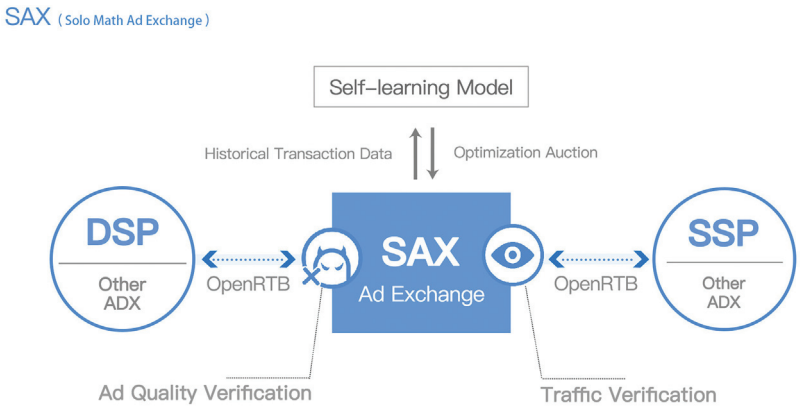
Solo Math Ad exchange

Our SAX module is a programmatic ad exchange based on OpenRTB developed by IAB, which provides open industry protocols and standards for communication between sellers and buyers of ad spaces. SAX employs OpenRTB standards to simplify the connection between suppliers of ad inventories and competitive buyers of such inventories. Acting as an online marketplace, SAX connects not only our proprietary SFP and SRTB modules, but also other third-party ad exchanges, ad networks, SSPs and DSPs.

Programmatic advertising on SAX is realised via the RTB mechanism which allows the buying and selling of ad spaces online by real-time auctions that occur in milliseconds. SAX facilitates the sale of ad inventory on an impression-by-impression basis and allows advertisers to bid against each other to display their ads to users who are most likely to be interested in them. DSPs connected to SAX grant advertisers RTB access to multiple sources of ad inventories and SSPs connected to SAX allow publishers to sell ad spaces automatically. A typical programmatic advertising transaction SAX delivers is composed of the following steps:

- a user visiting an app, which triggers a bid request that can include various pieces of data such as the user's demographic information, browsing history, location, and the page being loaded;
- the request being delivered from the app being used (the publisher) to a SSP which calls SAX, which then submits the request and the accompanying data to multiple advertisers who automatically submit bids in real time to deliver and place their ads;
- the SSP evaluating the validity of the bid requests; and
- the ad of the highest bidder serving and presenting on the app.

This process is repeated for every ad impression of the publisher. Each programmatic advertising transaction on SAX is realised in milliseconds (from receiving the bid request to bid response). The following diagram illustrates the features of our SAX module and how it interacts with DSPs and SSPs:



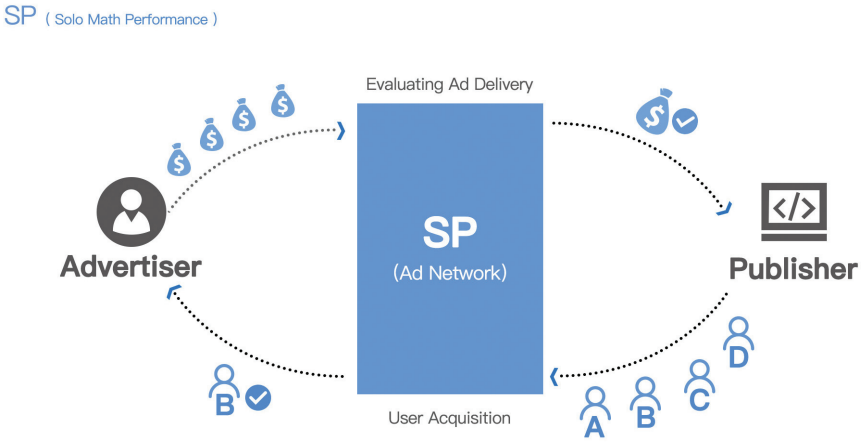
Publishers' ad inventories are produced when users access the app and the ad spaces within the app are offered to advertisers for presenting their ads to users instantaneously. Available ad spaces of publishers would be forfeited when no ads are presented to users and such ad inventories would thus become unsold. SAX enables publishers to sell their remnant ad inventories in a high level of granularity, thus improving the monetisation efficiency for publishers. We employ ad quality verification technologies to monitor and ensure the users of publishers are not exposed to disruptive and inappropriate ads and have enhanced user experience. In 2018, SAX provided monetisation services to approximately 765,200 apps directly and indirectly.

Through automated trading of ad inventories at scale across a broad range of media resources, advertisers can bid for compatible ad spaces at reasonable costs. The bidding on SAX occurs autonomously and advertisers set maximum bids and budgets for an advertising campaign. RTB allows for targeting advertising, serving ads to users directly based on their demographic, psychographic, or behavioural attributes. The criteria for bidding on particular types of ad deliveries takes into account detailed behavioural profiles of users and conversion data. Through machine learning of ad transaction data processed on SAX including biding prices and the revenue based on eCPM, our Solo Aware AI technologies enable SAX to evaluate the estimated revenue of an ad request being delivered, filter the bidding request with low profitability and offer better-quality ad inventories to advertisers. We also employ traffic fraudulent detection technologies to improve the viewability of ads offered by the advertisers and quality of ad inventories. In 2018, SAX provided user acquisition services to approximately 165,300 apps directly and indirectly.

The large amount of daily ad requests processed on SAX also provides rich transaction data by tracking each ad delivery. SAX employs machine learning to study such accumulated data and continuously optimise our algorithms in order to improve the revenue based on eCPM, lower our server and infrastructure cost and realise higher advertising efficiency.

Solo Math Performance

Our SP module is an ad network aggregating ad campaigns from advertisers, evaluating such campaigns based on different performance prediction calculated by our Solo Aware AI technologies, and providing them with compatible ad inventories from publishers. SP connects not only our proprietary SFP module, but also other third-party ad networks and DSPs. The following diagram illustrates the features of our SP module:



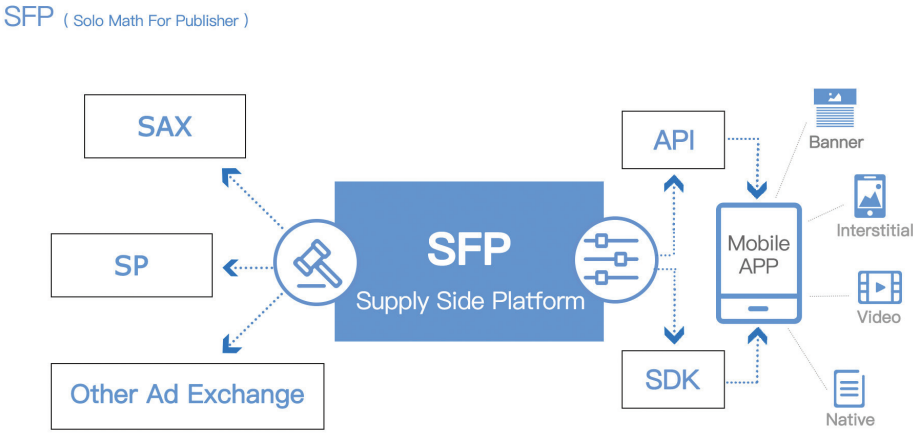
We provide one-stop cross-media user acquisition services for advertisers including app developers, DSPs and ad networks connected to our SP module. To increase the efficiency of user acquisition and improve ROI for advertisers, SP presents advertisers with selected groupings of ad inventories according to specific parameters that have been curated for or set by the advertisers. SP's ad server powers ad targeting, tracking and reporting on the advertising campaigns. Advertisers connected to SP can set up the advertising campaigns and create ad delivery instructions in specificity, which enables advertisers to acquire media resources without having to negotiate with publishers for each advertising campaign. In order to achieve targeting of ads at a granular level, advertisers connected to SP is able to set specific campaign parameters including but not limited to budget, geolocation, frequency caps, and type of operating system. We allow advertisers to track performance of each ad delivery via a tracking url, to verify the conversion data, and to review consolidated reporting on campaign performance across multiple publisher platforms for optimisation. SP is a performance-based platform and we typically use CPA as the pricing model for settlement with both our advertisers and our publishers. Our advertisers pay us if users install the app being advertised or perform a specific action such as clicking the ads or engaging with the landing page of the ads. In 2018, SP connected 438 ad networks to provide user acquisition services.

SP is a platform for publishers to offer and monetise their premium and remnant ad inventories through API integration. As our publishers are automatically connected to diverse advertising campaigns and advertisers including different categories of apps on SP, ad content matching a publisher' feature would be selected for ad delivery. SP's interface and dashboard allows publishers to monitor the evolution of their monetisation strategy and make adjustments instantaneously in order to maximise fill rates and increase ad revenue. In 2018, SP connected 320 ad networks to provide monetisation services.

Solo Math For Publisher

Our SFP module is the supply side platform of Solo Math, which allows publishers to supply their ad spaces and access advertising demand on ad exchanges and networks including our proprietary SAX and SP. Publishers on SFP are developers who connect to SFP through SDK or API integration. We typically use CPM as pricing model for settlement with our SFP connected publishers. In 2018, approximately 2,500 apps had connected to SFP through SDK or API connection. The publishers connected to SFP include social networking, games, media, utilities and other apps.

SFP enables app developers to monetise their ad inventories in programmatic advertising via SDK or API connection. Our SDKs are organised in a variety of versions for different platforms and environments including the Android operating system and iOS. API connection is a common interface implemented separately in the publishers' app codes by the publishers and in our advertising platform system by us for exchanging data to achieve automatic ad delivery and data feedback. Publishers can offer their ad spaces in various formats such as banners, interstitial ads, video ads and native content feed for ad delivery. SFP allows the publishers to review the data reports and monitor the eCPM monetisation metrics. SFP is connected to not only our proprietary ad exchange and network, but also third-party ad platforms, and our SFP algorithms would organise the ad sources in a way that aims to yield the highest CPMs and increase revenue for publishers. SFP automates the selection of the highest offer from advertisers on a variety of platforms and serves the optimal ad to help the publishers to increase fill rates and maximise their CPMs. The following diagram illustrates the features and functions of our SFP module:

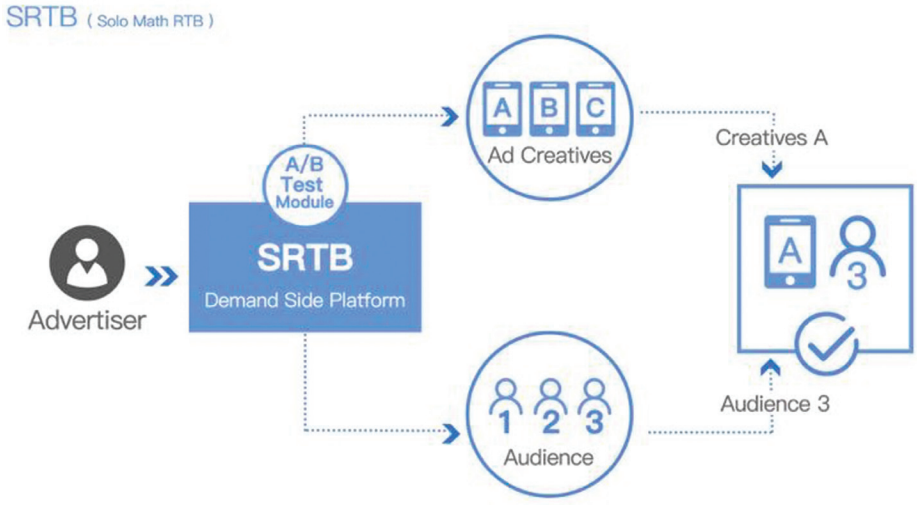


Solo Math RTB

Our SRTB module is a DSP that provides user acquisition and brand marketing services to advertisers by purchasing high-quality ad inventory from publishers in real time. SRTB allows advertisers to purchase ad inventories offered by publishers through Solo Math. SRTB is launched in late 2018 in order to enhance our cooperation with direct app developers in need of user acquisition service.

SRTB leverages our strong AI capabilities to help advertisers acquire users through a programmatic and automatic process that aims to run effective and high-ROI campaigns. Our SRTB module is able to connect advertisers including app developers, brand advertisers and ad agencies.

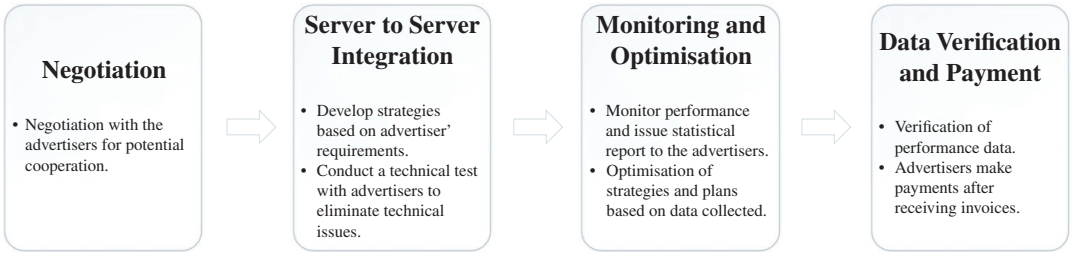
SRTB allows us to manage the entire process of a programmatic user acquisition ad campaign for our advertisers. We can help advertisers manage their ads and ad style templates and define the target user characteristics and other parameters of their campaign. We offer ad design and integration support service for advertisers to help them customise ad formats and achieve better marketing results. SRTB can employ Solo Aware AI technologies such as probabilistic models to determine the probability of a click or a conversion given the user history data, thereby allowing advertisers to target specific audiences based on demographics, behaviour, interests by predicting and evaluating ad delivery results of a planned advertising campaign of the advertisers. SRTB automatically suggests an optimised ad delivery plan and can analyse the yield and value of different channels to propose a cost-efficient mix for media budget allocation and purchase ad inventories offered by publishers programmatically. Being connected to advertisers, SRTB can process and understand user data and user interactions by analysing device location, frequency and time information. Through modification of user tags, SRTB predicts users' preferences and intentions through data screening and data mining, which enables us to deliver relevant ad content to users in a variety of scenarios. In addition, powered by our Solo Aware AI algorithms, SRTB employs look-alike technologies and automatically delivers suitable ads to targeted mobile device users with similar preferences and interests and tracks their interaction with the ads. The following diagram illustrates the features and functions of our SRTB module.



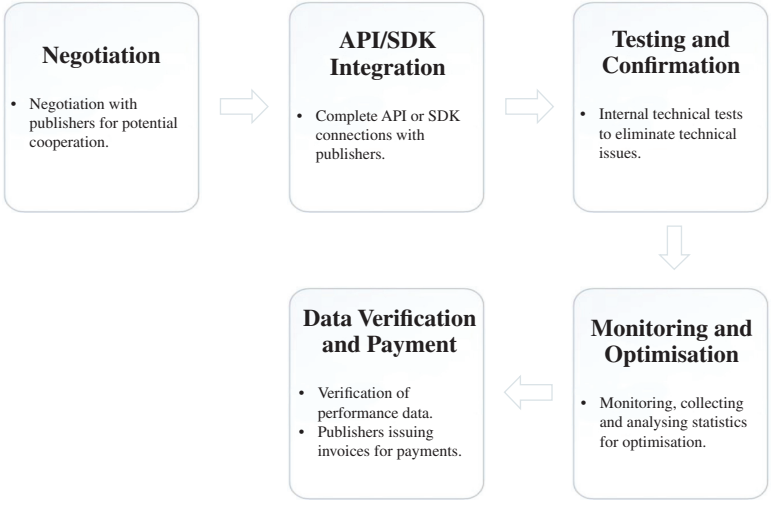
Procedures

For our Solo Math advertising platform, negotiations and settlements with our advertisers (including app developers, brand advertisers and ad agencies) and publishers are usually conducted separately. We generally enter into a framework advertising agreement (in the case of advertisers) and a framework monetisation agreement (in the case of publishers) with each of our advertisers and publishers, whereby the key terms including the credit period for payment and the term of the agreement. We assign account managers to communicate and negotiate with advertisers and publishers on the specifics of cooperation such as integration methods to our Solo Math modules, the advertisers' particular target requirements, and the performance metrics of publishers via emails and social network chat groups during all the stages of the advertising campaigns.

The chart below sets forth the typical procedures of our advertising service and workflow with our advertisers:



The chart below sets forth the typical procedures of our workflow with our publishers:



Pricing Model

Each time a user who has seen the delivered ads on the host app or clicked the ads and completed certain actions such as installing the advertised app is deemed as valuable impression or user acquisition for the advertisers. The pricing models that we use for charging

our advertisers and paying our publishers include (i) cost per action, or CPA, i.e. based on the number of actions as a result of the ads and such criteria are important performance based indicators; and (ii) cost per mille, or CPM, i.e. based per one thousand impressions of the ad. During the Track Record Period, we typically charge both advertisers and publishers on our SAX module on CPM basis, under which advertisers are charged for every thousand impressions of the ad by users; and we typically charge both advertisers and publishers on our SP module on CPA basis, under which advertisers are charged for each action that users perform on and interact with the advertisements. The settlement method we have with a particular advertiser may not be identical to the settlement method we have with the publishers whose host apps present the advertisers' ads. For advertisers with CPA pricing model, we will convert the pricing model from CPA to CPM based on our system's real-time evaluation of the publishers' capability to deliver on a CPA basis for traffic acquisition payment.

The pricing for advertisers on our SAX module is typically CPM and the rate determined by the RTB mechanism is changing in real time. When a publisher requests our SAX module for selling of an ad space, the advertisers are invited to bid for the advertising space on a real-time basis and the advertisers who bid for the highest price may purchase the particular ad space. The pricing for advertisers on our performance-based SP module is typically on a CPA basis.

Settlement with Advertisers

We charge the advertisers (including app developers, brand advertisers and ad agencies) for our user acquisition service in the advertising campaigns. The invoice amount in the bill that we issue to our advertisers is based on the specified pricing model agreed and the actual performance data. Settlement with app developers through their ad agencies is typically completed within our standard settlement period and we believe that cooperation with not only app developers and brand advertisers but also ad agencies has helped us in building a broad and stable coverage of different advertisers and in remaining a healthy financial position. For the details of the credit period, please refer to the sub-section headed "Customers and Suppliers – Customers" in this section.

Our advertisers' payments of advertising service fees to us are not conditional upon achieving any minimum number of ad deliveries. Some advertisers will set KPIs for advertising campaigns such as the app's user retention rate to define how to count an ad delivery as an effective ad delivery for billing purposes, based on which we will calculate the fees that we charge such advertisers. As KPIs only affect how to count the number of effective ad deliveries for purposes of fee calculation, they are not minimum requirements for our advertisers' payment. Our advertisers would usually commission independent third-party data tracking systems to measure advertising effectiveness, which is usually used to compare with the data we have provided. We verify the audience ad interaction data against our own data and settle any discrepancies in accordance with the terms in our contracts with advertisers.

Settlement with Publishers

We pay the publishers for their ad inventories supplied in our advertising services. Publishers usually issue invoice to us on a monthly basis and we make payments for such traffic acquisition cost accordingly. Payment of invoice is generally required to be settled in a month. We typically settle payments with our publishers on a CPM or CPA basis.

Media Buy Service

We are also engaged in the intermediary media buy service, whereby we optimise and purchase ad inventories on behalf of our advertisers through their accounts in the system of the top global internet companies' proprietary ad platforms. Advertisers usually need to purchase ad inventories across multiple top publishers and initiate cross-platform ad campaigns. We help the advertisers set campaign parameters and managed campaigns in top global internet companies' ad platforms on their behalf. We typically use CPA to charge our advertisers and use CPM as the pricing model for paying the publishers. We usually issue bills to our advertisers on a monthly basis.

We started to reduce our media buy service from 2017 in accordance with our technology and innovation oriented development strategy. According to the iResearch Report, media buy service, as an intermediary service model, has a relatively low entry barrier as the top publishers monetise their ad inventories either non-programmatically or by connecting their API to the ad campaign systems of the advertisers. Advertisers can open and manage the ad accounts and deliver the ads by themselves manually. The added value of media buy service to advertisers is becoming more limited in recent years as the internet companies in the PRC are getting savvy to monetisation in overseas mobile internet markets and tend to manage such ad campaigns on top publishers on their own. Consequently, the general profitability of media buy intermediary service is declining, according to the iResearch Report. For the years ended 31 December 2016, 2017 and 2018, revenue from our media buy service was RMB54.4 million, RMB9.1 million and RMB10.9 million, respectively, accounting for 48.2%, 5.9% and 5.9% of our total revenues generated from mobile advertising platform and related business, respectively. For our media buy service, we recognise revenue on a net basis, please refer to "Financial Information – Critical Accounting Policies, Judgements and Estimates – Revenue Recognition" for more details.

We focus on our Solo Math programmatic advertising platform service to keep abreast of the development of the mobile advertising industry and to improve the profit margin of our mobile advertising platform and related business. We believe our advertising customers' reliance on and demand for our mobile advertising platform and related services would largely be the technology service offered through our Solo Math platform.

OUR SOLO AWARE AI ENGINE

Solo Aware is our proprietary AI engine which features large scale data analytics and deep learning algorithms. The goal of our Solo Aware AI engine is to distribute the right content to the right users. Leveraging our user data base accumulated through Solo X product matrix and Solo Math advertising platform, Solo Aware enables us to extract useful information from our datasets, deliver targeted responses to users, and provide more efficient solutions to our partners including publishers and advertisers. Solo Aware carries mature computational methods and cost-effective computing power for us to process and draw insights from data by exercising data mining, machine learning and model training in different usage scenarios.

Our data assets include information collected from our users of Solo X product matrix and from advertisers and publishers connected to our Solo Math mobile advertising platform. Access to such large volume of user data is the foundation of our understanding and studying of the users on an individual basis. The users' multi-dimensional demographic, geographic and behavioural data is the basis for us to effectively deliver relevant content and distribute matching information to users. Solo Aware is being updated constantly to refine the algorithms via training of the neural network and to improve its inference capabilities.

Our Technologies and AI Applications

The key technologies of Solo Aware include four layers, namely fundamental structure, data collection, model training and intelligent distribution.

Fundamental Structure Layer

Solo Aware operates applications and databases that are scalable and employs technologies of computing power resourcing and high-speed storage based on the global IT infrastructure supported by a leading global cloud computing services provider. Solo Aware has also employed fundamental algorithms to improve the results and quality of model training and the accuracy of user tags. Solo Aware uses optimised algorithms to study the transaction data of our programmatic mobile advertising platform and to predict the revenue based on eCPM through model training, whereby improving the profitability of our mobile advertising platform and reducing server cost. Solo Aware is also able to analyse users' historical data, extract terms with high frequency as the basis for categorising the user tags in Solo Aware's system and improve the precision of our automated tagging technologies though frequent model training.

Data Collection Layer

Solo Aware is able to collect a large amount of user data including data from the usage of mobile apps in Solo X product matrix and the data directly related to ad requests and deliveries processes on Solo Math advertising platform.

Solo X product matrix offers a rich user profile library including (i) static user information such as user device ID, geographic information, basic demographics, personal interest and preference; and (ii) dynamic user information such as user retention rate, length of usage and user feedback.

Solo Math supplements Solo Aware's data warehouse by accumulating data related to ad requests and deliveries, including (i) the IP address of the user's device; (ii) data related to the user's interaction with the ad, such as the user's click or download events and the time of such interaction; (iii) data related to the ad creative and ad format information; (iv) additional in-app key events of users after installation, such as registrations, creation of game profile, place of orders, account refilling and in-app purchase; and (v) publisher-related data such as the name, type and developer of the publisher's app and impression data.

We are currently able to apply approximately 3,000 tags for each mobile device user. Solo Aware categorises and tags the active mobile device users on the basis of four dimensions:

- *basic information*, which mainly includes users' demographic and geographic information such as device number, age, gender and country;

- *social information*, which mainly includes familial and occupational information such as job and preference of information channel;

- *spending information*, which mainly includes paying pattern information such as purchase routines; and

- *interest information*, mainly includes hobby and preference information such as preferred music genres and brand preference.

Our automated user tagging technology allows us to understand users' interests and demands for content, to distribute ads to highly targeted audience and to achieve precision targeting of the matching users. In addition, our tagging system can apply tags automatically based on our machine learning algorithms and employ look-alike extension and coverage based on the available user insights.

For a user whose data is already available in our database, by obtaining the basic information of the user, Solo Aware matches the information with relevant tags in our database and then pushes personalised information to the user. For a new user to our ecosystem, Solo Aware identifies his/her similar users according to the user's basic information, and automatically sets corresponding tags for the new user, and Solo Aware will continue to update

and optimise the tags of the user based on the user feedback, such as how he/she engages with the recommended content. For example, user A is a 26-year-old man from New Delhi who uses an Android tablet. Solo Aware finds that the data of user A is available in our database, tagged as IT fans, promotion sensitive and sports, then Solo Aware can push relevant information to him based on these tags.

Model Training Layer

For Solo X product matrix, Solo Aware will collect and analyse the data of our mobile apps on app stores including Google Play, App Store and other third-party mobile app analytics platforms, mainly focussing on the data including app types, countries and regions, the number of installations, DAUs, retention rate and revenue, to gain insight on our products. When a certain type of app is trending, Solo Aware will formulate data reports on such product to assist our product managers and product developers in product development and operation.

For example, when a new game is launched, Solo Aware will monitor the DAU, retention rate, number of purchasers, user duration and adjust the game content. If Solo Aware finds that churn rate is high in a certain level of the game, Solo Aware will adjust the difficulty of the level when the user re-enters the game in order to improve users' gaming experience.

For Solo Math advertising platform, our SAX and SP modules feed such real-time ad delivery data into the Solo Aware AI models to optimise campaign effectiveness and improve our advertising services. The ad interaction data such as the number of impressions, clicks and installations and advertisers' post-installation data allows us to adjust the types and formats of ad creatives and achieve more precise targeting. Publishers send us feedback on users' ad interaction events, such as whether the user has clicked the ads and user bounce rate, and we train our Solo Aware models based on collected and updated data to optimise the precision of ad delivery and overall campaign performance. Through machine learning algorithms, Solo Aware can repeatedly analyse changing features of the users and implement new model updates every few seconds to improve the precision of click-through rate and conversion rate predictions in different audience groups for different types of ad creatives.

For example, advertiser A is a DSP connected to our SAX module, Solo Aware studies the history bid request data of advertiser A and infers a compatible bid quest model for it. Solo Aware then filters the ad requests received by SAX and selects the ones matching the compatible bid quest model for delivery to advertiser A. As Solo Aware continuously studies the bid quest data on SAX and optimises the compatible ad quest model, advertiser A's revenue based on eCPM is greatly improved.

Intelligent Distribution Layer

Solo Aware can perform data cleansing by detecting and correcting incomplete and inaccurate parts of the data, replace and modify the coarse data and initiate predictive modelling based on high-quality data collected. The predictions of an ad delivery would be based on different models and the one with higher precision would be applied for distribution. Solo Aware enables us to adjust an ad delivery based on real-time click-through rate and conversion rate predictions by pausing or restarting the campaign, increasing or decreasing budget and expanding look-alike audience coverage.

OUR IT INFRASTRUCTURE

Our set of IT components including networking hardware and facilities, cloud computing systems, data processing centres and software applications are the foundation of our technologies and services. We employ a scalable cloud infrastructure to support our business in a cost-effective manner and sustain performance in periods of high network traffic.

Our fundamental architecture enables us to react quickly to new business needs by adding new service modules. We can also fine-tune each service module and integrate common functions into separate modules to keep our architecture concise, which enhances the efficiency and flexibility of our system and reduces our maintenance costs. As at 31 December 2018, we had Content Delivery Networks including 169 edge locations and 11 regional edge caches in 69 cities worldwide to ensure efficiency in distributing content and information to users globally. The key features of our technology and IT infrastructure include:

- *Anti-fraud system.* Click Fraud occurs when a user repeatedly clicks on ads to drain ad campaign budget through automated scripts or computer programmes. To counter fraud, we developed an anti-fraud system built on big data technology to ensure ads are served by real publishers, shown to real people and are reaching the right target mobile device users. Our system detects ad fraud through an analysis of the mobile device user's behavioural and network type, including ad delivery channel, inventory source, historical user behavioural patterns and geographical distribution to filter out false impressions such as those generated by illegal bot activities or fraudulent web addresses.

- *Cloud computing and storage.* We use highly scalable and reliable cloud-based IT infrastructure to support and optimise our operations. We utilise cloud computing technology whereby we cooperate with a leading global cloud computing services provider to access servers, storage, databases and a broad set of applications for our services over the internet. Our cloud-based applications can use high level services that provide abstraction from the management, architecting and scaling requirements of core infrastructure. Our IT infrastructure is able to cover more than 200 countries and regions with an average response time of approximately 20 milliseconds. We also utilise third-party services to store and protect data for a range

of cases including websites, mobile, backup and restore, archive and big data analytics. We can organise our data and configure finely-tuned access controls to meet specific business, organisational, and compliance requirements.

- *Firewall and security.* Our internal network is configured with multiple layers of security to isolate our databases from unauthorised access and we use sophisticated security protocols for internal and external communication and transmission of the encrypted user information. We utilise firewalls to protect our system from unauthorised access to our system. We have multiple layers of redundancy to improve the reliability of our network. Our measures for security include regular system checks, implementation of a password policy, server access logging, network access authentication, user authorisation review and approval, data back-up and data recovery tests. For instance, only several accounts of our designated employees have access to the data collected and must pass two layers of security authentication before accessing the metadata. Further, we employ a variety of technical solutions to detect vulnerabilities and hedge against risks in data security, such as encryption, anonymisation, firewall, vulnerability scanning and log audit. For instance, we have adopted the mainstream strategies against XSS attacks to protect user data and privacy. We also maintain an automatic monitoring system which is able to monitor key indicators in our business operations and IT system and triggers an alert when any indicator exceeds its safe threshold, allowing us to quickly respond to unexpected incidents.

DATA PROTECTION AND PRIVACY

We have adopted measures and policies to comply with relevant laws, regulations and rules on data protection and privacy in different jurisdictions, such as the GDPR in the European Union, the Cyber Security Law of the PRC and relevant federal and state laws in the United States.

Data we collect from users are generally limited to Ad ID (IDFA for iOS and GAID for Android respectively) and users' operations on the app (for example, whether a user clicked on a certain advertisement) for the purpose of displaying targeted ads. When there is in-app purchase we will collect device ID for the purpose of protecting users' virtual properties. Under most circumstances, users can use our apps without logging in. We basically do not collect data that can directly indicate a user' identity, such as phone number and personal ID. Only one app, if users choose to log in with his/her account, would collect their profile photo, name and email address with the their consent. Further, users may, at their will, at any time, change or disable their Ad IDs so as to effectively de-identify themselves and cut off our collection of their data.

We primarily distribute our apps through App Store and Google Play. Both of the stores have implemented strict app review processes to scrutinise whether the apps have met their requirements, which include requirements and restrictions on privacy policy, data collection and storage, data use and sharing, obtaining consent from users and etc. The application stores would enforce these privacy-related terms by rejecting or removing non-compliant apps. As required, we have incorporated all of our apps with privacy policies, in which we inform the users of what data we may collect and the uses of the collected data, and also address when data may be transferred, how we maintain data security and how we proceed with children's privacy.

With respect to the advertisement business, our collection of data is limited to user's IP address (to identify users' region), browser's user-agent (to identify users' phone model and version of operating system) and Ad ID (IDFA for iOS and GAID for Android respectively). A privacy notice would show up to inform users of the purposes and methods of data processing, identity of data controller, retention period and data subjects' rights. We collect such data when and only when user's consent is obtained.

We carry out technical and organisational measures to ensure data protection. Specifically, we purchase technical solutions from a leading global cloud computing services provider to: (i) back up our data reliably; (ii) control the access to data flexibly; (iii) generate and store comprehensive data processing log; (iv) conduct data auditing; (v) encrypt the stored data with high security standard; and (vi) build firewall to defend potential attacks. We have issued and are enforcing internal procedures and rules on data access control, data security and backup, personal data protection under the relevant jurisdictions, which are binding on all of our staff.

In addition, we conduct confidentiality trainings at the orientations for each new employee and for all employees, and implement confidentiality regime to prevent improper use or disclosure of data by our employees. We also appointed a data protection officer to further ensure compliance with relevant data protection laws. Externally, we incorporate data protection addenda or provisions in contracts with third parties such as advertisers and publishers to ensure continuous protection after data transfer. We are also going to strengthen our data protection related policies and rules, improve the privacy policies and data protection agreements/provisions, conduct specific data protection trainings for our staff, issue data breach and incidence response plan.

In addition, we generally include user data and privacy clauses in our contracts to require our contractual counterparties to comply with our privacy policies and relevant laws and regulations on data protection and privacy. In addition, we implement data confidential protocols and procedures and enter into confidential agreements with our employees to prevent improper use or disclosure of data. Our PRC Legal Adviser is of the view that we have taken a multi-dimensional and multi-layered approach to comply with basic requirements set in currently applicable PRC laws and regulations relating to personal information protection.

RESEARCH AND DEVELOPMENT

We seek to be at the forefront of our industry by meeting and exceeding user needs through the development of innovative products and services. As at 31 December 2018, we had a research and development team of 69 members, together representing approximately 41.3% of our total number of employees. Our research and development team consists of product designers, website frontier engineers, user and data interface engineers, database management employees, Android and iOS engineers, quality assurance testers and data analysts. We evaluate our research and technology team not only based on product quality, project quality and technical abilities but also based on non-technical aspects such as customer satisfaction and sales performance.

We carry out research and development in accordance with our quarterly development plan and based on our assessment of market demand. In general, our process for launching new research and development activities can be divided into six phases, namely (i) demand analysis and approval; (ii) design and development; (iii) testing; (iv) launch; (v) operation and (vi) feedback collection and upgrade.

For the years ended 31 December 2016, 2017 and 2018, our research and development expenses amounted to RMB2.6 million, RMB11.5 million and RMB17.5 million, respectively.

INTELLECTUAL PROPERTY

We devote significant time and resources to the development and protection of our intellectual property rights are fundamental to our business. We protect our intellectual property rights through a combination of copyright, trademark and other intellectual property laws, as well as confidentiality and licence agreements with our employees, suppliers, partners and others. In general, our employees must enter into a standard employment contract which includes a clause acknowledging that all inventions, trade secrets, developments and other processes generated by them on our behalf are our property, and assigning to us any ownership rights that they may claim in those works. Despite our precautions, however, third parties may obtain and use intellectual property that we own or licence without our consent. During the Track Record Period, we did not find any of such breaches of our intellectual property rights. However, unauthorised use of our intellectual property by third parties and the expenses incurred in protecting our intellectual property rights from such unauthorised use may adversely affect our business and results of operations. See "Risk Factors—Risks Relating to Our Business and Industry—We may not be able to prevent unauthorised use of our intellectual property" in this document.

As of the Latest Practicable Date, we registered 19 trademarks and had eight trademarks application pending in the PRC. We registered nine trademarks outside of the PRC and had three trademarks applications pending in Hong Kong and five trademarks application pending in the United States. We registered 52 software copyrights and had four software copyrights pending in the PRC, and we registered five software copyrights and had three copyrights pending in the United States. We also had four domain names in PRC as set forth below:

Domain Name	Registrant	Registration Date
chizicheng.com	NewBornTown Network Technology	2 December 2010
chizicheng.net	NewBornTown Mobile Technology	19 September 2018
newborntown.com	NewBornTown Network Technology	12 August 2014
newborn-town.com	NewBornTown Network Technology	29 October 2011

As of the Latest Practicable Date, we had four patents in the PRC as set forth below:

Patent Name	Registry No.	Registration Date	Expiry Date
Mobile phone with graphical UI (帶圖形用戶界面的手機)	ZL 2015 3 0228694.X	1 July 2015	30 June 2025
Mobile phone with operating system (帶操作系統界面的手機)	ZL 2015 3 0225824.4	30 June 2015	29 June 2025
Mobile phone with graphical UI (cleanup) (帶圖形用戶界面的手機(清理))	ZL 2015 3 0334678.9	1 September 2015	31 August 2025
Mobile phone with graphical UI (shortcut switch) (帶圖形用戶界面的手機(快捷開關))	ZL 2015 3 0436105.7	4 November 2015	3 November 2025

As of the Latest Practicable Date, we did not licence any of our intellectual property rights to any third parties. We were not involved in any material disputes or legal proceedings in respect of, and we had not received notice of any claims of infringement of, any intellectual property rights as of the Latest Practicable Date. For further details of our intellectual property rights, see "Statutory and General Information – C. Intellectual Property of Our Group" in Appendix IV to this Document.

OUR STRATEGIC INVESTMENT

We invested in Beijing Duanji for a consideration of RMB17.9 million in May 2016. Subsequent to the 2016 Mico Investment, we held an equity interest of approximately 17.9% in Beijing Duanji and other shareholders of Beijing Duanji included established investors in the PRC mobile internet industry, such as Plum Venture and the founders of other PRC mobile internet companies. Beijing Duanji was merged with Mico in May 2017, after which we held an equity interest of approximately 8.95% in Mico. We further invested RMB100.0 million in Mico in March 2019 along with the investment of RMB30 million from Beichen Xinshineng, a PRC investment fund controlled by Mr. Wu Shichun. As of the Latest Practicable Date, we held an equity interest of approximately 16.77% in Mico and the remaining equity interest in Mico was held as to approximately (i) 23.27% by Mr. Ye Chunjian and in aggregate 15.97% by the investment funds controlled by him through his capacity as executive partner, (ii) 16.14% by our other shareholders or their affiliates including Phoenix Fortune and Mr. Wu Shichun and the investment funds controlled by Mr. Wu Shichun through his capacity as executive partner, and (iii) 27.84% by Independent Third Parties which include active investors in the mobile internet and/or technology industry, such as Jiaxing Zizhi. For details of the shareholding structure of Mico, see "History and Corporate Structure – Reorganisation". Mico's director and controlling shareholder Mr. Ye Chunjian was one of our co-founders and held 6.33% of our issued share capital through Pixel Perfect Tech Limited as of the Latest Practicable Date but has ceased to participate in the management of our business operation since January 2017 (notwithstanding he remained as a director of NewBornTown Network Technology until May 2019) after he focussed on the business of Beijing Duanji. Given the above mentioned relationship, Mico will not be our core connected person as defined under the [**REDACTED**] after [**REDACTED**].

Mico is a business independent from us and it has its independent management team. Mico is a social networking platform with users from more than 150 countries and regions, the business of which is different from us. Its core apps are Mico and Kitty Live, which feature strangers social networking, group video chat, live streaming and short videos. According to the iResearch Report, Mico achieved social networking apps daily ranking No. 1 by downloads for iPhone in App Store in 71 countries and regions such as India, Croatia and Luxembourg as at 31 December 2018.

Mobile marketing via social networking apps can be achieved through diversified approaches including (i) impression marketing such as splash screen and banner ads; (ii) native marketing such as brand advertising presented by broadcasters in videos and during live streaming; (iii) campaign marketing such as tailor-made live streaming featuring a particular brand or a promotional activity. Different from most mobile internet companies which derive revenue from mobile advertising, social networking apps also recognise revenue from in-app content purchase and the sales of virtual gifts. As such, according to the iResearch Report, the monetisation capabilities and efficiency of social networking apps are stimulated by the users' willingness to purchase value-added functions and content during social interactions in the apps. Our Directors believe that after the merger with Beijing Duanji, benefiting from Beijing Duanji's monetisation channels, Mico became able to monetise its user base in various ways through the integration of Mico and Kitty Live. Mico ranked sixth in terms of revenue achieved in the first quarter of 2019 amongst all the PRC video and live streaming apps offered in App Store and Google Play.

We started our business cooperation with Mico in 2015 before the merger of Beijing Duanji and Mico, and since then, we provided user acquisition services through the media buy approach for Mico HK and purchased ad inventories from Mico or its subsidiaries. We generated a revenue of RMB8.7 million, RMB0.3 million and RMB31,746 on a net basis from Mico HK, in 2016, 2017 and 2018[1], respectively, and our purchase from Mico and its

1 The gross billing amounted to RMB35.3 million, RMB2.9 million and RMB0.7 million in 2016, 2017 and 2018, respectively.

subsidiaries amounted to RMB3.9 million, RMB2,000 and nil in 2016, 2017 and 2018, respectively. In addition to our equity investment, we granted an interest free loan of RMB5.0 million to Beijing Duanji in January 2017, which was fully repaid in February 2017. After the merger of Beijing Duanji and Mico, we granted several interest-free loans of RMB12.5 million and RMB27.2 million to Mico in 2017 and 2018, respectively, and we also allowed a long payment period for the accounts receivable for Mico HK, with our accounts receivable due from Mico HK amounting to RMB33.8 million and RMB36.2 million as at 31 December 2017 and 2018, respectively. Our Directors believed that the combination of our equity and debt investment in Mico helped to control our risk exposure, while strengthened our relationship with Mico and supported its business growth. Through years of cooperation, we obtained a deeper understanding of Mico's strengths in product development and operation, as well as its fast-growing business development. In light of the fast business development of Mico's business operation, we completed the 2019 Mico Investment in March 2019, and around the same time, our loans to Mico was fully repaid and our accounts receivable due from Mico HK was fully settled.

The Mico Investment was a unanimous decision by our shareholders and directors. Based on our Accountant's Report set out in Appendix I, the fair value of our equity investment in Beijing Duanji/Mico (after their merger) increased from our cost of investment of RMB17.9 million to RMB23.1 million as at 31 December 2016 and to RMB63.7 million as at 31 December 2018. After an additional investment of RMB100 million in Mico in March 2019 and according to Asia-Pacific Consulting and Appraisal Limited, the fair value of our investment in Mico based on market approach as at 31 March 2019 was RMB192.5 million. We believe Mico will continue its business development and Mico will be a successful investment of us in addition to its strategic value to us.

Mobile internet and technology companies usually pursue strategic investment and acquisition opportunities that will help strengthen their operations or complement their business lines to grow and expand, according to the iResearch Report. We believe our strategic investment in Mico has allowed us to forge a close partnership with Mico to create synergies across our own businesses in the following aspects:

- Mico can provide us with strategic value as a publisher in social networking not only by offering stable ad inventories for both our Solo X product matrix and our advertisers on Solo Math mobile advertising platform, but also by offering us connections to its broad base of social networking users;

- being connected to our mobile advertising platform through SDK connection, Mico's large user insight library can help us enhance our data resources, train our machine learning models and strength our AI capabilities, as users typically spend longer time on social networking apps and are offered in-app content and virtual gifts for making purchases; and

- Mico's popularity in regions such as the Middle East, Southeast Asia and Africa is realised by its local network and teams, which is in line with our development strategies to expand our localised service and distribution network, thereby laying the groundwork for us to build and expand our networks and presence in such regions.

Our strategic partnership with Mico enables us to collaborate with Mico in various fronts including employing big data analytics to achieve larger database, better machine learning algorithms and more precise mobile advertising distribution, expanding our network to access

more advertisers and publishers, and integrating resources for development of mobile apps and other services. Additionally, Mico's combination of short-video and live-streaming functions can further increase its user base and user engagement, thus continuing to improve its monetisation efficiency. We believe Mico's ability to expand its business through diverse monetisation channels and potential in becoming a leading player in social networking market would continue to benefit us in the long term in light of the above synergies and the possible appreciation in the fair value of our investment.

SEASONALITY

Mobile advertising platform businesses commonly experience seasonal fluctuations in revenues. Generally, the fourth quarter of each calendar year contributes the largest portion of our revenues as many advertisers tend to allocate a significant portion of their marketing budgets in order to coincide with consumers' increased purchases around shopping events and holidays in that quarter. We expect our revenues to continue to fluctuate based on seasonal factors that affect the mobile internet industry as a whole.

COMPETITION

We expect the competition for users, usage time and advertisers in our industry to intensify. We face competition in two major aspects of our business:

- **Solo X product matrix**. We face competition from third-party app developers in the field of launcher apps, gadgets apps, game apps and other type of apps we developed.

- **Solo Math mobile advertising platform**. Our direct competitors include advertising agents providing mobile advertising platform and related services for app developers. We also compete with major digital media publishers that offer their ad inventories to advertisers directly on their own platforms.

Further, we compete with all major mobile internet companies and potential new types of online service providers for user attention and advertising spending.

We believe we are differentiated from our competitors in factors such as diversification in products, extensive global footprints, robust big data, one-stop services and outstanding AI capabilities. We will also continue to innovate and improve our products and services to maintain our competitive advantages. See "Business – Competitive Strengths"and "Business – Business Strategies". However, some of our current or potential competitors may be able to develop products and services better accepted by clients or respond more quickly and effectively than we can to new or changing opportunities, technologies or regulations. See "Risk Factors – Risks Relating to Our Business and Industry – We face intensive competition in the markets we operate and may not be able to compete successfully against our existing and future competitors". For more information of the competitive landscape of our industries, see "Industry Overview".

SALES AND MARKETING

As of 31 December 2018, we had 17 sales, business development and marketing employees. We emphasise the deepening of our relationship with existing customers, developing relationship with new and potential customers and the exploration of untapped market opportunities. We select our business partners for our Solo X product matrix and Solo Math mobile advertising platform based on a combination of factors such as their product type, ranking and the geographic distribution of their users.

We use a variety of methods to expand overseas channels and increase awareness for our brand. We seek to acquire customers and suppliers by presenting at industry conferences, hosting client conferences, publishing research articles and attending public relations activities. We also promote our brand, products and services through social media and online marketing. We have released a series of promotional online short films on video sharing sites, which received a large number of views and positive comments.

For the years ended 31 December, 2016, 2017 and 2018, our selling and marketing expenses amounted to RMB9.9 million, RMB33.7 million and RMB69.0 million, respectively. We believe that our diversified marketing channels and strong social media presence could allow our business partners and our users to become our brand advocates, which creates a strong viral marketing effect.

CUSTOMERS AND SUPPLIERS

Customers

Our customers are mainly app developers, brand advertisers and ad agencies that need advertising solutions to help them conduct mobile advertising campaigns. Revenue from the top five customers accounted for 36.3%, 36.5% and 46.1% of our total revenue for the years ended 31 December 2016, 2017 and 2018, respectively. Revenue from the largest customer accounted for 9.6%, 11.6% and 24.1% of our total revenue for the same years, respectively. We generally sign a framework advertising agreement with our customers and use CPM or CPA as the pricing model for settlement. We issue invoices to customers after verifying performance data with them and they then pay us advertising fees. The settlement period agreed in the framework agreement is typically 30 to 45 days. However, some of our customers, especially those of media buy business, significantly delayed their payment beyond the settlement periods offered during the Track Record Period. According to the iResearch Report, media buy service, being of an intermediary service model, has a relatively low entry barrier and the added value of media buy service to advertisers is becoming more limited in recent years, which fostered the fierce competition in the industry. At an early stage of our business operations in 2016, we were primarily revenue-driven and focussed more on attracting new customers and generating revenues in the intensive competition. For maintaining relationship with our customers, we may from time to time allow longer collection periods for certain customers after our assessment on their creditworthiness. Consequently, we recorded accounts receivable turnover days of 109 days, 203 days and 158 days for the year ended 31 December 2016, 2017 and 2018, respectively. In particular, accounts receivable turnover days of media buy business was 116

days, 464 days and 306 days for the same years, respectively. The framework agreement may generally be terminated by one party's prior notice to the other party. During the Track Record Period, our five largest customers changed over the years, which was not uncommon in the industry according to the iResearch Report. We maintained a relationship ranging from one to five years with our five largest customers.

The table below sets forth the details of the top five customers during the Track Record Period, including the largest global search engine company, the biggest global social media platform, the largest mobile advertising provider in India and other well-established app developers:

For the year ended 31 December 2016

Customers	Background	Revenues from the customer (RMB in thousands)	% of total revenues	Services purchase from the customer (RMB in thousands)	% of total purchase
Company A*	The biggest global social media platform with social networking service	13,154	9.6	–	–
Company B*	A German-based mobile ad tech company	10,279	7.5	–	–
Company C	A globally well-ranked American company providing mobile marketing service	10,207	7.5	–	–
Mico HK*	A mobile social network company facing the global market	8,711	6.4	3,938	7.6
Company D	A US-based company designing and developing digital apps	7,279	5.3	–	–

For the year ended 31 December 2017

Customers	Background	Revenues from the customer (RMB in thousands)	% of total revenues	Services purchase from the customer (RMB in thousands)	% of total purchase
Company E*	The largest mobile advertising provider in India	21,055	11.6	1,435	1.2
Company G*	The largest global search engine company with internet-related services and products	15,789	8.7	10,061	8.4
Company F	A company incorporated in the Seychelles	11,280	6.2	–	–
Company H[(1)]	A China-based mobile live broadcasting platform	9,434	5.2	–	–
Company A*	The biggest global social media platform with social networking service	8,799	4.8	630	0.5

For the year ended 31 December 2018					
Customers	**Background**	**Revenues from the customer**	**% of total revenues**	**Services purchase from the customer**	**% of total purchase**
		(RMB in thousands)		**(RMB in thousands)**	
Company G*	The largest global search engine company with internet-related services and products	66,665	24.1	27,762	15.8
Company E*	The largest mobile advertising provider in India	17,519	6.3	309	0.2
Company I	A Japan-based mobile advertising platform provider	14,957	5.4	–	–
Company J	A technology company, previously ranked as one of the top 50 companies leading AI innovation by Fortune magazine	14,522	5.2	–	–
Company K(1)*	A China-based mobile live broadcasting platform	14,151	5.1	–	–

(1) Company H and Company K are in the same group.

* overlapping customers and suppliers, i.e. those who were both our customers and suppliers during the Track Record Period.

Suppliers

Our suppliers are mainly media publishers including both app developers and ad agencies for the delivery and presentation of ads. Our suppliers also include IT service providers that provide internet infrastructure service and technical services.

Our top five suppliers accounted for 57.3%, 42.3% and 50.7% of our total purchase for the years ended 31 December 2016, 2017 and 2018, while the largest supplier accounted for 20.7%, 10.6% and 15.6% of our total purchase, respectively for the same periods. We generally sign a framework agreement with media publishers. Traffic acquisition is made based on the needs in specific ad campaigns that we conduct for our advertisers or the needs in marketing our proprietary mobile apps. Payment is made after we verify that relevant ad delivery performance requirements have been met. The framework agreement generally may be terminated by one party by giving prior notice to the other party. For the publishers with which we cooperate for monetising ad traffic of our proprietary mobile apps, instead of entering into framework agreements and placing orders for each ad campaign, we agree to the terms of service provided by the ad networks by connecting to their platforms as publishers. During the Track Record Period, our top five suppliers changed over the years, which was not uncommon in the industry according to the iResearch Report. We maintained a relationship ranging from one to five years with such top five suppliers.

The table below sets forth the details of the top five suppliers during the Track Record Period:

For the year ended 31 December 2016

Suppliers	Background	Services purchased from the supplier (RMB in thousands)	% of total purchase	Revenues from the supplier (RMB in thousands)	% of total revenues
Company L*	A company incorporated in the BVI	10,874	20.7	–	–
Company M*	A China-based technology company providing mobile advertising and mobile analytics services	6,840	13.0	922	0.7
Company N	A company incorporated in Hong Kong	5,450	10.4	–	–
Mico HK*	A mobile social network facing global market	3,938	7.5	8,711	6.4
Company O	A company incorporated in Hong Kong	3,014	5.7	–	–

For the year ended 31 December 2017

Suppliers	Background	Services purchase from the supplier (RMB in thousands)	% of total purchase	Revenues from the supplier (RMB in thousands)	% of total revenues
Company P*	A company incorporated in Hong Kong	12,789	10.6	3,830	2.1
Company Q	A company incorporated in the Seychelles	11,224	9.3	15,789	8.7
Company G*	The largest global search engine company with internet-related services and products	10,061	8.4	–	–
Company K*	A China-based mobile live broadcasting platform	9,057	7.5	–	–
Company L	A company incorporated in the BVI	7,858	6.5	–	–

		For the year ended 31 December 2018			
Suppliers	**Background**	**Services purchase from the supplier**	**% of total purchase**	**Revenues from the supplier**	**% of total revenues**
		(RMB in thousands)		**(RMB in thousands)**	
Company G*	The largest global search engine company with internet-related services and products	27,762	15.6	66,665	24.1
Company P*	A company incorporated in Hong Kong	22,610	12.7	1,113	0.4
Company R*	A mobile ad platform company	17,401	9.8	29	0.0
Company S	An US-based company providing the world's most comprehensive and broadly adopted cloud platform	11,434	6.4	–	–
Company T*	A mobile marketing company	10,928	6.2	112	0.0

* overlapping customers and suppliers, i.e. those who were both our customers and suppliers during the Track Record Period.

As of the Latest Practicable Date, save for our interest in Mico, none of our Directors, their associates or any shareholders which, to the best knowledge of our Directors, owned more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest customers and suppliers. See "Our Strategic Investment" in this section for further details of our investment in Mico.

Overlapping of Customers and Suppliers

It is common in the industry that media publishers may become advertisers when they have advertising needs to market their apps or service, according to the iResearch Report. For our mobile advertising platform and related business, some of customers who use our mobile user acquisition or related services are also our suppliers who supply ad traffics, or vice-versa. With regard to our mobile app development business, our suppliers from whom we purchased traffic to market our Solo X product matrix, for example, Company A and Company G, also acquire traffic from our Solo X product matrix for their mobile advertising platform. The numbers of overlapping customers and suppliers were 61, 83 and 109 in 2016, 2017 and 2018 respectively, including some of our top five customers and suppliers. For details, please see sub-section headed "Customers and Suppliers – Customers" and "Customers and Suppliers – Suppliers" in this section. Negotiations of the terms of our sales to and purchases from these companies were conducted on an individual basis and the sales and purchases were neither inter-connected or inter-conditional with each other. The revenues from overlapping customers and suppliers as a percentage of our total revenues were 51.2%, 62.5% and 60.8% for the years ended 31 December 2016, 2017 and 2018, respectively. The services purchased from these companies as a percentage of our total purchase were 51.5%, 63.6% and 68.2% in 2016, 2017 and 2018. Our Directors confirm that all of our sales to and purchases from these companies were conducted in the ordinary course of business under normal commercial terms and on arm's length basis.

CERTAIN SETTLEMENT ARRANGEMENTS

In 2018, our mobile app development business grew significantly along with the enhancement of the variety and functionality of our Solo X product matrix. To reduce operational risk and access quality monetisation service, we used certain settlement arrangements (the "**Settlement Arrangements**") between August 2018 and May 2019. Through such Settlement Arrangements, we designated certain third parties (the "**Relevant Parties**") to receive monetisation payments (the "**Relevant Payments**") from Company A and Company G in relation to the monetisation of most of our new apps. The Relevant Parties would receive the Relevant Payments in their bank accounts in Hong Kong and then forward the Relevant Payments to our bank accounts in Hong Kong.

The Relevant Parties were selected by us based on our assessment of their reliability and included (i) three Directors, namely Liu Chunhe, Li Ping and Wang Kui; (ii) West Street Technology, which is controlled by a supervisor of Shandong NewBornTown and has engaged in e-commerce business; and (iii) Mobile Alpha, a wholly owned subsidiary of Mico. All Relevant Parties have entered into deeds with us, pursuant to which they agreed to receive the Relevant Payments on our behalf and transfer such Relevant Payments to us and free of charge. Company A and Company G ranked among our top five customers and suppliers in certain years during the Track Record Period. For details on them, please refer to the section headed "Business – Customers and Suppliers".

In 2018, the Relevant Payments amounted to approximately RMB32.2 million (of which RMB2.2 million and RMB30.0 million is attributable to Company A and Company G respectively), representing approximately 11.7% of our total revenue of the year. For the five months ended 31 May 2019, the Relevant Payments amounted to approximately RMB14.8 million (of which RMB2.3 million and RMB12.5 million is attributable to Company A and Company G respectively), which is less than 10% of our total revenue of the same period based on our unaudited combined management accounts for the same period.

During the Track Record Period and up to the Latest Practicable Date, there had not been any (i) dispute in relation to or arising out of the Settlement Arrangements; (ii) Relevant Payment claimed or withheld by any Relevant Party or its liquidator; or (iii) challenge or demand from Company A and Company G regarding the Settlement Arrangements.

According to iResearch Report, the payment arrangement through designated parties is a commercial practice commonly seen in the industry of mobile apps development business in the PRC and overseas markets.

Operation flow of the Settlement Arrangements

The typical transaction flow of the monetization of a designated app as mentioned above for the Settlement Arrangements is as follows:

- an app developed by us was monetized under the monetization account (an account registered and opened on mobile app advertising platforms, such as Company A or Company G, to monetize apps by transacting app's ad traffic) managed by us and we assigned a bank account of Relevant Party in Hong Kong to link with the monetization account with Company A or Company G to settle revenue attributable to the app;

- monetization revenue from the app was settled by Company A or Company G monthly which made payments to the Relevant Party's bank account in Hong Kong;

- we monitor the app monetization accounts from time to time to check for our monetization revenue and payments from Company A or Company G to the Relevant Party.

We conducted the opening, maintenance and management of such monetization account by ourselves. By logging into each monetization account, we were able to see full revenue records as well as full payment records from Company A or Company G which can be matched with the receipt records of the Relevant Parties.

Reasons for Using the Settlement Arrangements

We used the Settlement Arrangements mainly for the following reasons:

- ***To reduce operational risk (for Company G).*** Mobile apps are subject to the risk of suspension by Company G due to a perceived violation of its policies, such as falsifying a large quantity of downloads or clicking of in-app advertisements within a short period of time. A policy violation could be caused by factors outside our control, for example, a third party such as our competitor may maliciously create such a perceived violation by taking the aforesaid falsifying action by itself to disturb our apps' operation. If Company G concludes such manipulation of one of our apps results in a violation of its policies, not only that particular app may be suspended but also other of our apps which use the same monetization account and/or bank account may be suspended.

  We had maintained only one bank account in Hong Kong for receiving monetization revenue before we adopted the Settlement Arrangements. Therefore, since we have developed more apps, in order to manage the risk of being attacked by third parties as mentioned above, starting from August 2018, we used Relevant Parties' certain bank accounts for receiving the monetization revenue of our related new apps from Company G.

Although we have been in compliance with the policy imposed by Company G in all material aspects and have not encountered any material non-compliance incidents during the Track Record Period and up to the Latest Practicable Date, we have used the Settlement Arrangements to reduce the operational risk as mentioned above.

- ***To access quality monetization service (for Company A):*** In practice, for app developers who monetized their apps with Company A, Company A would provide quality monetization assistance to those who frequently maintain high transaction amount with Company A, or those new players (a players will be regarded as a new player if the player's bank account is newly registered with Company A) with good apps evaluated as high potential app developer. Such quality monetization assistance, such as assigning a one-on-one monetization manager, can help app developers manage app monetization more efficiently. As mentioned above, along with the development of our app development business in 2018, we desired quality monetization assistance from Company A. Even though we have well-established business relationship with Company A, our then transaction volume under our own monetization accounts with Company A cannot reach their benchmark for providing such quality monetization assistance during the material time.

  In view of the above, from August 2018, we utilized the respective bank accounts of Mobile Alpha and West Street Technology which have not been registered with Company A before, together with our newly developed apps, to get the high potential app developer status recognised by Company A and therefore to obtain quality monetization assistance from Company A. Such arrangement, however, had resulted in the Settlement Arrangements for our related new apps.

Analysis of Potential Risks

As advised by our Hong Kong Legal Counsel on anti-money laundering laws and other laws of Hong Kong in respect of the Settlement Arrangements:

- the Settlement Arrangements are governed by Hong Kong Laws, since the receipt of Relevant Payments by Relevant Parties from Company A and Company G and their forwarding of Relevant Payments to us all took place in Hong Kong and through bank accounts in Hong Kong;

- we were not in breach of any applicable laws in Hong Kong by utilising the Settlement Arrangements;

- the obligations of Company A and Company G to pay to us were validly discharged when the Relevant Parties were paid on behalf of us with our consent;

- there is no basis to suggest that there can be any factor leading to reasonable suspicion of money laundering given that (i) we received payments from not total strangers but from the Relevant Parties, all of which had existing relationships with us; and (ii) there was clear documentary proof as to the sources of the payments including the record of the apps uploaded and the amount generated from these apps;

- the Relevant Parties were agents for receiving the Relevant Payments from Company A and Company G and, as such, were bound to pay over or account for such Relevant Payments to us. Therefore, they were not entitled to withhold the payments they received or claim them back after paying us. In the event of a bankruptcy of a Relevant Party, the liquidator or trustee would not be entitled to either withhold those funds or claim for the return of those funds paid to us; and

- all Relevant Parties entered into deeds in which, amongst others, the Relevant Parties acknowledged they received the Relevant Payments on behalf of us.

Based on the opinions of our Hong Kong Legal Counsel, our Directors consider the risks of money laundering and potential claims from the Relevant Parties or their liquidators to be remote.

Cessation of the Settlement Arrangements

Since the adoption of the Settlement Arrangements, we continued to accumulate experience in, and enhance our management of, the app monetization business, especially under our strategy to continue expanding our app development business. We have also explored and developed other monetization models, including through contracting with a platform that is officially authorized as publishing partner of Company G. Such official partner provides a range of services to us to enhance the monetization performance of our apps. For example, this official partner monitors monetization performance of our apps and provide suggestions to us from time to time by, amongst others, leveraging on its ability to have the latest information about the policies of, and functionalities offered by, Company G. As part of the services provided by this official partner, our monetization revenue will be paid by Company G to this official partner which will then make the payment to us after deduction of its services fee. Moreover, being an officially authorized partner of Company G, it maintains a close relationship with Company G. Therefore, even when there is some malicious manipulation of one app performance by third parties, Company G would deal with this official partner for the status of that particular app only and other apps using the related monetization account and/or bank account would not be suspended. According to iResearch Report, the use of the aforesaid services provided by this official partners by other app developers like us to enhance their monetization performance and to reduce the risk of collective app monetization suspension by Company G is common in our industry.

In order to cease the Settlement Arrangements for Company A, our newly incorporated subsidiary, namely, Solo X Technology has opened a new bank account in Hong Kong, through which we obtained a high potential app developer status from Company A, thereby allowing us to continue to obtain quality monetization assistance from Company A.

After the implementation of the above new arrangements, we have ceased all Settlement Arrangements by 31 May 2019, and all Relevant Payment have been received by us from the Relevant Parties. Further, we believe that the historical benefits of the Settlement Arrangements are no longer of significance to our app monetisation business and, therefore the cessation of the Settlement Arrangements will not have any material adverse effect on our business, financial condition and results of operations.

EMPLOYEES

As at 31 December 2018, we had two offices with a total of 167 full-time employees, 155 of whom were based in Beijing, 12 of whom were based in Jinan. The table below sets forth our employees by function as at 31 December 2018:

Function	Number of Employees	% of Total
Operation	51	30.5
Research and development	69	41.3
Sales, business development and marketing	17	10.2
Management, finance and administration	30	18.0
Total	167	100.0

We believe our success depends heavily upon our employees' provision of consistent, quality and reliable services. We recruit our personnel through professional search firms, recruiting websites and job fairs. We have established a merit-based remuneration system to correlate the remuneration of our employees with their contribution to operation results. Bonuses are generally discretionary and based in part on employee performance and in part on the overall performance of our business.

During the Track Record Period, we did not experience any material labour disputes or strikes that may have a material and adverse effect on our business, financial condition or results of operations.

We attached great importance on the training and development of our employees. As a matter of policy, we provide training programmes for new employees to equip them with the skill set and work ethics. We also provide our employees with training sessions tailored to each job function to enhance their technical knowledge and service quality. Through these trainings, we ensure that our staff's skill sets remain up-to-date and enable them to discover and meet our clients' needs.

As required under the regulations of the PRC, we participate in various employee social security plans organised by relevant local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans. Our PRC Legal Adviser is of the view that we had complied with all applicable PRC regulations relating to contributions to social insurance and housing funds for our employees in all material respects during the Track Record Period.

INSURANCE

We do not maintain any business interruption insurance, general third-party liability insurance or product liability insurance. Nor do we maintain insurance policies covering damages to our network infrastructures or information technology systems or any insurance policies for our properties. During the Track Record Period, we did not make any material insurance claims in relation to our business. See "Risk Factors – Risks Relating to Our Business and Industry – Our business insurance coverage may be inadequate and could expose us to significant costs and business disruption." in this Document.

PROPERTY

As of the Latest Practicable Date, we did not own any properties and we leased one property in Beijing with a gross floor area of approximately 1,550 square metres and one property in Jinan, Shandong with a gross floor area of approximately 1,400 square metres. Our leased properties are used as office premises.

As of the Latest Practicable Date, the lease agreements had not completed lease registration with the relevant regulatory authorities. According to PRC law, the non-registration of lease agreements will not affect the validity of such lease agreements, but the relevant local housing administrative authorities can require us to complete registrations within a specified timeframe and we may be subject to a fine between RMB1,000 and RMB10,000 per lease for any delay in making these registrations. As of the Latest Practicable Date, we were not subject to any penalties arising from the non-registration of lease agreements.

According to Rule 5.01A of the [**REDACTED**] and section 6(2) of the Companies (Exemption of Companies and Documentes from Compliance with Provisions) Notice, this Document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all our interests in lands or buildings, because as of 31 December 2018, the carrying amount of our property interest was less than 15% of our combined total assets.

OCCUPATIONAL HEALTH, WORK SAFETY AND ENVIRONMENTAL PROTECTION

Our health and safety rules in our employee manual are based on government regulations and require all employees to follow these rules. During the Track Record Period and up to the Latest Practicable Date, there had not been any material incidents concerning occupational health, work safety or environmental protection, and we were in compliance with relevant laws and regulations in all material respects.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

During the Track Record Period and up to the Latest Practicable Date, we were involved in legal or other disputes arising in the ordinary course of our business. In 2018, NewBornTown Internet Technology entered into an agreement with one of our customers, whereby we provided the customer with advertising service. We had provided the agreed service from July 2018 to September 2018 whereas did not receive service fee from the customer within the contractually agreed settlement period. As of 31 December 2018, the amount due from the customer was RMB11.0 million. Since the customer failed to fulfil its payment obligations after we issued payment notifications and we did not agree on a written payment plan at that time, our Directors decided to have the dispute resolved by arbitration. We filed the arbitration administrated by relevant arbitral authority in January 2019, which was ongoing as of the Lasted Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or any of our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition or results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we did not commit any material violations of applicable laws and regulations that are likely to have a material adverse impact on our business, prospects, financial condition or results of operations.

RISK MANAGEMENT AND INTERNAL CONTROL

We have adopted a series of internal control policies, procedures and programmes designed to achieve effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Our key risk management objectives include: (i) identifying different risks of our operations; (ii) assessing and prioritising the identified risks; (iii) developing appropriate risk management strategies for different risks; (iv) monitoring and managing risks and our risk tolerance level; and (v) execution of measures to respond to risks.

Financial Reporting Risk Management

We have in place a set of policies in connection with our financial reporting risk management, such as financial system management, assets protection management, budget management and operation analysis management. We also have procedures in place to implement such policies, and our financial department reviews our management accounts based on such procedures. In addition, we provide training to our financial department staff to ensure they understand our accounting policies and procedures.

Information Risk Management

We pay close attention to risk management relating to our information technology, as storage and protection of our user data and other related information is critical to us. We have adopted various policies on database operation to prevent information leakage and data loss and keep records of all database operations. Further, we use monitoring systems to monitor the data operating status of the server and alert relevant departments to abnormal situations. Our daily maintenance, access control system and other measures also help maintain the proper management of our operational data.

Human Resource Risk Management

We have established internal control policies covering various aspects of human resource management. We adopt high standards in recruitment with strict procedures to ensure the quality of new hires. Our employee handbook contains guidelines regarding best commercial practise, work ethics and prevention of fraud, negligence and corruption. We have in place the employee handbooks and distribute them to our employees. We organise training sessions conducted by our senior employees on topics critical to our business operations. In addition, potential violations of internal policies or illegal acts can be reported to management through reporting channels. Our management is responsible for taking appropriate measures to minimise damage.

Regulatory Compliance Risk Management

Compliance with applicable laws and regulations, especially laws and regulations governing the mobile internet industry are major focus areas of our regulatory compliance risk management. We have a dedicated legal team that performs the basic function of reviewing and updating the form of contracts we enter into with our advertisers, publishers and business partners. Our legal team also works with our external legal counsel to ensure that we have obtained and maintained all the necessary permits and licences required for our operations. We continually improve our internal policies according to changes in laws, regulations and industry standards and update internal templates for legal documents.

Operational Risk Management

We are exposed to various risks associated with our business operations. See "Risk Factors – Risks related to our business and industry". We have established operational risk management with relevant policies and procedures that we believe are appropriate for our business operations. Our Board of Directors is responsible for the establishment and updating of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures with respect to each functional department.

In preparation for the [**REDACTED**], we have engaged an independent third party consultant (the "**Internal Control Consultant**") to perform a review over selected areas of our internal controls over financial reporting from January to December 2018 (the "**Internal Control Review**"), resulting in the identification of recommendations for improvement. The scope of the Internal Control Review performed by the Internal Control Consultant was agreed between us, the Sole Sponsor and the Internal Control Consultant. The selected areas of our internal controls over financial reporting that were reviewed by the Internal Control Consultant included entity-level controls and business process level controls, including revenue, human resources, cash, investment, expense, intangible assets, financial reporting and general controls of information technology.

The Internal Control Consultant performed the follow-up reviews in June 2019 to review the status of the management actions taken by the Company to address the findings of the Internal Control Review (the "**Follow-up Review**"). The Internal Control Consultant did not have any further recommendation in the Follow-up Review except for the establishment of internal audit department and policy, and lack of internal control deficiencies report, which is expected to be established or remediated by us upon [**REDACTED**].

LICENCES AND PERMITS

As advised by our PRC Legal Advisor, as of the Latest Practicable Date, we had obtained all requisite licences, approvals and permits from the relevant government authorities that were material for our business operations and such licences, approvals and permits remained in full effect. We renew our licences, approvals and permits in compliance with relevant laws and regulations.

The following table sets forth the licences and permits we had obtained as of the Latest Practicable Date:

Licence/Permit	Holder	Grant Date	Authority	Expiry Date
Value-Added Telecom Business Permit (增值電信業務經營許可證)京B2-20171430	NewBornTown Network	23 October 2017	Beijing Communications Administration	23 October 2022

Licence/Permit	Holder	Grant Date	Authority	Expiry Date
Value-Added Telecom Business Permit (增值電信業務經營許可證)京B2-20190503	NewBornTown Mobile	13 March 2019	Beijing Communications Administration	13 March 2024
China Software Enterprise Evaluation (軟件企業證書)魯RQ-2019-0020	Shandong NewBornTown	1 April 2019	Shandong Software Industry Association	31 March 2020

Pursuant to the Interim Administrative Provisions on Internet Culture (《互聯網文化管理暫行規定》), or the "**Internet Culture Provisions**," adopted on February 11, 2011 and amended on December 15, 2017, companies engaging in for-profit internet cultural business are required to obtain an Internet Culture Business License. For-profit internet cultural business is defined as business activities that provide internet cultural products and services and make profits (i) by charging fees from the internet users, or (ii) through e-commerce, advertisement, sponsorship and other similar activities. For the purpose of further developing our Solo X product matrix in the future, we are preparing to apply for the Internet Culture Business License.

AWARDS AND RECOGNITION

The following table sets forth some of our major awards and recognitions as of the Latest Practicable Date:

Award/Recognition	Award Date	Awarding Institution/Authority
Global Brand Leadership Award	January 2019	2019 Global AI Marketing Leaders Summit
2018 Top 100 New Economic Enterprises of Guangdong-Hong Kong-Marco Greater Bay Area	December 2018	China Venture Investment Convention
2018 Forbes 30 Under 30 Asia List (In recognition of Mr. LI Ping)	March 2018	Forbes Asia
2017 Zhongguancun Top 100 Fastest-Growing Companies	December 2017	Beijing Zhongguancun High-tech Enterprises Association

Award/Recognition	Award Date	Awarding Institution/Authority
2017 Forbes 30 Under 30 China List (In recognition of Mr. LI Ping)	October 2017	Forbes China
The Fastest Growing Enterprise Award	May 2017	Beijing SMEs Development Fund
2016 Start-up Entrepreneur of China	November 2016	Beijing News "Looking for Chinese Creators"
The Best Going Global Platform	April 2017	GMIC
The Most Promising Global Platform	April 2016	GMIC
Google Play Awards "Best Apps"	2015	Google Play
Google Play Awards "Top Developers"	2015	Google Play

BACKGROUND

We are principally engaged in mobile app development business and mobile advertising platform and related business. Mobile app development business is considered as value-added telecommunications services in the PRC and ICP Licence is required. We developed apps which are offered in and outside the PRC. Value-added telecommunications services is a sector where foreign investment is subject to restrictions under the PRC laws and regulations as detailed below.

Our Consolidated Affiliated Entities are NewBornTown Mobile Technology and NewBornTown Network Technology, both of them are companies established under the laws of the PRC, which hold the requisite licence, permit and approval required for the provision of mobile app development business, including the ICP Licence, which are essential to the operation of our business. For further details of the limitations on foreign ownership in PRC companies conducting value-added telecommunications services and the licencing and approval requirement applicable to our business under the PRC laws and regulations, see section headed "Regulatory Overview – Laws and Regulations in the PRC – Regulations Relating to Value-Added Telecommunication Services" in this Document.

In order to comply with the PRC laws and regulations, while availing ourselves of international capital markets and maintaining effective control over all of our operations, the Consolidated Affiliated Entities have transferred mobile advertising platform and related business to WFOE. The Consolidated Affiliated Entities keep mobile app development business and ICP Licence. WFOE has enterted into various agreements with and among the PRC Equity Holders and other related parties. Under the Contractual Arrangements, WFOE has acquired effective control over the financial and operational policies of the Consolidated Affiliated Entities and has become entitled to all economic benefits derived from their operations to the extent permitted under the PRC laws and regulations by means of services fees payable by the Consolidated Affiliated Entities to WFOE. NewBornTown Network Technology continues to be a minority shareholder of Beijing Amber Creative and Mico, holding approximately 3% and 16.77% equity interest respectively as of the Latest Practicable Date. Beijing Amber Creative and Mico are also engaged in mobile app development business.

PRC LAWS AND REGULATIONS RELATING TO FOREIGN OWNERSHIP RESTRICTIONS

Prohibited and restricted foreign investment activities in mainland China are mainly governed by the Guidance Catalogue of Industries for Foreign Investment, which was promulgated and is amended from time to time by the MOFCOM and the NDRC. The latest effective catalogue was amended in 2017, or the Guidance Catalogue of Industries for Foreign Investment (Amended in 2017) (《外商投資產業指導目錄(2017年修訂)》) ("**Catalogue**"), which was replaced by the Special Management Measures (Negative List) for the Access of Foreign Investment (2018 version) (《外商投資准入特別管理措施(負面清單) (2018年版)》) with effect from 28 July 2018 ("**Negative List**"), setting forth restrictive measures for market entry of foreign investors, such as equity requirements. Foreign investors shall comply with the restrictive requirements of the Negative List when engaging in the restricted items listed in the

Negative List. According to Part 7 of the Negative List, foreign-invested enterprises are restricted from operating, among other things, (i) basic telecommunication business, and (ii) value-added telecommunication business (except for the electronic commerce business).

As confirmed by our PRC Legal Adviser, according to the Negative List, the operation of mobile app development business falls into the value-added telecommunications services business, the operation of which, within the PRC, in particular that if the relevant company intends to generate revenue in PRC through the operation of such apps, requires the relevant company to apply for a ICP Licence. And mobile app development business is considered "restricted" from holding more than 50% equity interests by foreign investors. We operate mobile app development business under the Contractual Arrangements and are of the view that the Contractual Arrangements are narrowly tailored for the following reasons:

1. The Consolidated Affiliated Entities are engaged in mobile app development business with apps offered in and outside the PRC and possess an ICP licence.

2. The Consolidated Affiliated Entities have transferred mobile advertising platform and related business to WFOE, a wholly foreign-owned enterprise owned by Solo X Technology.

3. On 11 April 2019, the Sole Sponsor and our PRC Legal Advisers conducted an interview with an officer of the MIIT. Our PRC Legal Advisers confirm that the MIIT is the competent regulatory body tasked with the power to issue ICP Licences and review and consider applications for the issue of ICP Licences to foreign-invested enterprises. The officer of the MIIT confirmed at the interview that if the Company or Solo X Technology acquired any percentage of equity interest in NewBornTown Mobile Technology or NewBornTown Network Technology and thereby converting NewBornTown Mobile Technology or NewBornTown Network Technology from a domestic company to a foreign-invested enterprise, the MIIT would rescind the ICP Licence held by the Consolidated Affiliated Entities. As a policy matter, the officer of the MIIT also confirmed that, in practise, value-added telecommunication business was heavily regulated by the PRC government, and the MIIT almost never issued ICP Licences to foreign-invested enterprises. Thus, with regard to our case, the officer of the MIIT further confirmed that if the Company or Solo X Technology acquired any percentage of equity interest of NewBornTown Mobile Technology or NewBornTown Network Technology and thus converting any of NewBornTown Mobile Technology or NewBornTown Network Technology from a domestic company to a foreign-invested enterprise, the MIIT would not, as a matter of policy as mentioned above, issue any of them with an ICP Licence.

Our Directors believe that the Contractual Arrangements are fair and reasonable because: (i) the Contractual Arrangements are freely negotiated and entered into between WFOE, NewBornTown Mobile Technology and the PRC Equity Holders, (ii) by entering into the Exclusive Business Cooperation Agreement with WFOE (which is a wholly-owned PRC

subsidiary of the Company), the Consolidated Affiliated Entities will enjoy better economic and technical support from our Group, as well as a better market reputation after the [**REDACTED**], and (iii) a number of other companies use similar arrangements to accomplish the same purpose.

QUALIFICATION REQUIREMENTS

On 11 December 2001, the State Council promulgated the Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定(2016年修訂)》) ("**FITE Regulations**"), which were amended on 10 September 2008 and 6 February 2016. According to the FITE Regulations, foreign investors are prohibited from holding more than 50% of the equity interests in a company providing value-added telecommunications services, including ICP services. In addition, a foreign investor who invests in a value-added telecommunications business in the PRC shall have a record of good performance and operating experience in managing value-added telecommunications business ("**Qualification Requirements**"). Our PRC Legal Adviser has advised us that as of the Latest Practicable Date, no applicable PRC laws, regulations or rules provided clear guidance or interpretation on the Qualification Requirements.

Despite the lack of clear guidance or interpretation on the Qualification Requirements, we have been gradually building up our track record of overseas value-added telecommunications business operations for the purpose of being qualified. We have taken the following measures through Solo X Technology:

(i) had applied for the registration of 3 trademarks in Hong Kong;

(ii) operated mobile app development business in Hong Kong; and

(iii) monetised 15 apps which are offered in both Google Play and Apple App store through mobile advertising, and received payments from ad agency.

On 11 April 2019, the Sole Sponsor and our PRC Legal Advisers conducted an interview with an officer of the MIIT. However, we were advised by the MIIT that if the Company or Solo X Technology acquired any percentage of equity interest of NewBornTown Mobile Technology or NewBornTown Network Technology and thus converting any of NewBornTown Mobile Technology or NewBornTown Network Technology from a domestic company to a foreign-invested enterprise, the MIIT would not, as a matter of policy as mentioned above, issue any of them with an ICP Licence.

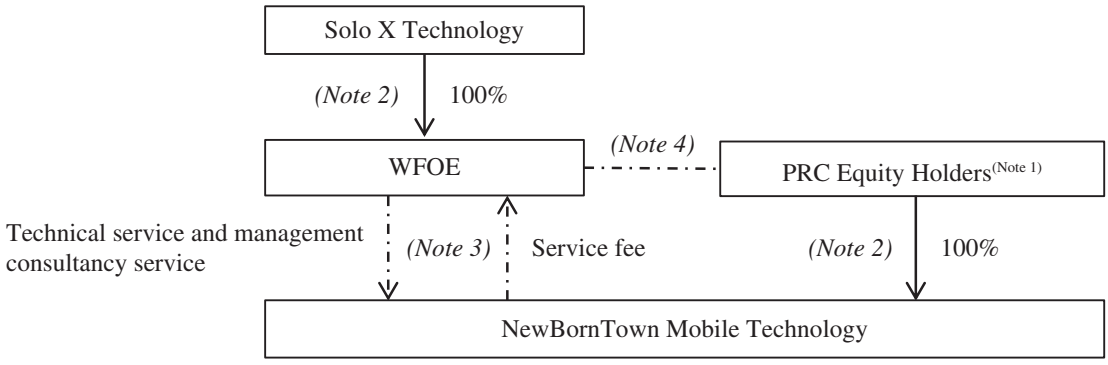
As advised by our PRC Legal Advisers, (i) the interview was made with the competent official who has the appropriate authority, and (ii) the MIIT is the competent and ultimate authority to give the relevant confirmation. In view of the foregoing, our PRC Legal Advisers are of the view that financial and other resources and steps committed by the Group to meet the Qualification Requirements are reasonable, appropriate and sufficient.

We will, as applicable and when necessary, disclose the progress of our overseas expansion plans and any updates to the Qualification Requirements in our annual and interim reports to inform Shareholders and other investors after the [**REDACTED**]. We will also make periodic inquiries to relevant PRC authorities to understand any new regulatory development and see specific guidance as to the Qualification Requirements.

Therefore, our Directors are of the view that the Contractual Arrangements are narrowly tailored, as they are used to enable our Group to conduct business only in industries that are subject to foreign investment restrictions in the PRC. Nevertheless, we will terminate the Contractual Arrangements to the extent permissible and directly hold the maximum percentage of ownership interests permissible by the relevant laws if the relevant government authority grants the ICP Licence to the Sino-foreign equity joint venture established by us.

CONTRACTUAL ARRANGEMENTS

The following simplified diagram illustrates the flow of economic benefits from our Consolidated Affiliated Entities to our Group stipulated under the Contractual Arrangements:



Notes:

(1) PRC Equity Holders refer to the registered shareholders of NewBornTown Mobile Technology, namely: Mr. Liu Chunhe, Mr. Huang Mingming, Mr. Ye Chunjian, Mr. Du Li, Mr. Li Ping, Longwin Xinhu, Plum Venture, Haitong Kaiyuan, Haitong Xinxi, Phoenix Fortune, Beijing Amphora, Hande Houcheng, and China Fuqiang.

(2) "—>" denotes direct legal and beneficial ownership in the equity interest (except in the case of Huang Mingming the beneficial ownership in the equity interest of NewBornTown Mobile Technology and NewBornTown Network Technology are held by Huang Mingming on behalf of Future Capital Discovery Fund I, L.P.).

(3) "--->" denotes contractual relationship, please refer to "Contractual Arrangements – Summary of the Material Terms of the Contractual Arrangements" for details.

(4) "----" denotes the control by WFOE over the PRC Equity Holders and NewBornTown Mobile Technology through (i) powers of attorney to exercise all shareholders' rights in NewBornTown Mobile Technology, (ii) exclusive equity call options to acquire all or part of the equity interests in NewBornTown Mobile Technology and (iii) exclusive asset call options to acquire all or part of the intellectual property and all other assets of NewBornTown Mobile Technology and (iv) equity pledges over the equity interests in NewBornTown Mobile Technology.

SUMMARY OF THE MATERIAL TERMS OF THE CONTRACTUAL ARRANGEMENTS

A description of each of the specific agreements that comprise the Contractual Arrangements entered into by the WFOE, NewBornTown Mobile Technology and the PRC Equity Holders (as the case may be) is set out below.

Exclusive Business Cooperation Agreement

NewBornTown Mobile Technology and WFOE entered into the Exclusive Business Cooperation Agreement on 26 June 2019, pursuant to which the WFOE shall provide exclusive technical services and exclusive management consultancy services to NewBornTown Mobile Technology, including:

(i) the use of any relevant software legally owned by the WFOE;

(ii) development, maintenance and updating of software in respect of the NewBornTown Mobile Technology's business;

(iii) design, installation, daily management, maintenance and updating of network systems, hardware and database design;

(iv) providing technical support and staff training services to relevant employees of NewBornTown Mobile Technology;

(v) providing assistance in consultancy, collection and research of technology and market information (excluding market research business that wholly foreign owned enterprises are prohibited from conducting under the laws of mainland China);

(vi) providing business management consultation;

(vii) providing marketing and promotional services;

(viii) providing customer order management and customer services;

(ix) transfer, leasing and disposal of equipment or properties; and

(x) other relevant services requested by NewBornTown Mobile Technology from time to time to the extent permitted under the laws of China.

Pursuant to the Exclusive Business Cooperation Agreement, the service fee shall consist of 100% of the total combined profit of NewBornTown Mobile Technology, after the deduction of any accumulated deficit of NewBornTown Mobile Technology and its subsidiaries in respect of the preceding financial year(s), operating costs, expenses, taxes and other statutory contributions. The WFOE shall calculate the service fee on a monthly basis and issue a

corresponding invoice to NewBornTown Mobile Technology Notwithstanding the payment arrangements in the Exclusive Business Cooperation Agreement, the WFOE may adjust the payment time and payment method, and NewBornTown Mobile Technology will accept any such adjustment.

In addition, absent the prior written consent of the WFOE, during the term of the Exclusive Business Cooperation Agreement, with respect to the services subject to the Exclusive Business Cooperation Agreement and other matters, NewBornTown Mobile Technology shall not directly or indirectly accept the same or any similar services provided by any third party and shall not establish cooperation relationships similar to that formed by the Exclusive Business Cooperation Agreement with any third party. The WFOE may appoint other parties, who may enter into certain agreements with NewBornTown Mobile Technology, to provide NewBornTown Mobile Technology with the services under the Exclusive Business Cooperation Agreement.

The Exclusive Business Cooperation Agreement also provide that the WFOE have the exclusive proprietary rights to and interests in any and all intellectual property rights developed or created by NewBornTown Mobile Technology during the performance of the Exclusive Business Cooperation Agreement.

The Exclusive Business Cooperation Agreement shall remain effective unless terminated (a) in accordance with the provisions of the Exclusive Business Cooperation Agreement; (b) in writing by the WFOE; or (c) renewal of the expired business period of either the WFOE or NewBornTown Mobile Technology is denied by relevant government authorities, at which time the Exclusive Business Cooperation Agreements will terminate upon termination of that business period.

Exclusive Option Agreements

i. Exclusive Equity Call Option Agreement

The PRC Equity Holders, NewBornTown Mobile Technology and WFOE entered into the Exclusive Equity Call Option Agreement on 26 June 2019, pursuant to which the PRC Equity Holders shall irrevocably grant the WFOE or its designated purchaser the right to purchase all or part of the equity interests in NewBornTown Mobile Technology, in whole or in part at any time and from time to time, at RMB1. If the minimum purchase price permitted under PRC laws and regulations is higher than RMB1, the transfer price shall be the minimum purchase price permitted under PRC laws and regulations.

Pursuant to the Exclusive Equity Call Option Agreement, the PRC Equity Holders and NewBornTown Mobile Technology have undertaken to perform certain acts or refrain from performing certain other acts, including but not limited to the following matters:

(a) without the prior written consent of the WFOE, they shall not in any manner supplement, change or amend the constitutional documents of NewBornTown Mobile Technology, increase or decrease its registered capital or change the structure of its registered capital in other manner;

(b) without the prior written consent of the WFOE, they shall not at any time following the signing of such agreement sell, transfer, pledge or dispose of in any manner any assets of NewBornTown Mobile Technology or legal or beneficial interest in the business or revenues of NewBornTown Mobile Technology, or allow the encumbrance thereon of any security interest;

(c) without the prior written consent of the WFOE, NewBornTown Mobile Technology shall not incur, inherit, guarantee or assume any debt, except for debts (i) incurred in the ordinary course of business other than payables incurred by a loan or (ii) disclosed to and agreed by the WFOE in writing;

(d) without the prior written consent of the WFOE, they shall not cause NewBornTown Mobile Technology to execute any material contract with a value above RMB100,000, except the contracts executed in the ordinary course of business;

(e) without the prior written consent of the WFOE, they shall not cause NewBornTown Mobile Technology to provide any person with any loan or credit;

(f) they shall provide the WFOE with information on NewBornTown Mobile Technology's business operations and financial condition at the request of the WFOE;

(g) if requested by the WFOE, they shall procure and maintain insurance in respect of NewBornTown Mobile Technology's assets and business from an insurance carrier acceptable to the WFOE, at an amount and type of coverage typical for companies that operate similar businesses in the PRC;

(h) without the prior written consent of the WFOE, they shall not cause or permit NewBornTown Mobile Technology to merge, consolidate with, acquire or invest in any person;

(i) NewBornTown Mobile Technology shall not be liquidated or dissolved without prior written consent by the WFOE;

(j) they shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to NewBornTown Mobile Technology's assets, business or revenue;

(k) at the request of WFOE, to maintain the ownership by NewBornTown Mobile Technology of all of its assets, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defences against all claims;

(l) without the prior written consent of the WFOE, NewBornTown Mobile Technology shall not in any manner distribute dividends to their shareholders, provided that upon the written request of the WFOE, NewBornTown Mobile Technology shall immediately distribute all distributable profits to their shareholders and the PRC Equity Holders shall immediately and unconditionally pay or transfer the abovementioned distributable profits to WFOE; and

(m) at the request of the WFOE, they shall appoint any persons designated by the WFOE as the directors of NewBornTown Mobile Technology.

In addition, the PRC Equity Holders, among other things, have covenanted that:

(i) without the written consent of the WFOE, they shall not sell, transfer, pledge or dispose of in any other manner the legal or beneficial interest in NewBornTown Mobile Technology, or allow the encumbrance thereon of any security interest, except for the interests prescribed in the Equity Pledge Agreement, and procure the shareholders' meeting and/or the board of directors of NewBornTown Mobile Technology not to approve such matters;

(ii) without the prior written consent of the WFOE, they shall not procure the shareholders' meeting or board of directors to permit NewBornTown Mobile Technology to merge, consolidate with, acquire or invest in any person;

(iii) they shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to the equity interest in NewBornTown Mobile Technology held by them;

(iv) at the request of the WFOE, they shall cause the shareholders' meeting or board of directors of NewBornTown Mobile Technology to vote on the approval of the transfer of equity interests pursuant to the Exclusive Equity Call Option Agreement and any other action requested by the WFOE;

(v) at the request of the WFOE, for purpose of the WFOE's holding of equity interest in NewBornTown Mobile Technology, they shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defences against all claims;

(vi) at the request of the WFOE, they shall appoint any persons designated by the WFOE as the directors of NewBornTown Mobile Technology;

(vii) at the request of the WFOE in any time, they shall immediately and unconditionally transfer its equity interests in NewBornTown Mobile Technology to the WFOE or any designated party and relinquish the pre-emptive right (if any) he/she is entitled to in relation to the transfer of equity interest by any other shareholders of NewBornTown Mobile Technology; and

(viii) they shall strictly comply with the Exclusive Equity Call Option Agreement and other agreements entered into among the WFOE, NewBornTown Mobile Technology and them, and perform their obligation thereunder.

The Exclusive Equity Call Option Agreement was commenced on 26 June 2019 being the date of the agreements, until it is terminated (i) upon the transfer of the entire equity interests of NewBornTown Mobile Technology to WFOE or its designated person, or (ii) as agreed by all parties to the agreement.

ii. Exclusive Assets Call Option Agreement

NewBornTown Mobile Technology and WFOE entered into the Exclusive Assets Call Option Agreement on 26 June 2019, pursuant to which the NewBornTown Mobile Technology shall irrevocably grant the WFOE or its designated purchaser the right to purchase all intellectual properties and all other assets in NewBornTown Mobile Technology, in whole or in part at any time and from time to time, at RMB1. If the minimum purchase price permitted under PRC laws and regulations is higher than RMB1, specified in PRC laws and regulations, the transfer price shall be the minimum purchase price permitted under PRC laws and regulations. Subject to the approval of both parties, the transfer fee of target assets under the Exclusive Assets Call Option Agreement may be offset by the relevant amount due to WFOE.

Pursuant to the Exclusive Assets Call Option Agreement, NewBornTown Mobile Technology have undertaken to perform certain acts or refrain from performing certain other acts, including but not limited to the following matters:

(a) without the prior written consent of the WFOE, NewBornTown Mobile Technology shall not at any time following the signing of such agreement sell, transfer, pledge or dispose of in any manner any assets of NewBornTown Mobile Technology;

(b) NewBornTown Mobile Technology shall procure the shareholders' meeting of NewBornTown Mobile Technology not to approve any sell, transfer, pledge or dispose of in any other manner any assets of NewBornTown Mobile Technology;

(c) NewBornTown Mobile Technology shall immediately notify the WFOE of the occurrence or possible occurrence of any litigation, arbitration or administrative proceedings relating to NewBornTown Mobile Technology's assets;

(d) at the request of the WFOE, NewBornTown Mobile Technology shall procure the shareholders' meeting to vote and permit the transfer of assets under the Exclusive Assets Call Option Agreement;

(e) to maintain the ownership by NewBornTown Mobile Technology of all of its assets, NewBornTown Mobile Technology shall execute all necessary or appropriate documents, take all necessary or appropriate actions and file all necessary or appropriate complaints or raise necessary and appropriate defences against all claims;

(f) at the request of WFOE, NewBornTown Mobile Technology shall immediately and unconditionally transfer the assets to the WFOE or its designated purchaser; and

(g) NewBornTown Mobile Technology shall strictly comply with the Exclusive Assets Call Option Agreement and other agreements entered into among the WFOE and NewBornTown Mobile Technology, and perform obligation thereunder and shall not perform any action/inaction that will affect the validity and enforceability of such agreements.

The Exclusive Assets Call Option Agreement was commenced on 26 June 2019 being the date of the agreements, until it is terminated (i) upon the transfer of the entire assets of NewBornTown Mobile Technology to the WFOE or its designated person; or (ii) as agreed by all parties to the agreement.

Equity Pledge Agreement

The WFOE, NewBornTown Mobile Technology and the PRC Equity Holders entered into the Equity Pledge Agreement on 26 June 2019, pursuant to which each of the PRC Equity Holders agreed to pledge all of their respective equity interests in NewBornTown Mobile Technology to WFOE that they own, including any interest or dividend paid for the shares, to the WFOE as a security interest to guarantee the performance of contractual obligations and the payment of outstanding debts.

The pledge in respect of NewBornTown Mobile Technology takes effect upon the completion of registration with the relevant administration for industry and commerce and shall remain valid until the earlier date of (i) all the outstanding debts of the PRC Equity Holders and NewBornTown Mobile Technology under the relevant Contractual Arrangements have been fully performed; (ii) the WFOE exercise its pledge rights in accordance with terms and conditions under such agreement; and (iii) each of the PRC Equity Holders has transferred his equity interests in NewBornTown Mobile Technology in accordance with the Exclusive Option Agreement.

The registration of the pledge of equity interests as required by the relevant laws and regulations has been completed in accordance with the term of the Equity Pledge Agreement and PRC Laws and regulations.

Powers of attorney

Each of the PRC Equity Holders and WFOE entered into the powers of attorney on 26 June 2019 pursuant to which the PRC Equity Holders irrevocably appointed the WFOE and its designated persons as its attorneys-in-fact to exercise on its behalf, and agreed and undertook not to exercise without such attorneys-in-fact's prior written consent, any and all right that it have in respect of its equity interests in NewBornTown Mobile Technology, including without limitation:

(i) to convene and attend shareholders' meetings of NewBornTown Mobile Technology;

(ii) to exercise all shareholder's rights and shareholder's voting rights in accordance with law and the constitutional documents of NewBornTown Mobile Technology, including but not limited to the sale, transfer, pledge or disposal of any or all of the equity interests in NewBornTown Mobile Technology;

(iii) to execute any written resolutions; and

(iv) to nominate or appoint the legal representatives, directors, supervisors, chief executive officers and other senior management of NewBornTown Mobile Technology.

Further, the Powers of Attorney shall remain effective for so long as each of the PRC Equity Holders holds equity interest in NewBornTown Mobile Technology, unless that (i) the Powers of Attorney is terminated by all parties; or (ii) all the equity interest or assets of NewBornTown Mobile Technology held by each of the PRC Equity Holders have been legally and effectively transferred to WFOE and/or a third party designated by it.

Confirmations from the PRC Equity Holders

Each of the PRC Equity Holders has confirmed to the effect that in the event of his/her death, incapacity, divorce or any other event which causes his/her inability to exercise his/her rights as a shareholder of NewBornTown Mobile Technology, he/she has taken all necessary actions so that his/her successors (including his/her spouse) will not affect the PRC Equity Holders' interests in NewBornTown Mobile Technology.

Spouse undertakings

The spouse of each of the PRC Equity Holders, where appropriate, has signed an undertaking to the effect that (i) he/she undertakes that he/she will not make any claim against his/her sponsor's interests in NewBornTown Mobile Technology so that his/her authorisation or consent is not required for any modification or termination of the agreements under the Contractual Arrangements; (ii) he/she undertakes to sign all necessary documents and take all necessary actions to ensure the agreements under the Contractual Arrangements (as amended from time to time) are properly performed; (iii) he/she undertakes to be bound by the agreements under the Contractual Arrangements (as amended from time to time) in the event

that he/she for any reason obtains any equity interests of NewBornTown Mobile Technology as the relevant PRC Equity Holder's spouse; and (iv) he/she consents to sign a series of agreements with the same format and content as the agreements under the Contractual Arrangements at the request of the WFOE, as the case may be.

Dispute Resolution

Each of the agreements under the Contractual Arrangements contains a dispute resolution provision. Pursuant to such provision, in the event of any dispute arising from the performance of or relating to the Contractual Arrangements, any party has the right to submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be confidential and the language used during arbitration shall be Chinese. The arbitration award shall be final and binding on all parties. The dispute resolution provisions also provide that the arbitral tribunal may award remedies over the shares or assets of NewBornTown Mobile Technology or injunctive relief (e.g. limiting the conduct of business, limiting or restricting transfer or sale of shares or assets) or order the winding up of NewBornTown Mobile Technology; any party may apply to the courts of places which have jurisdiction (including Hong Kong, the Cayman Islands (being the place of incorporation of our Company) and the PRC) for interim remedies or injunctive relief.

However, our PRC Legal Adviser has advised that an arbitral tribunal normally would not grant such kind of injunctive relief or order the winding up of our Consolidated Affiliated Entities pursuant to the current PRC laws. In addition, interim remedies or enforcement order granted by overseas courts such as Hong Kong and the Cayman Islands may not be recognisable or enforceable in the PRC.

As a result of the above, in the event that NewBornTown Mobile Technology or the PRC Equity Holders breach any of the Contractual Arrangements, we may not be able to obtain sufficient remedies in a timely manner, and our ability to exert effective control over our Consolidated Affiliated Entities and conduct our business could be materially and adversely affected. Please see "Risk Factors – Risks Relating to our Contractual Arrangements" for further details.

Loss Sharing

Under the relevant mainland China laws and regulations, none of our Company and the WFOE is legally required to share the losses of, or provide financial support to, our Consolidated Affiliated Entities. Further, our Consolidated Affiliated Entities are limited liability companies and shall be solely liable for their own debts and losses with assets and properties owned by them. The WFOE intends to continuously provide to or assist our Consolidated Affiliated Entities in obtaining financial support when deemed necessary. In addition, given that our Group conducts a substantial portion of its business operations in mainland China through our Consolidated Affiliated Entities, which hold the requisite mainland China operational licences and approvals, and that their financial position and results of operations are consolidated into our Group's financial statements under the applicable accounting principles, our Company's business, financial position and results of operations would be adversely affected if our Consolidated Affiliated Entities suffer losses.

However, as provided in the Exclusive Option Agreements, without the prior written consent of the WFOE, NewBornTown Mobile Technology shall not, among others, (i) sell, transfer, pledge or dispose of in any manner any of its assets; (ii) execute any material contract with a value above RMB100,000, except those entered into in the ordinary course of business; (iii) provide any loan; (iv) incur, inherit, guarantee or allow any debt that is not incurred in the ordinary course of business or not disclosed to and agreed by the WFOE in writing; (v) enter into any consolidation or merger with any third party, or acquire or invest in any third party; and (vi) increase or reduce its registered capital, or alter the structure of the registered capital in any other way. Therefore, due to the relevant restrictive provisions in the agreements, the potential adverse effect on the WFOE and our Company in the event of any loss suffered from NewBornTown Mobile Technology can be limited to a certain extent.

Liquidation

Pursuant to the Exclusive Business Cooperation Agreement, in the event of a liquidation or dissolution, NewBornTown Mobile Technology shall transfer all remaining asset to WFOE or to the extent permitted by the PRC laws.

Insurance

Our Company does not maintain an insurance policy to cover the risks relating to the Contractual Arrangements.

Our Confirmation

As of the Latest Practicable Date, we had not encountered any interference or encumbrance from any PRC governing bodies in operating its business through our Consolidated Affiliated Entities under the Contractual Arrangements.

Given that the Contractual Arrangements will constitute non-exempt continuing connected transactions of our Company upon the [**REDACTED**], a waiver has been sought from and [has been granted] by the Stock Exchange, details of which are disclosed in the section headed "Continuing Connected Transactions" of this document.

LEGALITY OF THE CONTRACTUAL ARRANGEMENTS

Based on the above, our PRC Legal Adviser is of the opinion that the Contractual Arrangements are narrowly tailored to minimise the potential conflict with relevant PRC laws and regulations and that:

(i) parties to each of the Contractual Arrangements have obtained all necessary approvals and authorizations to execute and perform the Contractual Arrangements;

(ii) parties to each of the agreements are entitled to execute the agreements and perform their respective obligations thereunder. Each of the agreements is binding on the parties thereto and none of them would be deemed as "concealment of illegal intentions with a lawful form" and void under Contract Law of the People's Republic of China (《中華人民共和國合同法》) ("**China Contract Law**");

(iii) The Contractual Arrangements do not violate the provisions of the articles of associations (or partnership agreements) of WFOE and NewBornTown Mobile Technology;

(iv) the parties to each of the Contractual Arrangements are not required to obtain any approvals or authorizations from the mainland China governmental authorities, except that:

  (a) the exercise of the option by WFOE of its rights under the Exclusive Option Agreements to acquire all or part of the equity interests in NewBornTown Mobile Technology are subject to the approvals of, consent of, filing with and/or registrations with the mainland China governmental authorities;

  (b) any share pledge contemplated under the Share Pledge Agreement are subject to the registration with competent administration bureau for industry and commerce; and

  (c) the arbitration awards/interim remedies provided under the dispute resolution provision of the Contractual Arrangements shall be recognised by mainland China's courts before compulsory enforcement;

(v) each of the Contractual Arrangements is valid, legal and binding under the laws of mainland China, except for the following provisions regarding dispute resolution and the liquidating committee:

(a) the Contractual Arrangements provide that any dispute shall be submitted to the China International Economic and Trade Arbitration Commission for arbitration, in accordance with the then effective arbitration rules. The arbitration shall be conducted in Beijing. They also provide that the arbitrator may award interim remedies over the shares or assets of NewBornTown Mobile Technology or injunctive relief (e.g. for the conduct of business or to compel the transfer of assets) or order the winding up of our Consolidated Affiliated Entities; and the courts of Hong Kong, the Cayman Islands (being the place of incorporation of our Company) and mainland China (being the place of incorporation of NewBornTown Mobile Technology) also have jurisdiction for the grant and/or enforcement of the arbitral award and the interim remedies against the shares or properties of NewBornTown Mobile Technology. However, our PRC Legal Adviser has advised that the interim remedies or enforcement order granted by overseas courts such as those of Hong Kong and the Cayman Islands may not be recognisable or enforceable in mainland China; and

(b) the Exclusive Business Cooperation Agreement provides that the shareholders of NewBornTown Mobile Technology shall undertake to appoint a committee designated by our WFOE, subject to applicable laws and regulations, as the liquidation committee upon the winding up of NewBornTown Mobile Technology to manage their assets. However, this provision does not apply in the event of a mandatory liquidation required by mainland China laws or bankruptcy liquidation.

On 11 April 2019, representatives of our Company, the Sole Sponsor and our PRC Legal Adviser consulted MIIT. The MIIT confirms that: (a) according to the business model as described by NewBornTown Mobile Technology and its subsidiary, the entities principally engage in mobile app development business, mobile advertising platform and related business, and mobile app development business falls within the scope of value-added telecommunications services and therefore it is necessary to obtain a value-added telecommunications business operating licence before operation; (b) a foreign investor of a foreign-invested telecommunications enterprise which operates value-added telecommunications business shall have good track-record and operational experience in the operation of value-added telecommunications business; and (c) the Contractual Arrangements do not fall within the regulatory scope of the MIIT, thus it will not raise objections or give regulatory opinions on such Contractual Arrangements. The MIIT will review the shareholding structure of the operating company in accordance with legal requirements. Among the companies that subject to its supervision, there have been no cases of penalties due to Contractual Arrangements.

Based on the above analysis and advice from our PRC Legal Adviser, the Directors are of the view that the adoption of the Contractual Arrangements is unlikely to be deemed ineffective or invalid under the applicable PRC laws and regulations, and except for the relevant arbitration clauses as described in "Dispute Resolution," each of the agreements under the Contractual Arrangements is enforceable under the PRC laws and regulations. Our PRC

Legal Adviser is of the view that the MIIT and its local counterparts, and the personnel consulted in the interview are competent and authorised to interpret the relevant laws, regulations and rules of the PRC for the industry in which our Company operates its business and make the abovementioned oral confirmations.

We are aware of a Supreme People's Court ruling (the "**Supreme People's Court Ruling**") made in October 2012 and two arbitral decisions from the Shanghai International Economic and Trade Arbitration Commission made in 2010 and 2012 which invalidated certain contractual agreements for the reason that the entry into of such agreements with the intention of circumventing foreign investment restrictions in the PRC contravene the prohibition against "concealing an illegitimate purpose under the guise of legitimate acts" set out in Article 52 of the PRC Contract Law and the General Principles of the PRC Civil Law. It has been further reported that these court rulings and arbitral decisions may increase (i) the possibility of the PRC courts and/or arbitration panels taking similar actions against contractual arrangements commonly adopted by foreign investors to engage in restricted or prohibited businesses in the PRC and (ii) the incentive for the registered shareholders under such contractual arrangements to renege on their contractual obligations. Pursuant to Article 52 of the PRC Contract Law (《中華人民共和國合同法》), a contract is void under any of the following five circumstances: (i) the contract is concluded through the use of fraud or coercion by one party and thereby damages the interest of the State; (ii) malicious collusion is conducted to damage the interest of the State, a collective unit or a third party; (iii) the contract damages the public interest; (iv) an illegitimate purpose is concealed under the guise of legitimate acts; or (v) the contract violates the mandatory provisions of the laws and administrative regulations. Our PRC Legal Adviser is of the view that the relevant terms of the agreements under the Contractual Arrangements do not fall within the above five circumstances. In particular, our PRC Legal Adviser is of the view that the agreements under the Contractual Arrangements would not be deemed as "concealing illegal intentions with a lawful form" such that they also do not fall within circumstance (iv) above under Article 52 of the PRC Contract Law (《中華人民共和國合同法》) because the agreements under the Contractual Arrangements were not entered into for illegitimate purposes.

ACCOUNTING ASPECTS OF THE CONTRACTUAL ARRANGEMENTS AND CONSOLIDATION OF FINANCIAL RESULTS OF OUR CONSOLIDATED AFFILIATED ENTITIES

Under the Exclusive Business Cooperation Agreement, it was agreed that, in consideration of the services provided by WFOE, NewBornTown Mobile Technology will pay services fees to WFOE. The services fees, subject to the WFOE's adjustment, are equal to the entirety of the total combined profit of NewBornTown Mobile Technology (net of accumulated deficit of the Consolidated Affiliated Entities in the previous financial years (if any), costs, expenses, taxes and payments required by the relevant laws and regulations to be reserved or withheld). WFOE may adjust the services scopes and fees at its discretion in accordance with PRC tax law and practice as well as the needs of the working capital of our Consolidated Affiliated Entities. WFOE also has the right to periodically receive or inspect the accounts of

our Consolidated Affiliated Entities. Accordingly, the WFOE has the ability, at its sole discretion, to extract all of the economic benefit of NewBornTown Mobile Technology through the Exclusive Management Consultation Agreement.

In addition, under the Exclusive Management and Consultation Agreement and the Exclusive Option Agreement, the WFOE has absolute contractual control over the distribution of dividends or any other amounts to the equity holders of our Consolidated Affiliated Entities as WFOE's prior written consent is required before any distribution can be made. In the event that the PRC Equity Holders receive any profit distribution or dividend from our Consolidated Affiliated Entities, the PRC Equity Holders must immediately pay or transfer such amount (subject to the relevant tax payment being made under the relevant laws and regulations) to our Company.

As a result of these Contractual Arrangements, our Company has obtained control of our Consolidated Affiliated Entities through WFOE and, at our Company's sole discretion, can receive all of the economic interest returns generated by our Consolidated Affiliated Entities. Accordingly, our Consolidated Affiliated Entities' results of operations, assets and liabilities, and cash flows are consolidated into our Company's financial statements.

In this regard, our Directors consider that our Company can consolidate the financial results of our Consolidated Affiliated Entities into our Group's financial information as if they were our Company's subsidiaries. The basis of consolidating the results of our Consolidated Affiliated Entities is disclosed in note 1 to the Accountant's Report in Appendix I to this document.

DEVELOPMENT IN LEGISLATION ON FOREIGN INVESTMENT IN MAINLAND CHINA

The 2015 Draft Foreign Investment Law

Background

MOFCOM published a discussion draft of a proposed foreign investment law (《中華人民共和國外國投資法》) (the "2015 Draft Foreign Investment Law") in January 2015 for consultation purposes. MOFCOM has solicited comments on this draft in early 2015 and substantial uncertainties exist with respect to its final form, enactment timetable, interpretation and implementation. The 2015 Draft Foreign Investment Law, if enacted as proposed, may materially impact the entire legal framework regulating foreign investment in China.

Negative Catalogue

The 2015 Draft Foreign Investment Law stipulates restriction of foreign investment in certain industry sectors. The "negative Catalogue" set out in the 2015 Draft Foreign Investment Law classified the relevant prohibited and restricted industries into the Catalogue of Prohibitions (禁止實施目錄) and the Catalogue of Restrictions (限制實施目錄), respectively.

Foreign investors are not allowed to invest in any sector set out in the Catalogue of Prohibitions. Where any foreign investor directly or indirectly holds shares, equities, properties or other interests or voting rights in any domestic enterprise, such domestic enterprise is not allowed to invest in any sector set out in the Catalogue of Prohibitions, unless otherwise specified by the State Council. Foreign investors are allowed to invest in sectors set out in the Catalogue of Restrictions provided that they fulfil certain conditions and apply for permission before making such investment. However, the 2015 Draft Foreign Investment Law does not specify the businesses to be included in the Catalogue of Prohibitions and the Catalogue of Restrictions.

Principle of "actual control"

Among other things, the 2015 Draft Foreign Investment Law purports to introduce the principle of "actual control" in determining whether a company is considered a foreign invested enterprise or foreign invested entity ("FIE").

The 2015 Draft Foreign Investment Law specifically provides that entities established in China but "controlled" by foreign investors will be treated as FIEs, whereas an entity organised in a foreign jurisdiction but cleared by the authority in charge of foreign investment as "controlled" by PRC entities and/or citizens, would nonetheless be treated as a PRC domestic entity for investment in the "restricted category" on the "negative catalogue" to be issued, subject to the examination of the relevant authority in charge of foreign investment. For these purposes, "control" is broadly defined under Article 18 of the 2015 Draft Foreign Investment Law to cover any of the following categories:

(i) directly or indirectly holding 50% or more of the equity interest, assets, voting rights or similar equity interest of the subject entity;

(ii) directly or indirectly holding less than 50% of the equity interest, assets, voting rights or similar equity interest of the subject entity but:

- having the power to directly or indirectly appoint or otherwise secure at least 50% of the seats on the board or other equivalent decision making bodies,
- having the power to secure its nominated person to acquire at least 50% of the seats on the board or other equivalent decision making bodies, or
- having the voting power to exert material influence over decision-making bodies, such as the shareholders' meeting or the board; or

(iii) having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity's operations, financial, staffing and technology matters.

In respect of "actual control," the 2015 Draft Foreign Investment Law looks at the identity of the ultimate natural person or enterprise that controls the FIE. "Actual control" refers to the power or position to control an enterprise through investment arrangements, contractual arrangements or other rights and decision-making arrangements. Article 19 of the 2015 Draft Foreign Investment Law defines "actual controllers" as the natural persons or enterprises that directly or indirectly control foreign investors or foreign-invested enterprises.

If an entity is determined to be an FIE, and its investment amount exceeds certain thresholds or its business operation falls within a "negative catalogue" to be separately issued by the State Council in the future, market entry clearance by the authority in charge of foreign investment would be required.

Impact of the 2015 Draft Foreign Investment Law on VIE

The "variable interest entity" structure (the "VIE structure"), has been adopted by many PRC-based companies, and has been adopted by our Company in the form of the Contractual Arrangements, to establish control over NewBornTown Mobile Technology by WFOE, through which we operate the value-added telecommunications services business in the PRC.

According to the 2015 Draft Foreign Investment Law, where the FIE under the actual control of PRC investors (either by way of PRC state-owned enterprises or agencies or PRC citizens) invests in a sector set out in the Catalogue of Restriction, when applying for access permission (准入許可) they may submit documentary evidence to apply for identification as an investment by PRC entities and/or citizens. However, our PRC Legal Advisers are of the view that the Contractual Arrangements will be deemed legitimate and effective if the ultimate controlling person(s) is/are of PRC nationality or they take other measures as required by applicable foreign investment laws (together with, if any, all subsequent amendments or updates, as promulgated) as finally enacted. Despite the content and the classification of the categories in the "negative catalogue" being unclear and unpredictable at this stage, we will take any reasonable measures and actions under applicable foreign investment laws (together with, if any, all subsequent amendments or updates, as promulgated) as finally enacted to minimise the adverse effect of such laws on the Contractual Arrangements.

The 2015 Draft Foreign Investment Law has not been enacted and our Contractual Arrangements were established before the enactment of the 2015 Draft Foreign Investment Law. Notwithstanding that the accompanying explanatory notes to the 2015 Draft Foreign Investment Law (the "Explanatory Notes") do not provide a clear direction in dealing with VIE structures existing before the 2015 Draft Foreign Investment Law becomes effective, which (together with the 2015 Draft Foreign Investment Law) were still pending for further study as of the Latest Practicable Date, the Explanatory Notes contemplate three possible approaches in

dealing with FIEs with existing VIE structures and conducting business in an industry falling in the "negative catalogue":

(i) requiring them to make a filing (申報) to the competent authority that the actual control is vested with Chinese investors, after which the VIE structures may be retained;

(ii) requiring them to apply to the competent authority for certification that their actual control is vested with Chinese investors and, upon verification (認定) by the competent authority, the VIE structures may be retained; and

(iii) requiring them to apply to the competent authority for access permission (准入許可) to continue to use the VIE structure. The competent authority together with the relevant departments will then make a decision after taking into account the actual control of the FIE and other factors.

To further clarify, under the first possible approach, "making a filing" is simply an information disclosure obligation, which means the enterprise does not have to receive any confirmation or permission from the competent authorities, while for the second and third approaches, the enterprise has to receive either the confirmation or the access permission from the competent authorities. For the latter two approaches, the second approach focuses on the nationality of the controller, whereas the third approach may take factors in addition to the nationality of the controller (which are not clearly defined in the 2015 Draft Foreign Investment Law and the Explanatory Notes) into consideration.

The three possible approaches above are set out in the Explanatory Notes to solicit public opinion on the treatment of existing contractual arrangements, have not been formally adopted and may be subject to revisions and amendments taking into account the results of the public consultation. The 2015 Draft Foreign Investment Law also stipulates that investors from Hong Kong, Macau and Taiwan who control a domestic enterprise may attract special treatment and recommends the State Council to separately issue regulations to this effect.

Where foreign investors and FIEs circumvent the provisions of the 2015 Draft Foreign Investment Law by entrusted holdings, trusts, multi-level re-investments, leasing, contracting, financing arrangements, protocol control, overseas transactions or otherwise, make investments in sectors specified in the Catalogue of Prohibitions, make investments in sectors specified in the Catalogue of Restrictions without permission or violate the information reporting obligations specified therein, the penalty shall be imposed in accordance with Article 144 of (Investments in Sectors Specified in the Catalogue of Prohibitions), Article 145 (Violation of Provisions on Access Permission), Article 147 (Administrative Legal Liability for Violating the Information Reporting Obligation) or Article 148 (Criminal Legal Liability for Violating the Information Reporting Obligation) of the 2015 Draft Foreign Investment Law, as the case may be.

If foreign investors make investments in the sectors specified in the Catalogue of Prohibitions, the competent authorities for foreign investment in the province, autonomous region and/or municipality directly under the Central Government at the place where the investments are made shall order them to cease the implementation of the investments, dispose of any equity or other assets within a prescribed time limit, confiscate any illegal gains and impose a fine of not less than RMB100,000 but not more than RMB1 million or of not more than 10% of illegal investments.

If foreign investors or FIEs are in violation of the provisions of the 2015 Draft Foreign Investment Law, including by way of failing to perform on schedule, or evading the performance of, the information reporting obligation, or concealing the truth or providing false or misleading information, the competent authorities for foreign investment in the province, autonomous region and/or municipality directly under the Central Government at the place where the investments are made shall order them to make rectifications within a prescribed time limit; if they fail to make rectifications within the prescribed time limit, or the circumstances are serious, a fine of not less than RMB50,000 but not more than RMB500,000 or of not more than 5% of the investments shall be imposed.

Where foreign investors or foreign-invested enterprises are in violation of the provisions of the 2015 Draft Foreign Investment Law, including failing to perform on schedule, or evading the performance of, the information reporting obligation, or concealing the truth or providing false or misleading information, and if the circumstances are extremely serious, a fine shall be imposed on the foreign investors or foreign-invested enterprises and the directly responsible person-in-charge and other persons liable shall be sentenced to fixed-term imprisonment of not more than one year or criminal detention.

Status of promulgation of the 2015 Draft Foreign Investment Law

As at the Latest Practicable Date, there is no definite timeline when the 2015 Draft Foreign Investment Law will come into effect, and more importantly, whether it is to be promulgated in the current draft form, and MOFCOM has neither issued any definite rules or regulations to govern existing contractual arrangements.

Potential impact of the Draft Foreign Investment Law on our Company

Whether our Company is controlled by mainland China entities and/or citizens

If the 2015 Draft Foreign Investment Law is promulgated in the current draft form, on the basis that (i) Mr. Liu Chunhe and Mr. Li Ping, each of which are PRC individuals are the founders of the Company, who is of Chinese nationality, will control an aggregate of [**REDACTED**] of voting rights of our Company upon completion of the [**REDACTED**] (assuming [**REDACTED**] is not exercised) and therefore complies with the first limb of the "control" requirement under the 2015 Draft Foreign Investment Law; (ii) our Company through

the WFOE exercises effective control over our Consolidated Affiliated Entities pursuant to the Contractual Arrangements and can exert decisive influence on the China Operating Companies' operations, financial, staffing and technology matters.

Whether the mobile app development businesses are on the "catalogue of special administrative measures" to be issued by the State Council

If the operation of our mobile app development businesses is not on the "catalogue of special administrative measures" and we can legally operate such business under mainland China Laws, the WFOE will exercise the call option under the Exclusive Option Agreements to acquire the equity interest of our Consolidated Affiliated Entities and unwind the Contractual Arrangements subject to re-approval by the relevant authorities.

If the operation of our mobile app development businesses is on the "catalogue of special administrative measures," depending on the definition of "control" that may be adopted in the foreign investment law as finally enacted and the treatment of VIE structures existing before the new foreign investment law becoming effective, the Contractual Arrangements may be regarded as prohibited or restricted foreign investment and therefore may be considered as invalid and illegal. As a result, we will not be able to operate our mobile app development businesses through the Contractual Arrangements and would lose our rights to receive the economic benefits of our Consolidated Affiliated Entities. As such, the financial results of those entities would no longer be consolidated into our Group's financial results and we would have to derecognise their assets and liabilities according to the relevant accounting standards. An investment loss would be recognised as a result of such de-recognition.

Our PRC Legal Advisers advised that assuming the 2015 Draft Foreign Investment Law will be promulgated in its current form to become the new law, based on the existing provisions and language of the 2015 Draft Foreign Investment Law, since each of the Founders, the actual controller of the Cayman Company, are a China mainland resident who has Chinese nationality, the onshore subsidiaries of the Cayman Company should be deemed as Chinese invested enterprises, and therefore the Contractual Arrangements will be considered as legitimate under the new law.

Foreign Investment Law

Background

On 23 December 2018, the 7th meeting of the 13th SCNPC reviewed the 2018 draft foreign investment law first submitted by the State Council, which was promulgated by the NPC on its official website on 26 December 2018 for public consultation until 24 February 2019, and further submitted the second draft of the 2018 draft foreign investment law to the NPC for deliberation on 29 January 2019. On 15 March 2019, the NPC adopted the PRC foreign investment law* (《中華人民共和國外商投資法》) (the "Foreign Investment Law") at the closing meeting of the second session of the 13th NPC. Upon taking effect on 1 January 2020, the Foreign Investment Law will replace the Law on Chinese-Foreign Equity Joint

Ventures* (《中外合資經營企業法》), the Law on Chinese-Foreign Contractual Joint Ventures* (《中外合作經營企業法》) and the Law on Wholly Foreign-Owned Enterprises* (《外資企業法》) to become the legal foundation for foreign investment in the PRC. However, there remain significant uncertainties about the relationship between the Foreign Investment Law and the 2015 Draft Foreign Investment Law because there are no relevant implementing rules or official explanation.

Impact and Potential Consequences of the Foreign Investment Law on our Contractual Arrangements

The Foreign Investment Law stipulates three forms of foreign investment, but does not mention concepts including "actual control" and "control over our PRC Operating Entities by PRC entities/citizens", nor does it explicitly stipulate the contractual arrangements as a form of foreign investment. If the Foreign Investment Law becomes effective in the current form, and the then laws, regulations and rules do not incorporate contractual arrangements as a form of foreign investment, our Contractual Arrangements as a whole and each of the agreements comprising the Contractual Arrangements will not be materially affected and will continue to be legal, valid and binding on the parties.

Furthermore, the Foreign Investment Law stipulates that foreign investment includes "foreign investors invest in China through any other methods under laws, administrative regulations or provisions prescribed by the State Council". There are possibilities that future laws, administrative regulations or provisions prescribed by the State Council may regard contractual arrangements as a form of foreign investment, at which time it will be uncertain whether the Contractual Arrangements will be deemed to be in violation of the foreign investment access requirements and how the above-mentioned Contractual Arrangements will be handled. If the operation of the Relevant Businesses is no longer falling in the scope that foreign investment is prohibited or certain conditions and permission of foreign investment access required under the Special Administrative Measures and we can legally operate our online game business under PRC laws, WFOE will exercise the call option under the Exclusive Option Agreements to acquire the equity interest of NewBornTown Mobile Technology and unwind the Contractual Arrangements subject to any then applicable approvals from the relevant authorities, and subject to any application or approval procedures by the relevant governmental authorities. If the operation of the online game business is falling in the scope that foreign investment is prohibited or certain conditions and permission of foreign investment access required under the Special Administrative Measures and the Foreign Investment Law is refined or deviates from the current form, depending on the treatment of the existing contractual arrangements, the Contractual Arrangements may be regarded as invalid and illegal. As a result, we would not be able to operate the Relevant Business through the Contractual Arrangements and would lose our rights to receive the economic benefits of our China Operating Companies. As a result, the financial results of our China Operating Companies would no longer be consolidated into our Group's financial results and we would have to derecognise their assets and liabilities according to the relevant accounting standards. If the Group does not receive any compensation, an investment loss would be recognised as a result of such de-recognition. In such case, the Stock Exchange may also consider our

Company to be no longer suitable for [**REDACTED**] on the Stock Exchange. Therefore, there is no guarantee that the Contractual Arrangements and the business of China Operating Companies will not be materially and adversely affected in the future due to changes in PRC laws and regulations.

Nevertheless, considering that a number of existing entities engaged in the value-added telecommunications services, some of which have obtained [**REDACTED**] status abroad, are operating under contractual arrangements, our Directors are of the view that there is little possibility, if the Foreign Investment Law becomes effective, that the relevant authorities will take retrospective effect to require the relevant enterprises to remove, or otherwise unwind their contractual arrangements.

However, there are uncertainties regarding the Foreign Investment Law including, among others, the relevant government authorities will have a broad discretion in interpreting the law and may ultimately take a view that is inconsistent with our PRC Legal Advisers' understanding, and there is still uncertainty whether any new PRC laws, rules or regulations relating to contractual arrangements will be adopted in the future.

Please refer to "Risk Factors – Risks Relating to our Contractual Arrangements" for further details of the risks we face relating to our Contractual Arrangements. In any event, our Company will take reasonable steps in good faith to seek to comply with the version of the Foreign Investment Law when it comes into force.

COMPLIANCE WITH THE CONTRACTUAL ARRANGEMENTS

Our Group has adopted the following measures to ensure the effective operation of our Group with the implementation of the Contractual Arrangements and our compliance with the Contractual Arrangements:

(i) major issues arising from the implementation and compliance with the Contractual Arrangements or any regulatory enquiries from government authorities will be submitted to our Board, if necessary, for review and discussion on an occurrence basis;

(ii) our Board will review the overall performance of and compliance with the Contractual Arrangements at least once a year;

(iii) our Company will disclose the overall performance and compliance with the Contractual Arrangements in our annual reports; and

(iv) our Company will engage external legal advisers or other professional advisers, if necessary, to assist the Board to review the implementation of the Contractual Arrangements, review the legal compliance of WFOE and our Consolidated Affiliated Entities to deal with specific issues or matters arising from the Contractual Arrangements.

THE CONTROLLING SHAREHOLDERS GROUP

The Controlling Shareholders Group, namely Mr. Liu Chunhe and Mr. Li Ping, and their respective holding entities, is a group of persons acting in concert with each other and is the single largest shareholder group of our Company. In October 2015, Mr. Liu Chunhe, Mr. Li Ping, Mr. Ye Chunjian and Hande Houcheng entered into an acting in concert agreement (the "**2015 Acting in Concert Agreement**"), pursuant to which, Mr. Liu Chunhe, Mr. Li Ping, Mr. Ye Chunjian and Hande Houcheng agreed that they would act in concert in our Group with each other. Mr. Ye Chunjian decided to operate his own business and therefore, on 31 January 2017, Mr. Ye Chunjian resigned all of his positions in the Group except for director positions in NewBornTown Mobile Technology and NewBornTown Network Technology without taking part in daily management, and Mr. Liu Chunhe, Mr. Li Ping, Mr. Ye Chunjian and Hande Houcheng entered into an agreement to terminate the 2015 Acting in Concert Agreement. On the same date, Mr. Liu Chunhe, Mr. Li Ping and Hande Houcheng entered into a new acting in concert agreement (the "**2017 Acting in Concert Agreement**"), pursuant to which, Mr. Liu Chunhe, Mr. Li Ping and Hande Houcheng agreed that they would continue to act in concert in our Group with each other until the date when the 2017 Acting in Concert Agreement is terminated in writing by Mr. Liu Chunhe, Mr. Li Ping and Hande Houcheng. Mr. Ye Chunjian finally resigned as a director of NewBornTown Mobile Technology and NewBornTown Network Technology on 9 March 2018 and 13 May 2019, respectively.

After the Repurchases, the Controlling Shareholders Group was interested in approximately 38.19% of the total issued share capital of our Company. Immediately upon completion of the [**REDACTED**] and the [**REDACTED**] (assuming that [**REDACTED**] is not exercised), the Controlling Shareholders Group will be interested in approximately [**REDACTED**]% of the total issued share capital of our Company, comprising (i) Shares representing approximately [**REDACTED**]% of the share capital of our Company held by Spriver Tech Limited, (ii) Shares representing approximately [**REDACTED**]% of the share capital of our Company held by Parallel World Limited.

Since 1 January 2018 and up to the Latest Practicable Date, the Controlling Shareholders Group has been consistently interested in more than 30% of voting rights of the Group and therefore has constituted the controlling shareholder of our Group as defined under Rule 1.01 of the [**REDACTED**].

Competition

Each member of the Controlling Shareholders Group confirms that as of the Latest Practicable Date, he or it did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, and requires disclosure under Rule 8.10 of the [**REDACTED**].

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS GROUP

Having considered the following factors, we believe that we are capable of carrying on our business independently from the Controlling Shareholders Group and their close associates after completion of the [**REDACTED**]:

Management Independence

Our daily operational and management decisions are made collectively by our Board and our senior management. Our Board consists of three executive Directors and three independent non-executive Directors. Mr. Liu Chunhe is our Chairman of the Board and Mr. Li Ping is an executive Director. Notwithstanding that Mr. Liu Chunhe and Mr. Li Ping are members of the Controlling Shareholders Group, our Directors are of the view that our Company is capable of maintaining management independence due to the following reasons:

(1) Each of our Directors is aware of his fiduciary duties as a director of our Company which requires, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest.

(2) In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings of our Company in respect of such transactions and shall not be counted in the quorum.

(3) Our Board has a balanced composition of executive Directors and independent non-executive Directors which ensures the independence of the Board in making decisions affecting our Company. Specifically, (a) our independent non-executive Directors are not associated with the Controlling Shareholders Group or their respective associates; (b) our independent non-executive Directors account for one half of the Board; and (c) our independent non-executive Directors individually and collectively possess the requisite knowledge and experience, and will be able to provide professional and experienced advice to our Company. In conclusion, the Directors believe that our independent non-executive Directors are able to bring impartial and sound judgement to the decision-making process of our Board and protect the interest of our Company and our Shareholders as a whole.

(4) We will establish corporate governance measures and adopt sufficient and effective control mechanisms to manage conflicts of interest, if any, between our Group and the Controlling Shareholders Group, which would support our independent management. See "– Corporate Governance Measures" in this section.

Having considered the above factors, our Directors are satisfied that they are able to perform their managerial roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from the Controlling Shareholders Group after the [**REDACTED**].

Operational Independence

Our Group holds all the relevant material licences, qualifications and permits required for conducting our Group's business. Our Group has sufficient capital, facilities and employees to operate our business independently from the Controlling Shareholders Group and their close associates. Our Group also has independent access to our clients. We have our own accounting and financial department, human resources and administration department and technology department (including research and development function). We have also established a set of internal control procedures and adopted corporate governance practices to facilitate the effective operation of our business.

We believe that we are capable of carrying on our business independently of the Controlling Shareholders Group and their respective close associates. Our Directors confirmed that our Group will be able to operate independently from the Controlling Shareholders Group and their respective close associates after the [**REDACTED**].

Financial Independence

Our Group has an independent internal control, accounting and financial management system as well as an independent finance department which makes financial decisions according to our Group's own business needs. Our Group's accounting and finance functions are independent of the Controlling Shareholders Group.

Starting from August 2018, we established certain settlement arrangements with Mr. Liu Chunhe and Mr. Li Ping, who are members of the Controlling Shareholders Group. In order to consolidate and streamline our settlement processes, we have ceased all these settlement arrangements, and settled all outstanding amounts thereunder Mr. Liu Chunhe and Mr. Li Ping by 31 May 2019. In 2018 and the first five months of 2019, the payment involved in settlement arrangements with Mr. Liu Chunhe and Mr. Li Ping only represented a small part of our total revenue. See "Business – Certain Settlement Arrangements" for further details.

Based on the aforesaid, our Directors believe that we have the ability to conduct our business independently from the Controlling Shareholders Group and their respective close associates from a financial perspective and are able to maintain financial independence from the Controlling Shareholders Group and their respective close associates.

DEED OF NON-COMPETITION

Each of Mr. Liu Chunhe and Mr. Li Ping (each a "Covenantor" and collectively, "Covenantors"), member of the Controlling Shareholders Group, has entered into the deed of non-competition ("**Deed of Non-competition**") on [●] 2019 in favour of our Company, pursuant to which the Covenantors have jointly and severally, irrevocably undertaken with the Company (for itself and as trustee for each other member of the Group) that, during the Restricted Period (as defined below), he will not, and will procure that none of his close associates will, directly or indirectly:

(a) carry on, be engaged or interested in any Restricted Business (as defined below) or render any service to or otherwise be involved in any Restricted Business;

(b) act as a consultant or employee or worker or officer in any executive, sales, marketing, research or technical capacity in any Restricted Business or provide technical, commercial or professional advice to a Restricted Business; or

(c) take any action which interferes with or disrupts or may interfere with or disrupt the business carried on by the Group including, but not limited to, solicitation of any of the customers, suppliers or employees of any member of the Group.

Such non-competition undertaking above does not restrict to any of the Covenantors or their respective close associates from:

(a) holding or being interested in any Shares or, through the Company, any shares or other securities or interest in any other member of the Group;

(b) performing or receiving any benefits provided under any of the connected party agreements or any extensions, amendments or supplements to, or replacements of the connected party agreements agreed, conducted and concluded between the Covenantor and any member of the Group in compliance with the [**REDACTED**] from time to time;

(c) doing anything which has been approved by the independent Shareholders by a majority vote taken by poll at a general meeting of the Shareholders properly convened and held, in each case in compliance with the [**REDACTED**] and the Articles of Association.

Each of the Covenantors has further undertaken to the Company (for itself and as trustee for each other member of the Group), during the Restricted Period, that, in the event that the Covenantors or any of their close associates identifies or is offered by a third party an investment or other commercial opportunity (a "**Business Opportunity**") in respect of the Restricted Business, the Covenantors shall, and shall procure any of their close associates shall, as soon as practicable, refer such Business Opportunity to the Company with sufficient information so as to enable the Company to make a decision as to whether to pursue such Business Opportunity in the following manner:

(a) the Covenantor or his close associate shall give a written notice to the Company of such Business Opportunity identifying the nature of the business, the investment or acquisition costs and such other details as are reasonably necessary for the Company to consider whether to pursue the Business Opportunity; and

(b) the Company is required to notify the Covenantor within 15 business days in writing of its decision as to whether to pursue or decline such Business Opportunity. The Company will seek approval from a Board committee, comprising independent non-executive Directors who do not have a material interest in the matter, as to whether to pursue or decline such Business Opportunity.

The "Restricted Business" stated in the Deed of Non-competition refers to any business carried on in and/or outside of the PRC which wholly or partly competes or proposes to compete with any business currently carried on by any member of the Group or with any business which on the [**REDACTED**] any member of the Group proposes to carry on in the immediate or foreseeable future.

The "Restricted Period" stated in the Deed of Non-competition refers to the period commencing on the [**REDACTED**] and expiring on the earliest of (i) the date on which the Shares cease to be [**REDACTED**] on the Stock Exchange; and (ii) the date on which the Covenantors and their respective associates cease, collectively, to be entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company.

CORPORATE GOVERNANCE MEASURES

Our Directors recognise the importance of good corporate governance to protect the interests of our Shareholders. We would adopt the following corporate governance measures to manage potential conflict of interests between our Group and the Controlling Shareholders Group:

(a) Where a Shareholders' meeting is held for considering proposed transactions in which the Controlling Shareholders Group has a material interest, the Controlling Shareholders Group shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting.

(b) Where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting.

(c) In the event that our independent non-executive Directors are requested to review any conflict of interests between our Group and the Controlling Shareholders Group, the Controlling Shareholders Group shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements.

(d) Our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisors at our Company's cost as and when appropriate in accordance with the CG Code and Corporate Governance Report as set out in Appendix 14 to the [**REDACTED**].

(e) Any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the [**REDACTED**], including the announcement, annual reporting and independent shareholders' approval requirements (if applicable) under the [**REDACTED**].

(f) We have appointed CMBC International Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the [**REDACTED**], including various requirements relating to directors' duties and corporate governance.

Based on above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and the Controlling Shareholders Group and/or other Directors to protect minority Shareholders' rights after [**REDACTED**].

We have entered into a number of agreements with our connected persons, the details of which are set out below. The transactions disclosed in this section will constitute our continuing connected transactions under Chapter 14A of the [**REDACTED**] after the [**REDACTED**].

CONNECTED PERSONS

The table below sets forth the connected persons of our Company involved in the continuing connected transactions set out in this section and the nature of their connection with our Group:

Connected Persons	Connected Relationship
Mr. Liu Chunhe	an executive Director, chief executive officer and a member of the Controlling Shareholder Group of the Company
Mr. Li Ping	an executive Director, chief operating officer and a member of the Controlling Shareholder Group of the Company
Mr. Wang Kui	an executive Director, chief financial officer and a shareholder of the Company
Mr. Ye Chunjian	a director of NewBornTown Network Technology until 13 May 2019
Hande Houcheng	a limited partnership controlled by Mr. Liu Chunhe as a general partner
Phoenix Fortune	a limited partnership indirectly controlled by Mr. Du Li, in aggregate holding approximately [**REDACTED**] equity interests of the Company together with Mr. Du Li and Mr. Wu Shichun upon the [**REDACTED**] assuming the [**REDACTED**] is not exercised
Mr. Du Li	a substantial shareholder of the Company, who also controls Phoenix Fortune, in aggregate holding approximately [**REDACTED**] equity interests of the Company together with Mr. Wu Shichun upon the [**REDACTED**] assuming the [**REDACTED**] is not exercised
Haitong Kaiyuan	a substantial shareholder of the Company, which also controls Haitong Xinxi, in aggregate holding approximately [**REDACTED**] equity interests of the Company together with Haitong Xinxi upon the [**REDACTED**] assuming the [**REDACTED**] is not exercised
Haitong Xinxi	a substantial shareholder of the Company controlled by Haitong Kaiyuan, in aggregate holding approximately [**REDACTED**] equity interests of the Company together with Haitong Kaiyuan upon the [**REDACTED**] assuming the [**REDACTED**] is not exercised

Connected Persons	Connected Relationship
Plum Venture	a shareholder of our Company controlled by Mr. Wu Shichun, a director of NewBornTown Mobile Technology and NewBornTown Network Technology, in aggregate holding approximately [**REDACTED**] interest of the Company together with Mr. Du Li upon the [**REDACTED**] assuming the [**REDACTED**] is not exercised

For further details of the connected persons, see the section headed "History and Corporate Structure" in this document.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We set out below details of the non-exempted continuing connected transactions for our Group, which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the [**REDACTED**].

Contractual Arrangements

Background

As disclosed in the section headed "Contractual Arrangements", due to regulatory restrictions on foreign ownership in the PRC, we conduct a portion of our business through our Consolidated Affiliated Entities in mainland China.

We do not hold any equity interests in our Consolidated Affiliated Entities. Rather, through the Contractual Arrangements, we effectively control these Consolidated Affiliated Entities and are able to derive substantially all of their economic benefits, and expect to continue to do so. The Contractual Arrangements among us, the WFOE, our Consolidated Affiliated Entities and the PRC Equity Holders enable us to (i) receive substantially all of the economic benefits from our Consolidated Affiliated Entities in consideration for the services provided by the WFOE; (ii) exercise effective control over our Consolidated Affiliated Entities; and (iii) hold an exclusive option to purchase all or part of the equity interests and assets in our Consolidated Affiliated Entities when and to the extent permitted by PRC laws.

See the section headed "Contractual Arrangements" for details of the agreements comprising the Contractual Arrangements.

[**REDACTED**] *implications*

For the purposes of Chapter 14A of the [**REDACTED**], and in particular the definition of "connected person," the Consolidated Affiliated Entities will be treated as our Company's wholly-owned subsidiary, and its directors, chief executives or substantial shareholders (as defined in the [**REDACTED**]) and their respective associates will be treated as our Company's "connected persons."

The transactions contemplated under the Contractual Arrangements are continuing connected transactions of our Company. The highest applicable percentage ratios (other than the profits ratio) under the [**REDACTED**] in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the [**REDACTED**].

Directors' view

Our Directors (including the independent non-executive Directors) are of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to our legal structure and business operations, that such transactions have been and will be entered into in our ordinary and usual course of business, are on normal commercial terms or better and the terms are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

Our Directors also believe that our structure, whereby the financial results of the consolidated affiliated entities are consolidated into our financial statements as if they were our Company's wholly-owned subsidiaries, and all the economic benefits of their business flows to our Group, places our Group in a special position in relation to the continuing connected transactions rules. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements technically constitute continuing connected transactions under Chapter 14A of the [**REDACTED**], our Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to our Company, for all the transactions contemplated under the Contractual Arrangements to be subject to strict compliance with the requirements set out under Chapter 14A of the [**REDACTED**], including, among other things, the announcement and approval of independent Shareholders.

In addition, given the Contractual Arrangements were entered into prior to the [**REDACTED**] and are disclosed in this document, and potential investors of our Company will participate in the [**REDACTED**] on the basis of such disclosure, our Directors consider that compliance with the announcement and the independent Shareholders' approval requirements in respect thereof immediately after [**REDACTED**] would add unnecessary administrative costs to our Company.

Waiver application

In view of the Contractual Arrangements, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with (i) the announcement, circular and independent shareholders' approval requirements under Chapter 14A of the [**REDACTED**] in respect of the transactions contemplated under the Contractual Arrangements pursuant to Rule 14A.105 of the [**REDACTED**], (ii) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the [**REDACTED**], and (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the [**REDACTED**], for so long as our Shares are listed on the Stock Exchange subject however to the following conditions.

(a) *No change without independent non-executive Directors' approval*

Save as described below, no change to the Contractual Arrangements (including with respect to any fees payable to WFOE thereunder) will be made without the approval of our independent non-executive Directors.

(b) *No change without independent Shareholders' approval*

Save as described below, no change to the agreements governing the Contractual Arrangements will be made without the approval of our independent Shareholders. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders, except for those described above, will be required under Chapter 14A of the [**REDACTED**] unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of our Company will however continue to be applicable.

(c) *Economic benefits and flexibility*

The Contractual Arrangements shall continue to enable our Group to receive the economic benefits derived by the Consolidated Affiliated Entities through (i) our Group's options (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests in the Consolidated Affiliated Entities for RMB1 or the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which the profit generated by the Consolidated Affiliated Entities is substantially retained by our Group, such that no annual cap shall be set on the amount of service fees payable to the WFOE by the Consolidated Affiliated Entities under the Contractual Arrangements, and (iii) our Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the Consolidated Affiliated Entities.

(d) *Renewal and reproduction*

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between our Company and its subsidiaries in which our Company has direct shareholding, on the one hand, and the Consolidated Affiliated Entities, on the other hand, that framework may be renewed and/or reproduced without obtaining the approval of our Shareholders: (i) upon the expiry of the existing arrangements, (ii) in connection with any changes to the PRC Equity Holders or directors of the Consolidated Affiliated Entities, or (iii) in relation to any existing, newly established or acquired wholly foreign-owned enterprise or operating company (including branch company), engaging in a business similar or relating to those of our Group. Such renewal and/or reproduction is justified by business expediency. The directors, chief executive or substantial shareholders of any existing or new wholly foreign-owned enterprise or operating company (including branch company) engaging in the same business as that of our Group which our Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however be treated as connected persons of our Group and transactions between these connected persons and our Group other than those under similar Contractual Arrangements shall comply with Chapter 14A of the [**REDACTED**]. This condition is subject to relevant PRC laws, regulations and approvals.

Any renewed or reproduced framework will be on substantially the same terms and conditions as the existing Contractual Arrangements.

(e) *Ongoing reporting and approvals*

We will disclose details relating to the Contractual Arrangements on an on-going basis:

- the Contractual Arrangements in place during each financial period will be disclosed in our Company's annual report and accounts in accordance with the relevant provisions of the [**REDACTED**];

- our independent non-executive Directors will review the Contractual Arrangements annually and confirm in our Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by our Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to our Group, and (iii) any new contracts entered into, renewed or reproduced between our Group and the Consolidated Affiliated Entities during the relevant financial period above are fair and reasonable, or advantageous to our Shareholders, so far as our Group is concerned and in the interests of our Shareholders as a whole;

- The Company's auditor will carry out review procedures annually on the transactions carried out pursuant to the Contractual Arrangements and will provide a letter to the Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of the Directors and have been entered into in accordance with the relevant Contractual Arrangements and that no dividends or other distributions have been made by Consolidated Affiliated Entities to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group;

- for the purpose of Chapter 14A of the [**REDACTED**], and in particular the definition of "connected person," our Consolidated Affiliated Entities will be treated as our Company's subsidiaries, but at the same time, the directors, chief executives or substantial shareholders of the Consolidated Affiliated Entities and its associates will be treated as connected persons of our Company as applicable under the [**REDACTED**] (excluding for this purpose, the Consolidated Affiliated Entities), and transactions between these connected persons and our Group (including for this purpose, the Consolidated Affiliated Entities), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the [**REDACTED**]; and

- our Consolidated Affiliated Entities will undertake that, for so long as the Shares are listed on the Stock Exchange, the Consolidated Affiliated Entities will provide our Group's management and our Company's auditors full access to its relevant records for the purpose of our Company's auditor's review of the continuing connected transactions.

Sole Sponsor's View

The Sole Sponsor has reviewed the relevant documents and information provided by our Group, have participated in the due diligence and discussion with the management and the PRC Legal Advisers and have obtained necessary representations and confirmations from our Company and the Directors.

The Sole Sponsor is of the view that the Contractual Arrangements and the transactions contemplated thereunder are fundamental to our Group's legal structure and business operations, have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms or better and are fair and reasonable and in the interests of our Company and its Shareholders as a whole. With respect to the term of the relevant Contractual Arrangements which is of a duration longer than three years, it is a justifiable and normal business practice to ensure that (i) the financial and operational policies of the Consolidated Affiliated Entities can be effectively controlled by WFOE, (ii) WFOE can obtain the economic benefits derived from the operation of the Consolidated Affiliated Entities, and (iii) any possible leakages of assets and values of the Consolidated Affiliated Entities can be prevented both on an uninterrupted basis.

DIRECTORS

The Board consists of six Directors, comprising three executive Directors and three independent non-executive Directors. The following table provides certain information about the Directors:

Name	Age	Position(s)	Date of joining the Group	Date of appointment as a Director	Roles and responsibilities
Mr. LIU Chunhe (劉春河)	33	Chairman, Chief Executive Officer and Executive Director	April 2011	12 September 2018	Responsible for overall strategic planning, management and decision-making
Mr. LI Ping (李平)	29	Chief Operating Officer and Executive Director	July 2011	22 June 2019	Responsible for overall operation and management of our business, a member of nomination committee
Mr. WANG Kui (王奎)	29	Chief Financial Officer and Executive Director	June 2015	22 June 2019	Responsible for financial affairs, investor relations, legal affairs and compliance, a member of remuneration committee
Mr. PAN Xiya (潘細亞)	62	Independent Non-executive Director	[●]	[●]	Providing independent advice and judgement to our Board, a member of audit committee, nomination committee and remuneration committee
Mr. CHI Shujin (池書進)	34	Independent Non-executive Director	[●]	[●]	Providing independent advice and judgement to our Board, a member of audit committee and nomination committee.
Mr. LIU Rong (劉榮)	37	Independent Non-executive Director	[●]	[●]	Providing independent advice and judgement to our Board, a member of remuneration committee

Executive Directors

Mr. LIU Chunhe (劉春河), former name Liu Zhonghua (劉中華), aged 33, is the founder of the Group. He currently serves as the Chairman of the Board, executive Director and the chief executive officer of our Company. He also holds directorships in various subsidiaries of our Company, including NewBornTown Mobile Technology, NewBornTown Network Technology, Shandong NewBornTown, Solo X Technology, Newborn Town International and Great Sailing. He is responsible for the overall management, strategies planning and decision-making of our Company. Mr. Liu Chunhe, as a Controlling Shareholder, acts in concert with Mr. Li Ping, consisting of the single largest shareholder group of our Company.

Mr. Liu Chunhe graduated from Shandong University (山東大學) majoring in electronic information science and technology and obtained his bachelor's degree in science in July 2007. In March 2010, he obtained his master's degree in communication and information system from Beijing University of Posts and Telecommunication (北京郵電大學).

Previously, he served as a director of Beijing Shineborn Internet Technology Co., Ltd. (北京相邦互動網絡技術有限公司) from March 2010 to October 2011 for the purpose of investment, and he did not participate in the daily operation and management. Beijing Shineborn Internet Technology Co., Ltd. is a company incorporated under the laws of PRC with limited liability on 24 March 2010, primarily engaged in the businesses of technology development, technical consultation and technical services. As this company voluntarily ceased its business operations and had remained dormant for over six months, its business licence was revoked on 9 October 2011. Mr. Liu Chunhe also served as the executive director and general manager of Guangzhou Jianji Internet Technology Co., Ltd. (廣州簡極網絡科技有限公司) from December 2015 to March 2018. Guangzhou Jianji Internet Technology Co., Ltd is a company incorporated under the laws of PRC with limited liability on 23 December 2015, primarily engaged in the businesses of research and development of software and technical services, and was voluntarily deregistered on 29 March 2018. Mr. Liu Chunhe confirmed that these two companies were solvent at the time of revocation/deregistration, and he did not incur any debt and/or liabilities because of such revocation/deregistration.

Mr. LI Ping (李平), aged 29, is a co-founder, an executive Director and chief operating officer of our Company. He joined the Group in July 2011 and is responsible for overall operation and management of our business. Mr. Li Ping also holds directorships in NewBornTown Mobile Technology and Great Sailing. Mr. Li Ping, as a Controlling Shareholder, acts in concert with Mr. Liu Chunhe, consisting of the single largest shareholder group of our Company.

Mr. Li Ping obtained his bachelor's degree in engineering from Hebei Normal University of Science and Technology (河北科技師範學院) in June 2011.

Previously, he served as a supervisor of Guangzhou Jianji Internet Technology Co., Ltd. (廣州簡極網絡科技有限公司) from December 2015 to March 2018. Guangzhou Jianji Internet Technology Co., Ltd is a company incorporated under the laws of PRC with limited liability

on 23 December 2015, primarily engaged in the businesses of research and development of software and technical services, and was voluntarily deregistered on 29 March 2018. Mr. Li Ping confirmed that Guangzhou Jianji Internet Technology Co., Ltd. was solvent at the time of deregistration, and he did not incur any debt and/or liabilities because of such deregistration.

Mr. WANG Kui (王奎), aged 29, is an executive Director and chief financial officer of our Company. He joined our Group in June 2015 and is responsible for financial affairs, investor relations, legal affairs and compliance. Mr. Wang also holds directorship in NewBornTown Mobile Technology.

Prior to joining our Company, Mr. Wang Kui served as a risk management analyst of China International Capital Corporation Limited (中國國際金融有限公司) from July 2010 to July 2013, as a credit risk analyst of China International Capital Corporation (Hong Kong) Limited (中國國際金融(香港)有限公司) from July 2013 to December 2014, as the vice president of Credit Prosperity Fund Management Co., Ltd. (信業股權投資管理有限公司) from March 2015 to around June 2015.

Mr. Wang Kui obtained his bachelor's degree in economics from University of International Business and Economics (對外經濟貿易大學) in July 2010 and later obtained his master's degree in business administration from The University of Hong Kong (香港大學) in November 2015. Mr. Wang was accredited as a Financial Risk Manager by Global Association of Risk Professionals in April 2012 and as a Certified Management Accountant by The Institute of Certified Management Accountants in January 2018.

Independent non-executive Directors

Mr. PAN Xiya (潘細亞), aged 62, was appointed as an independent non-executive Director of our Company in [●] 2019. He is responsible for providing independent advice and judgement to our Board. Mr. Pan has been the Chairman of the Board of Haibao Life Insurance Co., Ltd. (海保人壽保險股份有限公司) since August 2018. He has rich experience in strategic planning, financial operation, business expansion, risk management, compliance and internal control of banks and insurance companies.

Previously, he joined the General Office of Chongqing People's Congress in March 1989 as a staff member, a senior staff member and then a principal staff member, joined the China Everbright Bank Co., Ltd. Chongqing Branch (中國光大銀行重慶分行) in February 1999 as the general manager and then the secretary of Commission for Discipline Inspection, joined the China Everbright Bank Co., Ltd Heilongjiang Branch (中國光大銀行黑龍江分行) in June 2005 as a member of Party Committee, the vice president, the secretary of Party Committee and then the president, joined China Everbright Bank Co., Ltd. Chongqing Branch in February 2009 as the secretary of Party Committee and the president, joined the Everbright Financial Leasing Co., Ltd. (光大金融租賃股份有限公司) in December 2012 as the vice chairman of the Board of Supervisors, joined the Sun Life Everbright Life Insurance Co., Ltd. Guangdong Branch (光大永明人壽保險有限公司廣東分公司) in May 2013 as the general manager and joined Haibao Life Insurance Co., Ltd. in April 2017 as the leader of preparatory team.

Mr. Pan Xiya graduated from Sichuan College for Sanitary Management Officials (四川省衛生管理幹部學院) in June 1987 majoring in sanitary management, graduated from Sichuan International Studies University (四川外語學院) in July 1992 majoring in English and graduated from CPC Chongqing Party School (中共重慶市委黨校) in June 2000 majoring in regional economics.

Mr. CHI Shujin (池書進), aged 34, was appointed as an independent non-executive Director of our Company in [●] 2019. He is responsible for providing independent advice and judgement to our Board. Mr. Chi Shujin is a director and the CFO of Beijing Siwei Zaowu Information Technology Holdings Co., Ltd. (北京思維造物信息科技股份有限公司) since September 2017.

Previously, he once worked for KPMG Huazhen CPA Co., Ltd. (畢馬威華振會計師事務所) from August 2007 to May 2010. He also served as the VP of China Renaissance Holdings Limited (華興資本控股有限公司).

Mr. Chi Shujin graduated from Beijing Jiaotong University (北京交通大學) in July 2007 majoring in science.

Mr. LIU Rong (劉榮), aged 37, was appointed as an independent non-executive Director of our Company in [●] 2019. He is responsible for providing independent advice and judgement to our Board. Mr. Liu Rong has been an executive Director of Shanghai Beichuang Information Technology Co., Ltd. (上海北窗信息技術有限公司) since May 2015. He has rich experience in financial management, corporate governance and investment of high-tech enterprises.

Previously, he served as the board secretary and the director of Investor Relationship Department of Actions Semiconductor Co., Ltd. (炬力積體電路設計有限公司) from March 2006 to August 2009, and as the board secretary and CFO of HiTrend Technology (Shanghai) Co., Ltd. (鉅泉光電科技(上海)股份有限公司) from August 2009 to May 2015.

He also served as a supervisor of Chengdu Jiujiu Heli Used Car Distribution Co., Ltd. (成都九九合力二手車經銷有限公司) from October 2016 to February 2019. Chengdu Jiujiu Heli Used Car Distribution Co., Ltd. is a company incorporated under the laws of PRC with limited liability on 25 October 2016, primarily engaged in the businesses of used car distribution and car care, and was voluntarily deregistered on 14 February 2019. Mr. Liu Rong confirmed that this company was solvent at the time of deregistration, and he did not incur any debt and/or liabilities because of such deregistration.

Mr. Liu Rong graduated from Peking University (北京大學) in July 2003 majoring in financial management.

Disclosure Required under Rule 13.51(2) of the [REDACTED]

Save as disclosed above, none of our Directors:

(i) had any other relationship with any Directors, senior management or the Controlling Shareholders Group of our Company as of the Latest Practicable Date; and

(ii) held any other directorships in listed public companies in three years prior to the Latest Practicable Date and other major appointments and professional qualifications.

Save as disclosed in "Substantial Shareholders" and "Appendix IV – Statutory and General Information – D. Further Information about Our Directors, Management, Staff, Substantial Shareholders and Experts", none of our Directors has any interest in the Shares within the meaning of Part XV of the SFO or is a director or an employee of a company which has an interest or short position in the Shares and underlying Shares of our Company.

Each of our Directors has confirmed that none of them is engaged in, or interested in, any business (other than our Group) which, directly or indirectly, competes or may compete with our business.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors after having made all reasonable enquiries, there was no other matter with respect to the appointment of our Directors that needs to be brought to the attention of our Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the [**REDACTED**] as of the Latest Practicable Date.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business.

For information concerning our senior management who also serve as executive Directors, see "– Directors – Executive Directors" in this section. The senior management team, in addition to the executive Directors listed above, is as follows:

Name	Age	Position(s)	Date of joining the Group	Roles and responsibilities
Ms. LYU Xiaonan (吕晓楠)	37	Finance Director	February 2018	Responsible for the Group's financial operations
Mr. HAN Tao (韓濤)	36	Product Director	December 2014	Responsible for overall product research and development

Ms. LYU Xiaonan (吕曉楠), aged 37, has been the finance director of our Group since February 2018, primarily responsible for the Group's financial operations.

Prior to joining our Group, she served as an assurance manager of Ernst & Young Hua Ming LLP (安永華明會計師事務所 (特殊普通合夥)) from September 2007 to August 2014 and as a finance director of AirNet Internet Technology Group Co., Ltd. (航美在線網絡科技集團有限公司) from August 2014 to February 2018.

Ms. Lyu Xiaonan obtained her bachelor's degree in economics from Zhengzhou University (鄭州大學) in June 2003 and later received her master's degree in economics from Central University of Finance and Economics (中央財經大學) in June 2007. She was accredited as a Certified Public Accountant by the Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in December 2013.

Mr. HAN Tao (韓濤), aged 36, has been the product director of our Group since December 2018, primarily responsible for overall product research and development and management of relevant department. He previously served as an Android app developer of the Group from December 2014.

Prior to joining our Group, he joined Beijing Kingsoft Internet Security Software Co., Ltd (北京金山安全軟件有限公司) as a wireless development engineer in April 2011.

Mr. Han Tao obtained his bachelor's degree in science from Peking University (Adult Higher Education) (北京大學) in January 2008.

JOINT COMPANY SECRETARY

Mr. SONG Pengliang (宋朋亮), aged 31, was appointed as our joint company secretary on 27 May 2019. He has been the senior investment manager of NewBornTown Network Technology since March 2018.

Prior to joining our Group, he worked at PricewaterhouseCoopers Consulting (Shenzhen) Co., Ltd. Beijing Branch (普華永道諮詢(深圳)有限公司北京分公司) and PricewaterhouseCoopers Business Consulting (Shanghai) Co., Ltd. Beijing Branch (普華永道商務諮詢(上海)有限公司北京分公司) from October 2012 to around August 2015, during which he had worked as a senior consultant, and he worked at Minsheng Securities Co., Ltd. (民生證券股份有限公司) from August 2015 to around March 2018, during which he had worked as a manager.

Mr. Song obtained his bachelor's degree in engineering in July 2009 and master's degree in engineering in June 2012 from Beijing University of Technology (北京工業大學).

Mr. AU-YEUNG Wai Ki, Joseph (歐陽偉基), aged 55, was appointed as our joint company secretary on 27 May 2019. He founded W. K. Au Yeung & Co. (歐陽偉基會計師事務所) in 1998.

Mr. AU-YEUNG Wai Ki, Joseph has been a member of the Hong Kong Institute of Certified Public Accountants (A08401) and a fellow member of the Association of Chartered Certified Accountants. He has more than 20 years of extensive professional experience in finance and accounting.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The remuneration of our Directors and senior management are paid in the form of salary, allowances, employee benefits, bonuses, fees and retirement benefits.

In 2016, 2017, 2018, the total remuneration paid to the Directors was RMB0.77 million, RMB1.71 million, and RMB1.63 million, respectively.

Under our arrangements currently in force, the total remuneration payable to the Directors in 2019 is estimated to be unchanged.

In 2016, 2017, 2018, the total compensation paid by the Group to the five highest-paid employees (including Directors) was RMB1.87 million, RMB2.81 million, and RMB4.47 million, respectively.

In 2016, 2017, 2018, the Group did not make any payment to any Director or the five highest-paid employees as the retirement compensation, severance package, incentive for or after joining the Company, or the remuneration for offering service for the promotion or incorporation of the Company. In addition, the Company has not signed any arrangement based on which the Directors waive or agree to waive their compensations during the relevant term of office.

For further details, please refer to the sections headed "Appendix I – Accountant's Report – II. Notes to the Historical Financial Information – 8 Employee Benefits Expense – 8a Five highest paid individuals" and "– 11 Benefits and Interests of Directors – (a) Executive director's and Independent non-executive director's emoluments".

CORPORATE GOVERNANCE

The Company has adopted certain corporate governance measures in compliance with the CG Code. We aim to achieve a high standard of corporate governance, which is crucial to safeguard the interests of the Shareholders. To accomplish this, we expected to comply with the CG Code after the [**REDACTED**]. Each of our audit committee, remuneration committee and nomination committee is chaired by an independent non-executive Director, and comprises a majority of independent non-executive Directors.

Audit Committee

The Company established the Audit Committee on [●] 2019 in compliance with Rule 3.21 of the [**REDACTED**]. Written terms of reference in compliance with code provision C.3.3 of the CG Code has been adopted. The primary roles of the Audit Committee include taking responsibilities for the communication between the Company and the external auditor and the supervision and examination on the external auditor, the regulation of internal auditor, the evaluation and optimisation of the Company's internal control and risk management systems, as well as the risk assessment on the Company's major investment projects. The Audit

Committee consists of three members, namely, Mr. Pan Xiya, Mr. Liu Rong and Mr. Chi Shujin. Mr. Chi Shujin is the chairman of the Audit Committee and possesses the appropriate professional qualifications as required under Rule 3.10(2) and 3.21 of the [**REDACTED**].

Remuneration Committee

The Company established the Remuneration Committee on [●] 2019 in compliance with Rule 3.25 of the [**REDACTED**]. Written terms of reference in compliance with code provision B.1.2 of the CG Code has been adopted. The primary roles of the Remuneration Committee include taking charge of reviewing and giving opinions and recommendations to the remuneration of the Directors and senior management; taking charging of formulating and reviewing the remuneration policies and proposals of the Directors and senior management, and supervising the implementation of relevant proposals. The Remuneration Committee consists of three members, namely, Mr. Liu Rong, Mr. Wang Kui and Mr. Pan Xiya. Mr. Liu Rong is the chairman of the Remuneration Committee.

Nomination Committee

The Company established the Nomination Committee on [●] 2019 in compliance with code provision A.5.1 of the CG Code. Written terms of reference in compliance with code provision A.5.2 of the CG Code has been adopted. The primary roles of the Nomination Committee include setting up the procedures and standards on selecting Directors (including independent non-executive Directors), the general manager and other senior management members, conducting preliminary review on the qualifications and conditions of candidates and giving opinions and recommendations thereof to the Board. The Nomination Committee consists of three members, namely, Mr. Chi Shujin, Mr. Li Ping and Mr. Pan Xiya. Mr. Pan Xiya is the chairman of the Nomination Committee.

Chairman of the Board and Chief Executive

Pursuant to code provision A.2.1 of the CG Code, companies listed on the Stock Exchange are expected to comply with, but may choose to deviate from the requirement that the responsibilities between the chairman and the chief executive officer should be segregated and should not be performed by the same individual. We do not have a separate chairman and chief executive officer and Liu Chunhe currently performs these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring consistent leadership within the Company and enables more effective and efficient overall strategic planning for the Company. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and the chief executive officer of the Company at a time when it is appropriate by taking into account the circumstances of the Group as a whole. For further information relating to the Company's corporate governance measures, please see the section headed "Relationship with Controlling Shareholders Group – Corporate Governance Measures."

Board Diversity

We have adopted a board diversity policy which sets out the approach to achieve and maintain appropriate balance of diversity perspectives of our Board that are relevant to the Company's business growth. Pursuant to our board diversity policy, selection of Board candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. While we recognise that the gender diversity at the Board level can be improved given its current composition of all-male directors, we will continue to apply the principle of appointment based on merits and contribution with reference to our diversity policy as a whole. Our nomination committee is responsible for ensuring the diversity of our Board members. After [**REDACTED**] our nomination committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose the implementation of the board diversity policy in our corporate governance report on annual basis.

WAIVERS GRANTED BY THE STOCK EXCHANGE

We have applied to the Stock Exchange for, and the Stock Exchange [has agreed to grant], waivers from strict compliance with the requirements under Rule 8.12 of the [**REDACTED**] in relation to management presence in Hong Kong and under Rule 3.28 of the [**REDACTED**] in relation to the qualification of company secretary. For details of the waivers, please refer to the sections headed "Waivers from Strict Compliance with the [**REDACTED**] – Waiver in relation to Management Presence in Hong Kong" and "Waivers from Strict Compliance with the [**REDACTED**] – Waiver in relation to Joint Company Secretaries" of this document.

COMPLIANCE ADVISOR

The Company has appointed CMBC International Capital Limited as the compliance advisor in compliance with Rules 3A.19 of the [**REDACTED**]. Pursuant to Rule 3A.23 of the [**REDACTED**], our compliance advisor will advise us under the following circumstances:

- before the publication of any regulatory announcements, circulars or financial reports required by relevant competent authorities or regulations in Hong Kong;

- where a transaction, which might be a notifiable or connected transaction under Chapter 14 and Chapter 14A of the [**REDACTED**], is contemplated, including but not limited to share issuance and share repurchase;

- where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, development or results deviate from any forecast, estimate or other information in this document; and

- where pursuant to Rule 13.09 and Rule 13.10 of the [**REDACTED**], the Stock Exchange makes any inquiry of us regarding unusual movements in the price or trading volume of Shares of the Company, the possible false market or any other matters.

The term of the appointment of the compliance advisor shall commence on the [**REDACTED**] and end on the date when the Company distributes its annual report in respect of its financial results for the first full financial year commencing after the [**REDACTED**] or until the agreement is terminated, whichever is earlier.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] and the [**REDACTED**], the following persons will have interests or a short positions in Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name	**Nature of interest**	**Shares held as of the date of this document[1]**		**Shares held upon the [REDACTED]**	
		Number	*Approximate percentage*	*Number*	*Approximate percentage*
Spriver Tech Limited[2]	Beneficial owner[3]	458,293,401	38.19%	[**REDACTED**]	[**REDACTED**]%
Mr. Liu Chunhe[2]	Interest in a controlled corporation[3]	458,293,401	38.19%	[**REDACTED**]	[**REDACTED**]%
Ms. Wu Xueli[2]	Interest of spouse	458,293,401	38.19%	[**REDACTED**]	[**REDACTED**]%
Parallel World Limited[4]	Beneficial owner[3]	458,293,401	38.19%	[**REDACTED**]	[**REDACTED**]%
Mr. Li Ping[4]	Interest in a controlled corporation[3]	458,293,401	38.19%	[**REDACTED**]	[**REDACTED**]%
Ms. Zhuo Fengqin[4]	Interest of spouse	458,293,401	38.19%	[**REDACTED**]	[**REDACTED**]%
Phoenix Auspicious FinTech Investment L.P.[5]	Beneficial owner[6]	133,206,204	11.10%	[**REDACTED**]	[**REDACTED**]%
Phoenix Wealth Investment (Holdings) Limited[5]	Beneficial owner[6]	101,066,125	8.42%	[**REDACTED**]	[**REDACTED**]%
Mr. Du Li[5]	Interest in a controlled corporation[6]	315,103,049	26.26%	[**REDACTED**]	[**REDACTED**]%
Plum Venture[7]	Beneficial owner[6]	315,103,049	26.26%	[**REDACTED**]	[**REDACTED**]%
Mr. Wu Shichun[7]	Interest in a controlled corporation[6]	315,103,049	26.26%	[**REDACTED**]	[**REDACTED**]%
Ms. Deng Xueyan[7]	Interest of spouse	315,103,049	26.26%	[**REDACTED**]	[**REDACTED**]%
Haitong Kaiyuan[8]	Beneficial owner[8]	208,842,138	17.40%	[**REDACTED**]	[**REDACTED**]%
Haitong Xinxi[8]	Beneficial owner[8]	99,030,163	8.25%	[**REDACTED**]	[**REDACTED**]%
Haitong Securities[8]	Interest in a controlled corporation[8]	208,842,138	17.40%	[**REDACTED**]	[**REDACTED**]%

Notes:

(1) All interests stated are long positions.

(2) Spriver Tech Limited is directly and wholly owned by Mr. Liu Chunhe. Mr. Liu Chunhe is therefore deemed to be interested in all the Shares held by Spriver Tech Limited under the SFO. Ms. Wu Xueli is deemed to be interested in all the Shares held by Mr. Liu Chunhe, her spouse, under the SFO.

(3) Mr. Liu Chunhe and Mr. Li Ping are parties acting in concert (having the meaning ascribed thereto in the Takeovers Code) and form the Controlling Shareholders. As such, each of Mr. Liu Chunhe, Spriver Tech Limited, Mr. Li Ping and Parallel World Limited is deemed to be interested in the Shares held by other members of the Controlling Shareholders under the SFO.

(4) Parallel World Limited is directly and wholly owned by Mr. Li Ping. Mr. Li Ping is therefore deemed to be interested in all the Shares held by Parallel World Limited under the SFO. Ms. Zhuo Fengqin is deemed to be interested in all the Shares held by Mr. Li Ping, her spouse, under the SFO.

(5) Phoenix Auspicious FinTech Investment L.P. is indirectly controlled by Mr. Du Li while Phoenix Wealth Investment (Holdings) Limited is wholly-owned by Mr. Du Li. Mr. Du Li is therefore deemed to be interested in all the Shares held by Phoenix Auspicious FinTech Investment L.P. and Phoenix Wealth Investment (Holdings) Limited under the SFO.

(6) Mr. Du Li and Mr. Shichun holds directly or indirectly 80% and 20% interest in Beijing Phoenix Fortune Innovation Investment Co., Ltd, respectively, which is in turn the general partner of Phoenix Fortune. Mr. Du Li, Mr. Wu Shichun, Phoenix Auspicious FinTech Investment L.P., Phoenix Wealth Investment (Holdings) Limited, Phoenix Fortune and Plum Venture are deemed to be parties acting in concert (having the meaning ascribed thereto in the Takeovers Code). As such, each of Mr. Du Li, Mr. Wu Shichun, Phoenix Auspicious FinTech Investment L.P., Phoenix Wealth Investment (Holdings) Limited and Plum Venture is deemed to be interested in the Shares held by each other under the SFO.

(7) Plum Venture is controlled by Mr. Wu Shichun. Mr. Wu Shichun is therefore deemed to be interested in all the Shares held by Plum Venture under the SFO. Ms. Deng Xueyan is deemed to be interested in all the Shares held by Mr. Wu Shichun, her spouse, under the SFO.

(8) Haitong Kaiyuan is the general partner of Haitong Xinxi. Haitong Kaiyuan is wholly owned by Haitong Securities. Haitong Securities is therefore deemed to be interested in all the Shares held by Haitong Kaiyuan and Haitong Xinxi under the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] and [**REDACTED**] (assuming that [**REDACTED**] is not exercised), have interests or short positions in Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately before and after the completion of [**REDACTED**] and the [**REDACTED**]:

1. Prior to [REDACTED] and the [REDACTED]

		Nominal Value
Authorised share capital		*(US$)*
361,321,497	ordinary Shares of US$0.0001 each	36,132.1497
50,021,431	Series A Preferred Shares of US$0.0001 each	5,002.1431
86,578,786	Series B Preferred Shares of US$0.0001 each	8,657.8786
2,078,286	Series C Preferred Shares of US$0.0001 each	207.8286
500,000,000	**Total**	50,000.0000

Issued and to be issued, fully paid or credited to be fully paid

[**REDACTED**]

2. Immediately following the completion of the [REDACTED] and the [REDACTED]

		Nominal Value
Authorised share capital		*(US$)*
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Issued and to be issued, fully paid or credited to be fully paid		
	[**REDACTED**]	
[**REDACTED**]	**Total**	[**REDACTED**]

ASSUMPTIONS

The above table assumes that the [**REDACTED**] become unconditional and is completed in accordance with the relevant terms and conditions and that the Shares are issued pursuant to the [**REDACTED**] and the [**REDACTED**]. The above table does not take into account: (i) any Shares which may be allotted and issued pursuant to the issue mandate (as described below); or (ii) any Shares which may be repurchased by the Company pursuant to the repurchase mandate (as described below).

RANKING

Our Shares are ordinary shares in our share capital and rank *pari passu* with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on our Shares in respect of a record date which falls after the date of issue of such Share.

ISSUE MANDATE

Subject to the [**REDACTED**] becoming unconditional, our Directors have been granted by the Shareholders a general and unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:

- 20% of the aggregate number of Shares in issue and to be issued immediately following completion of the [**REDACTED**] (excluding any Shares which may be allotted and issued upon the exercise of [**REDACTED**]); and

- the aggregate number of Shares repurchased by us (if any) pursuant to the repurchase mandate as referred to below.

The issue mandate will expire at the earliest of:

- the conclusion of the Company's next annual general meeting;
- the expiration of the period within which the Company is required by the applicable laws or the Articles of Association to hold our next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

For more information on this issue mandate, see "Appendix IV – Statutory and General Information – A. Further Information about our Group – 4. Resolutions of our Shareholders dated [●] 2019" in this Document.

REPURCHASE MANDATE

Subject to the [**REDACTED**] becoming unconditional, our Directors have been granted by the Shareholders a general mandate to exercise all the powers of the Company to repurchase not more than 10% of the aggregate number of Shares in issue and to be issued immediately following the completion of the [**REDACTED**] (excluding any Shares which may be allotted and issued upon the exercise of the [**REDACTED**]).

The repurchase mandate only relates to repurchases made on the Stock Exchange and/or on any other stock exchange on which the Shares may be listed (and which is recognised by the SFC and the Stock Exchange for this purpose) and which are in accordance with the [**REDACTED**] and all other applicable laws, regulations and rules.

The repurchase mandate will expire at the earliest of:

- the conclusion of the Company's next annual general meeting;
- the expiration of the period within which the Company is required by the applicable laws or the Articles of Association to hold our next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting.

For more information on this repurchase mandate, see "Appendix IV – Statutory and General Information – B. Purchase By The Company Of Its Own Securities" in this Document.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

As a matter of Cayman Companies Law, an exempted company is not required by law to hold any general meetings or class meetings on an annual or regular basis. The holding of a general meeting or class meeting is prescribed for under the articles of association of a company. Accordingly, we will hold general meetings as prescribed for under our Articles, a summary of which is set out in "Appendix III – Summary of the Constitution of the Company and Cayman Companies Law" in this Document.

The Company has only one class of Shares, namely ordinary Shares, each of which ranks *pari passu* with the other Shares.

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and the Articles of Association, the Company may from time to time by ordinary resolutions of Shareholders (i) increase its share capital; (ii) consolidate and divide its capital into shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares into shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, the Company may, subject to the provisions of the Cayman Companies Law, reduce the share capital or capital redemption reserve by our Shareholders passing a special resolution. For more information, see "Appendix III – Summary of the Constitution of the Company and Cayman Companies Law" in this Document.

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and the Articles of Association, all or any of the special rights attached to the Shares or any class of shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. For more information, see "Appendix III – Summary of the Constitution of the Company and Cayman Companies Law" in this Document.

You should read the following discussion and analysis in conjunction with our audited combined financial statements included in "Appendix I – Accountant's Report" to this document, together with the accompanying notes. Our combined financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions. You should read the entire Accountant's Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect the current views with respect to future events and financial performance. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. For details, see "Forward-looking Statements" and "Risk Factors."

OVERVIEW

We are a fast-growing player with a global reach in the information distribution services value chain, focussing on mobile app development and provision of mobile advertising platform services through the use of AI technologies. We have over 40 mobile apps, within our Solo X product matrix, available on both Android operating system and iOS. Up to 31 December 2018, we had attracted more than 669.9 million global users in terms of device ID cumulatively. One of our core products Solo Launcher achieved personalisation app daily ranking No. 1 by downloads at least once in Google Play in 89 countries and regions such as France, Israel, Singapore and Brazil as at 31 December 2018, according to the iResearch Report. We are also engaged in mobile advertising platform and related business, providing user acquisition solutions to advertisers and monetisation solutions to publishers. Our advertisers consist of app developers, brand advertisers and ad agencies and our publishers are mainly app developers and ad agencies. Our mobile advertising platform processed an average daily ad requests of more than 5.7 billion times in December 2018, which ranked us ahead of all other proprietary platforms of PRC mobile advertising companies focussing on providing overseas mobile marketing services according to the iResearch Report.

Up to the Latest Practicable Date, we were the only PRC company mainly focussing on the overseas market that was engaged in both mobile app development business and mobile advertising platform services business with a full coverage of the programmatic mobile advertising ecosystem, according to the iResearch Report. Solo Aware, our AI engine featuring big data analytics and machine learning technologies, enables us to aggregate data accumulated from both our mobile apps and our mobile advertising platform and further optimise our mobile app development and target advertising capabilities, thereby creating a synergy effect within our businesses.

We provide wide-ranging and diversified mobile apps to users in more than 200 countries and regions, mainly including Asia, Americas and Europe. Our Solo X product matrix offers a broad range of mobile apps and widgets to provide a smooth and customised user experience covering diverse usage scenarios. We have built a product portfolio of a variety of products, including but not limited to launcher, security, anti-virus, music, entertainment, fitness and games apps. The value chain of our Solo X product matrix comprises product development and operation, user acquisition and monetisation. We collect and analyse the data from app stores and other third-party mobile app analytics platforms to gain insight on the trends and development of the global app market. We promote our Solo X product matrix through in-app cross promotion and also market our brand, products and services globally to mobile internet users primarily through top global internet companies. We monetise our Solo X product matrix mainly through mobile advertising. Our monetisation ability is driven by our large and engaged user base, insight of user interests and demands, and precision targeting of the preferred audience for specific content in a variety of usage scenarios. The number of average daily impressions delivered on our Solo X product matrix increased by 132.1% from the second half of 2017 to the second half of 2018. Our revenue from monetising our mobile apps increased from RMB23.9 million in 2016 to RMB92.9 million in 2018, representing a CAGR of 97.2%.

Leveraging the experience of developing, marketing and monetising the mobile apps in our Solo X product matrix, we are also engaged in mobile advertising platform services, providing user acquisition solutions for advertisers and monetisation solutions for publishers. Our advertisers consist of app developers, brand advertisers and ad agencies and our publishers are mainly app developers and ad agencies. Powered by our Solo Aware AI engine, our proprietary programmatic advertising platform Solo Math serves both advertisers whom we charge for our user acquisition services and publishers whom we pay for presenting advertisers' ads on their ad spaces. We also provide intermediary media buy service for advertisers, which is to purchase ad inventories for advertisers mainly from two top global internet companies. During the Track Record Period, we had been focussing on upgrading our programmatic mobile advertising platform services and further established our Solo Math brand name. Leveraging our expertise on developing and operating mobile advertising platforms, we also provide mobile advertising platform related services including the upgrade and optimisation of mobile advertising software of our customers upon their request. Our revenue from programmatic advertising and related business increased from RMB58.5 million in 2016 to RMB172.8 million in 2018, representing a CAGR of 71.9%. Accordingly, such revenues from programmatic advertising and related business as a percentage of our total revenue generated by mobile advertising platform services business increased from 51.8% in 2016 to 94.1% in 2018.

Benefiting from the rapid growth of the programmatic mobile advertising business during the Track Record Period and a significant growth of our mobile app monetisation in 2018, our total revenues increased from RMB136.9 million in 2016 to RMB276.7 million in 2018, representing a CAGR of 42.2%; our gross profit increased from RMB70.9 million in 2016 to RMB141.4 million in 2018, representing a CAGR of 41.2%.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 12 September 2018, as an exempted company with limited liability under the Cayman Companies Law. Our Group are principally engaged in providing internet-based advertising and related service (the "[**REDACTED**] **Business**") worldwide. In preparation of the [**REDACTED**], we underwent a Reorganisation to rationalise our corporate structure. See "History and Corporate Structure" and "Contractual Arrangements". Prior to the incorporation of our Company and the completion of the Reorganisation, the [**REDACTED**] Business was carried out by NewBornTown Mobile Technology through its subsidiary NewBornTown Network Technology. Upon the completion of the Reorganisation, we have controlled NewBornTown Mobile Technology through the Contractual Arrangements. The Reorganisation is merely a reorganisation of the [**REDACTED**] Business with no change in management of such business and majority of owners of the [**REDACTED**] Business remained the same. Accordingly, our Group resulting from the Reorganisation is regarded as a continuation of the [**REDACTED**] Business under NewBornTown Mobile Technology. The combined Historical Financial Information has been prepared on a combined basis and is presented using the carrying values of the [**REDACTED**] Business under NewBornTown Mobile Technology for all periods presented.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

We believe our results of operations have been, and will continue to be, affected by a number of major factors, including:

Growth of the Mobile Internet Industry

The growth of our business has been in part driven by the overall growth of the mobile internet industry. According to the iResearch Report, global total mobile advertising spending and its proportion of total media advertising spending have witnessed significant growth in recent years. For the years ended 31 December 2016, 2017 and 2018, our revenues generated from mobile advertising platform and related services and mobile apps traffic monetarisation reached RMB136.9 million, RMB181.8 million and RMB276.7 million, respectively. According to the iResearch Report, the total mobile advertising spending will continue its growth and we believe it will continue to increase demand for our services. However, if the mobile internet industry develops or grows more slowly than expected, our historical growth may not be indicative of our future performance.

Advertiser Base and Mobile Advertising Spending of Advertisers

Our results of operations are affected by the quality, size and diversity of our advertiser base and the spending of each advertiser. We believe the size, diversity and quality of our advertiser base has enabled us to grow our revenues and position us for continued sustainable

growth. Additionally, our advertiser base is diversified geographically and by app type. As of 31 December 2018, our advertiser base covered 38 countries and regions globally and comprises a variety of app developers, including those for game, content and social, e-commerce and fitness apps.

Our results of operations are affected by the growth and mix of our advertiser base and the spending of each advertiser. The growth of our revenue depends on our ability to continue to expand our advertiser base and our ability to attract them to allocate more advertising budgets with us. Our advertiser base grew significantly in recent years as we continually enhance the effectiveness of our advertising service and improve advertisers' return on investments. As a result, our mobile advertising platform and related business revenue grew from RMB113.0 million in 2016 to RMB154.2 million in 2017 and further increase to RMB183.8 million in 2018.

Reducing Size of our Media Buy Business

Our media buy business made a substantial contribution to our revenue and gross profit during the year ended 31 December 2016. We started to reduce our media buy business from 2017 due to its reducing margin and long receivable turnover days. Consequently, our revenue, gross profit and gross profit margin of mobile adverting platform and related business have been affected. Following our technology and innovation oriented development strategy, we will further reduce our media buy business and focus on the development our programmatic advertising platform and related business. See "Business – Mobile Advertising Platform Services – Media Buy Service".

Seasonality

Our business and results of operations are subject to seasonal fluctuations. For example, the fourth quarter of each calendar year generally contributes the largest portion of our annual revenue as advertisers tend to allocate a significant portion of their online marketing budgets in that quarter, which coincides with consumers' increased purchases around the holidays and shopping events in that quarter. By contrast, the first quarter of each calendar year generally contributes a smaller portion of our annual revenue, primarily due to a lower level of allocation of online marketing budgets by advertisers at the beginning of the calendar.

Abilities to maintain and further expand our user base

Our business depends on our ability to monetise our large and active user base without compromising users' experience. We continually seek to leverage our proprietary insights into our users' behaviour and preferences to maintain our active user base. We also market Solo X product matrix on major media publisher's platform to further expand our user base. During the Track Record Period, the cost for advertising placement related to marketing our proprietary products was RMB8.9 million, RMB31.8 million and RMB65.7 million for the years ended 31

December 2016, 2017 and 2018, respectively. We plan to continue to develop our Solo X matrix to anticipate and meet the evolving needs of our users and implement effective monetisation strategies to create value for our advertisers and ourselves.

Growth in and Relationship with Media Publishers

We secure advertising space from media publishers for us to deliver advertisements of our customers which ultimately drive our revenues. Our results of operation are also affected by the types of media publishers that utilise our monetisation services, the ad inventory available from such publishers and the expansion of our media publisher network. In order to gain access to publishers and their ad inventories, our monetisation services must effectively enable publishers search for appropriate ad contents to match their ad inventories. Therefore, the ability to effectively meet publishers' monetisation needs and further expand our inventory of advertising space are essential for us to grow our business and provide services to advertisers.

Technology Capabilities and Innovation

Our results of operations depend upon our technology capabilities and innovation. For our mobile advertising platform and related services, our ability to develop and apply improved technologies directly affects our ability to achieve better user acquisition performance for our advertisers' ads and greater monetisation efficiency for our media publishers, and in turn generate revenues from our mobile advertising platform and related services. We expect that our future technological improvements on Solo Math and Solo Aware will increase our ability to precisely targeting our advertising and continue to drive our revenue growth.

Additionally, we constantly seek to expand our Solo X products offerings through updates and new releases, to enrich our users' experience and cater to their evolving needs and requirements. We are dedicated to investing in research and development to continuously improve our technology. For the years ended 31 December 2016, 2017 and 2018, our total research and development expenses amounted to RMB2.6 million, RMB11.5 million and RMB17.5 million, respectively. Our research and development expenses during the Track Record Period focussed primarily on the development of our Solo X Matrix, Solo Math platform and Solo Aware.

Preferential Tax Treatment

Our income tax was affected by the preferential tax treatment enjoyed by certain of our PRC operating companies. According to the applicable EIT law, NewBornTown Network Technology was approved as a High and New Technology Enterprise and entitled to a preferential income tax rate of 15% commencing from 2017. In addition, as an enterprise engaging in research and development activities, NewBornTown Network Technology was entitled to claim 150% of its research and development expenses incurred as tax deductible expenses when determining its assessable profits ("**Super Deduction**") for the year of 2017. From 1 January 2018 to 31 December 2020, NewBornTown Network Technology would be subject to a Super Deduction rate of 175% accordingly to applicable laws and regulations. As

a result, our effective income tax rate, calculated by dividing total income tax expenses by profit before income tax expense, was 26.4%, 13.0% and 12.9% for the year ended 31 December, 2016, 2017 and 2018 respectively.

Impact of [REDACTED]

Our revenues during the Track Record Period was mainly dominated in other currencies, in particular the U.S. dollar. In the event that Renminbi depreciates against the U.S. dollar, we would recognise an exchange gain in our combined statements of comprehensive income for the relevant period and vice versa. Our profitability during the Track Record Period was affected by exchange rate changes. See "– Description of Major Components of Our Result of Operations – Other Gain – Net" for details. We expect that our revenues will continuously be mainly dominated by U.S. dollars after the [**REDACTED**]. As a result, our profitability will continue to be affected by fluctuations in exchange rates.

Strategic Investments and Acquisitions

We may enter into strategic investments or acquisitions with a view to expanding our product offerings, entering into new verticals, strengthening our technological and research and development capabilities and investing in other business sectors which are complementary to our existing operations. Such investments and acquisitions can have a direct impact on our results of operations and financial condition, depending on the amount involved and the subsequent performance of the businesses in which we invest or which we acquire. For example, we invested in Beijing Duanji for a consideration of RMB17.9 million in May 2016 and invested in Mico, the company Beijing Duanji merged into in May 2017, for a consideration of RMB100.0 million in March 2019. We held an equity interest of 16.77% in Mico as of the Latest Practicable Date. For further information, see "Business – Our Strategic Investment". As such, our ability to identify key strategic investments or acquisition targets may affect the future growth and direction of our business.

CRITICAL ACCOUNTING POLICIES, JUDGEMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates and judgements related to accounting items. Our management continually evaluates such estimates and judgements based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates. There had not been any material deviation between our management's estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

Our significant accounting policies and estimates, which are important for an understanding of our financial condition and results of operations, are set forth in details in Notes 2 and 4 to the Accountant's Report included in Appendix I to this Document. We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgements used in the preparation of our financial statements.

Revenue Recognition

Our revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue from providing services is recognised in the accounting period in which the services are rendered. Amounts collected in excess of revenue recognised are included as contract liabilities.

(i) Mobile advertising platform and related business

We generate revenue from providing comprehensive advertisement placement services to the advertisers. The revenue is recognised once we performed agreed actions. Before determining whether the revenue should be recognised on gross or net basis, we assess if we control the specified service before it is transferred to the customer. We follow the accounting guidance for principal-agent considerations to assess whether we control the specified service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer or after transfer of control to the customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service.

In most transactions, we act as the principal of these transactions and therefore report revenue earned and costs incurred on a gross basis due to the following reasons:

(a) we are the primary obligor for providing comprehensive advertisement placement services by contracting directly with the advertisers, creating the advertisements and determining which media publishers or network marketing alliance to use and what types of the advertisements to be placed. We take the responsibility for fulfilment of the marketing targets by delivering the specified services to the advertisers.

(b) we take certain inventory risk by purchasing the advertising spaces in advance or committing the minimum purchase from the publishers. We also take the risk of loss in some instances that the cost paid to the publishers cannot be compensated by the consideration obtained from the advertisers.

(c) We have the discretion on the pricing mechanism of the transactions separately with its customers and suppliers and performs all billing and collection activities, including retaining credit risk.

In certain transactions, namely, our media buy business, the advertisers would designate the targeted publishers in the contract. We take no responsibility on the marketing targets and no risk on inventory, but only take credit risk. We play as an agent in these transactions, therefore, the revenue is recognised on a net basis by deducting the costs to the media publishers from the revenue from the advertisers. The revenue is normally billed on monthly basis and a receivable is expected to be collected within the contracted credit term. For the transactions which we play as the agent, we bill the customers in gross amounts and with credit terms, which are different from the bills from suppliers.

Considering we have no legally enforceable right to set off the bill from the supplier against the bill to the customer, we record the payable and the receivable on gross basis.

(ii) Mobile apps development business

We generate revenue from our proprietary mobile apps mainly through providing advertising spaces to advertisers or their agencies. The revenue for providing advertising spaces is recognised once the control of the spaces is transferred to the advertisers. The revenue is normally billed on monthly basis and a receivable is expected to be collected within the contracted credit term.

Impairment of accounts receivable

We follow the guidance of IFRS 9 to determine when accounts receivable and other financial assets are impaired. This determination requires significant judgement and estimation. In making this judgement and estimation, we evaluate, among other factors, the duration of accounts receivable, the financial health and collection history of debtors and expected future change of credit risks, including the consideration of factors such as general economy measure, changes in macroeconomic indicators.

Intangible Assets

Initial recognition

The intangible assets include goodwill. Software is initially recognised and measured at costs incurred to acquire and bring it to use.

(i) Goodwill

Goodwill is measured as described in Note 2.4 of the Accountant's Report set out in Appendix I to this Document. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(ii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Amortisation methods and periods

We amortise intangible assets with an estimated useful life using the straight-line method. The estimated useful life of our software is 3 to 10 years.

Financial assets measured at FVPL

At initial recognition, we measure a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gain – net in the period in which it arises.

We subsequently measure all equity investments at fair value. Where our management has elected to present fair value gains and losses on equity investments in FVOCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when our right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gain – net in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets are written off when we are satisfied that recovery is remote. Where loans or receivables have been written off, we continue to attempt to recover the receivable due. Where recoveries are made, the recovered amount is recognised in profit or loss.

Current and deferred income tax

We are subject to income taxes in different areas. Judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

Adoption of IFRS 9 and IFRS 16

IFRS 9, replaces IAS 39, "Financial instruments: recognition and measurement." It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. During the Track Record Period, we consistently applied all new standards, amendments to standards and interpretations, which are mandatory for the financial year beginning 1 January 2018.

IFRS 16, "Lease" replaces the previous standards IAS 17 "Leases". The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. We have elected to apply IFRS 16 which has been applied consistently throughout the Track Record Period. See Note 2.20 of the Accountant's Report set out in Appendix I to this Document for more details.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

The following table sets forth a summary of our combined statements of profit or loss and other comprehensive income for the period indicated:

	For the years ended 31 December		
	2016	**2017**	**2018**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
Revenue from contracts with customers	136,852	181,842	276,686
Cost of revenue	(65,949)	(111,468)	(135,266)
Gross Profit	70,903	70,374	141,420
Selling and marketing expenses	(9,919)	(33,693)	(68,975)
Research and development expenses	(2,596)	(11,538)	(17,492)
General and administrative expenses	(12,139)	(13,459)	(14,981)
Net impairment losses on financial assets	(10,123)	(1,584)	(6,963)
Other income	819	1,392	58
Other gain – net	19,238	25,374	35,723
Operating profit	56,183	36,866	68,790
Finance cost, net	(203)	(90)	(180)
Profit before income tax	55,980	36,776	68,610
Income tax expenses	(14,765)	(4,795)	(8,873)
Profit for the year	41,215	31,981	59,737
Other comprehensive income/(loss), net of tax			
Items that maybe subsequently reclassified to profit or loss			
Currency translation differences	3,674	(7,277)	8,028
Total comprehensive income for the year	44,889	24,704	67,765

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

For the years ended 31 December 2016, 2017 and 2018, we generated total revenue of RMB136.9 million, RMB 181.8 million and RMB 276.7 million, respectively. The following table sets forth a breakdown of our revenue for the years indicated:

	For the year ended 31 December					
	2016		2017		2018	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Mobile advertising platform and related business	112,953	82.5	154,162	84.8	183,762	66.4
Mobile app development business	23,899	17.5	27,680	15.2	92,924	33.6
Total	136,852	100.0	181,842	100.0	276,686	100.0

Mobile advertising platform and related business

We generate revenue primarily from providing comprehensive advertising platform and related services to the advertisers. Our revenue generated from advertising platform and related business contributed to approximately 82.5%, 84.8% and 66.4% of our total revenues for the years ended 31 December 2016, 2017 and 2018, respectively.

We utilise a combination of pricing models when recognise our revenue generated from mobile advertising platform and related business. For our media buy business, we recognise the revenue on a net basis. For our programmatic mobile advertising platform and related business, we recognise revenue on a gross basis. See "– Critical Accounting Policies, Judgements and Estimates – Revenue Recognition" for more details. The following table sets forth a breakdown of our mobile advertising platform and related business revenues by revenue recognition methods for the years indicated:

	For the year ended 31 December					
	2016		2017		2018	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Gross billing of media buy business	220,459		97,649		160,385	
Less cost for advertising placement	166,023		88,594		149,463	
Revenue recognised on net basis for media buy business	54,436	48.2	9,055	5.9	10,922	5.9
Revenue recognised on gross basis for programmatic advertising platform and related services	58,517	51.8	145,107	94.1	172,840	94.1
Total	112,953	100.0	154,162	100.0	183,762	100.0

Mobile app development business

We provide advertising spaces to our advertisers on our own products. Revenues generated from own products business was primarily derived from traffic monetisation. Our revenue generated from mobile app development business contributed to 17.5%, 15.2% and 33.6% of our total revenues for the years ended 31 December 2016, 2017 and 2018, respectively. The following table sets forth a breakdown of our mobile app development business revenues by traffic monetisation and in-app purchase for the years indicated:

	For the year ended 31 December					
	2016		2017		2018	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Traffic monetisation	23,893	99.97	27,605	99.73	90,495	97.39
In-app purchase	6	0.03	75	0.27	2,429	2.61
Total	23,899	100.0	27,680	100.0	92,924	100.0

Cost of revenue

Our cost of revenue primarily consists of (i) cost for advertising placement that represents the costs of ad traffics we purchase from publishers; (ii) employee benefit expense mainly represents the salaries, wages and other benefits of employees involved in our operation services; (iii) server capacity expense incurred to support our overall business and (iv) technical service fee incurred to provide software system model development service. For the years ended 31 December 2016, 2017 and 2018, our cost of revenues were RMB65.9 million, RMB111.5 million and RMB135.3 million, respectively. The following table sets forth a breakdown of our cost of sales by nature for the years indicated:

	For the year ended 31 December					
	2016		2017		2018	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Cost for advertising placement	40,664	61.7	81,963	73.5	89,868	66.4
Employee benefit expense	16,852	25.5	19,580	17.6	20,430	15.1
Server capacity expense	2,113	3.2	5,585	5.0	11,765	8.7
Intangible assets amortisation	800	1.2	800	0.7	800	0.6
Technical service fee	–	–	–	–	8,491	6.3
Others	5,520	8.4	3,540	3.2	3,912	2.9
Total	65,949	100.0	111,468	100.0	135,266	100.0

The following table sets forth a breakdown of our cost of revenue by business lines for the years indicated:

	For the year ended 31 December					
	2016		2017		2018	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Mobile advertising platform and related business						
– Cost for advertising placement for programmatic advertising platform and related business	40,664	61.7	81,963	73.5	89,868	66.4
– Employee benefit expense	10,519	16.0	13,651	12.3	14,957	11.1
– Server capacity expense	2,113	3.2	5,585	5.0	11,765	8.7
– Technical service fee	–	–	–	–	8,491	6.3
– Others	3,277	5.0	2,378	2.1	2,925	2.2
Mobile app development business						
– Employee benefit expense	6,333	9.5	5,929	5.3	5,473	4.0
– Intangible assets amortisation	800	1.2	800	0.7	800	0.6
– Others	2,243	3.4	1,162	1.1	987	0.7
Total	65,949	100.0	111,468	100.0	135,266	100.0

The charging basis of the cost of advertising placement are in accordance with the performed agreed actions, such as click, download, activation and registration. Our cost for advertising placement varies due to a number of factors, including the geographic origin of traffic, targeted audience of the traffic, and the scale of traffic. Generally, large media publishers generally charged for a higher term in relation to their online traffic than small-to-medium media publishers.

Gross Profit and Gross Profit Margin

For the years ended 31 December 2016, 2017 and 2018, our gross profit was RMB70.9 million, RMB70.4 million and RMB141.4 million, respectively, and our gross profit margin was 51.8%, 38.7% and 51.1%, respectively. The following table sets forth a breakdown of our gross profit and gross profit margin by category of business for the years indicated:

	For the year ended 31 December					
	2016		2017		2018	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Mobile advertising platform and related business	56,684	50.2	50,586	32.8	55,755	30.3
Media Buy Business[(1)]	47,788	87.8	8,113	89.6	9,860	90.3
Programmatic advertising platform business[(1)]	8,896	15.2	33,224	24.7	41,612	26.2
Mobile advertising platform related services[(1)]	–	–	9,249	89.6	4,283	30.3
Mobile app development business	14,219	59.5	19,788	71.5	85,665	92.2
Total	70,903	51.8	70,374	38.7	141,420	51.1

(1) For calculating the gross profit margin of media buy business and matching the revenues of each category of business to relevant costs, programmatic advertising platform and related services, cost for advertising placement for programmatic advertising platform business and server capacity expense were regarded as the cost of revenue for programmatic advertising platform; technical service fee were considered as the cost of revenue for mobile advertising platform related services; and employee benefit expense and others were proportionated to the three categories of business on the basis of their respective revenue.

Our gross profit margin was significantly affected by the composition of our revenue. We recognise our revenue from media buy services on a net basis (net of the cost for advertising placement, which is the major costs) and revenue from other services rendered on a gross basis. See "– Critical Accounting Policies, Judgements and Estimates – Revenue Recognition". Since the cost for advertising placements, the most significant cost item for media buy business, has been deducted in arriving the revenue on net basis, the gross profit of media buy service is arrived by deducting a relatively insignificant amount of employee benefit expenses from the revenue, while the cost of revenue of other two categories of business comprises of significant costs, including cost for advertising placement and server capacity expense. Thus, our media buy services earns a gross profit margin higher than others. However, the gross profit margin

of the media buy business based on its revenue on gross basis (i.e. gross profit as a percentage of the gross billing of media buy) are 21.6%, 8.3% and 6.1%, for the years ended 31 December 2016, 2017 and 2018, respectively, which recorded a decreasing trend during the Track Record Period. Having said that the presentation of revenue of media buy business on a net basis is prepared in accordance with IFRS, we consider that such gross margin based on gross revenue of the media buy business can give a better picture of the changes of margin of the media buy business during the Track Record Period and can give a meaningful comparison to the gross margin of programmatic advertising platform business because both of them are prepared based on gross revenue.

We started to reduce our media buy business from 2017 due to its reducing margin and long receivable turnover days. Consequently, our gross profit margin of mobile advertising platform and related business decreased from 50.2% in 2016 to 32.8% in 2017 resulting in a decrease of our overall gross profit margin from 51.8% in 2016 to 38.7% in 2017. Our overall gross profit margin increased from 38.7% in 2017 to 51.1% in 2018, primarily due to (i) a significant increase in the gross profit margin of our mobile app development business; and (ii) the gross profit of our mobile app development business accounted for a higher proportion in our total gross profits compared with that in 2017.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) cost for advertising placement that we used in marketing our proprietary mobile apps such as our Solo Launcher, music apps, fitness apps, security apps and casual game apps on various media publishers' platforms; and (ii) other expenses, including our exhibition expense and events expenses . For the years ended 31 December 2016, 2017 and 2018, our selling and marketing expenses were RMB9.9 million, RMB33.7 million and RMB69.0 million, respectively, accounting for 7.2%, 18.5% and 24.9% of our revenue in 2016, 2017 and 2018, respectively, which is consistent with the increasing trend of revenue from our mobile app development business. The following table sets forth a breakdown of our total selling and marketing expenses for the years indicated:

	For years ended 31 December					
	2016		2017		2018	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Cost for advertising placement	9,350	94.3	31,924	94.7	65,856	95.5
Others	569	5.7	1,769	5.3	3,119	4.5
Total	9,919	100.0	33,693	100.0	68,975	100.0

Research and development expenses

Our research and development expenses consist of (i) employee benefits expenses under research and development department; and (ii) other expenses. For the years ended 31 December 2016, 2017 and 2018, our research and development expenses were RMB2.6 million, RMB11.5 million and RMB17.5 million, respectively. The following table sets forth a breakdown of our total research and development expenses for the years indicated:

	For the year ended 31 December					
	2016		2017		2018	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Employee benefit expense	1,954	75.3	9,939	86.1	15,733	89.9
Others	642	24.7	1,599	13.9	1,759	10.1
Total	2,596	100.0	11,538	100.0	17,492	100.0

General and Administrative Expenses

Our general and administrative expenses primarily consist of (i) employee benefit expenses (ii) travel and office supplies expenses; (iii) consultant and professional service fee incurred for general legal and auditing services; and (iv) other expenses we spent in business administration. For the years ended 31 December 2016, 2017 and 2018, our administrative expenses were RMB12.1 million, RMB13.5 million and RMB15.0 million, respectively. The following table sets forth a breakdown of our general and administrative expenses for the years indicated:

	For years ended 31 December					
	2016		2017		2018	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Employee benefit expenses	5,542	45.7	8,466	62.9	10,013	66.8
Travel expense	1,496	12.3	1,103	8.2	990	6.6
Consultant and professional service fee	1,847	15.2	552	4.1	499	3.3
[**REDACTED**]	–	–	–	–	338	2.3
Others	3,254	26.8	3,338	24.8	3,141	21.0
Total	12,139	100.0	13,459	100.0	14,981	100.0

Net Impairment Losses on Financial Assets

During the Tracking Record Period, our net impairment losses on financial assets were primarily from accounts receivable. The following table sets forth a breakdown of our net impairment losses on financial assets for the years indicated:

	For the year ended 31 December					
	2016		2017		2018	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Impairment loss from						
– Accounts receivable	10,123	100.0	1,334	84.2	6,963	100.0
– Other receivable	–	–	250	15.8	–	–
Total	10,123	100.0	1,584	100.0	6,963	100.0

In 2016, one customer of our media buy business encountered financial difficulties and delayed its payment to us, with an outstanding balance of RMB23.9 million as of 31 December 2016, whereas RMB17.7 million was subsequently settled and the remaining balance of RMB6.2 million was fully impaired during the year ended 31 December 2016. We follow the guidance of IFRS 9 to determine when accounts receivable are impaired. See "– Critical Accounting Policies, Judgements and Estimates – Impairment of accounts receivable" for more details. In 2017, we started to enhance our accounts receivable collection management and established stricter credit policies including granting credit terms to customers with good credit worthiness and collecting accounts receivable in a timely manner.

Other Income

Our other income primarily consisted of (i) government grants; and (ii) interest income from loan to third parties. For the years ended 31 December 2016, 2017 and 2018, our other income were RMB0.8 million, RMB1.4 million and RMB0.1 million, respectively. The following table sets forth a breakdown of our other income for the years indicated:

	For years ended 31 December					
	2016		2017		2018	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Government grants	819	100.0	350	25.1	58	100.0
Interest income from loan to a third party	–	–	1,042	74.9	–	–
Total	819	100.0	1,392	100.0	58	100.0

The government grants we gained were special funds for the development of culture and creativity industry, enterprise stock reform incentives and tax returns. The interest income we recorded was derived from the loans of RMB20.0 million we made to Beijing Amphora in 2017.

Other Gain – Net

Our other net gains primarily consisted of (i) fair value changes in financial assets measured at FVPL; (ii) exchange gain or loss mainly caused by the fluctuations in USD:RMB exchange rates. For the years ended 31 December 2016, 2017 and 2018, our other net gains were RMB19.2 million, RMB25.4 million, and RMB35.7 million, respectively. The following table sets forth a breakdown of our other net gains for the years indicated:

	For years ended 31 December					
	2016		2017		2018	
	(RMB'000)	(%)	(RMB'000)	(%)	(RMB'000)	(%)
Fair value changes of financial assets measured at FVPL	19,211	99.9	27,850	109.8	31,704	88.7
– wealth management product	12,922	67.2	11,299	44.5	6,671	18.7
– equity interest of Mico	5,200	27.0	16,000	63.1	24,600	68.9
– equity interest of another private company	1,089	5.7	551	2.2	433	1.2
Exchange gain or loss	386	2.0	(2,475)	(9.8)	4,033	11.3
Others	(359)	(1.9)	(1)	(0.0)	(14)	(0.0)
Total	19,238	100.0	25,374	100.0	35,723	100.0

The fair value changes in financial assets measured at FVPL represented the fair value changes in our wealth management products, funds and equity interests in private companies we held for investment purpose. For details, please refer to "– Discussion of Certain Key Combined Balance Sheets Items – Financial Assets at FVPL".

Finance cost, net

Our net finance cost represented finance cost on discount of lease payments offsetting by finance income from interest of bank deposit. For the years ended 31 December 2016, 2017 and 2018, our net finance cost was RMB0.2 million, RMB0.1 million and RMB0.2 million, respectively. The following table illustrates the reconciliation of our finance cost and net finance cost for the years indicated:

	For the year ended 31 December		
	2016	2017	2018
	(RMB'000)	(RMB'000)	(RMB'000)
Finance cost	215	94	219
Finance income	(12)	(4)	(39)
Net finance cost	203	90	180

Income Tax Expenses

Our income tax expenses consist of current income tax and deferred income tax. The following table sets forth a breakdown of our income tax expenses for the years indicated:

	For the year ended 31 December		
	2016	**2017**	**2018**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
Current			
– Current tax on profits for the year	611	148	–
Deferred income tax			
– Changes in deferred tax assets/liabilities	14,154	4,647	8,873
Total	14,765	4,795	8,873

Cayman

We are incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law and are not subject to income tax in the Cayman Islands.

Hong Kong

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the assessable profits for the years presented, based on the existing legislation, interpretations and practices in respect thereof.

PRC

The income tax provision of the Group in respect of its operations in the PRC was subject to statutory tax rate of 25% on the assessable profits for the Track Record Period, based on the exiting legislation, interpretations and practices in respect therefore. NewBornTown Network Technology was qualified as "High and New Technology Enterprises" under the relevant PRC laws and regulations since 2017. Accordingly, NewBornTown Network Technology was entitled to a preferential income tax rate of 15% on its assessable profits for the year ended 31 December 2017 and 2018.

According to the relevant laws and regulations, enterprises engaging in research and development activities were entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**") from 2008. Further, the enterprises engaging in research and development activities would entitle to claim 175% of their research and development expenses as Super Deduction from 1 January 2018 to 31 December 2020. We have made our

best estimate for the Super Deduction to be claimed our entities in ascertaining their assessable profits during the year. As a result, our effective tax rate for the years ended 31 December 2016, 2017 and 2018 were 26.4%, 13.0% and 12.9%, respectively.

As of the Latest Practicable Date, we did not have any disputes with any tax authority.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended 31 December 2018 compared to Year Ended 31 December 2017

Revenue

Our total revenue increased by 52.2% from RMB181.8 million in 2017 to RMB276.7 million in 2018, primarily due to the increase of RMB29.6 million and RMB65.2 million in the revenues generated from our mobile advertising platform and related business and mobile app development business, respectively.

Our revenue generated from mobile advertising platform and related business increased by 19.2% from RMB154.2 million in 2017 to RMB183.8 million in 2018, primarily because the business volume of our mobile advertising platform service, in particular our programmatic advertising service and related business, increased as (i) the optimised AI capabilities enabled us to improve the efficiency and effectiveness of precise targeting and advertisement delivery and attract more advertisers; and (ii) our sales, business development and marketing team and our operations team, which serviced the fast-growing business by developing and promoting our mobile advertising platform to both advertisers and publishers, continued to expand.

Our revenue generated from mobile app development business increased by 235.7% from RMB27.7 million in 2017 to RMB92.9 million in 2018, primarily driven by (i) our enriched Solo X products sub-matrix, including Platform, Gadgets, Locker, Fitness, Media & Entertainment and Games; (ii) the boom in downloads and user numbers of our emerged popular apps in 2018; (iii) the continued optimisation of our existing apps; (iv) the increase in user traffic we sourced from our wide range of apps; and (v) the increase in chargeable clicks as a result of the optimisation of our AI capabilities.

Cost of Revenue

Our cost of revenue increased by 21.3% from RMB111.5 million in 2017 to RMB135.3 million in 2018, primarily due to the increase of RMB24.4 million in cost of revenue for our mobile advertising platform and related business.

Our cost of revenue for mobile advertising platform and related business increased by 23.6% from RMB103.6 million in 2017 to RMB128.0 million in 2018, primarily due to (i) the increase of RMB7.9 million in our cost of advertising placement, which was in line with the growth of revenue generated from our mobile advertising platform and related business; and (ii) an increase in server capacity expense of RMB6.2 million to support our business growth.

Our cost of revenue for mobile app development business remained stable in 2017 and 2018.

Gross Profit and Gross Profit Margin

Our gross profit increased by 101.0% from RMB70.4 million in 2017 to RMB141.4 million in 2018. Our gross profit margin increased from 38.7% to 51.1%, primarily because (i) the gross profit margin of our mobile app development business increased significantly as a result of enriched app types, the emergence of our popular apps, and the continuing optimisation of our proprietary mobile apps; and (ii) the gross profit of our mobile app development business, which records a higher gross profit margin than mobile advertising platform and related business, accounted for a higher proportion in our total gross profits compared with that in 2017.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 104.7% from RMB33.7 million in 2017 to RMB69.0 million in 2018, primarily due to the increase of RMB33.9 million in the marketing expenses as a result of the comprehensive promotion of our Solo X products, including our Solo Launcher, music apps, fitness apps, security apps and casual game apps, to support the further expansion of our mobile app development business into overseas market.

Research and Development Expenses

Our research and development expenses increased by 51.6% from RMB11.5 million in 2017 to RMB17.5 million in 2018, mainly attributable to (i) an increase in research and development activities of our games apps; and (ii) the increased headcounts and salary level of our research and development experts.

General and Administrative Expenses

Our general and administrative expenses increased by 11.1% from RMB13.5 million in 2017 to RMB15.0 million in 2018. The increase in our general and administrative expenses mainly reflects the increase of RMB1.5 million in our employee benefit expenses as a result of the growth of our business and the increase in the salaries and benefits of our staff.

Net Impairment Losses on Financial Assets

The net impairment losses on financial assets we recorded increased by 339.6% from RMB1.6 million in 2017 to RMB7.0 million in 2018, primarily due to the increase in provisions for accounts receivable we recorded, partially offset by the decrease in provisions for individual balance of accounts receivable with increased credit risk or due from related parties. For details, please refer to the section headed "Financial Information – Discussion of Certain Key Combined Balance Sheets Items – Accounts receivable".

Other Income

Our other income decreased by 95.8% from RMB1.4 million in 2017 to RMB0.1 million in 2018, primarily due to (i) the decrease in our interest income from loan to a third party from RMB1.0 million in 2017 to zero in 2018, as we did not recognise any interest related to amounts due from third-parties; and (ii) the decrease in our government grants of RMB0.3 million, as the amount of government grants we received were determined by relevant local authorities and varied each year.

Other Gain – Net

Our other net gains increased by 40.8% from RMB25.4 million in 2017 to RMB35.7 million in 2018, primarily due to (i) the increase in our foreign exchange gains of RMB6.5 million in 2018 as a result of the favourable changes in exchange rates; and (ii) an increase in the gain on fair value change of financial assets measured at FVPL of RMB3.9 million, primarily because of the gains on fair value movement of our investment in Mico. For details, please refer to the section headed "Business – Our Strategic Investment".

Operating Profit

As a result of forgoing, our operating profit increased by 86.6% from RMB36.9 million in 2017 to RMB68.8 million in 2018.

Finance Costs – Net

Our finance costs remained relatively stable in 2017 and 2018.

Income Tax Expenses

The income tax expense we recorded increased by 85.0% from RMB4.8 million in 2017 to RMB8.9 million in 2018, which was generally in line with the increase in our profit before tax. Our effective tax rate remained relatively stable in 2017 and 2018.

Profit for the Year

As a result of the foregoing, our profit for the year increased by 86.8% from RMB32.0 million for the year ended 31 December 2017 to RMB59.7 million for the year ended 31 December 2018. Our net profit margin, which represents profit for the year as a percentage of total revenues, increased from 17.6% in 2017 to 21.6% in 2018.

Year Ended 31 December 2017 compared to Year Ended 31 December 2016

Revenue

Our total revenue increased by 32.9% from RMB136.9 million in 2016 to RMB181.8 million in 2017, primarily due to an increase of RMB41.2 million and RMB3.8 million in revenues generated from our mobile advertising platform and related business and mobile app development business, respectively.

Our revenue generated from mobile advertising platform and related business increased by 36.5% from RMB113.0 million in 2016 to RMB154.2 million in 2017, mainly because our SP and SFP service began to generate substantial revenues in 2017, which was primarily because (i) our improved technology capabilities in Solo Math advertising platform enabled us to attract more advertisers; and (ii) our revenue from Solo Math advertising platform business increased, as the penetration rate of programmatic ads continued to grow in the global mobile internet market in the same period.

Our revenue generated from mobile app development business increased by 15.8% from RMB23.9 million in 2016 to RMB27.7 million in 2017, driven by (i) the development of our new mobile apps and the optimisation of existing apps; and (ii) the expansion of our business scale for mobile apps.

Cost of Revenue

Our cost of revenue increased by 69.0% from RMB65.9 million in 2016 to RMB111.5 million in 2017, primarily due to an increase in the cost of revenue for our mobile advertising platform and related business of RMB47.3 million, partially offset by a decrease in the cost of revenue for our mobile app development business of RMB1.8 million.

Our cost of revenue for mobile advertising platform and related business increased by 84.1% from RMB56.3 million in 2016 to RMB103.6 million in 2017, primarily due to (i) an increase of RMB41.3 million in the cost for advertising placement as a result of the increase in the volume of advertisement placed for our customers; (ii) an increase in the server capacity expense of RMB3.5 million attributable to the growing number of servers we utilise to accommodate our business growth; and (iii) an increase in employee benefit expenses of RMB3.1 million to support our business growth.

Our cost of revenue for mobile app development business decreased by 18.5% from RMB9.7 million in 2016 to RMB7.9 million in 2017, primarily due to the decrease of RMB0.4 million in related staff costs in 2017.

Gross Profit and Gross Profit Margin

Our overall gross profit decreased by 0.7% from RMB70.9 million in 2016 to RMB70.4 million in 2017. Our gross profit margin decreased from 51.8% in 2016 to 38.7% in 2017. The decrease in our gross profit margin was primarily because we reduced our media buy business, which had a higher gross profit margin compared with our programmatic advertising and related service and our mobile app service as we recognise the revenue from media buy business on a net basis, (see "Business – Business Operations – Mobile Advertising Platform Service – Media Buy Service") while the gross profit from our programmatic advertising and related service, which had a relatively low gross profit margin, accounted for a higher proportion in our total gross profits as we reduced our media buy business.

Selling and Marketing Expenses

Our selling and marketing expenses increased by 239.7% from RMB9.9 million in 2016 to RMB33.7 million in 2017, primarily due to (i) a substantial increase in the promotion expenses of our mobile apps in our targeted markets; and (ii) an increase in our exhibition fees and events fees to support our business promotion.

Research and Development Expenses

Our research and development expenses increased by 344.5% from RMB2.6 million in 2016 to RMB11.5 million in 2017, primarily due to (i) the increase in research and development activities of our utilities apps; (ii) the growing number of technology and engineering talents, particularly as a result of our upgrading Solo Math Advertising Platform and the development of new types of apps; and (iii) the increase in the salaries of our technology and engineering talents to further strengthen our research and development capabilities.

General and Administrative Expenses

Our general and administrative expenses increased by 10.9% from RMB12.1 million in 2016 to RMB13.5 million in 2017 primarily due to the increase in employee and benefit expenses of RMB2.9 million which was in line with our business growth.

Net Impairment Losses on Financial Assets

The net impairment loss on financial assets we recorded decreased by 84.4% from RMB10.1 million in 2016 to RMB1.6 million in 2017. The significant decrease in impairment loss from accounts receivable was primarily because (i) at an early stage of our business operations in 2016, we were primarily revenue-driven and focussed more on attracting new customers and generating revenues, and occasionally we may allow relatively lax collection periods towards certain customers after our assessment on their credibility; (ii) in 2016, one customer of our media buy business encountered financial difficulties and delayed its payment to us, with an outstanding balance of RMB23.9 million as of 31 December 2016, whereas RMB17.6 million was subsequently settled and the remaining balance of RMB6.2 million was fully impaired during the year ended 31 December 2016; and (iii) in view of the incident of delayed payments as mentioned, we further enhanced our accounts receivable collection management and established stricter credit policies from 2017. The impairment loss from other receivable in 2017 represents the full impairment of RMB250,000 on an amount due from a third party.

Other Income

Our other income increased by 70.0% from RMB0.8 million in 2016 to RMB1.4 million in 2017, primarily due to the increase in our interest income from loans to a third party entity of RMB1.0 million. We recorded interest income from loan to third parties of RMB1.0 million in 2017, primarily because we made loans of RMB20.0 million to Beijing Amphora with an interest rate of 10%. The loan was fully repaid in 2017.

Other Gain – Net

Our other net gains increased by 31.9% from RMB19.2 million for the year ended 31 December 2016 to RMB25.4 million for the year ended 31 December 2017, primarily due to the increase in fair value gains of financial assets measured at FVPL of RMB8.6 million, partially offset by the increase in exchange loss of RMB2.9 million.

Operating Profit

As a result of foregoing, our operating profit decreased by 34.4% from RMB56.2 million in 2016 to RMB36.9 million in 2017.

Finance Costs – Net

Our net finance costs remained relatively stable in 2016 and 2017.

Income Tax Expenses

Our income tax expense decreased by 67.5% from RMB14.8 million in 2016 to RMB4.8 million in 2017, primarily due to the decrease in our profit before tax of RMB19.2 million. In 2017, NewBornTown Network Technology was approved as a High and New Technology Enterprise and subject to a preferential EIT rate of 15% pursuant to the EIT Law. As a result, our effective income tax rate decreased from 26.4% in 2016 to 13.0% in 2017.

Profit for the Year

As a result of the foregoing, our profit for the year decreased by 22.3% from RMB41.2 million for the year ended 31 December 2016 to RMB32.0 million for the year ended 31 December 2017. Our net profit margin, which represents profit for the year as a percentage of total revenues, decreased from 30.1% in 2016 to 17.6% in 2017.

DISCUSSION OF CERTAIN KEY COMBINED BALANCE SHEETS ITEMS

The following table sets forth our current assets and current liabilities as of the dates indicated:

	As at 31 December			As at 30 April
	2016	2017	2018	2019
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000) (unaudited)
Current assets				
Accounts receivable	132,196	144,190	183,137	136,668
Other current assets	1,060	1,439	4,094	653
Other receivable	12,012	16,118	58,441	20,881
Financial assets measured at fair value through profit or loss	245,158	220,178	197,963	192,482
Cash and cash equivalents	79,139	71,987	80,628	103,926
Restricted bank deposits	392	849	894	879
Total current assets	469,957	454,761	525,157	455,489
Current liabilities				
Accounts payable	78,108	65,631	89,396	95,066
Other payable	4,680	5,491	9,086	4,877
Tax payable	533	143	143	–
Lease liabilities	2,934	3,124	2,999	2,194
Bank overdraft	255	249	88	–
Total current liabilities	86,510	74,638	101,712	102,137
Net current assets	383,447	380,123	423,445	353,352

As of 30 April 2019, we had net current assets of RMB353.4 million, which decreased by 16.6% as compared to that as of 31 December 2018, primarily due to the decrease of RMB46.5 million in our accounts receivable and the decrease in our other receivable of RMB37.6 million, partially offset by the increase in our cash and cash equivalents of RMB23.3 million.

As of 31 December 2018, we had net current assets of RMB423.4 million, which increased by 11.4% as compared to that as of 31 December 2017, primarily due to the increase in accounts receivable of RMB38.9 million, the increase in other receivable of RMB42.3 million, partially offset by the decrease in the financial assets measured at FVPL of RMB22.2 million and increase in accounts payable of RMB23.8 million.

As of 31 December 2017, we had net current assets of RMB380.1 million, which decreased by 0.9% as compared to net current assets of RMB383.4 million as of 31 December 2016, primarily due to the decrease of RMB25.0 million in our financial assets measured at FVPL, partially offset by the decrease in accounts payable of RMB12.5 million, the increase in our accounts receivable of RMB12.0 million, and the increase in other receivable of RMB4.1 million.

Please refer to below for the analysis for certain key combined balance sheets items.

Goodwill

As of 31 December 2016, 2017 and 2018, we recorded goodwill of RMB5.1 million, RMB4.7 million and RMB5.0 million, respectively, in connection with our acquisition of Great Sailing in 2015.

	As of 31 December		
	2016	**2017**	**2018**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
Cost and carrying amount:			
As at 1 January	4,737	5,058	4,727
Currency translation differences	321	(331)	228
As at 31 December	5,058	4,727	4,955

We carry out annual impairment test on goodwill by comparing the recoverable amount to the carrying amount. The recoverable amount of the cash-generating unit is determined based on the value-in-use calculations by using the discounted cash flow method. The calculation used pre-tax cash flow projections based on financial budgets approved by management covering a five-year period with a terminal value related to the future cash flows extrapolated using the estimated growth rates stated below beyond the five-year period. The growth rates are estimated between 10% to 30%, between 10% to 25%, and at 10% for the impairment tests performed at 31 December 2016, 2017 and 2018, respectively, while for the years beyond the five-year period, the estimated continued growth rate to perpetuity is 3%. The present value of cash flows is calculated by discounting the cash flow using pre-tax discount rate of 20% which was estimated by using the weighted-average cost of capital ("**WACC**") method. The WACC was calculated by referring to public market date including risk free rate, market return, beta of comparable public companies, and the specific risk of our mobile advertising platform and related business.

For details, see Note 17 of the Accountant's Report set out in Appendix I to this document. We are of the view that a reasonably possible change in key assumptions used in the impairment test of goodwill would not likely cause the carrying amount to exceed its recoverable amounts as of 31 December 2016, 2017 or 2018.

Accounts receivable

Our accounts receivable are invoiced amounts due from our customers for services performed in the ordinary course of business. For our media buy business, despite our revenue is recognised on a net basis, we record the receivable on gross basis, as we have no legally enforceable right to set off the bill from our suppliers against the bill to our customers. See "–

Critical Accounting Policies, Judgements and Estimates – Revenue Recognition – Mobile advertising platform and related business" in this section for more details. During the Track Record Period, the settlement period agreed in the framework agreement is typically 30 to 45 days. See the section headed "Business – Customers and Suppliers – Customers" for further details of the invoicing and collection. Accounts receivable are classified as current assets if they are expected to be collected in one year or less. Otherwise, they are presented as non-current. The following table sets forth our accounts receivable as of the dates indicated:

	As of 31 December		
	2016	**2017**	**2018**
	RMB'000	**RMB'000**	**RMB'000**
Current			
Gross carrying amount	144,153	156,741	202,852
Less: impairment provision	(11,957)	(12,551)	(19,715)
Total accounts receivable in current assets	132,196	144,190	183,137
Non-current			
Gross carrying amount	–	–	9,489
Less: impairment provision	–	–	(474)
Total accounts receivable in non-current assets	–	–	9,015
Total accounts receivable	132,196	144,190	192,152

The following table sets forth an aging analysis of our accounts receivable before impairment provision as of the dates indicated, based on the date of recognition, and the amounts subsequently settled as at 30 April 2019:

	As of 31 December			Subsequently settled as of 30 April	Unsettled as of 30 April
	2016	**2017**	**2018**	**2019**	**2019**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Up to 6 months	69,168	51,336	113,491	(77,699)	35,792
6 months to 1 year	60,277	36,690	5,289	(2,442)	2,847
1 year to 2 years	14,708	61,670	28,901	(5,715)	23,186
2 year to 3 years	–	7,045	57,326	(37,118)	20,208
Over 3 years	–	–	7,334	(6,171)	1,163
	144,153	156,741	212,341	(129,145)	83,196

We apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable. Our impairment provision for accounts receivable consisted of (i) general provisions calculated based on the model required by IFRS 9 for accounts receivable due from third parties with regular payment schedule; (ii) provisions for each individual balance of accounts receivable due from third parties with increased credit risk and accounts receivable due from related parties, which were determined with reference to the characteristics of credit risk. For details, see Note 3.1(b) of the Accountant's Report set out in Appendix I to this document. We recorded total impairment provision of RMB12.0 million, RMB12.6 million and RMB20.2 million as of 31 December 2016, 2017 and 2018, respectively.

Our accounts receivable increased by 9.1% from RMB132.2 million as of 31 December 2016 to RMB144.2 million as of 31 December 2017, primarily because (i) the increase in our accounts receivable in line with our business expansion; (ii) the delay of payment from customers of our media buy business, mainly because at an early stage of our business operations in 2016, we were primarily revenue-driven and focussed more on attracting new customers and generating revenues, and for the purpose of maintaining business relationship, we may occasionally allow relatively lax collection periods towards certain customers after our assessment on their credibility.

Our accounts receivable increased by 33.3% from RMB144.2 million in 2017 to RMB192.2 million in 2018, primarily due to an increase of RMB38.9 million and RMB9.0 million in our accounts receivable of current portion and of non-current portion, respectively. The increase in our accounts receivable was primarily because (i) the growth of our business resulted in an increase in our accounts receivable; (ii) customers of our media buy business demanded for longer payment period; and (iii) certain customers of our media buy business delayed the repayment of significant amounts.

In particular, two customers of our media buy business caused outstanding balances of RMB45.8 million[1] in our accounts receivable, on which we recorded an impairment provision of RMB7.2 million, as of 31 December 2018. On 31 December 2018, we entered into an agreement of payment schedule with a customer of our media buy business ("**Customer A**"), which is a company principally engaged in overseas advertising business and delayed the payment of an advertising service fee of US$5.3 million (equivalent to RMB36.2 million) to us. Pursuant to the payment agreement between us and Customer A, Customer A agreed to repay the amount in 16 monthly instalments from January 2019 to April 2020 with most of the instalments amounting to US$0.35 million. As an amount of RMB9.5 million included in total receivable will be settled in 2020, we classified such balance as non-current assets. As of the Latest Practicable Date, US$1.7 million (equivalent to RMB11.7 million) was settled, representing 32.3% of the total scheduled payment amount. To the best knowledge of and the information available to our Directors, our Directors are given to understand the financial situation of the customer has improved, and it is able to repay the remaining balance in accordance with the payment agreement. In this connection, we recorded an impairment provision of RMB1.7 million on the outstanding balance due from Customer A as of 31 December 2018.

[1] Representing the present value.

As of 31 December 2018, the outstanding balance due from another customer of our media buy business ("**Customer B**") was approximately RMB11.0 million. Customer B is principally engaged in the operation of online automotive trading platform. Since Customer B did not make the payment according to the credit term agreed, our Directors considered Customer B as the one with increased credit risk and our Directors also considered the below factors including:

- we filed an arbitration to the relevant authority in January 2019, which is still under process;
- during the negotiation, Customer B has represented that it will repay all the outstanding balance by the end of 2019; and
- to the best knowledge of and the information available to our Directors, our Directors understand that the shareholders of Customer B include well established TMT conglomerates and financial institutions with strong financial resources and Customer B's performance may be improved after a recent business restructuring.

In light of the foregoing, notwithstanding no payment agreement has been agreed as of the Latest Practicable Date, we applied the individual identification method for the impairment assessment and have provided an impairment provision of approximately RMB5.5 million, representing 50% of the outstanding amount as of 31 December 2018.

The outstanding accounts receivable as at 31 December 2018 aging over one year of RMB44.6 million, which was unsettled as of 30 April 2019, mainly represents (i) amount due from Customer A of approximately RMB28.0 million, as mentioned above; (ii) amount due from a customer of approximately RMB1.7 million, which was subsequently settled as of the Latest Practicable date; and (iii) amounts due from various customers of approximately RMB10.9 million, on which we have made full impairment provision as at 31 December 2018.

The following table sets forth our accounts receivable turnover days for the years indicated:

	For the year ended 31 December		
	2016	**2017**	**2018**
Accounts receivable turnover days[(1)]	109	203	158
– Media buy business	116	464	306
– Non-media buy business	92	55	69

Note:

(1) Accounts receivable turnover days equal the average of the beginning and ending balance of accounts receivable for the period divided by revenue recognised on gross basis for both mobile advertising platform and related business and mobile app development business for the relevant period, and multiplied by the number of days in the relevant period.

Our accounts receivable turnover days decreased from 203 days in 2017 to 158 days in 2018, primarily due to (i) our enhanced collection management efforts; (ii) our stricter credit policies to grant credit terms to customers with good credit worthiness only; and (iii) our stronger bargaining power in negotiating favourable credit terms with our customers due to our improved services and enlarged business scale. Our accounts receivable turnover days increased from 109 days in 2016 to 203 days in 2017, primarily because (i) customers of our media buy business demanded for longer credit terms; and (ii) the significant and long outstanding balance from Customer A in media buy business as discussed above.

Excluding the accounts receivable relating to media buy business, the accounts receivable turnover days of our non-media buy business decreased from 92 days in 2016 to 55 days in 2017, primarily because revenue from our non-media buy business increased and resulted in a decrease in our accounts receivable turnover days in 2017. The accounts receivable turnover days of our non-media buy business remained relatively stable in 2017 and 2018.

As of 30 April 2019, RMB129.2 million of our accounts receivable, accounting for 60.8% of our accounts receivable as of 31 December 2018, were subsequently settled.

Other Current Assets

Our other current assets consisted of (i) deductible input value-added-tax; and (ii) prepayments to suppliers, including the prepaid amounts of cost for advertising placement, rents, internet service fees and other office expenses. The following table sets forth our other current assets as of the dates indicated:

	As of 31 December		
	2016	**2017**	**2018**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
Prepayment to suppliers	1,060	1,425	4,094
Deductible input value-added tax	–	14	–
Total	1,060	1,439	4,094

Our prepayments to suppliers increased from RMB1.4 million in 2017 to RMB4.1 million in 2018, primarily due to the increase in expenses related to our business operation, i.e. costs for advertising placement for our mobile advertising platform and related business.

Other Receivable

Our other receivable primarily consisted of (i) amounts due from related parties, representing collection on behalf of our Group through relevant parties; and (ii) amounts due from other parties, primarily including loans to third-party entities, collection on behalf of our Group through relevant parties, security deposits and petty cash. The following table sets forth a breakdown of our other receivable as of the dates indicated:

	As of 31 December		
	2016	**2017**	**2018**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
From related parties	–	–	10,846
– Collection on behalf of our Group by our Directors (Liu Chunhe, Li Ping and Wang Kui)	–	–	10,846
From other parties	12,012	16,118	47,595
– Loans to Mico	–	12,500	36,240
– Collection on behalf of our Group by Mobile Alpha and West Street Technology	–	–	7,282
– Loan to a third party	10,000	–	–
– Others	2,012	3,618	4,073
Total	12,012	16,118	58,441

Our other receivable increased from RMB16.1 million as of 31 December 2017 to RMB58.4 million as of 31 December 2018, primarily due to (i) increase in interest-free loans of RMB23.7 million granted to Mico; and (ii) increase in the amount of RMB18.1 million collected on behalf of our Group by relevant parties, see section headed "Business – Certain Settlement Arrangements" in this document for details.

Our other receivable increased from RMB12.0 million as of 31 December 2016 to RMB16.1 million as of 31 December 2017 primarily due to an interest-free loan of RMB12.5 million granted to Mico, which was partially offset by the repayment of loan granted to one third-party entity of RMB10.0 million.

In 2016, we made a loan of RMB10.0 million to the third-party entity as mentioned above, which was repaid in full in 2017. In 2017, we made an interest-free loan of RMB5.0 million to Beijing Duanji, in which we had an equity interest of 17.9%. Beijing Duanji subsequently repaid the loan in 2017. In 2017, we also granted loans of RMB20.0 million in aggregate with interest rate of 10% to Beijing Amphora, an affiliate of one of our Shareholders, which were repaid in full in the same year. In 2017 and 2018, we also made several interest-free loans of RMB39.7 million in aggregate to Mico, which were fully settled in March 2019.

As advised by our PRC legal adviser, unauthorised lending activities engaged by enterprises are prohibited under the General Lending Provisions (《貸款通則》) promulgated by the People's Bank of China ("**PBOC**") on 28 June 1996. PBOC may impose a fine ranging from one to five times of the income from non-compliant lending activities. As the General Lending Provisions are not laws published by the National People's Congress of the PRC and/or its Standing Committee or regulations published by the State Council, our loans to Beijing Amphora, Mico and the third-party entity are not in violation of PRC laws and administrative regulations, as advised by our PRC Legal Advisers.

In addition to that, as advised by our PRC legal adviser, the Supreme People's Court of the PRC has conditionally affirmed the validity of the loan agreements between enterprises by issuing the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Private Lending Cases (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) (the "**Provisions**"), which became effective on 1 September 2015. According to the Provisions, (i) except under the circumstances as set forth in Article 52 of the PRC Contract Law (《中華人民共和國合同法》) or Article 14 of the Provisions, the people's court shall support a claim for the validity of a private lending contract signed as required for production or business operation among enterprises and other organisations; and (ii) the people's court shall support the claim by the lender for the payment of the interests under the lending contract where the annual interest rate does not exceed 24%.

On the basis above, and given that (i) the loan agreements did not involve the circumstances as set forth in Article 52 of the PRC Contract Law or Article 14 of the Provisions and the annual interest rates were within the scope allowed by the Provisions; (ii) the principal and interests of the loan between us and Beijing Duanji were settled in February 2017; the principal and interests of the loan between us and the third party entity were settled in June 2017; the principal and interests of the loan between us and Beijing Amphora were settled in December 2017; and the principal and interests of the loan between us and Mico was settled in March 2019; (iii) the loans are incidental events, and do not constitute our main business or the main profit source of us, and as of the Latest Practicable Date, we had not received any notice or administrative penalty from the regulatory authorities (including the PBOC) against the loans and no disputes had arisen from the loan, our PRC legal adviser is of the view that (i) the loan agreements are protected by PRC law in judicial practice and the terms of the loan agreements are valid and enforceable; (ii) the risk that the PBOC will impose any penalty on us regarding the loans is low; and (iii) the loans are not in violation of PRC laws and administrative regulations and does not constitute significant non-compliance under PRC law.

As of 30 April 2019, RMB48.8 million, or 83.6% of our other receivable, were subsequently settled. The remains primarily represent rent deposits which cannot be settled at the time.

Financial Assets Measured at FVPL

The following table sets forth our financial assets measured at FVPL for the years indicated:

	As of 31 December		
	2016	2017	2018
	(RMB'000)	(RMB'000)	(RMB'000)
Current			
Investment in wealth management products	245,158	220,178	197,963
Non-current			
Investment in equity interests in private companies:	25,134	41,485	66,518
– Mico	23,100	39,100	63,700
– Another private company	2,034	2,385	2,818
Total	270,292	261,663	264,481

Current portion

Our financial assets measured at FVPL represent the financial products we invested. These investments include non-principal-guaranteed wealth management products and funds issued by major and reputable financial institutions in the PRC, with expected rates of return ranging from 2.4% to 4.2%, 2.4% to 4.8%, 2.7% to 7.5% per annum for the years ended 31 December 2016, 2017 and 2018, respectively. The balance of current portion of our financial assets at FVPL was RMB245.2 million, RMB220.2 million and RMB198.0 million as of 31 December 2016, 2017 and 2018, respectively. The decrease in the current portion of our financial assets measured at FVPL was primarily due to the maturity of our wealth management products.

As part of our treasury management, we have purchased wealth management products as an supplemental mean to improve the utilisation of our cash on hand on a short-term basis. We have established a set of investment policies and internal control measures to achieve reasonable returns on our investments of wealth management products while mitigating our exposure to investment risks. These policies and measures include:

- investments shall be made when we have surplus cash that is not required for our short-term working capital purposes;

- the types of investments shall be generally very low risk or low risk wealth management products issued by qualified commercial banks;

- investments shall generally be short-term and of a non-speculative nature in order to maintain our liquidity and financial flexibility;

- we only purchase wealth management products issued by creditworthy commercial banks and/or other qualified financial institutions, and in any given period, we make investments in products provided by multiple issuers to mitigate concentration risks;

- our finance department, subject to the review and approval of our management, is responsible for the overall execution of our investments, including risk assessment and review of the terms and conditions of the products;

- any proposed investment in wealth management products is subject to a feasibility study which shall be reviewed by our internal accounting managers. The proposal with the feasibility study will then be submitted to our chief financial officer, Mr. Wang Kui, for review and approval. Please see "Directors and Senior Management" for the relevant experiences and qualification of Mr. Wang;

- our internal accounting managers are responsible for monitoring the performance of the invested wealth management products and ensure that the relevant contract is not breached. Any significant or adverse fluctuation in the invested wealth management products shall be reported to our chief financial officer in a timely manner; and

- upon the maturity dates of each investment, designated personnel at our finance department shall be responsible for the redemption and disposition of the investments according to the relevant contracts.

Non-current portion

Our financial assets measured at FVPL of non-current portion represent our strategic investments in private companies, primarily including the equity interest in Beijing Duanji as of 31 December 2016 and the equity interest in Mico as of 31 December 2017 and 2018. We acquired an equity interest of 17.9% in Beijing Duanji for a consideration of RMB17.9 million in May 2016. Beijing Duanji was merged with Mico in May 2017, after which we held an equity interest of 8.95% in Mico. The equity interest in Mico was later increased to 16.77% as a result of our further investment of RMB100.0 million in March 2019. Our financial assets measured at FVPL of non-current portion was RMB25.1 million, RMB41.5 million and RMB66.5 million as of 31 December 2016, 2017 and 2018, respectively. The increase was primarily due to the fair value gain we recognised in the valuation of our equity investments.

Mico is principally engaged in the business related to mobile video and live streaming platform. See "Business – Our Strategic Investments" for more information, including Mico's business model and our reasons for investing in Mico.

Cash and Cash Equivalents

The following table sets forth a breakdown of our cash and cash equivalents as of the dates indicated:

	As at 31 December		
	2016	2017	2018
	(RMB'000)	(RMB'000)	(RMB'000)
Bank deposits at call	78,860	71,363	79,821
Cash in a payment platform	279	624	807
Total	79,139	71,987	80,628

Restricted Bank Deposits

Our restricted bank deposits mainly comprised of guarantee for bank overdraft, which was the security deposits for our credit card account at HSBC. The following table sets forth a breakdown of our restricted cash as of the dates indicated:

	As at 31 December		
	2016	2017	2018
	(RMB'000)	(RMB'000)	(RMB'000)
Restricted bank deposits	392	849	894

Accounts payable

Our accounts payable primarily represent liabilities for goods and services provided to us prior to the end of financial year which are unpaid. Our accounts payable are presented as current liabilities unless payment is not due within 12 months after the reporting period. Accounts payable are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. During the Track Record Period, our suppliers generally granted credit terms of 30 days to us. The following table sets forth our accounts payable as of the date indicated:

	As at 31 December		
	2016	2017	2018
	(RMB'000)	(RMB'000)	(RMB'000)
Accounts payable	78,108	65,631	89,396

As of 30 April 2019, RMB51.5 million of accounts payable, accounting for 57.6% of our total accounts payable as of 31 December 2018, were subsequently settled.

Our accounts payable decreased by 16.0% from RMB78.1 million as of 31 December 2016 to RMB65.6 million as of 31 December 2017. The decreases were primarily because of the acceleration of payments to our suppliers so that we can remain competitive in acquiring quality services from them.

Our accounts payable increased by 36.2% from RMB65.6 million as of 31 December 2017 to RMB89.4 million as of 31 December 2018, primarily because of the increase in our cost for advertising placement and server capacity expense to support the rapid expansion of our business, which, in turn, was consistent with our business growth.

The following table sets forth an aging analysis of our accounts payable as of the date indicated, based on the invoice date:

	As at 31 December		
	2016	**2017**	**2018**
	RMB'000	**RMB'000**	**RMB'000**
Up to 3 months	70,432	36,720	63,213
3 to 6 months	3,606	4,882	5,863
6 months to 1 year	3,207	14,797	2,158
1 to 2 years	757	8,433	10,163
2 to 3 years	106	699	7,160
More than 3 years	–	100	839
	78,108	65,631	89,396

The following table sets forth the accounts payable turnover days for the period indicated:

	For the year ended 31 December		
	2016	**2017**	**2018**
Accounts payable turnover days[(1)]	120	112	80

Note:

(1) Accounts payable turnover days equal the average of the beginning and ending balance of accounts payable for the period divided by cost of revenue (including billing of suppliers of our media buy business), and selling and marketing expenses for the relevant period, and multiplied by the number of days in the relevant period.

Our accounts payable turnover days remained relatively stable in 2016 and 2017. Our accounts payable turnover days decreased from 112 days in 2017 to 80 days in 2018, primarily because we accelerated payments to suppliers so we can remain competitive in acquiring quality services from them.

Other payable

Our other payables consisted of (i) employee benefits payable; (ii) refundable advances from customers; (iii) other tax payables, including miscellaneous taxes; and (iv) other payable. Our other payable are unsecured and are usually paid within one year of recognition. The following table sets forth our other payable as of the date indicated:

	As at 31 December		
	2016	**2017**	**2018**
	RMB'000	**RMB'000**	**RMB'000**
Employee benefits payable	3,754	4,274	4,723
Refundable advances from customers	338	341	3,601
Other tax payables	476	334	281
Others	112	542	481
	4,680	5,491	9,086

Our other payable increased by 65.5% from RMB5.5 million in 2017 to RMB9.1 million in 2018, primarily due to the increase of RMB3.3 million in our refundable advances from customers.

Lease Liabilities

Our lease liabilities represent the obligation to make future payments in relation to the lease of our office building. Our lease liabilities remained relatively stable in 2016, 2017 and 2018.

WORKING CAPITAL

We intend to finance our working capital with cash generated from our operations, the proceedings from the [**REDACTED**], bank loans and other funds raised from capital markets from time to time. During the Track Record Period and up to the Latest Practicable Date, we financed our working capital requirements principally from cash generated from our operating activities and capital injections from our shareholders.

Our Directors are of the view that, taking into account the proceedings from the [**REDACTED**], our cash and cash equivalents and our anticipated cash flows from operations, we have sufficient working capital for our present requirements and for at least for the next 12 months following the date of this Document.

LIQUIDITY AND CAPITAL RESOURCES

The following table sets forth a summary of our cash flows for the years indicated:

	For the year ended 31 December		
	2016	**2017**	**2018**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
Net cash (outflow)/inflow from operating activities	(57,172)	(16,154)	1,678
Net cash (outflow)/inflow from investing activities	(52,396)	34,585	4,571
Net cash inflow/(outflow) from financing activities	146,710	(20,787)	(3,343)
Net increase/(decrease) in cash and cash equivalents	37,142	(2,356)	2,906
Cash and cash equivalents at the beginning of the year	37,838	78,884	71,738
Effects of exchange rate changes on cash and cash equivalents	3,904	(4,790)	5,896
Cash and cash equivalents at end of year	78,884	71,738	80,540

Net cash (outflow)/inflow from operating activities

Our cash inflow from operating activities consists primarily of revenue from our mobile advertising platform and related service and the monetisation of user traffic sourced from our own mobile apps. Our cash outflow from operating activities consists primarily of purchase of advertising traffic, staff costs, promotion expenses and general and administrative expenses. Cash inflow from operating activities reflects (i) our profit or loss before tax adjusted for non-cash and non-operating items, such as depreciation and amortisation, net impairment losses on financial assets and fair value changes of financial assets measured at FVPL; and (ii) the effects of changes in our operating assets and liabilities.

For the year ended 31 December 2018, our net cash inflow from operating activities was RMB1.7 million. This net cash inflow was primarily attributable to our profit before tax of RMB68.6 million, as adjusted for (i) non-cash items, principally comprising RMB31.7 million in fair value gain of financial assets measured at FVPL, see "– Discussion of Certain Key Combined Balance Sheets Items – Financial Assets Measured at FVPL" in this section, RMB4.5 million in depreciation and amortisation, RMB7.0 million in net impairment losses on financial assets and RMB4.0 million in exchange gain; and (ii) changes in operating assets and liabilities, principally comprising an increase in (a) accounts receivable of RMB48.2 million, see "– Discussion of Certain Key Combined Balance Sheets Items – Accounts Receivable" in this section for more details; and (b) other receivable of RMB16.1 million primarily attributable to the increase in amounts of collection on behalf of our Group, see "Business – Certain Settlement Arrangements" for more details partially offset by an increase in accounts payable of RMB20.6 million as a result of our growing cost for advertising placement and server capacity expense to support the rapid expansion of our business. We transitioned from negative operating cash flow in 2017 to positive operating cash flow in 2018, primarily due to our continuous business growth, improved profitability and enhanced accounts receivable collection management.

For the year ended 31 December 2017, our net cash outflow from operating activities was RMB16.2 million. This net cash outflow comprised our profit before taxation of RMB36.8 million, as adjusted for (i) non-cash items, principally comprising RMB27.9 million in fair value gain of our financial assets measured at FVPL and RMB4.7 million in depreciation and amortisation; and (ii) changes in operating assets and liabilities, principally comprising (a) a decrease in our accounts payable of RMB15.0 million; and (b) an increase in our accounts receivable of RMB15.1 million due to increase in revenue and delayed payment from some customers of media buy business. The operating cash outflow in 2017 was primarily due to a large decrease in our profit before tax, as a result of (i) a decrease in the profit generated from our media buy business due to the reducing of the business; (ii) a substantial increase in server leasing costs and traffic acquisition costs in 2017 to support the rapid expansion of our mobile advertising platform and related business; and (iii) a substantial increase in expenses for the comprehensive promotion of our mobile apps, which later resulted in a boom in our revenue from mobile apps business in 2018. The negative cash flow was also resulted from the increase in our accounts receivable turnover days from 109 days to 203 days. See "– Discussion of Certain Key Combined Balance Sheets Items – Accounts Receivable" for details.

For the year ended 31 December 2016, our net cash outflow from operating activities was RMB57.2 million. This net cash outflow comprised our profit before tax of RMB56.0 million, as adjusted by (i) the non-cash items, principally comprising RMB19.2 million in fair value gain in our financial assets measured at FVPL and RMB10.1 million of net impairment losses on financial assets; and (ii) changes in operating assets and liabilities, principally comprising an increase of RMB106.6 million in accounts receivable. The operating cash outflow in 2016 was primarily due to a large increase in our accounts receivable. At an early stage of our business operations, we were primarily revenue-driven, focussing more on attracting new customers and generating revenues, and for the purpose of maintaining business relationship, we may occasionally allow relatively lax collection periods towards certain customers after our assessment on their credibility. In addition, as an emerging market player, with limited bargaining power, we were in a weak position to negotiate for favourable credit terms, which also negatively affected our cash flow in the same period. See "– Discussion of Certain Key Combined Balance Sheets Items – Accounts Receivable"

Net cash (outflow)/inflow from investing activities

For the year ended 31 December 2018, our net cash inflow from investing activities was RMB4.6 million, primarily due to (i) RMB421.9 million of cash inflow from maturity of wealth management products measured at FVPL; and (ii) RMB3.4 million of [**REDACTED**] from loan repayments, partially offset by (i) RMB393.0 million of cash outflow in purchase of wealth management products measured at FVPL; and (ii) RMB27.2 million of cash outflow in loans granted to Mico, see "– Discussion of Certain Key Combined Balance Sheets Items – Other Receivable" for details of loans to third parties and related parties.

For the year ended 31 December 2017, our net cash inflow from investing activities was RMB34.6 million, primarily due to (i) RMB305.7 million of cash inflow from maturity of wealth management products measured at FVPL; and (ii) RMB35.0 million of cash inflow from loan repayments from Beijing Amphora, Beijing Duanji and a third-party entity, partially offset by (i) RMB269.4 million of cash outflow in purchase of wealth management products measured at FVPL; and (ii) RMB37.5 million of cash outflow in loans granted to Mico, Beijing Duanji and Beijing Amphora, of which the amounts due from Beijing Amphora and Beijing Duanji of RMB20.0 million and RMB5.0 million, respectively, was repaid in 2017.

For the year ended 31 December 2016, our net cash outflow from investing activities was RMB52.4 million, primarily due to (i) RMB1,025.3 million of cash outflow in purchase of wealth management products measured at FVPL, see "– Discussion of Certain Key Combined Balance Sheets Items – Financial Assets Measured at FVPL" in this section; (ii) RMB17.9 million of cash outflow for investment in equity interests of Beijing Duanji; and (iii) RMB10.0 million of loans granted to a third-party entity, which was partially offset by RMB1,001.7 million of cash inflow from the maturity of wealth management products measured at FVPL.

Net cash inflow/(outflow) from financing activities

For the year ended 31 December 2018, our net cash outflow from financing activities was RMB3.3 million, primarily representing the repayment of lease liabilities (including interests paid) in relation to the rents for our office building.

For the year ended 31 December 2017, our net cash outflow from financing activities was RMB20.8 million, attributable to (i) RMB17.5 million of deemed distribution of certain investments, primarily representing the carve-out of the investments in Fujian Youdian Neirong, see "History and Corporate Structure – Reorganisation – Onshore Reorganisation – Disposal of Fujian Youdian Neirong" in this document for more details; (ii) RMB3.3 million of repayment of lease liabilities (including interests paid) in relation to the rents for our office building.

For the year ended 31 December 2016, our net cash inflow from financing activities was RMB146.7 million, attributable to RMB200.0 million of capital injection from shareholders to NewBornTown Mobile Technology, see "History and Corporate Structure – Our Major Subsidiaries and Operating Entities – NewBornTown Mobile Technology – Capital increase in

2016" in this document for more details. The cash inflow was partially offset by (i) RMB30.0 million in transfer of certain investments, primarily representing the carve-out of the investments in Tibet Zhirui, see "History and Corporate Structure – Reorganisation – Onshore Reorganisation – Disposal of Tibet Zhirui" in this document for more details; (ii) RMB3.3 million of repayment of lease liabilities (including interests paid); and (iii) RMB20.0 million of repayment of loans to third parties.

INDEBTEDNESS

Borrowings

As of 31 December 2016, 2017 and 2018 and 30 April 2019, we have bank overdrafts of RMB0.3 million, RMB0.2 million, RMB0.1 million and RMB0.1 million, respectively. Save as disclosed, we did not have any bank loans or other borrowings, or any loan capital issued and outstanding or agreed to be issued, borrowings or similar indebtedness, liabilities under acceptance or acceptance credits, debentures, mortgages, charges, hire purchases or finance lease commitments, guarantees or other material contingent liabilities as of 30 April 2019, being the latest practicable date for our statement of indebtedness. As of the Latest Practicable Date, we did not have any bank facilities. Our Directors confirm that there has not been any material change in our indebtedness since 30 April 2019.

Contingent Liabilities

As of 31 December 2016, 2017 and 2018 and as of 30 April 2019, we did not have any material contingent liabilities or guarantees.

Off-balance Sheet Commitments and Arrangements

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

CAPITAL EXPENDITURES AND COMMITMENTS

Capital Expenditures

Our capital expenditures consist primarily of payment of purchase of property and equipment, including purchases of computers and other office equipment. In 2016, 2017 and 2018, our capital expenditures were RMB0.9 million, RMB0.4 million and RMB0.6 million, respectively.

Capital Commitments

As of 31 December 2016, 2017 and 2018, we did not have any capital commitments.

Operating Lease Commitments

We leased several office under non-cancellable operating lease with lease term less than one year and has been exempted from recognition of right-of-use assets permitted under IFRS 16. As of 31 December 2016, 2017 and 2018, the future aggregate minimum lease payment under non-cancellable operating lease were RMB0.04 million, RMB0.03 million and RMB0.06 million, respectively.

RELATED TRANSACTIONS

Transitions with Related Parties

Our Directors collected the receivables due from two of our top five customers on behalf of the Company. For more details, please see "Business – Certain Settlement Arrangement Through Relevant Parties".

Our Directors believe that our transactions with related parties during the Track Record Period were conducted in the ordinary course of business on an arm's length basis and they did not distort our result of operations or make our historical results not reflective of our future performance.

The following table sets forth the transitions we had with related parties for the years indicated:

	For the year ended 31 December		
	2016	**2017**	**2018**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
Collection on behalf of the group – Directors (Liu Chunhe, Li Ping, Wang Kui)	–	–	17,655

Amounts due from Related Parties

Amounts from the related parties were unsecured and repayable on demand. The amounts due from related parties are neither past due nor impaired. The following table sets forth the amounts due from related parties as of the dates indicated:

	As of 31 December		
	2016	**2017**	**2018**
	(RMB'000)	**(RMB'000)**	**(RMB'000)**
Amounts due from related parties:			
Other receivable – Directors (Liu Chunhe, Li Ping, Wang Kui)	–	–	10,846
	–	–	10,846

As of 31 December 2018, amounts due from related parties totalled RMB10.8 million. All amounts due from related parties have been settled.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the periods indicated:

	For the year ended 31 December		
	2016	**2017**	**2018**
Revenue growth	N/A	32.9%	52.2%
Net profit growth	N/A	(22.4%)	86.8%
Gross profit margin[(1)]	51.8%	38.7%	51.1%
Net profit margin[(2)]	30.1%	17.6%	21.6%
Gearing ratio[(3)]	16.9%	15.0%	17.2%
Current ratio[(4)]	543.2%	609.3%	516.3%
Return on equity[(5)]	9.5%	7.3%	11.8%
Return on assets[(6)]	7.9%	6.2%	9.7%

Notes:

(1) Calculated as gross profit divided by revenue and multiplied by 100%.

(2) Calculated as profit for the year divided by revenue for that year and multiplied by 100%.

(3) Calculated as total liabilities divided by total assets and multiplied by 100%.

(4) Calculated by dividing current assets for the year by current liabilities for that year and multiplied by 100%.

(5) Calculated as profit for the year divided by ending balance of total equity of the year and multiplied by 100%.

(6) Calculated as profit for the year divided by ending balance of total assets of the year and multiplied by 100%.

Revenue Growth

Our revenue growth increased by 32.9% from 2016 to 2017, which primarily due to the revenue growth of our programmatic advertising platform and related business. Our revenue growth increased by 52.2% from 2017 to 2018, which primarily due to the significant revenue growth of our mobile app development business.

Net Profit Growth

Our net profit decreased by 22.4% from 2016 to 2017, which was primarily due to a significant increase in our cost for advertising placement for the extensive promotion of our proprietary apps at the rapid-growing stage of our business. Our net profit increased by 86.8% from 2017 to 2018, which was primarily due to the rapid-growth our programmatic advertising platform and related business and mobile app development business.

Gross Profit Margin

Our gross profit margin decreased from 51.8% in 2016 to 38.7% in 2017, which was primarily due to the reduction our media buy business, which had a higher gross profit margin. Our gross profit margin increased from 38.7% to 51.1%, primarily due to (i) a significant increase in the gross profit margin of our mobile app development business; and (ii) the gross profit of our mobile app development business accounting for a higher proportion in our total gross profits. See "Financial Information – Period-to-Period Comparison of Results of Operations" for more details.

Net Profit Margin

Our net profit margin decreased from 30.1% in 2016 to 17.6% in 2017, which was primarily due to a significant increase in our cost for advertising placement for the extensive promotion of our proprietary apps at the rapid-growing stage of our business. Our net profit margin increased from 17.6% in 2017 to 21.6% in 2018, which was primarily in line with increase of our gross profit margin in the same period.

Gearing Ratio

We strive to maintain a healthy financial condition. Our gearing ratio for the years ended 31 December 2016, 2017 and 2018 remained relatively stable.

Current Ratio

Our current ratio increased from 543.2% in 2016 to 609.3% in 2017, which was mainly due to our decreased accounts payable as the result of the acceleration of payments to our suppliers. Our current ratio decreased from 609.3% in 2017 to 516.3% in 2018, primarily due to the increase in our accounts payable resulting from the increased cost for advertising placement and server capacity expense.

Return on Equity

Our return on equity decreased from 9.5% in 2016 to 7.3% in 2017, primarily due to our increased equity base and the decreased in our net profits. Our return on equity increased from 7.3% in 2017 to 11.8% in 2018, primarily due to our increasing net profit as a result of our improved profitability.

Return on Assets

Our return on assets decreased from 7.9% in 2016 to 6.2% in 2017, primarily due to the decrease in our net profits in 2017 as a result of increased cost of sales and selling and marketing expenses. Our return on assets increased from 6.2% in 2017 to 9.7% in 2018, primarily due to the rapid growth of our net profits in 2018.

FINANCIAL RISK

The primary financial risks we face in the ordinary course of business are market risk, credit risk and liquidity risk. See Note 3 to "Appendix I – Accountant's Report."

Foreign Currency Risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities denominated in a currency other than the functional currency. Since each of our entities did not held significant assets and liabilities denominated in a currency other the its functional currency, our exposure to foreign currency risk at each year end of the Track Record Period was insignificant.

Interest rate risk

Financial assets with variable interest rate expose us to cash flow interest-rate risk. And financial assets with fixed interest rate expose us to fair value interest-rate risk. Other than interest-bearing cash and cash equivalents and restricted cash, we have no other significant interest-bearing assets or liabilities. Our directors do not anticipate there is any significant impact resulted from the changes in interest rate.

Credit Risk

We are exposed to credit risk primarily in relation to cash and cash equivalent and restricted bank deposits placed with banks, as well as accounts and other receivable. The carrying amount of each class of the above financial assets represents our maximum exposure to credit risk in relation to the corresponding class of financial assets.

We expect that there is no significant credit risk associated with cash deposits at banks since they are mainly placed with state-owned or reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions.

We generated revenue from advertisers or their agencies. Our exposure to credit risk is influenced mainly by the individual characteristics of each customer. We performed credit evaluation that focus on the customer's past history of making payments and current ability to pay. We do not obtain collateral from customers. As at 31 December 2016, 2017 and 2018, approximately 70%, 64% and 52% of our accounts receivable were due from the largest five customers. Given the strong business relationship with these customers, our management does not expect that there will be any significant losses from non-performance of these customers.

We do not provide any other guarantees which would expose us to credit risk. In addition, we apply the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable. See Note 3.1b to "Appendix I – Accountant's Report."

Liquidity Risk

We monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows to manage the liquidity risk.

DIVIDENDS

During the Track Record Period, we did not declare any dividends. We are a holding company incorporated in the Cayman Islands. The declaration of dividend is subject to the discretion of our Board. Taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and such other conditions and other factors which they may deem relevant at such time, our Board may recommend a payment of dividend out of our Group's net profit for the year attributable to owners of our Company in each financial year, commencing from the financial year ending 31 December 2020. Any declaration and payment as well as the amount of the dividend will be subject to the Articles, the Cayman Companies Law and any applicable laws and regulations. Currently, we do not have a formal dividend policy or a fixed dividend payout ratio.

DISTRIBUTABLE RESERVES

As of 31 December 2018, we did not have any reserves available for distribution to our Shareholders.

[**REDACTED**]

UNAUDITED [REDACTED] STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited [**REDACTED**] adjusted net tangible assets prepared in accordance with Rule 4.29 of the [**REDACTED**] are set out below to illustrate the effect of the [**REDACTED**] on the combined net tangible assets attributable to the owners of our Company as of 31 December 2018 as if the [**REDACTED**] had taken place on that date.

The unaudited [**REDACTED**] adjusted net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of we had our [**REDACTED**] been completed as of 31 December 2018 or at any future dates.

	Unadjusted Audited combined net tangible assets of the Group attributable to equity holders of the Company as at 31 December 2018[(1)] *RMB'000*	**Estimated net [REDACTED] from the [REDACTED][(2)]** *RMB'000*	**Unaudited [REDACTED] adjusted net tangible assets of the Group attributable to equity holders of the Company** *RMB'000*	**Unaudited [REDACTED] adjusted net tangible assets per Share** *RMB[(3)]*	*HK$[(4)]*
Based on the [**REDACTED**] of HK$[**REDACTED**] per Share	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Based on the [**REDACTED**] of HK$[**REDACTED**] per Share	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Notes:

(1) The unadjusted audited combined net tangible assets of the Group attributable to equity holders of the Company as at 31 December 2018 is extracted from the Accountant's Report of the Company as set out in Appendix I to this document, which is based on the audited combined net assets of the Group attributable to the equity holders of the Company as at 31 December 2018 of RMB508,346,000 with an adjustment for the intangible assets and goodwill as at 31 December 2018 of RMB9,688,000.

(2) The estimated net [**REDACTED**] from the [**REDACTED**] are based on the indicative [**REDACTED**] of HK$[**REDACTED**] to HK$[**REDACTED**] per Share, respectively, after deduction of the [**REDACTED**] fees and other related expenses payable by the Company and takes no account of any Shares which may be issued pursuant to the exercise of [**REDACTED**], or any Shares which may be allotted and issued or repurchased by the Company under the general mandate to issue Shares and general mandate to repurchase Shares as described in the section headed "Share Capital" in this document.

(3) The unaudited [**REDACTED**] net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that [**REDACTED**] Shares were in issue immediately upon completion of the [**REDACTED**], which is assumed to be on 31 December 2018 for the purpose of the [**REDACTED**] financial information, and takes no account of any Shares which may be issued pursuant to the exercise of [**REDACTED**].

(4) For the purpose of this unaudited [**REDACTED**] adjusted net tangible assets, the amounts stated in Renminbi are converted into Hong Kong dollars at the rate of HK$1.00 to RMB0.8798. No representation is made that Renminbi amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate.

(5) Subsequent to 31 December 2018, the Company entered into certain share repurchase agreements to repurchase 6,880,990 Shares from Phoenix Auspicious FinTech Investment L.P. with a consideration of RMB100 million, 5,622,349 Shares and 5,622,349 Shares from Haitong Kaiyuan and Haitong Xinxi with a consideration of RMB30 million and RMB30 million, respectively. No adjustment has been made to reflect the aforesaid share repurchases or any trading result or other transaction of the Group entered into subsequent to 31 December 2018.

RECENT DEVELOPMENT AND MATERIAL ADVERSE CHANGE

Our business model has remained unchanged since 31 December 2018. For the three months ended 31 March 2019, we recorded revenue of RMB90.5 million, increased by 77.9% compared to RMB50.9 million for the same period in 2018. For the three months ended 31 March 2019, we recorded gross profit of RMB58.3 million, which also increased by 197.2% compared to RMB19.6 million for the same period in 2018; our gross profit margin increased from 38.6% for the three months ended 31 March 2018 to 64.5% for the same periods in 2019. Comparing the performance between three months ended 31 March 2018 and 2019, the increase in revenue and gross profit margin is mainly attributable to the increase in revenue of our mobile app development business. The increase in the overall gross profit margin is primarily due to the higher proportion of the revenue generated from our mobile app development business and the higher gross profit margin earned from such business. The financial information for the three months ended 31 March 2019 was extracted from the unaudited financial statements of the Group prepared by the Directors in accordance with IAS 34 "Interim Financial Reporting," which were reviewed by our reporting accountants, in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

In June 2019, the Company entered into share repurchase agreements with certain Shareholders to repurchase Series B Preferred Shares of the Company. Please refer to "History and Corporate Structure – Reorganisation – 2019 Share Repurchase".

Our Directors confirm that, save for (i) the [**REDACTED**] as disclosed above, and (ii) possible Share-based payment expenses arising from the repurchase of 6,880,990 Shares of Series B Preferred Shares from Phoenix Auspicious FinTech Investment L.P., which will materially affect our financial results, since 31 December 2018 and up to the date of this Document, there has been no material adverse change in our financial or trading position or prospects and no event has occurred that would materially and adversely affect the information shown in our combined financial statements set out in the Accountant's Report included in Appendix I to this Document.

DISCLOSURE REQUIRED UNDER THE [REDACTED]

Our Directors confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the [**REDACTED**].

FUTURE PLANS

Our objective is to further enhance our market position in the industry and to continue expanding our business. See "Business – Business Strategies" for a detailed description of our future plans.

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The following is the text of a report set out on pages I-1 to I-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[Letterhead of PricewaterhouseCoopers] **[DRAFT]**

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF NEWBORN TOWN INC. AND CMBC INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Newborn Town Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages [I-3] to [I-52], which comprises the combined balance sheets as at 31 December 2016, 2017 and 2018, the Company's balance sheet as at 31 December 2018 and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the years then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [I-3] to [I-52] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [*date*] (the "Document") in connection with the initial [**REDACTED**] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of financial position of the Company as at 31 December 2018 and the combined financial position of the Group as at 31 December 2016, 2017 and 2018 and of its combined financial performance and its combined cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE [REDACTED] OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "[REDACTED]") AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-3] have been made.

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividends have been paid by Newborn Town Inc. in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[*Date*]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

		For the years ended 31 December		
		2016	2017	2018
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from contracts with customers	*6*	136,852	181,842	276,686
Cost of revenue	*7*	(65,949)	(111,468)	(135,266)
Gross Profit		70,903	70,374	141,420
Selling and marketing expenses	*7*	(9,919)	(33,693)	(68,975)
Research and development expenses	*7*	(2,596)	(11,538)	(17,492)
General and administrative expenses	*7*	(12,139)	(13,459)	(14,981)
Net impairment losses on financial assets	*9*	(10,123)	(1,584)	(6,963)
Other income	*10*	819	1,392	58
Other gain – net	*10*	19,238	25,374	35,723
Operating profit		56,183	36,866	68,790
Finance income		12	4	39
Finance cost		(215)	(94)	(219)
Finance cost, net		(203)	(90)	(180)
Profit before income tax		55,980	36,776	68,610
Income tax expenses	*12*	(14,765)	(4,795)	(8,873)
Profit for the year		41,215	31,981	59,737
Profit attributable to:				
Owners of the Company		41,215	31,981	59,737
Non-controlling interests		–	–	–
Other comprehensive income/(loss), net of tax				
Items that maybe subsequently reclassified to profit or loss				
Currency translation differences		3,674	(7,277)	8,028
Total comprehensive income for the year		44,889	24,704	67,765
Total comprehensive income attributable to:				
Owners of the Company		44,889	24,704	67,765
Non-controlling interests		–	–	–
Earnings per share for profit attributable to owners of the Company				
Basic earnings per share	*13*	N/A	N/A	N/A
Diluted earnings per share	*13*	N/A	N/A	N/A

COMBINED BALANCE SHEETS

	Notes	As at 31 December 2016 RMB'000	2017 RMB'000	2018 RMB'000
ASSETS				
Non-current assets				
Property and equipment	*15*	4,056	7,008	3,851
Intangible assets	*16*	6,333	5,535	4,733
Goodwill	*17*	5,058	4,727	4,955
Financial assets measured at fair value through profit or loss	*18*	25,134	41,485	66,518
Accounts receivable	*19*	–	–	9,015
Deferred tax assets	*26*	10,669	4,702	–
Total non-current assets		51,250	63,457	89,072
Current assets				
Other current assets	*21*	1,060	1,439	4,094
Accounts receivable	*19*	132,196	144,190	183,137
Other receivable	*20*	12,012	16,118	58,441
Financial assets measured at fair value through profit or loss	*18*	245,158	220,178	197,963
Cash and cash equivalents	*23*	79,139	71,987	80,628
Restricted bank deposits	*22*	392	849	894
Total current assets		469,957	454,761	525,157
Total assets		521,207	518,218	614,229
LIABILITIES				
Current liabilities				
Accounts payable	*24*	78,108	65,631	89,396
Other payable	*25*	4,680	5,491	9,086
Lease liabilities		2,934	3,124	2,999
Bank overdraft		255	249	88
Tax payable		533	143	143
Total current liabilities		86,510	74,638	101,712
Non-current liabilities				
Deferred tax liabilities	*26*	1,320	–	4,171
Lease liabilities		–	2,999	–
Total non-current liabilities		1,320	2,999	4,171
Total liabilities		87,830	77,637	105,883
EQUITY				
Equity attributable to the owners of the Company				
Combined capital	*27*	58,184	58,184	58,184
Other reserve	*28*	444,560	420,731	431,139
(Accumulated loss)/Retained earnings		(69,367)	(38,334)	19,023
		433,377	440,581	508,346
Non-controlling interests		–	–	–
Total equity		433,377	440,581	508,346
Total liabilities and equity		521,207	518,218	614,229

COMPANY BALANCE SHEET

	Notes	As at 31 December 2018 RMB'000
ASSETS		
Current assets		
Amount due from shareholders		–*
Total assets		–*
EQUITY		
Share capital	*27*	–*
Other reserve	*28*	–*
Total equity		–*

* The amount is less than RMB1,000.

COMBINED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the Company			
	Notes	**Combined capital** *RMB'000*	**Other reserve** *RMB'000*	**(Accumulated loss)/ Retained earnings** *RMB'000*	**Total equity** *RMB'000*
Balance at 1 January 2016		53,529	275,394	(110,435)	218,488
Profit for the year		–	–	41,215	41,215
Other comprehensive income		–	3,674	–	3,674
Total comprehensive income		–	3,674	41,215	44,889
Transaction with owners:					
Capital injection from shareholders of the combining companies now comprising the Group	*27, 28*	4,655	195,345	–	200,000
Deemed distribution for the Carve-out Business as described in Note 1.2	*28*	–	(30,000)	–	(30,000)
Appropriation to statutory reserves	*28*	–	147	(147)	–
Balance at 31 December 2016		58,184	444,560	(69,367)	433,377
Profit for the year		–	–	31,981	31,981
Other comprehensive loss	*28*	–	(7,277)	–	(7,277)
Total comprehensive income		–	(7,277)	31,981	24,704
Transaction with owners:					
Deemed distribution for the Carve-out Business as described in Note 1.2	*28*	–	(17,500)	–	(17,500)
Appropriation to statutory reserves	*28*	–	948	(948)	–
Balance at 31 December 2017		58,184	420,731	(38,334)	440,581
Profit for the year		–	–	59,737	59,737
Other comprehensive income	*28*	–	8,028	–	8,028
Total comprehensive income		–	8,028	59,737	67,765
Transaction with owners:					
Appropriation to statutory reserves	*28*	–	2,380	(2,380)	–
Balance at 31 December 2018		58,184	431,139	19,023	508,346

COMBINED STATEMENTS OF CASH FLOWS

	Notes	For the years ended 31 December 2016 RMB'000	2017 RMB'000	2018 RMB'000
Cash flows from operating activities				
Cash (used in)/generated from operations	*29a*	(57,172)	(15,621)	1,678
Payment of income tax		–	(533)	–
Net cash (outflow)/inflow from operating activities		(57,172)	(16,154)	1,678
Cash flows from investing activities				
Purchase of Wealth Management Products measured at fair value through profit or loss		(1,025,348)	(269,403)	(393,035)
Maturity of Wealth Management Products measured at fair value through profit or loss		1,001,719	305,674	421,922
Addition of investment in equity interests of private companies measured at fair value through profit or loss		(17,900)	–	–
Disposal of investment in equity interests of private companies measured at fair value through profit or loss		–	200	–
Purchase of property and equipment		(867)	(428)	(576)
Loans granted to third parties		(10,000)	(37,500)	(27,150)
[**REDACTED**] of loans repayments from third parties		–	35,000	3,410
Interest income		–	1,042	–
Net cash (outflow)/inflow from investing activities		(52,396)	34,585	4,571
Cash flows from financing activities				
Capital injections from shareholders of combining company now comprising the Group		200,000	–	–
Deemed distribution for the Carve-out Business		(30,000)	(17,500)	–
Repayment of lease liabilities (including interest paid)		(3,290)	(3,287)	(3,343)
Repayment of loans granted by third parties		(20,000)	–	–
Net cash inflow/(outflow) from financing activities		146,710	(20,787)	(3,343)
Net increase/(decrease) in cash and cash equivalents		37,142	(2,356)	2,906
Cash and cash equivalents at the beginning of the year		37,838	78,884	71,738
Effects of exchange rate changes on cash and cash equivalents		3,904	(4,790)	5,896
Cash and cash equivalents at end of year		78,884	71,738	80,540
Including:				
Cash and cash equivalents in Combined Balance Sheets	*23*	79,139	71,987	80,628
Bank overdraft in Combined Balance Sheets		(255)	(249)	(88)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 GENERAL INFORMATION, REORGANIZATION AND BASIS OF PREPARATION

1.1 General information

Newborn Town Inc. (the "Company") was incorporated in the Cayman Islands on 12 September 2018 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together referred as to the "Group") are principally engaged in providing mobile development and mobile advertising platform services (the "[**REDACTED**] Business") worldwide.

Mr. Liu Chunhe, Mr. Li Ping and Mr. Ye Chunjian are the founders of the Group.

1.2 History and reorganization of the Group

Prior to the incorporation of the Company and the completion of the reorganization as described below, the [**REDACTED**] Business was carried out by NewBornTown Mobile Technology (Beijing) Holdings Co., Ltd (赤子城移動科技(北京)股份有限公司, "NewBornTown Mobile Technology") and its subsidiaries, mainly including NewBornTown Network Technology (Beijing) Co., Ltd ("NewBornTown Network Technology") and Newborn Town International Enterprise Limited ("Newborn Town International"). NewBornTown Mobile Technology was incorporated in Beijing, People's Republic of China (the "PRC") on 15 August 2007.

For the preparation for the [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited, the Group underwent a reorganization (the "Reorganization") pursuant to which the [**REDACTED**] Business was transferred to the Company. The Reorganization mainly involved the following:

- On 12 September 2018, the Company was incorporated in the Cayman Islands with an authorised share capital of 500,000,000 ordinary shares of par value of US$0.0001 each. 63,167,000 ordinary shares were issued to Spriver Tech Limited, a special purpose vehicle wholly owned by Mr. Liu Chunhe; 21,047,000 ordinary shares were issued to Parallel World Limited, a special purpose vehicle wholly owned by Mr. Li Ping; and 15,786,000 ordinary shares were issued to Pixel Perfect Limited, a special purpose vehicle wholly owned by Mr. Ye Chunjian.

- On 30 August 2018, Shandong NewBornTown Network Technology Co., Ltd. ("Shandong NewBornTown") was incorporated in Shandong Province, the PRC, as a direct wholly-owned subsidiary of NewBornTown Network Technology, with registered capital of RMB10,000,000.

- On 30 October 2018, Solo X Technology Limited ("Solo X Technology") was incorporated in Hong Kong ("HK") as a direct wholly-owned subsidiary of the Company.

- In June 2019, NewBornTown Mobile Technology transferred its investment business, including 51% equity interest in Fujian Youdian Neirong Culture Media Co., Ltd. and 9.67% interest in Tibet Zhirui Venture Capital Enterprise (Limited Partnership) ("Carve-out Business") to an entity with the same shareholding structure as NewBornTown Mobile Technology.

- On 2 April 2019, Universe Intelligence Technology Limited ("Universe"), subscribed for increased registered capital of Shandong NewBornTown at a consideration of RMB500,000. After the completion of the subscription, Universe held approximately 4.76% equity interest of Shandong NewBornTown. On 9 April 2019, Solo X Technology entered into a series of sale and purchase agreements with NewBornTown Network Technology and Universe, pursuant to which, Solo X Technology acquired 95.24% equity interest in Shandong NewBornTown, held by NewBornTown Network Technology, and 4.76% equity interest in Shandong NewBornTown held by Universe, at a total consideration of RMB10,500,000. Immediately upon the completion of the acquisition, Shandong NewBornTown became a wholly owned subsidiary of Solo X Technology.

- On 20 June 2019, the Company completed the acquisition of 100% equity interest of Newborn Town International from NewBornTown Network Technology.

– On 1 June 2019, NewBornTown Network Technology transferred business operations in connection with mobile advertising and related technical services, including but not limited to business-related contracts, employment relationships and intellectual property rights, to Shandong NewBornTown.

– Pursuant to a series of contractual agreements dated on 26 June 2019 (collectively referred to as the "Contractual Agreements") between Shandong NewBornTown, NewBornTown Mobile Technology and its respective equity holders, Shandong NewBornTown is able to effectively control, and receive substantially all the economic benefits of the business and operations of NewBornTown Mobile Technology and its subsidiaries. Accordingly, NewBornTown Mobile Technology and its subsidiaries are regarded as indirect subsidiaries of the Company under IFRS 10 and consolidated by the Company.

Upon completion of Reorganization, each of the equity holders of NewBornTown Mobile Technology became the shareholders of the Company with substantially the same shareholding percentages in NewBornTown Mobile Technology before and after the Reorganization, and the Company became the holding company of the companies now comprising the Group.

As at the date of this report and during Track Record Period, the Company has direct or indirect interests in the following subsidiaries:

Company Name	Place and date of Incorporation/ establishment	Principal activities	Issued and paid-in capital/ Registered capital	Percentage of attributable equity interest				Notes
				As at 31 December			As at the date of this report	
				2016	2017	2018		
Solo X Technology	Hong Kong/ 30 October 2018	Investment holding	HKD10,000	–	–	100%	100%	*(1)*
Newborn Town International ("赤子城國際企業有限公司")	Hong Kong/ 20 December 2013	Mobile advertising platform service and mobile app development	HKD10,000	100%	100%	100%	100%	*(2)*
Shandong NewBornTown ("山東赤子城網絡技術有限公司")	The PRC/ 30 August 2018	Mobile advertising platform service business	RMB10,500,000	–	–	100%	100%	*(3)*
Great Sailing Media Limited ("航海時代傳媒有限公司")	Hong Kong/ 16 April 2013	Mobile advertising platform service business	HKD500,000	100%	100%	100%	100%	*(4)*
NewBornTown Mobile Technology ("赤子城移動科技(北京)股份有限公司")	The PRC/ 15 August 2007	Investment holding	RMB58,183,695	100%	100%	100%	100%	*(5)*
NewBornTown Network Technology ("赤子城網絡技術(北京)有限公司")	The PRC/ 28 February 2014	Mobile app development	RMB300,000,000	100%	100%	100%	100%	*(6)*

(1) No statutory audited financial statements were issued for these companies as they are newly incorporated or not required to issue audited financial statements under the statutory requirements of their places of incorporation.

(2) The statutory financial statements of NewBornTown International Enterprise Limited for the years ended 31 December 2016 and 2017 were audited by Smart Team CPA Limited. As of the date of this report, the audited statutory financial statements of this company for the year ended 31 December 2018 has not been issued yet.

(3) The non-statutory financial statements of Shandong NewBornTown from incorporation date to the year ended 31 December were audited by Shandong Qilu Certified Public Accountants.

(4) The statutory financial statements of Great Sailing Media Limited for the year ended 31 March 2016, 2017 and 2018 were audited by Smart Team CPA Limited. As of the date of this report, the audited statutory financial statements of this company for the year ended 31 March 2019 has not been issued yet.

(5) The non-statutory financial statements of NewBornTown Mobile Technology for the year ended 31 December 2016 were audited by Beijing Yongen Lihe CPA Limited. No statutory audited financial statements for the years ended 31 December 2017 and 2018 of this company were issued as there is no statutory requirement to issue audited financial statements.

(6) The non-statutory financial statements of NewBornTown Network Technology for the year ended 31 December 2016 and 2017 were audited by Beijing Yongen Lihe CPA Limited. No statutory audited financial statements for the year ended 31 December 2018 of this company were issued as there is no statutory requirement to issue audited financial statements.

All English names represent the best effort of the directors of the Company in translating the Chinese names, as they do not have official English names, and are for reference only.

1.3 Basis of presentation

Immediately prior to and after the Reorganization, the [**REDACTED**] Business are transferred to and held by the Company. The Company has not involved in any other business other than the Reorganization. The Reorganization is merely a reorganization of the [**REDACTED**] Business with no change in management of such business and majority of shareholders of the [**REDACTED**] Business remain the same. Accordingly, the Group excluding the Carve-out Business resulting from the Reorganization is regarded as a continuation of the [**REDACTED**] Business for the purpose of this report. The Historical Financial Information has been prepared on a combined basis using the carrying values of the [**REDACTED**] Business for all periods presented.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied throughout the Track Record Period, unless otherwise stated.

2.1 Basis of preparation

The Historical Financial Information have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the combined financial statements are disclosed in Note 4.

The Historical Financial Information have been prepared under the historical cost convention, as modified by the revaluation of financial assets measured at fair value through profit and loss ("FVPL").

All new standards, amendments to standards and interpretations, which are mandatory for the financial year beginning on 1 January 2018, are consistently applied to the Group throughout the Track Record Period.

IFRS 16, "Lease" replaces the previous standards IAS 17 "Leases". The standard is effective for annual periods beginning on or after 1 January 2019 and earlier application is permitted. The Group has elected to apply IFRS 16 consistently throughout the Track Record Period. The relevant policy is described in Note 2.20.

2.2 Changes in accounting policies

(i) New standards and amendment not yet adopted

Standards and amendments that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

	Effective for accounting periods beginning on or after
Annual Improvements to IFRS Standards 2015-2017 Cycle	1 January 2019
Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to IFRS 9 – Prepayment feature with negative compensation	1 January 2019
Amendments to IAS 28 – Long-term interest in associate or joint venture	1 January 2019
Amendments to IAS 19 – Plan amendment, curtailment or settlement	1 January 2019
Amendments to IAS 1 and IAS 8 – Definition of material	1 January 2020
Conceptual Framework for financial reporting 2018	1 January 2020
Amendment to IFRS 3 – Definition of a business	1 January 2020
Amendments to IFRS 10 and IAS 28 – Sale or contribution of assets between an investor and its associate or joint venture	To be determined
IFRS 17 Insurance contracts	1 January 2021

None of them is expected to have a significant effect on the Historical Financial Information of the Group.

2.3 Principles of consolidation and equity accounting

2.3a Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group other than the business combination under common control (refer to Note 2.4).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the combined statements of comprehensive income, statements of changes in equity and balance sheets, respectively.

As described in Note 1.2, the wholly owned subsidiary of the Company, Shandong NewBornTown, has entered into the Contractual Agreements, including the Exclusive Equity Call Option Agreement, Exclusive Business Cooperation Agreement, Equity Pledge Agreement, Exclusive Asset Call Option Agreement, and Powers of Attorney, with NewBornTown Mobile Technology and its respective equity holders, which enable the Group to:

- irrevocably exercise equity holders' voting rights of NewBornTown Mobile Technology;
- exercise effective financial and operational control over of NewBornTown Mobile Technology;
- receive substantially all of the economic interest returns generated by NewBornTown Mobile Technology by way of technical and consulting services provided by Shandong NewBornTown;

- obtain an irrevocable and exclusive right to purchase all or part of the equity interests in NewBornTown Mobile Technology from the respective equity holders at a minimum purchase price permitted under the PRC laws and regulations; and

- obtain a pledge over the entire equity interests of NewBornTown Mobile Technology from its respective equity holders to secure performance of NewBornTown Mobile Technology's obligation under the Contractual Agreements.

2.3b Associate

An associate is an entity in which the Group has significant influence but not control or joint control, over its management, including participation in the financial and operating policy decisions. Investments in associates are accounted for using the equity method of accounting (see Note 2.3c below), after initially being recognised at cost.

2.3c Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income ("OCI") of the investee in OCI. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

2.3d Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in OCI are reclassified to profit or loss where appropriate.

2.4 Business combinations

The acquisition method of accounting is used to account for the all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

– fair values of the assets transferred,

– liabilities incurred to the former owners of the acquired business,

– equity interests issued by the Group,

– fair value of any asset or liability resulting from a contingent consideration arrangement, and

– fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the

– consideration transferred,

– amount of any non-controlling interest in the acquired entity, and

– acquisition-date fair value of any previous equity interest in the acquired entity.

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.5 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the combined financial statements of the investee's net assets including goodwill.

2.6 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.7 Foreign currency translation

2.7a Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is United States dollar ("USD"). The Historical Financial Information is presented in RMB.

2.7b Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within other gain – net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income ("FVOCI") are recognised in OCI.

2.7c Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

– assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet,

– income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

– all resulting exchange differences are recognised in OCI.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in OCI. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.8 Property and equipment

Property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and right-of-use assets, the lease term, if shorter, as follows:

	Estimated useful lives
Electronic equipment	3 years
Furniture and fixtures	3 years
Leasehold improvements	Shorter of estimated useful life and the lease term
Right-of-use assets	Shorter of estimated useful life and the lease term

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.9 Intangible assets

2.9a Initial recognition

(i) Goodwill

Goodwill is measured as described in Note 2.4. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes.

(ii) Software

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

– it is technically feasible to complete the software so that it will be available for use,

– management intends to complete the software and use or sell it,

– there is an ability to use or sell the software,

– it can be demonstrated how the software will generate probable future economic benefits,

– adequate technical, financial and other resources to complete the development and to use or sell the software are available, and

– the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

(iii) Research and development

Research expenditure and development expenditure that do not meet the criteria in (ii) above are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.9b Amortisation methods and periods

The Group amortises intangible assets with an estimated useful life using the straight-line method over the following periods:

	Estimated useful lives
Software	3 – 10 years

2.10 Impairment of non-financial assets

Goodwill are tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired. Other assets is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.11 Investments and other financial assets

2.11a Classification

The Group classifies its financial assets in the following measurement categories:

– those to be measured subsequently at fair value (either through OCI or through profit or loss), and

– those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.11b Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.11c Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

– Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gain – net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

– FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gain – net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gain – net and impairment expenses are presented as separate line item in the statement of profit or loss.

– FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gain – net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gain – net in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.11d Impairment

The Group has types of financial assets subject to new expected credit loss model of IFRS 9:

– accounts receivable and

– other financial assets at amortised cost.

Measurement of expected credit losses

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For accounts receivable, the Group applies the simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 3.1b for further details.

Impairment on other financial assets at amortised cost is measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating, if available;

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Expected credit losses are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the expected credit loss amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Write-off policy

Financial assets are written off when the Group is satisfied that recovery is remote. Where loans or receivables have been written off, the Group continues to attempt to recover the receivable due. Where recoveries are made, the recovered amount is recognised in profit or loss.

2.12 Accounts receivable

Accounts receivable are amounts due from customers for services performed or goods sold in the ordinary course of business.

Accounts receivable are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the accounts receivable with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.11d for a description of the Group's impairment policies.

2.13 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are presented in current liabilities in the combined balance sheets.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the [**REDACTED**].

2.15 Accounts and other payables

These amounts primarily represent liabilities for services provided to the Group prior to the end of financial year which are unpaid. Accounts and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet dates in countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the combined financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in OCI or directly in equity. In this case, the tax is also recognised in OCI or directly in equity, respectively.

2.17 Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Bonus plans

The expected cost of bonuses is recognised as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(iii) Pension obligations

The Group has to make contribution to staff retirement scheme managed by China local government authorities in accordance with the relevant rules and regulations. Contributions to these schemes are charged to the combined statements of comprehensive income as and when incurred. The Group has no legal or constructive obligations to pay further contributions.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Revenue recognition

The Group provides mobile marketing services through self-developed technique to improve advertising effectiveness and related system technology development services ("Mobile advertising platform and related business") and provides advertising services through wide-ranging and diversified mobile applications to users ("Mobile applications development business").

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue from providing services is recognised in the accounting period in which the services are rendered. Amounts collected in excess of revenue recognised are included as contract liabilities.

(i) Mobile advertising platform and related business

The Group generates revenue from the provision of comprehensive advertisement placement services to the advertisers. By agreeing specified actions, revenue is recognised once agreed actions are performed.

Before determining whether the revenue should be recognised on gross or net basis, the Group assesses if the Group controls the specified service before it is transferred to the customer. The indicators include but not limit to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer or after transfer of control to the customer; and (c) whether the entity has discretion in establishing the prices for the specified goods or service.

In most transactions, the Group acts as the principal of these transactions and therefore reports revenue earned and costs incurred related to these transactions on a gross basis, when:

(a) the Group is the primary obligor for providing comprehensive advertisement placement services by contracting directly with the advertisers, creating the advertisements, and determining which media publishers or network marketing alliance to use and what types of the advertisements to be placed. The Group takes the responsibility for fulfilment its obligation through delivering the specified services to the advertisers.

(b) the Group takes certain inventory risk by purchasing the advertising spaces in advance or committing the minimum purchase from the publishers. In some instances, the Group takes the risk of loss that the cost paid to the publishers cannot be compensated by the consideration obtained from the advertisers.

(c) the Group has the discretion on the pricing through negotiation and transaction separately with its customers and suppliers also retains credit risk.

In certain circumstances, the advertisers would designate the targeted publishers in the contract. The Group takes no responsibility on the marketing targets, but retains credit risk. The Group acts as an agent in these transactions, therefore, the revenue is recognised on a net basis by deducting the payment made to the media publishers from the consideration received from the advertisers.

The revenue is normally billed on monthly basis and a receivable is expected to be collected within the contracted credit term. For transactions which the Group acts as an agent, the Group bills the customers in gross amounts with credit terms, which are different from the bills from suppliers. As the Group has no legally enforceable right to set off the bill from the supplier against the bill to the customer, the Group records the payable and the receivable on gross basis.

The Group also recognises and bills the revenue from mobile advertising platform related system technology development services at a point in time or over time depending on the different rights to payments agreed in the contract.

(ii) Mobile applications development business

The Group generated revenue from the self-developed mobile applications mainly through providing advertising spaces to advertisers or their agencies. The revenue for providing advertising spaces is recognised once the control of the spaces is transferred to the advertisers.

The revenue is normally billed on monthly basis and a receivable is expected to be collected within the contracted credit term.

2.20 Leases

The Group leases properties for operation. Rental contracts are typically made for fixed periods with fixed lease payments. Lease terms are negotiated on an individual basis and do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is recorded in property and equipment, and depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate. When determining the incremental borrowing rate, specific condition, term and currency to the contract, as well as the recent debt issuances and public available data for instrument with similar characteristics are considered.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability and the lease payment made before the lease commencement.

2.21 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.22 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to cost are deferred and recognised as income in the profit or loss over the period necessary to match them with the expense that they are intended to compensate.

Government grants relating to the purchase of property and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.23 Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

– has control or joint control of the Group;

– has significant influence over the Group; or

– is a member of the key management personnel of the Group or the Group's parent.

(ii) An entity is related to the Group if any of the following conditions applies:

- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- Both entities are joint ventures of the same third party;
- One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- The entity is controlled or jointly controlled by a person identified in Note 2.23(i); or
- A person identified in Note 2.23(i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the senior management of the Group.

3.1 Financial risk factors

3.1a Market risk

(i) Foreign exchange risk

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities denominated in a currency other than the functional currency of the each of the group companies. The Group's exposure to foreign currency risk at each year end of the Track Record Period was insignificant as each of the group entities did not held significant assets and liabilities denominated in a currency other the its functional currency.

(ii) Interest rate risk

Financial assets/liabilities with variable interest rate expose the Group to cash flow interest-rate risk. And financial assets/liabilities with fixed interest rate expose the Group to fair value interest-rate risk. Other than interest-bearing cash and cash equivalents, restricted cash and lease liabilities, the Group has no other significant interest-bearing assets or liabilities. The directors of the Company do not anticipate there is any significant impact resulted from the changes in interest rate.

3.1b Credit risk

The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents, accounts receivable, wealth management products ("WMP") carried at FVPL and other financial assets at amortised cost, including loans to third parties and restricted bank deposits.

(i) Risk management

Credit risk is managed on a group basis.

The Group is exposed to credit risk primarily in relation to its cash and cash equivalent and restricted bank deposits placed with banks, WMPs issued by banks, as well as accounts and other receivable. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk, deposits are mainly placed with state-owned or reputable financial institutions in the PRC and reputable international financial institutions outside of the PRC. There has been no recent history of default in relation to these financial institutions. WMPs are issued by financial institutions investing in low risk underlying assets, which mainly consist of bank deposits, treasury bond, central bank bill, local government debt, corporate bond or debt with high credit ratings. Thus, the directors of the Company were of the view the expected credit loss related to cash and cash equivalent, restricted cash, bank deposits and WMP was immaterial.

The Group, generated revenue from advertisers or its agencies. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group performed credit evaluation which focus on the customer's past history of making payments and current ability to pay. The Group does not obtain collateral from customers. As at 31 December 2016, 2017 and 2018, approximately 70%, 64% and 52% of the Group's accounts receivable were due from the largest five customers. Given the strong business relationship with these customers, the management does not expect that there will be any significant concentration risk from non-performance of these customers.

(ii) Impairment of financial assets

Accounts receivable

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable. Accounts receivable included amounts due from third parties with regular payment schedule and accounts due from third parties with increased credit risk.

And the recognition and measurement method of loss allowance for each category is measured separately:

- For accounts receivable due from customers with regular payment schedule, the Group calculates the expected credit loss by referring to the historical credit loss experience, combining with the current situation and the forecast of future economic conditions and measuring the accounts receivable aging and expected credit loss rate during the lifetime.

- For accounts receivable due from customers with different credit risks, such as the customers that the Group has agreed specific payment schedule with, the Group applies the individual identification method based on the characteristics of credit risk of each individual balance.

The balance of each category of accounts receivable as at 31 December 2016, 2017 and 2018 was as follows:

	Accounts receivable *RMB'000*	**Allowance** *RMB'000*	**Net value** *RMB'000*
31 December 2016			
Accounts receivable			
From customers with regular payment schedule	95,733	(1,170)	94,563
From customers with different credit risks	48,420	(10,787)	37,633
	144,153	(11,957)	132,196

	Accounts receivable *RMB'000*	**Allowance** *RMB'000*	**Net value** *RMB'000*
31 December 2017			
Accounts receivable			
From customers with regular payment schedule	104,417	(2,171)	102,246
From customers with different credit risks	52,324	(10,380)	41,944
	156,741	(12,551)	144,190

	Accounts receivable *RMB'000*	**Allowance** *RMB'000*	**Net value** *RMB'000*
31 December 2018			
Long-term accounts receivable			
From customers with different credit risks	9,489	(474)	9,015
Accounts receivable			
From customers with regular payment schedule	113,591	(2,046)	111,545
From customers with different credit risks	89,261	(17,669)	71,592
	212,341	(20,189)	192,152

The loss allowance as at 31 December 2016, 2017 and 2018 was determined as follows for accounts receivable from third parties with regular payment schedule:

	Less than 180 days *RMB'000*	181 days to 1 year *RMB'000*	1 year to 2 years *RMB'000*	2 years to 3 years *RMB'000*	Over 3 years *RMB'000*	Total *RMB'000*
31 December 2016						
Expected loss rate	0.50%	2.00%	5.00%	75.00%	100.00%	
Accounts receivable	64,207	24,220	7,306	–	–	95,733
Less: allowance	(321)	(484)	(365)	–	–	(1,170)
	63,886	23,736	6,941	–	–	94,563
31 December 2017						
Expected loss rate	0.50%	2.00%	5.00%	75.00%	100.00%	
Accounts receivable	45,738	34,726	23,881	72	–	104,417
Less: allowance	(229)	(694)	(1,194)	(54)	–	(2,171)
	45,509	34,032	22,687	18	–	102,246
31 December 2018						
Expected loss rate	0.50%	2.00%	5.00%	75.00%	100.00%	
Accounts receivable	102,001	4,027	6,028	1,524	11	113,591
Less: allowance	(510)	(81)	(301)	(1,143)	(11)	(2,046)
	101,491	3,946	5,727	381	–	111,545

Accounts receivable is written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a bankrupt of a debtor.

Impairment losses on accounts receivable are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

Other financial assets at amortised cost mainly include loans to third parties. They are considered to be of low credit risk and thus the impairment provision recognised is limited to 12 months. Management considers that the expected credit loss is insignificant.

3.1c Liquidity risk

To manage the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The table below analyses the Group's financial liabilities into relevant maturity grouping based on the remaining period at the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

As at 31 December 2016

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Total *RMB'000*
Accounts and other payable (excluding non-financial liabilities)	78,558	–	78,558
Lease liabilities	3,003	–	3,003
Bank overdraft	255	–	255
	81,816	–	81,816

As at 31 December 2017

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Total *RMB'000*
Accounts and other payable (excluding non-financial liabilities)	66,514	–	66,514
Lease liabilities	3,343	3,069	6,412
Bank overdraft	249	–	249
	70,106	3,069	73,175

As at 31 December 2018

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Total *RMB'000*
Accounts and other payable (excluding non-financial liabilities)	93,478	–	93,478
Lease liabilities	3,069	–	3,069
Bank overdraft	88	–	88
	96,635	–	96,635

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total liabilities divided by total assets. The Group aims to maintain its gearing ratio below 50%. The gearing ratios at 31 December 2016, 2017 and 2018 were as follows:

	As at December 31		
	2016 *RMB'000*	2017 *RMB'000*	2018 *RMB'000*
Total liabilities	87,830	77,637	105,883
Total assets	521,207	518,218	614,229
Gearing ratio	16.85%	14.98%	17.24%

3.3 Fair values

(i) Fair value hierarchy

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table presents the Group's asset that are measured at fair value.

	Level 1 *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
As at 31 December 2016				
Assets				
Financial assets measured at FVPL				
– WMPs	–	–	245,158	245,158
– Equity interests of certain private companies	–	–	25,134	25,134
	–	–	270,292	270,292
As at 31 December 2017				
Assets				
Financial assets measured at FVPL				
– WMPs	–	–	220,178	220,178
– Equity interests of certain private companies	–	–	41,485	41,485
	–	–	261,663	261,663
As at 31 December 2018				
Assets				
Financial assets measured at FVPL				
– WMPs	–	–	197,963	197,963
– Equity interests of certain private companies	–	–	66,518	66,518
	–	–	264,481	264,481

The changes in level 3 instruments for the years ended 31 December 2016, 2017 and 2018 are presented in Note 18.

The Group did not have any financial liabilities that were measured at fair value as of 31 December 2016, 2017 and 2018.

There were no transfers between levels for recurring fair value measurements during the Track Record Period.

(ii) Valuation process and valuation techniques used to determine level 3 fair value

The Group has a team that manages the valuation exercise of level 3 instruments for financial reporting purpose. The team manages the valuation exercise of level 3 instrument on a case by case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments;
- Discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- A combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability, market multiples, etc..

(iii) Fair value measurements using significant unobservable inputs

The valuation of level 3 instruments mainly included investment in WMPs issued by banks and financial institutions and equity investments in private companies. As these instruments are not traded in an active market, their fair value have been determined using various applicable valuation techniques, including discounted cash flows, comparable companies etc..

All the WMPs will mature within one year with variable return rates indexed to the performance of underlying assets. The fair values were determined based on cash flow discounted assuming the expected return will be obtained upon maturity.

Market approach or income approach were adopted to determine the equity value of two private companies.

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

	Significant unobservable inputs	**Range of inputs As of 31 December**			**Relationship of unobservable inputs to fair values**
		2016	**2017**	**2018**	
Investment in WMP	Expected return rate	2.4% – 4.2%	2.4% – 4.8%	2.69% – 7.5%	The higher the expected return rate, the higher the fair value

	Significant unobservable inputs	Range of inputs As of 31 December 2016	2017	2018	Relationship of unobservable inputs to fair values
Investment in equity interests of certain private companies, valuated using market approach	Expected volatility	61% – 63%	58% – 60%	46% – 58%	The higher the expected volatility, the lower the fair value
	Discount for lack of marketability ("DLOM")	25%	25%	20%	The higher the DOLM, the lower the fair value
	Risk-free rate	3%	4%	3%	The higher the risk-free rate, the higher the fair value
Investment in equity interests of certain private companies, valuated using income approach	Discount rate	24%	24%	22%	The higher the discount rate, the lower the fair value
	Revenue growth rate	5%-40%	3%-25%	3%-35%	The higher the revenue growth rate, the higher the fair value
	Perpetual growth rate	3%	3%	3%	The higher the perpetual growth rate, the higher the fair value

4 CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Gross vs. net assessment in revenue recognition

As disclosed in Note 2.19, the Group provides advertising services to its customers, which involve the assessment of revenue recognition on a gross or net basis, i.e. principal vs. agent assessment in different business models. The Group follows the accounting guidance for principal-agent considerations to assess whether the Group controls the specified service before it is transferred to the customer, the indicators of which including but not limited to (a) whether the entity is primarily responsible for fulfilling the promise to provide the specified service; (b) whether the entity has inventory risk before the specified service has been transferred to a customer; and (c) whether

the entity has discretion in establishing the prices for the specified goods or service. The management considers the above factors in totality, as none of the factors individually are considered presumptive or determinative, and applies judgment when assessing the indicators depending on each different circumstances.

4.2 Impairment of accounts receivable and other financial assets

The Group follows the guidance of IFRS 9 when assessing the expected credit losses of accounts receivable and other financial assets. This determination requires significant judgment and estimation. In making this judgment and estimation, the Group evaluates, among other factors, the duration of accounts receivable and the financial health collection history of debtors and expected future change of credit risks, including the consideration of factors such as general economy measure, changes in macroeconomic indicators etc. Further details are included in Note 3.1b to the Historical Financial Information.

4.3 Current and deferred income tax

The Group is subject to income taxes in different areas. Judgment is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

4.4 Fair value of financial assets

Fair value of financial assets, in the absence of an active market, is estimated by using appropriate valuation techniques. Such valuations were based on certain assumptions about credit risk, volatility and liquidity associated with the instruments, which are subject to uncertainty and might materially differ from the actual results. Further details are included in Note 3.3.

5 SEGMENT INFORMATION

The Group's business activities are mainly in mobile marketing services and related service and are regularly reviewed and evaluated by the CODM. As a result of this evaluation, the Group is organised into two reporting segments according to the revenue streams of the Groups, and the revenue streams of the Group are mobile advertising platform and related business, and mobile application business.

The CODM assesses the performance of the operating segments based on the gross profit/loss. The reconciliation of gross profit to profit before income tax is shown in the combined statements of comprehensive income. There were no separate segment assets and segment liabilities information provide to the CODM, as the CODM does not use this information to allocate resources or to evaluate the performance of the operating segments.

The segment results for the years ended 31 December 2016, 2017 and 2018 are as follows:

	Mobile advertising platform and related business *RMB'000*	**Mobile applications development business** *RMB'000*	**Total** *RMB'000*
2016			
Revenue	112,953	23,899	136,852
Cost of revenue	(56,269)	(9,680)	(65,949)
Gross profit	56,684	14,219	70,903

	Mobile advertising platform and related business	Mobile applications development business	Total
	RMB'000	*RMB'000*	*RMB'000*
2017			
Revenue	154,162	27,680	181,842
Cost of revenue	(103,576)	(7,892)	(111,468)
Gross profit	50,586	19,788	70,374
2018			
Revenue	183,762	92,924	276,686
Cost of revenue	(128,007)	(7,259)	(135,266)
Gross profit	55,755	85,665	141,420

As at 31 December 2016, 2017 and 2018, substantially all of the non-current assets of the Group were located in the PRC.

The major customers which individually contributed more than 10% of the total revenue of the Group for the years ended 31 December 2016, 2017 and 2018 are listed as below:

	2016	2017	2018
	%	%	%
Customer A	N/A	11.6	N/A
Customer B	N/A	N/A	24.1

6 REVENUE FROM CONTRACTS WITH CUSTOMERS

An analysis of the Group's revenue by category for the years ended 31 December 2016, 2017 and 2018 was as follows:

	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Recognised at a point in time			
Mobile advertising platform and related business	112,953	154,162	183,762
Mobile applications development business	23,899	27,680	92,924
Total	136,852	181,842	276,686

The Group generally enters into service contracts with customers for a contract term less than one year. Therefore the Group has applied the practical expedient permitted under IFRS 15 not to disclose the transaction price allocated to the unsatisfied performance obligations.

7 EXPENSES BY NATURE

The details of cost of revenue, selling and marketing expenses, general and administrative expenses and research and development expenses are as follows:

	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Cost for advertising placement	50,014	113,887	155,724
Employee benefit expense (Note 8)	24,733	38,209	47,943
Server capacity expense	2,113	5,585	11,765
Consultant and professional service fee	1,959	568	543
Technical service fee	309	941	9,992
Depreciation and amortisation	4,517	4,657	4,537
Travel expense	2,118	1,739	2,596
Office supplies expense	1,636	1,347	666
Meeting expense	842	108	14
Short-term lease expense	446	190	205
[**REDACTED**]	–	–	338
Auditor's remuneration	–	–	400
Utilities	75	126	143
Others	1,841	2,801	1,848
Total	90,603	170,158	236,714

8 EMPLOYEE BENEFIT EXPENSE

	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	22,622	34,270	42,844
Retirement costs: contributions to defined contribution plans	2,008	3,846	4,925
Dismissal compensation	103	93	174
Total employee benefit expense	24,733	38,209	47,943

As at 31 December 2016, 2017 and 2018, defined contribution plans payables were RMB200,403, RMB400,034, and RMB435,864 respectively.

8a Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include nil, 2 and 1 directors for the years ended 31 December 2016, 2017, and 2018 respectively, whose emoluments are reflected in the analysis shown in Note 11 for each of the Track Record Period. The emoluments payable to the remaining 5, 3, and 4 individuals during the Track Record Period are as follows:

	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonus	1,487	1,425	3,306
Contributions to pension plans	168	118	200
Other social security costs, housing allowance and other allowance	216	149	260
	1,871	1,692	3,766

The emoluments fell within the following bands:

	Number of individuals		
	2016	**2017**	**2018**
Emolument bands (in HKD)			
Nil – 500,000	5	–	–
500,001 – 1,000,000	–	3	2
1,000,001 – 1,500,000	–	–	1
1,500,001 – 2,000,000	–	–	1

9 NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	2016	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*
Impairment loss provided for the year from:			
– Accounts receivable	10,123	1,334	6,963
– Other receivable	–	250	–
	10,123	1,584	6,963

10 OTHER INCOME AND OTHER GAIN – NET

	Notes	**2016** **RMB'000**	**2017** **RMB'000**	**2018** **RMB'000**
Other income				
Government grants		819	350	58
Interest income from loan to third parties	*(a)*	–	1,042	–
Total		819	1,392	58
Other gain – net				
Fair value change of financial assets measured at FVPL		19,211	27,850	31,704
Exchange gain or loss		386	(2,475)	4,033
Others		(359)	(1)	(14)
Total		19,238	25,374	35,723

(a) The interest rates of the loans were mutually agreed among the parties with reference to the market interest rates.

11 BENEFITS AND INTERESTS OF DIRECTORS

(a) Executive director's and Independent non-executive director's emoluments

For the year ended 31 December 2016:

	Fees *RMB'000*	Wages, salaries and bonus *RMB'000*	Contributions to pension plans *RMB'000*	Other social security costs, housing allowance and other allowance *RMB'000*	Total *RMB'000*
Executive directors					
Liu Chunhe*	–	163	10	9	182
Li Ping**	–	184	13	22	219
Wang Kui**	–	289	29	48	366
	–	636	52	79	767

For the year ended 31 December 2017:

	Fees *RMB'000*	Wages, salaries and bonus *RMB'000*	Contributions to pension plans *RMB'000*	Other social security costs, housing allowance and other allowance *RMB'000*	Total *RMB'000*
Executive directors					
Liu Chunhe*	–	489	32	40	561
Li Ping**	–	494	25	36	555
Wang Kui**	–	482	51	64	597
	–	1,465	108	140	1,713

For the year ended 31 December 2018:

	Fees *RMB'000*	Wages, salaries and bonus *RMB'000*	Contributions to pension plans *RMB'000*	Other social security costs, housing allowance and other allowance *RMB'000*	Total *RMB'000*
Executive directors					
Liu Chunhe*	–	344	49	63	456
Li Ping	–	365	45	57	467
Wang Kui**	–	580	55	70	705
Independent non-executive directors					
Pan Xiya***	–	–	–	–	–
Chi Shujin***	–	–	–	–	–
Liu Rong***	–	–	–	–	–
	–	1,289	149	190	1,628

* Mr. Liu Chunhe was appointed as a director of the Company on 12 September 2018. The amounts presented above represent the wages, salaries and bonus, contributions to pension plans, other social security costs, housing allowance and other allowance paid during the Track Record Period.

** Mr. Li Ping and Mr. Wang Kui were appointed as directors of the Company on 22 June 2019. The amounts presented above represent the wages, salaries and bonus, contributions to pension plans, and other social security costs, housing allowance and other allowance paid during the Track Record Period;

*** Mr. Pan Xiya, Mr. Chi Shujin and Mr. Liu Rong were appointed as directors on [●] 2019.

(b) Director's retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors during the Track Record Period.

(c) Consideration provided to third parties for making available directors' services

No consideration provided to third parties for making available Directors' services subsisted at the end of the year or at any time during the Track Record Period.

(d) Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans or other dealings are entered into by the Company in favor of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

(e) Directors' material interests in transactions, arrangements or contract

Other than certain settlement arrangements between three Executive Directors of the Company and the Group in 2018 (Note 31), no significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

12 INCOME TAX EXPENSES

(a) Cayman Islands Income Tax

The Company is incorporated as an exempted company with limited liability under the Companies Law of the Cayman Islands and is not subject to Cayman Islands income tax.

(b) Hong Kong Income Tax

Entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the assessable profits for the years presented, based on the existing legislation, interpretations and practices in respect thereof.

(c) PRC Enterprise Income Tax ("EIT")

The income tax provision of the Group in respect of its operations in the PRC was subject to statutory tax rate of 25% on the assessable profits for the Track Record Period, based on the exiting legislation, interpretations and practices in respect therefore.

NewBornTown Network Technology was qualified as "High and New Technology Enterprises" under the relevant PRC laws and regulations since 2017. Accordingly, NewBornTown Network Technology was entitled to a preferential income tax rate of 15% on its assessable profits for the years ended 31 December 2017 and 2018.

According to the relevant laws and regulations promulgated by the State Council of the People's Republic of China that was effective from 2008 onwards, enterprises engaging in research and development activities were entitled to claim 150% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction"). The State Taxation Administration of the People's Republic of China announced in September 2018 that enterprises engaging in research and development activities would entitle to claim 175% of their research and development expenses as Super Deduction from 1 January 2018 to 31 December 2020. The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the year.

	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Current tax			
Current tax on profits for the year	611	148	–
Deferred income tax			
Changes in deferred tax assets/liabilities (Note 26)	14,154	4,647	8,873
Income tax expense	14,765	4,795	8,873

12a Reconciliation of income tax expenses

	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	55,980	36,776	68,610
Tax at the PRC statutory tax rate of 25%	13,995	9,194	17,153
Effect of preferential tax rates	–	(3,807)	(6,884)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:			
– Expenses not deductible for income tax purposes	1,320	88	34
– Tax losses for which no deferred income tax assets were recognised	–	65	299
– Utilisation of previously unrecognised deductible tax losses	(273)	–	–
Tax effect of Super Deduction of research and development expenses	(277)	(745)	(1,729)
Income tax expenses	14,765	4,795	8,873

13 EARNINGS PER SHARE

No earnings per share information is presented as its inclusion, for the purpose of this report, as it is not considered meaningful due to the Reorganization and the preparation of the Group's results for each of the years ended 31 December 2016, 2017 and 2018 on a combined basis as disclosed in Note 1.3 above.

14 DIVIDENDS

No dividends have been paid or declared by the Company or any companies now comparing the Group during the Track Record Period.

15 PROPERTY AND EQUIPMENT

	Electronic equipment *RMB'000*	Furnitures and fixtures *RMB'000*	Leasehold improvement *RMB'000*	Right-of-use asset *RMB'000*	Total *RMB'000*
As at 1 January 2016					
Cost	451	56	745	6,032	7,284
Accumulated depreciation	(57)	(9)	(31)	(281)	(378)
Net book amount	394	47	714	5,751	6,906
Year ended 31 December 2016					
Opening net book amount	394	47	714	5,751	6,906
Additions	863	4	–	–	867
Depreciation charge	(276)	(27)	(403)	(3,011)	(3,717)
Closing net book amount	981	24	311	2,740	4,056
As at 31 December 2016					
Cost	1,314	60	745	6,032	8,151
Accumulated depreciation	(333)	(36)	(434)	(3,292)	(4,095)
Net book amount	981	24	311	2,740	4,056
Year ended 31 December 2017					
Opening net book amount	981	24	311	2,740	4,056
Additions	426	–	–	6,382	6,808
Depreciation charge	(490)	(18)	(311)	(3,037)	(3,856)
Closing net book amount	917	6	–	6,085	7,008
As at 31 December 2017					
Cost	1,740	60	745	6,382	8,927
Accumulated depreciation	(823)	(54)	(745)	(297)	(1,919)
Net book amount	917	6	–	6,085	7,008
Year ended 31 December 2018					
Opening net book amount	917	6	–	6,085	7,008
Additions	544	34	–	–	578
Depreciation charge	(532)	(12)	–	(3,191)	(3,735)
Closing net book amount	929	28	–	2,894	3,851
As at 31 December 2018					
Cost	2,284	94	745	6,382	9,505
Accumulated depreciation	(1,355)	(66)	(745)	(3,488)	(5,654)
Net book amount	929	28	–	2,894	3,851

Depreciation charges were expensed off (Note 7) in the following categories in the combined statements of comprehensive income:

	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Cost of revenue	2,289	3,147	3,011
General and administrative expenses	1,377	601	597
Research and development expenses	51	108	127
	3,717	3,856	3,735

The Group obtains right to control the use of a building through entering specific lease arrangement. The leased asset cannot be used as security for borrowing purposes.

16 INTANGIBLE ASSETS

	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Software			
As at 1 January			
Cost	8,000	8,000	8,003
Accumulated amortisation	(867)	(1,667)	(2,468)
Net book amount	7,133	6,333	5,535
Year ended 31 December			
Opening net book amount	7,133	6,333	5,535
Addition	–	3	–
Amortisation charge	(800)	(801)	(802)
Closing net book amount	6,333	5,535	4,733

Amortisation charges were expensed off (Note 7) in the following categories in the combined statements of comprehensive income:

	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Cost of revenue	800	800	800
General and administrative expenses	–	1	2
	800	801	802

17 GOODWILL

	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Cost and carrying amount:			
As at 1 January	4,737	5,058	4,727
Currency translation differences	321	(331)	228
As at 31 December	5,058	4,727	4,955

Impairment tests for goodwill

As of 31 December 2016, 2017 and 2018, the goodwill of the Group was generated from acquisition of Great Sailing Media Limited in 2015, which is included in the segment of mobile advertising platform and related business. The Group carries out annual impairment test on goodwill by comparing the recoverable amount to the carrying amount. The recoverable amount of the cash-generating unit is determined based on the value-in-use calculations by using the discounted cash flow method. The calculation used pre-tax cash flow projections based on financial budgets approved by management covering a five-year period with a terminal value related to the future cash flows extrapolated using the estimated growth rates stated below beyond the five-year period. The growth rates are estimated ranging from 10% to 30%, from 10% to 25% and from 9% to 30% for the impairment tests performed at 31 December 2016, 2017 and 2018 respectively, while for the years beyond the five-year period, the estimated perpetual growth rate is 3%. The present value of cash flows is calculated by discounting the cash flow using pre-tax discount rate of 20% which was estimated by using the WACC method. The WACC was calculated by referring to public market date including risk free rate, market return, beta of comparable public companies, and the specific risk of the Group's mobile advertising platform and related business.

Based on the impairment test performed, the management determined such goodwill was not impaired as of 31 December 2016, 2017 and 2018. A reasonably possible change in key assumptions used in the impairment test of goodwill would not likely cause the carrying amount to exceed its recoverable amounts as of 31 December 2016, 2017 or 2018.

18 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

		As at 31 December		
		2016	2017	2018
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost	*(a)*			
Accounts and other receivable	*19, 20*	144,208	160,308	250,593
Cash and cash equivalents	*23*	79,139	71,987	80,628
Restricted bank deposits	*22*	392	849	894
Financial assets at fair value through profit and loss				
– Investment in WMPs	*(b)*	245,158	220,178	197,963
– Investment in equity interests of certain private companies	*(c)*	25,134	41,485	66,518
		494,031	494,807	596,596
Financial liabilities				
Financial liabilities at amortised cost				
Accounts and other payable (excluding non-financial liabilities)		78,558	66,514	93,478
Lease liabilities		2,934	6,123	2,999
Bank overdraft		255	249	88
		81,747	72,886	96,565

(a) As at 31 December 2016, 2017 and 2018, the fair values of the financial assets and financial liabilities at amortised cost approximated their respective carrying amounts.

(b) The WMPs were not principal guaranteed, and were therefore classified as financial assets as FVPL. The fair value measurement of these assets are disclosed in Note 3.3.

(c) The Group made investments in equity interest of certain private companies and the changes in the balances for the years ended 31 December 2016, 2017 and 2018 are as follows:

		As at 31 December		
		2016	2017	2018
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year		945	25,134	41,485
Addition/(deduction) during the year	*(i)*	17,900	(200)	–
Fair value changes		6,289	16,551	25,033
At the end of the year		25,134	41,485	66,518

(i) In 2016, the Group made an investment of RMB17,900,000 in Beijing Duanji Network Technology Co., Ltd., a private company in the mobile internet industry which was merged with Beijing Mico World Technology Co., Ltd. in 2017. After the merger, the equity interest held by the Group in Beijing Mico World Technology Co., Ltd., became 8.95% and the Group has no significant influence over Beijing Mico World Technology Co., Ltd.,. The Group designated such investment as financial asset measured at FVPL. The fair value measurement of these assets is disclosed in Note 3.3.

19 ACCOUNTS RECEIVABLE

	As at 31 December		
	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Current assets			
Gross carrying amount	144,153	156,741	202,852
Less: impairment provision (Note 3.1)	(11,957)	(12,551)	(19,715)
	132,196	144,190	183,137
Non – current assets			
Gross carrying amount	–	–	9,489
Less: impairment provision (Note 3.1)	–	–	(474)
	–	–	9,015
Total accounts receivable	132,196	144,190	192,152

As at 31 December 2018, the Group entered into an agreement to renegotiate the payment schedule with one of its customers, pursuant to which, a portion of the total accounts receivable will be settled during the year ended 31 December 2020, therefore the Group classified such balance as non-current assets.

An aging analysis of the gross accounts receivable as at 31 December 2016, 2017 and 2018, based on date of recognition, is as follows:

	As at 31 December		
	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Up to 6 months	69,168	51,336	113,491
6 months to 1 year	60,277	36,690	5,289
1 year to 2 years	14,708	61,670	28,901
2 year to 3 years	–	7,045	57,326
Over 3 years	–	–	7,334
	144,153	156,741	212,341

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9. Movement in lifetime ECL that has been recognised for accounts receivable is as follows:

	As at 31 December		
	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January	(1,295)	(11,957)	(12,551)
Provision for impairment	(10,123)	(1,334)	(6,963)
Currency translation impacts	(539)	740	(675)
As at 31 December	(11,957)	(12,551)	(20,189)

As at 31 December 2016, 2017 and 2018, the analysis of carrying amounts of accounts receivable denominated in different currencies is as follows:

	As at 31 December		
	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Denominated in USD	143,746	144,897	199,270
Denominated in HKD	124	11,284	–
Denominated in RMB	275	556	13,071
Denominated in other currencies	8	4	–
As at 31 December	144,153	156,741	212,341

20 OTHER RECEIVABLE

	As at 31 December		
	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
From related parties	–	–	10,846
From other parties	12,012	16,118	47,595
	12,012	16,118	58,441

As at 31 December 2016, 2017 and 2018, the analysis of carrying amounts of other receivable denominated in different currencies is as follows:

	As at 31 December		
	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Denominated in RMB	11,018	13,555	37,623
Denominated in USD	232	1,925	9,285
Denominated in HKD	762	638	11,533
As at 31 December	12,012	16,118	58,441

As at 31 December 2018, other receivable primarily included loans granted to third parties, the balance of which have been settled in March 2019.

21 OTHER CURRENT ASSETS

	As at 31 December		
	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Prepayment to suppliers	1,060	1,425	4,094
Deductible input value-added tax	–	14	–
	1,060	1,439	4,094

22 RESTRICTED BANK DEPOSITS

	As at 31 December		
	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Restricted bank deposits	392	849	894

The restricted bank deposits mainly comprised of bank deposits restricted as guarantee for bank overdraft.

23 CASH AND CASH EQUIVALENTS

	As at 31 December		
	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Bank deposits at call	78,860	71,363	79,821
Cash in a payment platform	279	624	807
	79,139	71,987	80,628

For the year ended 31 December 2016, 2017 and 2018, the average interest rates of bank deposits at call were 0.03%, 0.01%, and 0.05% respectively.

As at 31 December 2016, 2017 and 2018, the analysis of carrying amounts of cash and cash equivalents denominated in different currencies is as follows:

	As at 31 December		
	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Denominated in RMB	11,011	1,676	1,251
Denominated in USD	67,572	50,263	42,947
Denominated in HKD	442	19,919	36,226
Denominated in EUR	114	129	204
As at 31 December	79,139	71,987	80,628

24 ACCOUNTS PAYABLE

Aging analysis of the accounts payable at the end of each year end of the Track Record Period based on the date of recognition are as follows:

	As at 31 December		
	2016	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*
– Up to 3 months	70,432	36,720	63,213
– 3 months to 6 months	3,606	4,882	5,863
– 6 months to 1 year	3,207	14,797	2,158
– 1 year to 2 years	757	8,433	10,163
– 2 years to 3 years	106	699	7,160
– More than 3 years	–	100	839
	78,108	65,631	89,396

Accounts payable are usually paid within 1 year of recognition.

As at 31 December 2016, 2017 and 2018, the analysis of carrying amounts of accounts payable denominated in different currencies is as follows:

	As at 31 December		
	2016	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*
Denominated in USD	77,795	55,809	88,894
Denominated in RMB	313	9,822	502
Denominated in other currencies	–	–	–
	78,108	65,631	89,396

25 OTHER PAYABLE

	As at 31 December		
	2016	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*
Employee benefits payable	3,754	4,274	4,723
Refundable advances from customers	338	341	3,601
Other tax payables	476	334	281
Others	112	542	481
	4,680	5,491	9,086

Other payable is unsecured and is usually paid within 1 year of recognition.

26 DEFERRED INCOME TAX

Deferred income tax is calculated in full on temporary differences under the liability method using the tax rates at which are expected to be applied at the time of reversal of the temporary differences.

The amount of offsetting deferred income tax assets is RMB9,349,000 and RMB4,702,000 for the year ended 31 December 2016 and 2017, the amount of offsetting deferred income tax liabilities is RMB4,171,000 for the year ended 31 December 2018. The analysis of deferred income tax assets and liabilities before offsetting is as follows:

	As at 31 December		
	2016	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax assets			
– to be recovered after 12 months	8,125	2,541	945
– to be recovered within 12 months	3,051	6,122	2,451
	11,176	8,663	3,396

	As at 31 December		
	2016	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*
Deferred income tax liabilities			
– to be recovered after 12 months	1,827	3,961	7,567
– to be recovered within 12 months	–	–	–
	1,827	3,961	7,567

26a Deferred tax assets

	As at 31 December		
	2016	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*
The balance comprises temporary differences attributable to:			
Accrued operating expenses	–	538	–
Accumulated tax loss	11,126	8,035	2,451
Others	50	90	945
Total deferred tax assets	11,176	8,663	3,396

Movements	**Accrued operating expenses** *RMB'000*	**Accumulated tax loss** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
At 1 January 2016	–	23,470	50	23,520
Charged to profit or loss	–	(12,344)	–	(12,344)
At 31 December 2016	–	11,126	50	11,176
Credited/(charged) to profit or loss	538	(3,091)	40	(2,513)
At 31 December 2017	538	8,035	90	8,663
(Charged)/credited to profit or loss	(538)	(5,584)	855	(5,267)
At 31 December 2018	–	2,451	945	3,396

Deferred income tax assets are recognised for deductible temporary differences to the extent that the realisation of the related tax benefits through future tax profit is probable.

As at 31 December 2016, 2017 and 2018, the Group did not recognise deferred income tax assets in respect of accumulated tax losses amounting to nil, RMB262,000, and RMB1,194,000, respectively, which are expected to expire until 31 December 2022 and 31 December 2023, respectively.

26b Deferred tax liabilities

	As at 31 December		
	2016	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*
The balance comprises temporary differences attributable to:			
Fair value changes	1,827	3,961	7,567

	As at 31 December		
Movement	**2016**	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*
Fair value changes			
As at 1 January	17	1,827	3,961
Charged to profit or loss	1,810	2,134	3,606
	1,827	3,961	7,567

As at 31 December 2016, 2017 and 2018, the Group did not recognise deferred income tax liabilities in respect of undistributed retained earnings of the group companies in PRC amounting to RMB1,322,000, RMB10,001,000, and RMB32,373,000, respectively, as the Company is able to control the timing of the distribution of the retained earnings of these group companies and it is probable that the these group companies would not make such distribution relating to these undistributed retained earnings in the foreseeable future.

27 COMBINED CAPITAL/SHARE CAPITAL

The Group	**Combined capital** *RMB'000*
As at 1 January 2016	53,529
Capital injection from shareholders of the combining companies now comprising the Group	4,655
As at 31 December 2016, 2017 and 2018	58,184

As mentioned in Note 1.2 above, the Historical Financial Information has been prepared as if the current group structure had been in existence throughout Track Record Period or since the respective dates of incorporation/establishment of the combining companies, or since the date when the combining companies first came under the control of the Newborn Town Inc, where there is a shorter period. Combined capital during the Track Record Period represent the combined share capital of the companies comprising the Group after elimination of inter-company transactions and balances.

The Company	**Number of shares authorized for issue**	**Number of shares in issue**	**Share capital** *USD'000*	**Share capital** *RMB'000*
As at 12 September 2018, incorporation of the Company	500,000,000	100,000,000	–	–
As at 31 December 2018	500,000,000	100,000,000	–	–

28 OTHER RESERVE

The Group

	Statutory reserve *RMB'000*	Capital reserve *RMB'000*	Translation reserve *RMB'000*	Total other reserves *RMB'000*
As at 1 January 2016	–	275,843	(449)	275,394
Other comprehensive income	–	–	3,674	3,674
Capital injection from shareholders of the combining companies now comprising the Group	–	195,345	–	195,345
Deemed distribution for the Carve-out Business	–	(30,000)	–	(30,000)
Appropriation to statutory reserve	147	–	–	147
As at 31 December 2016	147	441,188	3,225	444,560
Other comprehensive loss	–	–	(7,277)	(7,277)
Deemed distribution for the Carve-out Business	–	(17,500)	–	(17,500)
Appropriation to statutory reserve	948	–	–	948
As at 31 December 2017	1,095	423,688	(4,052)	420,731
Other comprehensive income	–	–	8,028	8,028
Appropriation to statutory reserve	2,380	–	–	2,380
As at 31 December 2018	3,475	423,688	3,976	431,139

The Company

	Capital reserve *RMB'000*	Total other reserves *RMB'000*
As at 12 September 2018, incorporation of the Company	–	–
At 31 December 2018	–	–

(i) Capital reserve

The capital reserve mainly comprises the portion of contributions from owners of the Group in excess of share capital.

In 2016, the shareholders of NewBornTown Mobile Technology contributed RMB200,000,000 in aggregate to NewBornTown Mobile Technology in which RMB4,654,695 was recognised as share capital.

As explained in Note 1.2, NewBornTown Mobile Technology transferred Carve-out Business to an entity with the same shareholding structure as NewBornTown Mobile Technology as part of the Reorganisation, then the capital injection to the Carve-out Business during the Track Record Period was accounted for as deemed distribution to its shareholders.

(ii) Statutory reserves

The statutory surplus reserves mainly comprises the following:

In accordance with the Company Law of the PRC, domestic enterprises in Mainland China are required to transfer 10% of their profit after taxation, as determined under accounting principles generally accepted in the PRC ("PRC GAAP"), to the statutory surplus reserve until such reserve balance reaches 50% of the registered capital of such entities. Moreover, upon a resolution made by the shareholders, a certain percentage of domestic enterprises' profit after taxation, as determined under PRC GAAP, is transferred to the discretionary surplus reserve.

The statutory surplus reserves can be used to reduce previous years' losses, if any, and may be converted into paid-in capital, provided that the statutory reserve after such conversion is not less than 25% of the registered capital of relevant subsidiaries.

29 CASH FLOW INFORMATION

29a Cash (used in)/generated from operations

		For the year ended 31 December		
		2016	**2017**	**2018**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Profit before income tax		55,980	36,776	68,610
Adjustments for				
Depreciation and amortisation		4,517	4,657	4,537
Net impairment losses on financial assets		10,123	1,584	6,963
Finance costs		215	94	219
Exchange gain or loss		(386)	2,475	(4,033)
Interest income from loan to third parties		–	(1,042)	–
Fair value change of financial assets measured at FVPL		(19,211)	(27,850)	(31,704)
Change in operating assets and liabilities:				
Increase in accounts receivable		(106,591)	(15,104)	(48,180)
Increase in other current assets		(868)	(455)	(2,301)
Increase in other receivable		(290)	(2,218)	(16,101)
Increase in restricted bank deposits		(25)	(548)	(39)
(Decrease)/increase in accounts payable		(3,387)	(14,963)	20,592
Increase in other payable		2,751	973	3,115
Cash (used in)/generated from operations		(57,172)	(15,621)	1,678

29b Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	As at 31 December		
	2016	**2017**	**2018**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	78,884	71,738	80,540
Lease liabilities	(2,934)	(6,123)	(2,999)
Net debt	75,950	65,615	77,541

	Cash and cash equivalents	Short-term borrowing	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net debt as at 1 January 2016	37,838	(20,000)	(6,009)	11,829
Cash flows	37,142	20,000	3,290	60,432
Non-cash movement	–	–	(215)	(215)
Effects of exchange rate changes	3,904	–	–	3,904
Net debt as at 31 December 2016	78,884	–	(2,934)	75,950
Cash flows	(2,356)	–	3,287	931
Non-cash movement	–	–	(6,476)	(6,476)
Effects of exchange rate changes	(4,790)	–	–	(4,790)
Net debt as at 31 December 2017	71,738	–	(6,123)	65,615
Cash flows	2,906	–	3,343	6,249
Non-cash movement	–	–	(219)	(219)
Effects of exchange rate changes	5,896	–	–	5,896
Net debt as at 31 December 2018	80,540	–	(2,999)	77,541

30 COMMITMENTS

Non-cancellable operating leases

The Group leases some office under non-cancellable operating lease with lease term less than one year and has been exempted from recognition of right-of-use assets permitted under IFRS 16. The future aggregate minimum lease payment under non-cancellable operating lease are as follows:

	As at 31 December		
	2016	2017	2018
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	36	27	55

31 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

31a Names and relationships with related parties

The following individuals/companies are significant related parties of the Group that had transactions and/or balances with the Group during the Track Record Period.

Individuals/Companies	Relationship
Directors (Liu Chunhe, Li Ping, Wang Kui)	Director of the Company

31b Transactions with related parties

The transactions with related parties are conducted in the ordinary course of the Group's business on terms comparable to the terms of transactions with other entities that are not related parties. The Group prices its services and goods based on commercial negotiations with reference to rules and regulations stipulated by related authorities of the PRC Government, where applicable. The Group has also established its procurement policies and approval processes for purchases of goods and services, which do not depend on whether the counterparties are related parties or not.

The following transactions occurred with related parties:

	2016 *RMB'000*	2017 *RMB'000*	2018 *RMB'000*
Collection on behalf of the Group			
Directors (Liu Chunhe, Li Ping, Wang Kui)	–	–	17,655

In 2018, three directors of the Company entered into settlement arrangements with Newborn Town International to collect monetization payments on behalf of the Group from certain customers in relation to the monetization of certain mobile applications. They forwarded the relevant payments to the Group at the demand of the Group.

31c Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2016 *RMB'000*	2017 *RMB'000*	2018 *RMB'000*
Other receivable from related parties			
Directors (Liu Chunhe, Li Ping, Wang Kui)	–	–	10,846

31d Key management personnel remuneration

	2016 *RMB'000*	2017 *RMB'000*	2018 *RMB'000*
Wages, salaries and bonus	924	1,763	2,355
Contributions to pension plans	104	156	249
Other social security costs, housing allowance and other allowance	133	205	325
Total employee benefit expense	1,161	2,124	2,929

32 EVENTS AFTER THE REPORTING PERIOD

In March 2019, NewBornTown Network Technology made an additional investment of RMB100,000,000 in Beijing Mico World Technology Co., Ltd.. Upon the completion of this investment, the Group's shareholding percentage over this company became 16.77%.

On 22 June 2019, the Company entered into share purchase agreement with Phoenix Auspicious FinTech Investment L.P to repurchase 6,880,990 shares of the Company at a consideration of RMB100,000,000. On 26 June 2019, the Company entered into share purchase agreement with Haitong Kaiyuan Investment Ltd. to repurchase 5,622,349 shares of the Company at a consideration of RMB30,000,000 and entered into share purchase agreement with Shanghai Haitong Xinxi Investment Center Limited Partnership to repurchase and 5,622,349 shares of the Company at a consideration of RMB30,000,000 respectively. The repurchased shares will be cancelled upon completion of the repurchase, which represents approximately 7.3% of the then total number of issued shares. The excess of the purchase price over the fair value of the repurchased shares of the Company as at the date of the transaction will be recorded as share-based payment expense.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2018 and up to the date of this report.

Save as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2018.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

This Appendix contains a summary of the Memorandum and Articles of Association of the Company. As the information set out below is in summary form, it does not contain all of the information that may be important to potential investors.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 September 2018 under the Cayman Companies Law. The Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

SUMMARY OF THE CONSTITUTION OF THE COMPANY

1 Memorandum of Association

The Memorandum of Association of the Company was conditionally adopted on [●] and states, inter alia, that the liability of the members of the Company is limited, that the objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law or any other law of the Cayman Islands.

The Memorandum of Association is available for inspection at the address specified in Appendix V in the section headed "Documents delivered to the registrar of companies and available for inspection".

2 Articles of Association

The Articles of Association of the Company were conditionally adopted on [●] and include provisions to the following effect:

2.1 Classes of Shares

The share capital of the Company consists of ordinary shares. The capital of the Company at the date of adoption of the Articles is US$[●] divided into [●] shares of US$[●] each.

2.2 Directors

(a) Power to allot and issue Shares

Subject to the provisions of the Companies Law and the Memorandum and Articles of Association, the unissued shares in the Company (whether forming part of its original or any increased capital) shall be at the disposal of the Directors, who may offer, allot, grant options over or otherwise dispose of them to such persons, at such times and for such consideration, and upon such terms, as the Directors shall determine.

Subject to the provisions of the Articles of Association and to any direction that may be given by the Company in general meeting and without prejudice to any special rights conferred on the holders of any existing shares or attaching to any class of shares, any share may be issued with or have attached thereto such preferred, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, and to such persons at such times and for such consideration as the Directors may determine. Subject to the Companies Law and to any special rights conferred on any shareholders or attaching to any class of shares, any share may, with the sanction of a special resolution, be issued on terms that it is, or at the option of the Company or the holder thereof, liable to be redeemed.

(b) Power to dispose of the assets of the Company or any subsidiary

The management of the business of the Company shall be vested in the Directors who, in addition to the powers and authorities by the Articles of Association expressly conferred upon them, may exercise all such powers and do all such acts and things as may be exercised or done or approved by the Company and are not by the Articles of Association or the Companies Law expressly directed or required to be exercised or done by the Company in general meeting, but subject nevertheless to the provisions of the Companies Law and of the Articles of Association and to any regulation from time to time made by the Company in general meeting not being inconsistent with such provisions or the Articles of Association, provided that no regulation so made shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

(c) Compensation or payment for loss of office

Payment to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must first be approved by the Company in general meeting.

(d) Loans to Directors

There are provisions in the Articles of Association prohibiting the making of loans to Directors or their respective close associates which are equivalent to the restrictions imposed by the Companies Ordinance.

(e) Financial assistance to purchase Shares

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries or any holding company or any subsidiary of such holding company in order that they may buy shares in the Company or any such subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the

Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

(f) Disclosure of interest in contracts with the Company or any of its subsidiaries

No Director or proposed Director shall be disqualified by his office from contracting with the Company either as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any person, company or partnership of or in which any Director shall be a member or otherwise interested be capable on that account of being avoided, nor shall any Director so contracting or being any member or so interested be liable to account to the Company for any profit so realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established, provided that such Director shall, if his interest in such contract or arrangement is material, declare the nature of his interest at the earliest meeting of the board of Directors at which it is practicable for him to do so, either specifically or by way of a general notice stating that, by reason of the facts specified in the notice, he is to be regarded as interested in any contracts of a specified description which may be made by the Company.

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the Directors in respect of any contract or arrangement or any other proposal in which the Director or any of his close associates (or, if required by the [**REDACTED**], his other associates) has any material interest, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum for the resolution), but this prohibition shall not apply to any of the following matters, namely:

(i) the giving to such Director or any of his close associates of any security or indemnity in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(ii) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or any of his close associates has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(iii) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the Director or any of his close associates is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(iv) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries including:

(A) the adoption, modification or operation of any employees' share scheme or any share incentive scheme or share option scheme under which the Director or any of his close associates may benefit; or

(B) the adoption, modification or operation of a pension or provident fund or retirement, death or disability benefits scheme which relates both to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or any of his close associates, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(v) any contract or arrangement in which the Director or any of his close associates is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(g) Remuneration

The Directors shall be entitled to receive by way of remuneration for their services such sum as shall from time to time be determined by the Directors, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree, or failing agreement, equally, except that in such event any Director holding office for less than the whole of the relevant period in respect of which the remuneration is paid shall only rank in such division in proportion to the time during such period for which he has held office. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

The Directors shall also be entitled to be paid all expenses, including travel expenses, reasonably incurred by them in or in connection with the performance of their duties as Directors including their expenses of travelling to and from board meetings, committee meetings or general meetings or otherwise incurred whilst engaged on the business of the Company or in the discharge of their duties as Directors.

The Directors may grant special remuneration to any Director who shall perform any special or extra services at the request of the Company. Such special remuneration may be made payable to such Director in addition to or in substitution for his ordinary remuneration as a Director, and may be made payable by way of salary, commission or participation in profits or otherwise as may be agreed.

The remuneration of an executive Director or a Director appointed to any other office in the management of the Company shall from time to time be fixed by the Directors and may be by way of salary, commission or participation in profits or otherwise or by all or any of those modes and with such other benefits (including share option and/or pension and/or gratuity and/or other benefits on retirement) and allowances as the Directors may from time to time decide. Such remuneration shall be in addition to such remuneration as the recipient may be entitled to receive as a Director.

(h) Retirement, appointment and removal

The Directors shall have power at any time and from time to time to appoint any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next general meeting of the Company and shall then be eligible for re-election at that meeting.

The Company may by ordinary resolution remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment of office as a result of the termination of this appointment as Director). The Company may by ordinary resolution appoint another person in his place. Any Director so appointed shall hold office during such time only as the Director in whose place he is appointed would have held the same if he had not been removed. The Company may also by ordinary resolution elect any person to be a Director, either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting. No person shall, unless recommended by the Directors, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least seven days, commencing no earlier than the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days prior to the date of such meeting, there has been given to the Secretary of the Company notice in writing by a member of the Company (not being the person to be proposed) entitled to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

There is no shareholding qualification for Directors nor is there any specified age limit for Directors.

The office of a Director shall be vacated:

(i) if he resigns his office by notice in writing to the Company at its registered office or its principal office in Hong Kong;

(ii) if an order is made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Directors resolve that his office be vacated;

(iii) if, without leave, he is absent from meetings of the Directors (unless an alternate Director appointed by him attends) for 12 consecutive months, and the Directors resolve that his office be vacated;

(iv) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(v) if he ceases to be or is prohibited from being a Director by law or by virtue of any provision in the Articles of Association;

(vi) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) for the time being then in office; or

(vii) if he shall be removed from office by an ordinary resolution of the members of the Company under the Articles of Association.

At every annual general meeting of the Company one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third, shall retire from office by rotation, provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

(i) Borrowing powers

The Directors may from time to time at their discretion exercise all the powers of the Company to raise or borrow or to secure the payment of any sum or sums of money for the purposes of the Company and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof.

(j) Proceedings of the Board

The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings and proceedings as they think fit in any part of the world. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

2.3 Alteration to constitutional documents

No alteration or amendment to the Memorandum or Articles of Association may be made except by special resolution.

2.4 Variation of rights of existing shares or classes of shares

If at any time the share capital of the Company is divided into different classes of shares, all or any of the rights attached to any class of shares for the time being issued (unless otherwise provided for in the terms of issue of the shares of that class) may, subject to the provisions of the Companies Law, be varied or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class. To every such separate meeting all the provisions of the Articles of Association relating to general meetings shall *mutatis mutandis* apply, but so that the quorum for the purposes of any such separate meeting and of any adjournment thereof shall be a person or persons together holding (or representing by proxy or duly authorised representative) at the date of the relevant meeting not less than one-third in nominal value of the issued shares of that class.

The special rights conferred upon the holders of shares of any class shall not, unless otherwise expressly provided in the rights attaching to or the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

2.5 Alteration of capital

The Company may, from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by ordinary resolution, increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such respective amounts as the resolution shall prescribe.

The Company may from time to time by ordinary resolution:

(a) consolidate and divide all or any of its share capital into shares of a larger amount than its existing shares. On any consolidation of fully paid shares and division into shares of larger amount, the Directors may settle any difficulty which may arise as they think expedient and in particular (but without prejudice to the generality of the foregoing) may as between the holders of shares to be consolidated determine which particular shares are to be consolidated into each consolidated share, and if it shall happen that any person shall become entitled to fractions of a consolidated share or shares, such fractions may be sold by some person appointed by the Directors for that purpose and the person so appointed may transfer the shares so sold to the purchaser thereof and the validity of such transfer shall not be questioned, and so that the net [**REDACTED**] of such sale (after deduction of the expenses of such sale) may either be distributed among the persons who would otherwise be entitled to a fraction or fractions of a consolidated share or shares rateably in accordance with their rights and interests or may be paid to the Company for the Company's benefit;

(b) cancel any shares which at the date of the passing of the resolution have not been taken or agreed to be taken by any person, and diminish the amount of its share capital by the amount of the shares so cancelled subject to the provisions of the Companies Law; and

(c) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum of Association, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares.

The Company may by special resolution reduce its share capital or any capital redemption reserve in any manner authorised and subject to any conditions prescribed by the Companies Law.

2.6 Special resolution – majority required

A "special resolution" is defined in the Articles of Association to have the meaning ascribed thereto in the Companies Law, for which purpose, the requisite majority shall be not less than three-fourths of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given and includes a special resolution approved in writing by all of the members of the Company entitled to vote

at a general meeting of the Company in one or more instruments each signed by one or more of such members, and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments (if more than one) is executed.

In contrast, an "ordinary resolution" is defined in the Articles of Association to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles of Association and includes an ordinary resolution approved in writing by all the members of the Company aforesaid.

2.7 Voting rights

Subject to any special rights, privileges or restrictions as to voting for the time being attached to any class or classes of shares, at any general meeting on a poll every member present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote for each share registered in his name in the register of members of the Company.

Where any member is, under the [**REDACTED**], required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

In the case of joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the order in which the names of the joint holders stand on the register in respect of the relevant joint holding.

A member of the Company in respect of whom an order has been made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs may vote by any person authorised in such circumstances to do so and such person may vote by proxy.

Save as expressly provided in the Articles of Association or as otherwise determined by the Directors, no person other than a member of the Company duly registered and who shall have paid all sums for the time being due from him payable to the Company in respect of his shares shall be entitled to be present or to vote (save as proxy for another member of the Company), or to be reckoned in a quorum, either personally or by proxy at any general meeting.

At any general meeting a resolution put to the vote of the meeting shall be decided by way of a poll save that the chairman of the meeting may allow a resolution which relates purely to a procedural or administrative matter as prescribed under the [**REDACTED**] to be voted on by a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its proxy(ies) or representative(s) at any general meeting of the Company or at any general meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same rights and powers on behalf of the recognised clearing house (or its nominee(s)) which he represents as that recognised clearing house (or its nominee(s)) could exercise as if it were an individual member of the Company holding the number and class of shares specified in such authorisation, including, where a show of hands is allowed, the right to vote individually on a show of hands.

2.8 Annual general meetings

The Company shall hold a general meeting as its annual general meeting each year, within a period of not more than 15 months after the holding of the last preceding annual general meeting (or such longer period as the Stock Exchange may authorise). The annual general meeting shall be specified as such in the notices calling it.

2.9 Accounts and audit

The Directors shall cause to be kept such books of account as are necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions and otherwise in accordance with the Companies Law.

The Directors shall from time to time determine whether, and to what extent, and at what times and places and under what conditions or regulations, the accounts and books of the Company, or any of them, shall be open to the inspection by members of the Company (other than officers of the Company) and no such member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by the Companies Law or any other relevant law or regulation or as authorised by the Directors or by the Company in general meeting.

The Directors shall, commencing with the first annual general meeting, cause to be prepared and to be laid before the members of the Company at every annual general meeting a profit and loss account for the period, in the case of the first account, since the incorporation of the Company and, in any other case, since the preceding account, together with a balance sheet as at the date to which the profit and loss account is made up and a Director's report with respect to the profit or loss of the Company for the period covered by the profit and loss account and the state of the Company's affairs as at the end of such period, an auditor's report on such accounts and such other reports and accounts as may be required by law. Copies of those documents to be laid before the members of the Company at an annual general meeting shall not less than 21 days before the date of the meeting, be sent in the manner in which notices may be served by the Company as provided in the Articles of Association to every member of the Company and every holder of debentures of the Company provided that the Company shall not be required to send copies of those documents to any person of whose address the Company is not aware or to more than one of the joint holders of any shares or debentures.

The Company shall at every annual general meeting appoint an auditor or auditors of the Company who shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company at the annual general meeting at which they are appointed provided that in respect of any particular year the Company in general meeting may delegate the fixing of such remuneration to the Directors.

2.10 Notice of meetings and business to be conducted thereat

An annual general meeting shall be called by not less than 21 days' notice in writing and any extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the time, place and agenda of the meeting, particulars of the resolutions and the general nature of the business to be considered at the meeting. The notice convening an annual general meeting shall specify the meeting as such, and the notice convening a meeting to pass a special resolution shall specify the intention to propose the resolution as a special resolution. Notice of every general meeting shall be given to the auditors and all members of the Company (other than those who, under the provisions of the Articles of Association or the terms of issue of the shares they hold, are not entitled to receive such notice from the Company).

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above, it shall be deemed to have been duly called if it is so agreed:

(a) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat or their proxies; and

(b) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right.

2.11 Transfer of shares

Transfers of shares may be effected by an instrument of transfer in the usual common form or in such other form as the Directors may approve which is consistent with the standard form of transfer as prescribed by the Stock Exchange.

The instrument of transfer shall be executed by or on behalf of the transferor and, unless the Directors otherwise determine, the transferee, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof. All instruments of transfer shall be retained by the Company.

The Directors may refuse to register any transfer of any share which is not fully paid up or on which the Company has a lien. The Directors may also decline to register any transfer of any shares unless:

(a) the instrument of transfer is lodged with the Company accompanied by the certificate for the shares to which it relates (which shall upon the registration of the transfer be cancelled) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(b) the instrument of transfer is in respect of only one class of shares;

(c) the instrument of transfer is properly stamped (in circumstances where stamping is required);

(d) in the case of a transfer to joint holders, the number of joint holders to whom the share is to be transferred does not exceed four;

(e) the shares concerned are free of any lien in favour of the Company; and

(f) a fee of such amount not exceeding the maximum amount as the Stock Exchange may from time to time determine to be payable (or such lesser sum as the Directors may from time to time require) is paid to the Company in respect thereof.

If the Directors refuse to register a transfer of any share they shall, within two months after the date on which the transfer was lodged with the Company, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the [**REDACTED**], by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be suspended and the register of members of the Company closed at such times for such periods as the Directors may from time to time determine, provided that the registration of transfers shall not be suspended or the register closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

2.12 Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles of Association to purchase its own shares subject to certain restrictions and the Directors may only exercise this power on behalf of the Company subject to the authority of its members in general meeting as to the manner in which they do so and to any applicable requirements imposed from time to time by the Stock Exchange and the Securities and Futures Commission of Hong Kong. Shares which have been repurchased will be treated as cancelled upon the repurchase.

2.13 Power of any subsidiary of the Company to own shares

There are no provisions in the Articles of Association relating to the ownership of shares by a subsidiary.

2.14 Dividends and other methods of distribution

Subject to the Companies Law and the Articles of Association, the Company in general meeting may declare dividends in any currency but no dividends shall exceed the amount recommended by the Directors. No dividend may be declared or paid other than out of profits and reserves of the Company lawfully available for distribution, including share premium.

Unless and to the extent that the rights attached to any shares or the terms of issue thereof otherwise provide, all dividends shall (as regards any shares not fully paid throughout the period in respect of which the dividend is paid) be apportioned and paid pro rata according to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. For these purposes no amount paid up on a share in advance of calls shall be treated as paid up on the share.

The Directors may from time to time pay to the members of the Company such interim dividends as appear to the Directors to be justified by the profits of the Company. The Directors may also pay half-yearly or at other intervals to be selected by them any dividend which may be at a fixed rate if they are of the opinion that the profits available for distribution justify the payment.

The Directors may retain any dividends or other monies payable on or in respect of a share upon which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists. The Directors may also deduct from any dividend or other monies payable to any member of the Company all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

No dividend shall carry interest against the Company.

Whenever the Directors or the Company in general meeting have resolved that a dividend be paid or declared on the share capital of the Company, the Directors may further resolve: (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up on the basis that the shares so allotted are to be of the same class as the class already held by the allottee, provided that the members of the Company entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (b) that the members of the Company entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Directors may think fit on the basis that the shares so allotted are to be of the same class as the class already held by the allottee. The Company may upon the recommendation of the Directors by ordinary resolution resolve in respect of any one particular dividend of the Company that notwithstanding the foregoing a dividend may be satisfied wholly in the form of an allotment of shares credited as fully paid without offering any right to members of the Company to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to a holder of shares may be paid by cheque or warrant sent through the post addressed to the registered address of the member of the Company entitled, or in the case of joint holders, to the registered address of the person whose name stands first in the register of members of the Company in respect of the joint holding or to such person and to such address as the holder or joint holders may in writing direct. Every cheque or warrant so sent shall be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register of members of the Company in respect of such shares, and shall be sent at his or their risk and the payment of any such cheque or warrant by the bank on which it is drawn shall operate as a good discharge to the Company in respect of the dividend and/or bonus represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that any endorsement thereon has been forged. The Company may cease sending such cheques for dividend entitlements or dividend warrants by post if such cheques or warrants have been left uncashed on two consecutive occasions. However, the Company may exercise its power to cease sending cheques for dividend entitlements or dividend warrants after the first occasion on which such a cheque or warrant is returned undelivered. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Any dividend unclaimed for six years from the date of declaration of such dividend may be forfeited by the Directors and shall revert to the Company.

The Directors may, with the sanction of the members of the Company in general meeting, direct that any dividend be satisfied wholly or in part by the distribution of specific assets of any kind, and in particular of paid up shares, debentures or warrants to subscribe securities of any other company, and where any difficulty arises in regard to such distribution the Directors may settle it as they think expedient, and in particular may disregard fractional entitlements, round the same up or down or provide that the same shall accrue to the benefit of the Company, and may fix the value for distribution of such specific assets and may determine that cash payments shall be made to any members of the Company upon the footing of the value so fixed in order to adjust the rights of all parties, and may vest any such specific assets in trustees as may seem expedient to the Directors.

2.15 Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person who must be an individual as his proxy to attend and vote instead of him and a proxy so appointed shall have the same right as the member to speak at the meeting. A proxy need not be a member of the Company.

Instruments of proxy shall be in common form or in such other form as the Directors may from time to time approve provided that it shall enable a member to instruct his proxy to vote in favour of or against (or in default of instructions or in the event of conflicting instructions, to exercise his discretion in respect of) each resolution to be proposed at the meeting to which the form of proxy relates. The instrument of proxy shall be deemed to confer authority to vote on any amendment of a resolution put to the meeting for which it is given as the proxy thinks fit. The instrument of proxy shall, unless the contrary is stated therein, be valid as well for any adjournment of the meeting as for the meeting to which it relates provided that the meeting was originally held within 12 months from such date.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney authorised in writing or if the appointor is a corporation either under its seal or under the hand of an officer, attorney or other person authorised to sign the same.

The instrument appointing a proxy and (if required by the Directors) the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, shall be delivered at the registered office of the Company (or at such other place as may be specified in the notice convening the meeting or in any notice of any adjournment or, in either case, in any document sent therewith) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote or, in the case of a poll taken subsequently to the date of a meeting or adjourned meeting, not less than 48 hours before the time appointed for the taking of the poll and in default the instrument of proxy shall not be treated as valid. No instrument

appointing a proxy shall be valid after the expiration of 12 months from the date named in it as the date of its execution. Delivery of any instrument appointing a proxy shall not preclude a member of the Company from attending and voting in person at the meeting or poll concerned and, in such event, the instrument appointing a proxy shall be deemed to be revoked.

2.16 Calls on shares and forfeiture of shares

The Directors may from time to time make calls upon the members of the Company in respect of any monies unpaid on their shares (whether on account of the nominal amount of the shares or by way of premium or otherwise) and not by the conditions of allotment thereof made payable at fixed times and each member of the Company shall (subject to the Company serving upon him at least 14 days' notice specifying the time and place of payment and to whom such payment shall be made) pay to the person at the time and place so specified the amount called on his shares. A call may be revoked or postponed as the Directors may determine. A person upon whom a call is made shall remain liable on such call notwithstanding the subsequent transfer of the shares in respect of which the call was made.

A call may be made payable either in one sum or by instalments and shall be deemed to have been made at the time when the resolution of the Directors authorising the call was passed. The joint holders of a share shall be jointly and severally liable to pay all calls and instalments due in respect of such share or other monies due in respect thereof.

If a sum called in respect of a share shall not be paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 15% per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

If any call or instalment of a call remains unpaid on any share after the day appointed for payment thereof, the Directors may at any time during such time as any part thereof remains unpaid serve a notice on the holder of such shares requiring payment of so much of the call or instalment as is unpaid together with any interest which may be accrued and which may still accrue up to the date of actual payment.

The notice shall name a further day (not being less than 14 days from the date of service of the notice) on or before which, and the place where, the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which such call was made or instalment is unpaid will be liable to be forfeited.

If the requirements of such notice are not complied with, any share in respect of which such notice has been given may at any time thereafter, before payment of all calls or instalments and interest due in respect thereof has been made, be forfeited by a resolution of

the Directors to that effect. Such forfeiture shall include all dividends and bonuses declared in respect of the forfeited shares and not actually paid before the forfeiture. A forfeited share shall be deemed to be the property of the Company and may be re-allotted, sold or otherwise disposed of.

A person whose shares have been forfeited shall cease to be a member of the Company in respect of the forfeited shares but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which at the date of forfeiture were payable by him to the Company in respect of the shares, together with (if the Directors shall in their discretion so require) interest thereon at such rate not exceeding 15% per annum as the Directors may prescribe from the date of forfeiture until payment, and the Directors may enforce payment thereof without being under any obligation to make any allowance for the value of the shares forfeited, at the date of forfeiture.

2.17 Inspection of register of members

The register of members of the Company shall be kept in such manner as to show at all times the members of the Company for the time being and the shares respectively held by them. The register may, on 10 business days' notice (or on 6 business days' notice in the case of a rights issue) being given by advertisement published on the Stock Exchange's website, or, subject to the [**REDACTED**], by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association or by advertisement published in the newspapers, be closed at such times and for such periods as the Directors may from time to time determine either generally or in respect of any class of shares, provided that the register shall not be closed for more than 30 days in any year (or such longer period as the members of the Company may by ordinary resolution determine provided that such period shall not be extended beyond 60 days in any year).

Any register of members kept in Hong Kong shall during normal business hours (subject to such reasonable restrictions as the Directors may impose) be open to inspection by any member of the Company without charge and by any other person on payment of a fee of such amount not exceeding the maximum amount as may from time to time be permitted under the [**REDACTED**] as the Directors may determine for each inspection.

2.18 Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment, choice or election of a chairman which shall not be treated as part of the business of the meeting.

Two members of the Company present in person or by proxy shall be a quorum provided always that if the Company has only one member of record the quorum shall be that one member present in person or by proxy.

A corporation being a member of the Company shall be deemed for the purpose of the Articles of Association to be present in person if represented by its duly authorised representative being the person appointed by resolution of the directors or other governing body of such corporation or by power of attorney to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

The quorum for a separate general meeting of the holders of a separate class of shares of the Company is described in paragraph 2.4 above.

2.19 Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles of Association concerning the rights of minority shareholders in relation to fraud or oppression.

2.20 Procedure on liquidation

If the Company shall be wound up, and the assets available for distribution amongst the members of the Company as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members of the Company in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively. If in a winding up the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members of the Company in proportion to the capital paid up at the commencement of the winding up on the shares held by them respectively. The foregoing is without prejudice to the rights of the holders of shares issued upon special terms and conditions.

If the Company shall be wound up, the liquidator may with the sanction of a special resolution of the Company and any other sanction required by the Companies Law, divide amongst the members of the Company in specie or kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members of the Company. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the members of the Company as the liquidator, with the like sanction and subject to the Companies Law, shall think fit, but so that no member of the Company shall be compelled to accept any assets, shares or other securities in respect of which there is a liability.

2.21 Untraceable members

The Company shall be entitled to sell any shares of a member of the Company or the shares to which a person is entitled by virtue of transmission on death or bankruptcy or operation of law if: (a) all cheques or warrants, not being less than three in number, for any sums payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (b) the Company has not during that time or before the expiry of the three month period referred to in (d) below received any indication of the whereabouts or existence of the member; (c) during the 12 year period, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and (d) upon expiry of the 12 year period, the Company has caused an advertisement to be published in the newspapers or subject to the [**REDACTED**], by electronic communication in the manner in which notices may be served by the Company by electronic means as provided in the Articles of Association, giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the Stock Exchange has been notified of such intention. The net [**REDACTED**] of any such sale shall belong to the Company and upon receipt by the Company of such net [**REDACTED**] it shall become indebted to the former member for an amount equal to such net [**REDACTED**].

SUMMARY OF CAYMAN ISLANDS COMPANY LAW AND TAXATION

1 Introduction

The Companies Law is derived, to a large extent, from the older Companies Acts of England, although there are significant differences between the Companies Law and the current Companies Act of England. Set out below is a summary of certain provisions of the Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of corporate law and taxation which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

2 Incorporation

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 September 2018 under the Companies Law. As such, its operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the size of its authorised share capital.

3 Share Capital

The Companies Law permits a company to issue ordinary shares, preference shares, redeemable shares or any combination thereof.

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premia on those shares shall be transferred to an account called the "share premium account". At the option of a company, these provisions may not apply to premia on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by a company, subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation:

(a) paying distributions or dividends to members;

(b) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(c) in the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law);

(d) writing-off the preliminary expenses of the company;

(e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company; and

(f) providing for the premium payable on redemption or purchase of any shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

Subject to the detailed provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. The manner of such a purchase must be authorised either by the articles of association or by an ordinary resolution of the company. The articles of association may provide that the manner of purchase may be determined by the directors of the company. At no time may a company

redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any member of the company holding shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and to act in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

4 Dividends and Distributions

With the exception of section 34 of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands in this area, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 3 above for details).

5 Shareholders' Suits

The Cayman Islands courts can be expected to follow English case law precedents. The rule in *Foss v. Harbottle* (and the exceptions thereto which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge (a) an act which is *ultra vires* the company or illegal, (b) an act which constitutes a fraud against the minority where the wrongdoers are themselves in control of the company, and (c) an action which requires a resolution with a qualified (or special) majority which has not been obtained) has been applied and followed by the courts in the Cayman Islands.

6 Protection of Minorities

In the case of a company (not being a bank) having a share capital divided into shares, the Grand Court of the Cayman Islands may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Grand Court shall direct.

Any shareholder of a company may petition the Grand Court of the Cayman Islands which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

Claims against a company by its shareholders must, as a general rule, be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

The English common law rule that the majority will not be permitted to commit a fraud on the minority has been applied and followed by the courts of the Cayman Islands.

7 Disposal of Assets

The Companies Law contains no specific restrictions on the powers of directors to dispose of assets of a company. As a matter of general law, in the exercise of those powers, the directors must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the company.

8 Accounting and Auditing Requirements

The Companies Law requires that a company shall cause to be kept proper books of account with respect to:

(a) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place;

(b) all sales and purchases of goods by the company; and

(c) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

9 Register of Members

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as its directors may from time to time think fit. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

10 Inspection of Books and Records

Members of a company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

11 Special Resolutions

The Companies Law provides that a resolution is a special resolution when it has been passed by a majority of at least two-thirds of such members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given, except that a company may in its articles of association specify that the required majority shall be a number greater than two-thirds, and may additionally so provide that such majority (being not less than two-thirds) may differ as between matters required to be approved by a special resolution. Written resolutions signed by all the members entitled to vote for the time being of the company may take effect as special resolutions if this is authorised by the articles of association of the company.

12 Subsidiary Owning Shares in Parent

The Companies Law does not prohibit a Cayman Islands company acquiring and holding shares in its parent company provided its objects so permit. The directors of any subsidiary making such acquisition must discharge their duties of care and to act in good faith, for a proper purpose and in the interests of the subsidiary.

13 Mergers and Consolidations

The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorised by (a) a special resolution of each constituent company and (b) such other authorisation, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a list of the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the Cayman Islands Gazette.

Dissenting shareholders have the right to be paid the fair value of their shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) if they follow the required procedures, subject to certain exceptions. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

14 Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing 75% in value of shareholders or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the Grand Court of the Cayman Islands. Whilst a dissenting shareholder would have the right to express to the Grand Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Grand Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting shareholder would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of his shares) ordinarily available, for example, to dissenting shareholders of United States corporations.

15 Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Grand Court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Grand Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

16 Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

17 Liquidation

A company may be placed in liquidation compulsorily by an order of the court, or voluntarily (a) by a special resolution of its members if the company is solvent, or (b) by an ordinary resolution of its members if the company is insolvent. The liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories (shareholders)), settle the list of creditors and discharge the company's liability to them, rateably if insufficient assets exist to discharge the liabilities in full, and to settle the list of contributories and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

18 Stamp Duty on Transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

19 Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company may obtain an undertaking from the Financial Secretary of the Cayman Islands:

(a) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciations shall apply to the Company or its operations; and

(b) in addition, that no tax to be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable:

  (i) on or in respect of the shares, debentures or other obligations of the Company; or

  (ii) by way of the withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties that are applicable to any payments made by or to the Company.

20 Exchange Control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

21 General

Maples and Calder (Hong Kong) LLP, the Company's legal advisers on Cayman Islands law, have sent to the Company a letter of advice summarising aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Documents delivered to the registrar of companies and available for inspection" in Appendix V. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he/she is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of our Company

Our Company was incorporated on 12 September 2018 in the Cayman Islands as an exempted company with limited liability with the registered company number 342524. Accordingly, our Company's corporate structure and Articles are subject to relevant laws of the Cayman Islands. A summary of our Articles and Memorandum of Association is set out in Appendix III of this document. Our registered office is at Sertus Chambers, Governors Square, Suite # 5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands.

Our principal place of business in Hong Kong is at Room 1903-4, Floor 19, Hong Kong Trade Centre, 161 Des Voeux Road Central, Hong Kong. Our Company has applied for registration as a non-Hong Kong company under Part 16 of the Companies Ordinance on 25 June 2019, with AU-YEUNG Wai Ki Joseph, our authorised representative, appointed as the person to accept service of process and notices on our behalf in Hong Kong at our abovementioned principal place of business in Hong Kong.

2. Changes in authorised and issued share capital of our Company

As at the date of incorporation, our Company had an authorised share capital of US$50,000.00 divided into 500,000,000 shares of US$0.0001 each.

The following sets out the changes in our Company's share capital since its incorporation:

- On 12 September 2018, our Company issued one Share with a par value of US$0.0001 to the initial subscriber Sertus Nominees (Cayman) Limited and such Share was transferred at par to Spriver Tech Limited on the same day.

- On 12 September 2018, our Company issued 63,166,999 Shares with a par value of US$0.0001 each to Spriver Tech Limited.

- On 12 September 2018, our Company issued 21,047,000 Shares with a par value of US$0.0001 each to Parallel World Limited.

- On 12 September 2018, our Company issued 15,786,000 Shares with a par value of US$0.0001 each to Pixel Perfect Tech Limited.

- On 14 May 2019, our Company issued 10,715,817 Shares to Spriver Tech Limited and 41,572 Shares to Universe Intelligence Technology Limited.

- On 22 June, 2019, the authorised share capital of our Company was reclassified andre-designated, made up of 361,321,497 Ordinary Shares, 50,021,431 Series A Preferred Shares, 86,578,786 Series B Preferred Shares and 2,078,286 Series C Preferred Shares with a par value of US$0.0001 each.

- On 22 June 2019, pursuant to the Reorganisation, our Company issued Preferred Shares in the following manner:

  - 19,481,355 Series A Preferred Shares to Phoenix Wealth Investment (Holdings) Limited;

  - 15,580,797 Series A Preferred Shares to Plum Venture;

  - 10,137,162 Series A Preferred Shares to Future Capital Discovery Fund I, L.P.;

  - 4,822,117 Series A Preferred Shares to ICO STORE INC;

  - 32,557,630 Series B Preferred Shares to Phoenix Auspicious FinTech Investment L.P.;

  - 26,789,541 Series B Preferred Shares to Haitong Kaiyuan;

  - 24,711,255 Series B Preferred Shares to Haitong Xinxi;

  - 2,520,360 Series B Preferred Shares to Hash Global Management Company Ltd.

  - 2,078,286 Series C Preferred Shares to CHUANGQI INTERNATIONAL LIMITED.

- On 22 June 2019, our Company repurchased 6,880,990 Series B Preferred Shares from Phoenix Auspicious FinTech Investment L.P.; on 24 June 2019 5,622,349 Series B Preferred Shares from Haitong Kaiyuan and 5,622,349 Series B Preferred Shares from Haitong Xinxi.

Save as disclosed herein and in the section headed "History and Corporate Structure" in this document, there has been no alteration in our share capital of our Company since its incorporation.

3. Changes in share capital of our subsidiaries and PRC Operating Entities

The following alterations in the share capital of our subsidiaries and PRC Operating Entities have taken place within two years immediately preceding the date of this document:

Shandong NewBornTown

Shandong NewBornTown was established in the PRC with limited liability on 30 August 2018, with an initial registered capital of RMB10 million**.** The registered capital of Shandong NewBornTown increased from RMB10 million to RMB10.5 million on 2 April 2019 due to additional subscription by Universe Intelligence Technology Limited.

Solo X Technology Limited

On 30 October 2018, Solo X Technology Limited was established in Hong Kong with the share capital of HK$10,000.00 divided into 10,000 shares.

4. Resolutions of our Shareholders dated [●] 2019

Written resolutions of our shareholders were passed on [●] 2019, pursuant to which, among others:

(a) conditional on (i) the [**REDACTED**] Committee granting approval for the [**REDACTED**] of, and permission to deal in, the Shares in issue and to be issued as to be stated in this document and such [**REDACTED**] and permission not subsequently having been revoked prior to the commencement of dealing in the Shares on the Stock Exchange; (ii) the [**REDACTED**] having been determined; (iii) the International Purchase Agreement having been duly executed and delivered on or around the [**REDACTED**]; and (iv) the obligations of the [**REDACTED**] under the [**REDACTED**] Agreements becoming and remaining unconditional and not being terminated in accordance with the terms of the respective agreements, in each case on or before such dates and times specified in the respective [**REDACTED**]:

(1) our Company approved and adopted the Amended and Restated Memorandum and Articles of Association with effect from the [**REDACTED**];

(2) conditional on the share premium account of our Company being credited by an amount of HK$[●] as a result of the issue of the [**REDACTED**] pursuant to the [**REDACTED**], our Company will, allot and issue a total of [●] Shares credited as fully paid at par to the holders of shares whose names appear on the register of members of our Company at the close of business on the business day preceding the [**REDACTED**] in proportion to their then existing shareholdings in our Company by capitalising the sum of HK$[●] from the

share premium account of our Company. The Shares allotted and issued pursuant to the above [**REDACTED**] will rank pari passu in all respects with the existing issued Shares;

(3) the [**REDACTED**] (including [**REDACTED**]) was approved, and the Directors were authorised and directed to allot and issue, and to approve the transfer of the [**REDACTED**];

(4) a general and unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with Shares or securities convertible into Shares and to make or grant offers, agreements or options (including any warrants, bonds, notes and debentures conferring any rights to subscribe for or otherwise receive Shares) which might require Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, otherwise than by way of the [**REDACTED**], rights issue or pursuant to the exercise of any subscription rights attaching to any warrants which may be allotted and issued by the Company from time to time or allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association or a specific authority granted by our Shareholders in general meeting, shall not exceed 20% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (excluding any Shares which may be issued under [**REDACTED**], the RSU Schemes and the Share Option Scheme);

(5) a general unconditional mandate (the "Repurchase Mandate") was given to our Directors to exercise all powers of our Company to repurchase its own Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (excluding any Shares which may be issued under [**REDACTED**]);

(6) the general unconditional mandate as mentioned in paragraph (4) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to purchase Shares referred to in paragraph (5) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the completion of the [**REDACTED**] and the [**REDACTED**] (excluding any Shares which may be issued under [**REDACTED**]).

5. Corporate Reorganisation

For details of the Reorganisation which was effected for the [**REDACTED**], please refer to the section headed "History and Corporate Structure" in this document.

6. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or any member of our Group within two years preceding the date of this document and are or may be material:

(a) The investment agreement dated 25 November 2017 entered into among NewBornTown Mobile Technology, Youdian Neirong, Fan Lizhi and Lin Jinwen, pursuant to which NewBornTown Mobile Technology subscribed additional registered capital of Youdian Neirong at the consideration of RMB12 million;

(b) The equity transfer agreement dated 15 December 2018 entered into between NewBornTown Mobile Technology and Shandong NewBornTown, pursuant to which NewBornTown Mobile Technology transferred its 51% of the equity interest in Youdian Neirong to Shandong NewBornTown at the consideration of approximately RMB7.29 million;

(c) The equity transfer agreement dated 12 December 2018 entered into between NewBornTown Network Technology and Ms. Hua Qiong, pursuant to which NewBornTown Network Technology transferred its 80% equity interest in Beijing Qianji Mobile to Ms. Hua Qiong with nil consideration;

(d) The equity transfer agreement dated 20 December 2018 entered into between NewBornTown Network Technology and Ms. Hua Qiong, pursuant to which NewBornTown Network Technology transferred its 10% equity interest in Chongqing Small World to Ms. Hua Qiong with nil consideration;

(e) The investment agreement dated 22 March 2019 entered into among NewBornTown Network Technology, and Ningbo Meishan Bonded Port Tonghe Chuangyuan Enterprise Management Consulting Centre LLP, Cao Wen, Mico, Ye Chunjian, Tianjin Tonghe Chuangyuan Enterprise Management Centre LLP, Ningbo Meishan Bonded Port Tonghe Chuangyuan Enterprise Management Consulting Centre LLP, Wang Xinming, Wang Xiaobin, Wu Shichun, Ningbo Meihua Mingshi Investment Partnership (L.P.), Zhang Qinglai, Ye Kai, Zhang Wenlong, Zhang Zhihe, Phoenix Venture and Jiaxing Zizhi No. 1 Investment Partnership LLP, pursuant to which NewBornTown Network Technology subscribed 8.85% equity interest in Mico at the consideration of RMB100 million;

(f) The equity transfer agreement dated 28 March 2019 entered into between Shandong NewBornTown and Zhonghe Tongrun, pursuant to which Shandong NewBornTown transferred its 51% equity interest in Youdian Neirong to Zhonghe Tongrunat the consideration of RMB1;

(g) The partnership interest transfer agreement dated 28 March 2019 entered into between NewBornTown Network Technology and Zhonghe Tongrun, pursuant to which NewBornTown Network Technology transferred its 9.67% partnership interest in Tibet Zhirui to Zhonghe Tongrun at the consideration of RMB1;

(h) The equity transfer agreement dated 9 April 2019 entered into between NewBornTown Network Technology and Solo X Technology, pursuant to which NewBornTown Network Technology transferred its 95.24% equity interest in Shandong NewBornTown to Solo X Technology at the consideration of RMB10 million;

(i) The equity transfer agreement dated 9 April 2019 entered into between Universe and Solo X Technology, pursuant to which Universe transferred its 4.76% equity interest in Shandong NewBornTown to Solo X Technology at the consideration of RMB500,000;

(j) The shareholders agreement dated 15 April 2019 entered into among Liu Chunhe, Li Ping, Ye Chunjian, Plum Venture, Huang Mingming, Du Li, Beijing Amphora, Haitong Kaiyuan, Haitong Xinxi, Hande Houcheng, Longwin Xinhu, Phoenix Fortune, China Fuqiang and NewBornTown Mobile Technology.

(k) The share subscription agreement dated 22 March 2019 entered into between Universe and Shandong NewBornTown, pursuant to which Universe subscribed additional registered capital of Shandong NewBornTown with a total consideration of the US$ equivalent of RMB0.5 million;

(l) The equity transfer agreement dated 20 June 2019 entered into between NewBornTown Network Technology and our Company, pursuant to which NewBornTown Network Technology transferred its 100% equity interest in Newborn Town International to us at the consideration of HK$1;

(m) The share repurchase agreement dated 22 June 2019 entered into between Phoenix Auspicious FinTech Investment L.P. and our Company, pursuant to which our Company repurchased 6,880,990 Series B Preferred Shares from Phoenix Auspicious FinTech Investment L.P. with the consideration payable by our Company of the US$ equivalent of RMB100,000,000;

(n) The share repurchase agreement dated 26 June 2019 entered into between Haitong Kaiyuan and our Company, pursuant to which our Company repurchased 5,622,349 Series B Preferred Shares from Haitong Kaiyuan with the consideration payable by our Company of the US$ equivalent of RMB30,000,000;

(o) The share repurchase agreement dated 26 June 2019 entered into between Haitong Xinxi and our Company, pursuant to which our Company repurchased 5,622,349 Series B Preferred Shares from Haitong Xinxi with the consideration payable by our Company of the US$ equivalent of RMB30,000,000;

(p) The exclusive equity call option agreement dated 26 June 2019, entered into among the PRC Equity Holders, NewBornTown Mobile Technology and WFOE, as further described in the section headed "Contractual Arrangements";

(q) The exclusive business cooperation agreement dated 26 June 2019, entered into between NewBornTown Mobile Technology and WFOE, as further described in the section headed "Contractual Arrangements";

(r) The exclusive asset call option agreement dated 26 June 2019, entered into between NewBornTown Mobile Technology and WFOE, as further described in the section headed "Contractual Arrangements";

(s) The equity pledge agreement dated 26 June 2019, entered into among the PRC Equity Holders, NewBornTown Mobile Technology and WFOE, as further described in the section headed "Contractual Arrangements";

(t) The shareholders agreement dated 26 June 2019, entered into among Founders, Founder Holdcos, Series A Preferred Shareholders, Series B Preferred Shareholders, Series C Preferred Shareholders and our Company.

(u) the Deed of Indemnity;

(v) the Deed of Non-competition; and

(w) [**REDACTED**].

This section includes information required by the Stock Exchange to be included in this document concerning the purchase by us of our own securities.

1. Provisions of the [REDACTED]

The [**REDACTED**] permit companies whose primary [**REDACTED**] is on the Stock Exchange to purchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders' approval

The [**REDACTED**] provide that all purchases of securities on the Stock Exchange by a company with its primary [**REDACTED**] on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval in relation to specific transactions.

(b) Source of funds

Purchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and Articles of Association and the applicable laws and regulations of Hong Kong and the Cayman Islands. A listed company may not purchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Under Cayman Islands law, any repurchase by the Company may be made out of profits of the Company, out of the Company's share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles of Association and subject to the Cayman Companies Law, out of capital. Any premium payable on a repurchase over the par value of the Shares to be repurchased must be provided for out of either or both of the profits or the share premium account of the Company or, if authorised by the Articles of Association and subject to the Companies Law, out of capital.

(c) Status of repurchased shares

The [**REDACTED**] of all purchased securities (whether on the Stock Exchange or, otherwise) is automatically cancelled and the relative certificates must be cancelled and destroyed. Under Cayman Islands law, unless prior to the purchase, the Directors of the Company resolve to hold the Shares purchased by the Company as treasury shares, Shares purchased by the Company will be treated as cancelled and the amount of the Company's issued share capital shall be diminished by the nominal value of those shares. However, the purchase of Shares shall not be taken as reducing the amount of the Company's authorised share capital under Cayman Islands law.

(d) Core connected persons

The [**REDACTED**] prohibit a company from knowingly purchasing securities on the Stock Exchange from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their respective close associates (as defined in the [**REDACTED**]) and a core connected person shall not knowingly sell his securities to the company.

2. Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market.

Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made where our Directors believe that such repurchases will benefit our Company and Shareholders.

3. General

(a) None of our Directors, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the [**REDACTED**]) currently intends to sell any Shares to our Company.

(b) Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the [**REDACTED**] and the applicable laws and regulations of Hong Kong.

(c) If, as a result of any repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

(d) No core connected person (as defined in the [**REDACTED**]) has notified our Company that he/she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

C. INTELLECTUAL PROPERTY RIGHTS OF OUR GROUP

1. Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material to our business:

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Date of Expiration (dd/mm/yyyy)
1		PRC	NewBornTown Network Technology	9	18639408	27/01/2027
2		PRC	NewBornTown Network Technology	35	18639407	27/01/2027

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Date of Expiration (dd/mm/yyyy)
3	LeadHUG	PRC	NewBornTown Network Technology	38	18639406	27/01/2027
4	LeadHUG	PRC	NewBornTown Network Technology	41	18639405	27/01/2027
5	LeadHUG	PRC	NewBornTown Network Technology	42	18639404	27/01/2027
6	NewBornTown 赤子城	PRC	NewBornTown Network Technology	9	18171244	06/12/2026
7	NewBornTown 赤子城	PRC	NewBornTown Network Technology	38	18171242	06/12/2026
8	NewBornTown 赤子城	PRC	NewBornTown Network Technology	41	18171241	06/12/2026
9	PingStart	PRC	NewBornTown Network Technology	9	17570960	27/09/2026
10	PingStart	PRC	NewBornTown Network Technology	38	17570959	27/09/2026
11	PingStart	PRC	NewBornTown Network Technology	42	17570958	20/09/2026
12	DIY Locker	PRC	NewBornTown Network Technology	9	17570957	27/11/2026
13	赤子城	PRC	NewBornTown Network Technology	9	15105421	20/09/2025
14	赤子城	PRC	NewBornTown Network Technology	38	15105419	20/09/2025
15	赤子城	PRC	NewBornTown Network Technology	41	15105418	20/09/2025
16	solo	PRC	NewBornTown Network Technology	38	15105416	20/09/2025
17	solo	PRC	NewBornTown Network Technology	41	15105415	06/11/2026
18	solo	PRC	NewBornTown Network Technology	42	15105414	27/04/2026
19	赤子城	PRC	NewBornTown Mobile Technology	42	13199923	20/02/2025
20	Solo Launcher	Brazil	NewBornTown Network Technology	9	908729952	13/06/2027
21	Solo Launcher	Russia	NewBornTown Network Technology	9, 42	572211	10/12/2024
22	Solo Launcher	Malaysia	NewBornTown Network Technology	9	2015050604	21/01/2025

No.	Trademark	Place of Registration	Registered Owner	Class	Registration Number	Date of Expiration (dd/mm/yyyy)
23	Solo Launcher	Malaysia	NewBornTown Network Technology	42	2015050600	21/01/2025
24	Solo Launcher	European Union	NewBornTown Network Technology	9, 42	013514807	01/12/2024
25	Solo Launcher	United States	NewBornTown Network Technology	9, 42	4,807,579	07/09/2025
26	Solo Launcher	Vietnam	NewBornTown Network Technology	9, 42	279600	07/12/2024
27	Solo Launcher	Hong Kong	NewBornTown Network Technology	9, 42	303225861	04/12/2024
28	Solo Launcher	Singapore	NewBornTown Network Technology	9, 42	40201401539S	05/12/2024

As at the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be material to our business:

No.	Trademark	Place of Registration	Registered Owner	Class	Application Number	Date of Application (dd/mm/yyyy)
1		PRC	NewBornTown Network Technology	41	36082596	22/01/2019
2		PRC	NewBornTown Network Technology	42	36075334	22/01/2019
3		PRC	NewBornTown Network Technology	35	36075282	22/01/2019
4		PRC	NewBornTown Network Technology	9	33234188	31/08/2018
5		PRC	NewBornTown Network Technology	35	33234187	31/08/2018
6		PRC	NewBornTown Network Technology	38	33234186	31/08/2018
7		PRC	NewBornTown Network Technology	41	33234185	31/08/2018
8		PRC	NewBornTown Network Technology	42	33234155	31/08/2018
9		Hong Kong	Solo X Technology Limited	9, 35, 38, 41, 42	304850640	08/03/2019
10		Hong Kong	Solo X Technology Limited	9, 35, 38, 41, 42	304850631	08/03/2019
11		Hong Kong	Solo X Technology Limited	9, 35, 38, 41, 42	304936087	23/05/2019
12		United States	NewBornTown Network Technology	9, 41	88193087	14/11/2018
13		United States	NewBornTown Network Technology	35	88278119	27/01/2019
14		United States	NewBornTown Network Technology	42	88278124	27/01/2019
15		United States	NewBornTown Network Technology	35	88278121	27/01/2019
16		United States	NewBornTown Network Technology	42	88278127	27/01/2019

2. Copyright

As at the Latest Practicable Date, we had registered the following material software copyrights in the PRC:

No.	Name of Copyright	Place of Registration	Registration Number	Registered Owner	Date of Registration (dd/mm/yyyy)
1	Solo Launcher Software (赤子城手機桌面軟件)	PRC	2014SR143914	NewBornTown Network Technology	24/09/2014
2	Solo Weather Software (赤子城手機天氣軟件)	PRC	2014SR143927	NewBornTown Network Technology	24/09/2014
3	Solo Locker Software (Solo Locker 軟件)	PRC	2015SR174516	NewBornTown Network Technology	09/09/2015
4	Solo AppLock Software (Solo 應用鎖軟件)	PRC	2015SR265390	NewBornTown Network Technology	17/12/2015
5	Solo Lock Screen System Software (Solo一鍵鎖屏系統)	PRC	2015SR264047	NewBornTown Network Technology	17/12/2015
6	Solo Notifier System Software (Solo消息提醒系統)	PRC	2015SR265418	NewBornTown Network Technology	17/12/2015
7	Locker Knight Software (鎖屏騎士)	PRC	2016SR088877	NewBornTown Network Technology	27/04/2016
8	Solo Now Advertising Intelligent Optimisation System Software (Solo Now 廣告智能優化系統)	PRC	2018SR931175	NewBornTown Network Technology	21/11/2018
9	Solar: Newborntown Cartoon Image (赤子城卡通形象–Solar)	PRC	2016F00216416	NewBornTown Network Technology	04/05/2016
10	Android Home Screen System Software (安卓手機桌面首屏系統)	PRC	2015L00230072	NewBornTown Network Technology	29/09/2015
11	Solo Adfetch Advertiser's Material Review System Software (Solo Adfetch 廣告主素材審查系統)	PRC	2019SR0083590	Shandong NewBornTown	24/01/2019
12	Solo Finance Math: Financial Product Analysis System Software (金融類產品分析系統)	PRC	2019SR0084133	Shandong NewBornTown	24/01/2019

No.	Name of Copyright	Place of Registration	Registration Number	Registered Owner	Date of Registration (dd/mm/yyyy)
13	Solo Game Math: Game Product Analysis Service System Software (Solo Game Math 遊戲類產品分析服務系統)	PRC	2019SR0083486	Shandong NewBornTown	24/01/2019
14	Solo Persona: User Persona System Software (Solo Persona 用戶畫像系統)	PRC	2019SR0083483	Shandong NewBornTown	24/01/2019
15	Solo Tag: User Label Self-improvement System Software (Solo Tag 用戶標籤自完善系統)	PRC	2019SR0083480	Shandong NewBornTown	24/01/2019
16	Solo Tracking: Advertising Firewall System Software (Solo Tracking 廣告防火牆系統)	PRC	2019SR0083596	Shandong NewBornTown	24/01/2019
17	Tool Product Analysis System Software (工具類產品分析系統)	PRC	2019SR0084154	Shandong NewBornTown	24/01/2019
18	Specialised Robot Flow Identification System Software (專注於機器人流量識別系統)	PRC	2019SR0084141	Shandong NewBornTown	24/01/2019
19	Fancy: Desktop Landscaping Software (Fancy 安卓桌面美化軟件)	PRC	2019SR0254510	NewBornTown Network Technology	15/3/2019
20	Free Horoscope Plus Software (Free Horoscope Plus 軟件)	PRC	2019SR0254515	NewBornTown Network Technology	15/03/2019
21	Free Music App Software (Free Music App 軟件)	PRC	2019SR0254526	NewBornTown Network Technology	15/03/2019
22	Solo Security Software (Solo Security 軟件)	PRC	2019SR0254520	NewBornTown Network Technology	15/03/2019
23	Solo Math Logo	PRC	2019F00748941	NewBornTown Network Technology	18/03/2019
24	Solo X PMD System Software (Solo X PMD 系統)	PRC	2019SR0260183	NewBornTown Network Technology	19/03/2019

No.	Name of Copyright	Place of Registration	Registration Number	Registered Owner	Date of Registration (dd/mm/yyyy)
25	Chest Max Software (Chest Max 軟件)	PRC	2019SR0260165	NewBornTown Network Technology	19/03/2019
26	Female Flat Stomach Workout Software (Female Flat Stomach Workout 軟件)	PRC	2019SR0263010	NewBornTown Network Technology	19/03/2019
27	SoloMath AdExchange PSPM: Programmatic Ad Exchange Configuration Platform (SoloMath AdExchange PSPM 程序化廣告交易配置平臺)	PRC	2019SR0262337	NewBornTown Network Technology	19/03/2019
28	SoloMath AdExchange: Programmatic Ad Exchange Platform (SoloMath AdExchange 程序化廣告交易平臺)	PRC	2019SR0262336	NewBornTown Network Technology	19/03/2019
29	SoloMath For Publisher PSPM: Online Advertising Data Analysis & Monitoring Platform (SoloMath For Publisher PSPM在綫廣告投放數據分析&監控平臺)	PRC	2019SR0259857	NewBornTown Network Technology	19/03/2019
30	SoloMath Performance: Performance Advertising Platform (SoloMath Performance 效果類廣告平臺)	PRC	2019SR0262127	NewBornTown Network Technology	19/03/2019
31	Beetles.io (蟲蟲大作戰軟件)	PRC	2019SR0318191	NewBornTown Network Technology	10/04/2019
32	Car Bumper. io (極道車神軟件)	PRC	2019SR0318183	NewBornTown Network Technology	10/04/2019
33	Tank Heroes Software (坦克英雄軟件)	PRC	2019SR0327232	NewBornTown Network Technology	12/04/2019
34	One-click Speed Cleaner Software (一鍵極速清理軟件)	PRC	2019SR0409969	NewBornTown Network Technology	29/04/2019

No.	Name of Copyright	Place of Registration	Registration Number	Registered Owner	Date of Registration (dd/mm/yyyy)
35	One-click Cleaner Master Software (一鍵清理管家軟件)	PRC	2019SR0410083	NewBornTown Network Technology	29/04/2019
36	Cool Dialer Show Software (酷炫來電秀軟件)	PRC	2019SR0410077	NewBornTown Network Technology	29/04/2019
37	Scratch Card Earning Software (刮刮賺軟件)	PRC	2019SR0410042	NewBornTown Network Technology	29/04/2019
38	Dialer Personalisation Master (來電美化大師軟件)	PRC	2019SR0410038	NewBornTown Network Technology	29/04/2019
39	Security Warrior (安全勇士軟件)	PRC	2019SR0409976	NewBornTown Network Technology	29/04/2019
40	365 Security Software (365 安全衛士軟件)	PRC	2019SR0421203	NewBornTown Network Technology	05/05/2019
41	Solo Math Performance PSPM: Offline Ad Serving Analytics Configuration Platform (Solo Math Performance PSPM 離線廣告投放分析配置平臺)	PRC	2019SR0257150	Shandong NewBornTown	18/03/2019
42	Solo Math For Publisher: Direct Media Aggregation Platform (Solo Math For Publisher 直接媒體聚合平臺)	PRC	2019SR0260157	Shandong NewBornTown	19/03/2019
43	Magic Android Desktop Software (魔術安卓桌面美化軟件)	PRC	2019SR0327681	Shandong NewBornTown	12/04/2019
44	Dou Dialer Software (抖來電軟件)	PRC	2019SR0327403	Shandong NewBornTown	12/04/2019
45	Security and Cleaner Master (殺毒清理大師軟件)	PRC	2019SR0327294	Shandong NewBornTown	12/04/2019
46	Booster and Cleaner Master (加速清理大師軟件)	PRC	2019SR0343337	Shandong NewBornTown	17/04/2019
47	365 Cleanup Guardian Software (365清理衛士軟件)	PRC	2019SR0517875	NewBornTown Network Technology	24/05/2019

No.	Name of Copyright	Place of Registration	Registration Number	Registered Owner	Date of Registration (dd/mm/yyyy)
48	Super Clean Master Software (超級清理大師軟件)	PRC	2019SR0517881	NewBornTown Network Technology	24/05/2019
49	Overall Clean Master (全面清理大師軟件)	PRC	2019SR0517183	NewBornTown Network Technology	24/05/2019
50	Mobile Cleanup Guardian Software (手機清理衛士軟件)	PRC	2019SR0516759	NewBornTown Network Technology	24/05/2019
51	Table Tennis (桌球大作戰軟件)	PRC	2019SR0517871	NewBornTown Network Technology	24/05/2019
52	More Fun Software (趣多多軟件)	PRC	2019SR0547654	NewBornTown Network Technology	30/05/2019
53	Free Music Plus	United States	TXu 2-111-406	NewBornTown Network Technology	09/08/2018
54	ABS Workout-Female Fitness	United States	TXu 2-116-055	NewBornTown Network Technology	04/12/2018
55	Butt Workout At Home-Female Fitness	United States	TXu 2-116-053	NewBornTown Network Technology	04/12/2018
56	Weight Loss Coach-Lose Weight Fitness & Workout	United States	TXu 2-116-050	NewBornTown Network Technology	04/12/2018
57	Home Workout-ABS&Butt Workout	United States	TXu 2-116-730	NewBornTown Network Technology	09/08/2018

As at the Latest Practicable Date, we had applied for the registration of the following copyrights in the PRC which we consider to be material to our business:

No.	Name of Copyright	Place of Registration	Application Number	Applicant	Date of Application (dd/mm/yyyy)
1	Instant Cleaner Software (即刻清理軟件)	PRC	2019R11L817100	NewBornTown Network Technology	18/06/2019
2	Speedy Booster Software (秒加速軟件)	PRC	2019R11L817113	NewBornTown Network Technology	18/06/2019
3	Deep Cleaning Master Software (深度清理大師軟件)	PRC	2019R11L674945	NewBornTown Network Technology	17/05/2019

No.	Name of Copyright	Place of Registration	Application Number	Applicant	Date of Application (dd/mm/yyyy)
4	Accelerating Cleaning Guardian Software (加速清理衛士軟件)	PRC	2019R11L674944	NewBornTown Network Technology	17/05/2019
5	Fitness figure-Female	United States	ITPR-1837-USCR	NewBornTown Network Technology	09/08/2018
6	Fitness figure-male	United States	ITPR-1838-USCR	NewBornTown Network Technology	09/08/2018
7	Free Music Player Plus	United States	ITPR-1812-USCR	NewBornTown Network Technology	09/08/2018

3. Domain Names

As at the Latest Practicable Date, we had registered the following domain names which we consider to be material to our business:

No.	Domain Name	Registered Owner	Date of Registration (dd/mm/yyyy)
1	chizicheng.com	NewBornTown Network Technology	02/12/2010
2	chizicheng.net	NewBornTown Mobile Technology	19/09/2018
3	newborntown.com	NewBornTown Network Technology	12/08/2014
4	newborn-town.com	NewBornTown Network Technology	29/10/2011

4. Patents

As at the Latest Practicable Date, we had registered the following patents in the PRC that are material to our business:

No.	Patent Name	Patent Number	Date of Registration (dd/mm/yyyy)	Date of Expiration (dd/mm/yyyy)
1	Mobile phone with graphical UI (帶圖形用戶界面的手機)	ZL 2015 3 0228694.X	01/07/2015	30/06/2025
2	Mobile phone with operating system (帶操作系統界面的手機)	ZL 2015 3 0225824.4	30/06/2015	29/06/2025
3	Mobile phone with graphical UI (cleanup) (帶圖形用戶界面的手機(清理))	ZL 2015 3 0334678.9	01/09/2015	31/08/2025

No.	Patent Name	Patent Number	Date of Registration (dd/mm/yyyy)	Date of Expiration (dd/mm/yyyy)
4	Mobile phone with graphical UI (shortcut switch) (帶圖形用戶界面的手機(快捷開關))	ZL 2015 3 0436105.7	04/11/2015	03/11/2025
5	Mobile phone with graphical UI (SHUFFLE interface)	201530228694.X	01/07/2015	30/06/2025

As at the Latest Practicable Date, we had applied for the registration of the following patents in the PRC which we consider to be material to our business:

No.	Patent	Patent Category	Applicant	Application Number	Date of Application (dd/mm/yyyy)
1	Application pushing method and device (應用程式的推送方法及裝置)	Inventory Patent	NewBornTown Network Technology	2015103453987	19/06/2015
2	Memory cleaning method and device (內存清理方法及裝置)	Inventory Patent	NewBornTown Network Technology	2015104304867	21/07/2015
3	Unread Message Counting Method And Device (未讀消息計數方法及裝置)	Inventory Patent	NewBornTown Network Technology	201510846906X	26/11/2015
4	Individual Recommendation Method And Device Based On Scene Data (基於場景化數據的個性化推薦方法及裝置)	Inventory Patent	NewBornTown Network Technology	2015106576688	13/10/2015
5	Index Drawer Device And Indexing Method (一種索引抽屜裝置及索引方法)	Inventory Patent	NewBornTown Network Technology	2016102169193	08/04/2016
6	Unlocking Method And Device (解鎖方法及裝置)	Inventory Patent	NewBornTown Network Technology	2016101284635	07/03/2016
7	Method And System For Tracking And Recognising Network Advertisement Transmission Data (一種追蹤及識別網路廣告傳輸數據的方法及系統)	Inventory Patent	NewBornTown Network Technology	2017104583099	16/06/2017
8	Traffic optimisation method and system for advertising platform (用於廣告投放平臺的流量優化方法及系統)	Inventory Patent	NewBornTown Network Technology	2018102264021	19/03/2018

D. FURTHER INFORMATION ABOUT OUR DIRECTORS, MANAGEMENT, STAFF, SUBSTANTIAL SHAREHOLDER AND EXPERTS

1. Particulars of Directors' service contracts and letters of appointment

Each of our executive Directors has entered into a service contract with our Company pursuant to which they agreed to act as executive Directors for an initial term of three years. Either party has the right to give not less than three months' written notice to terminate the agreement. Details of the Company's remuneration policy is described in section headed "Directors and Senior Management – Directors' and Senior Management's Remuneration" in this document.

Each of our independent non-executive Directors has entered into an appointment letter with our Company. The term of office of our independent non-executive Directors is three years.

2. Remuneration of Directors

(a) In 2016, 2017, 2018, the total remuneration paid to the Directors was RMB0.63 million, RMB1.14 million, and RMB1.63 million, respectively.

(b) Under our arrangements currently in force, the total remuneration payable to the Directors in 2019 is estimated to be unchanged.

(c) Save as disclosed in this document, none of our Directors has or is proposed to have a service contract with the Company other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

3. Disclosure of interests

(a) Interests of the Directors and chief executives of our Company

Immediately following completion of the [**REDACTED**] and the [**REDACTED**], taking no account of any Shares which may be allotted and issued pursuant to the exercise of [**REDACTED**], the interests or short positions of our Directors and our chief executives in the shares, underlying Shares and debentures of our Company and its associated corporations, within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which will

be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the [**REDACTED**], will be as follows:

(i) Interest in the Shares

Name of Director	Nature of interest	Number of Shares held after the [REDACTED] and the [REDACTED][(1)]	Approximate percentage of interest in our Company [REDACTED][(2)]
Mr. Liu Chunhe[(3)]	Interest in a controlled corporation	[**REDACTED**]	[**REDACTED**]
Mr. Li Ping[(4)]	Interest in a controlled corporation	[**REDACTED**]	[**REDACTED**]
Mr. Wang Kui[(5)]	Interest in a controlled corporation	[**REDACTED**]	[**REDACTED**]

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of [**REDACTED**] Shares in issue immediately after the completion of the [**REDACTED**].

(3) The Shares are registered under the name of Spriver Tech Limited, the issued share capital of which is owned as to 100% by Mr. Liu Chunhe. Accordingly, Mr. Liu Chunhe is deemed to be interested in all the Shares held by Spriver Tech Limited for the purpose of Part XV of the SFO.

(4) The Shares are registered under the name of Parallel World Limited, the issued share capital of which is owned as to 100% by Mr. Li Ping. Accordingly, Mr. Li Ping is deemed to be interested in all the Shares held by Parallel World Limited for the purpose of Part XV of the SFO.

(5) The Shares are registered under the name of Gingko Kik Limited, the issued share capital of which is owned as to 100% by Mr. Wang Kui. Accordingly, Mr. Wang Kui is deemed to be interested in all the Shares held by Gingko Kik Limited for the purpose of Part XV of the SFO.

(6) Mr. Liu Chunhe and Mr. Li Ping are parties acting in concert (having the meaning ascribed thereto in the Takeovers Code) and form the Controlling Shareholders Group.

(b) Interests of the Substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this document, our Directors are not aware of any other person who will, immediately following the completion of the [**REDACTED**] and the [**REDACTED**], have an interest or short position in the Shares or the underlying Shares which are required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or directly or indirectly, be interested in 10% of more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at the general meetings of our Company.

4. Agent fees or commissions received

Save in connection with the [**REDACTED**], none of our Directors nor any of the parties listed in the section headed "– Other Information – 7. Qualification of experts" in this Appendix had received any commissions, discounts, agency fees, brokerages or other special terms in connection with the issue or sale of any share or loan capital of our Company or any member of our Group within the two years preceding the date of this document.

5. Disclaimers

Save as disclosed in this document:

(a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation) between the Directors and any member of the Group;

(b) none of the Directors or the experts named in the section headed "– Other Information – 8. Consents of experts" has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this document, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group;

(c) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any Shares in or debentures of the Company within the two years ended on the date of this document;

(d) none of the Directors or the experts named in the section headed "– Other Information – 8. Consents of experts" is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of the Group taken as a whole;

(e) neither our Controlling Shareholders nor our Directors are interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group;

(f) no cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this document to any promoter of our Company nor is any such cash, securities or benefit intended to be paid, allotted or given on the basis of the [**REDACTED**] or related transactions as mentioned;

(g) none of our Directors or their close associates or any Shareholders who are expected to be interested in 5% or more of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group;

(h) so far as is known to any Director or chief executive of our Company, no person has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly, interest in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstance at general meetings of any other member of our Group; and

(i) none of the Directors or chief executive of the Company has any interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to therein, or will be required, pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange once the Shares are listed thereon.

E. OTHER INFORMATION

1. Deed of Indemnity

Mr. Liu Chunhe and Mr. Li Ping have entered into the Deed of Indemnity with and in favour of our Company for itself and as trustee for its subsidiaries, to provide indemnities in respect of, among other things:

(a) certain estate duty which might be payable by any companies in our Group by virtue of or under the provisions of the Estate Duty Ordinance (Chapter 111 of Laws of Hong Kong); and

(b) any liability of any or all of the members of our Group to any form of taxation and duty whenever created or imposed, whether of Hong Kong, the PRC or of any other part of the world, and without prejudice to the generality of the foregoing includes profits tax, provisional profits tax, business tax on gross income, income tax, value added tax, interest tax, salaries tax, property tax, land appreciation tax, lease registration tax, estate duty, capital gains tax, death duty, capital duty, stamp duty, payroll tax, withholding tax, rates, import, customs and excise duties and generally any tax duty, impost, levy or rate or any amount payable to the revenue, customs or fiscal authorities of local, municipal, provincial, national, state or federal level whether of Hong Kong, the PRC or of any other part of the world falling on any of the members of our Group resulting from or by reference to any income, profits or gains earned, accrued or received on or before the [**REDACTED**] or any event on transaction on or before [**REDACTED**] whether alone or in conjunction with any circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company.

The Deed of Indemnity does not cover any claim and our Controlling Shareholders Group shall be under no liability under this Deed of Indemnity in respect of above:

(a) to the extent that provision or allowance has been made for such taxation in the combined financial statements of our Group as set out in Appendix I to this document or in the audited accounts of the relevant members of our Group for the three years ended 31 December 2016, 2017 and 2018 (the "Accounts"); or

(b) for which any company of our Group is liable as a result of any event occurring or income, profits earned, accrued or received or alleged to have been earned, accrued or received or transactions entered into in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after 31 December 2018 up to and including the [**REDACTED**] or consisting of any company of our Group ceasing, or being deemed to cease, to be a company in our Group for the purposes of any matter of the taxation; or

(c) to the extent that such claim arises or is incurred as a consequence of any retrospective change in the law or the interpretation or practise by the Hong Kong Inland Revenue Department or the tax authorities or any other authority in any part of the world coming into force after the [**REDACTED**] or to the extent such claim arises or is increased by an increase in the rates of taxation after the [**REDACTED**] with retrospective effect; or

(d) to the extent that any provision or reserve made for such taxation in the Accounts is finally established to be an over-provision or an excessive reserve as certified by a firm of accountants acceptable to our Company then the liability of our Controlling Shareholders Group (if any) in respect of such taxation shall be reduced by an amount not exceeding such over-provision or excess reserve.

Under the Deed of Indemnity, our Controlling Shareholders Group has also undertaken to indemnify, on a joint and several basis, from any depletion in or reduction in value of its assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages, penalties, fines or other liabilities which any member of our Group may incur or suffer arising from the defects relating to properties as disclosed in the section headed "Business – Properties" "Business – Legal Proceedings and Compliance" in this document.

Our Directors have been advised that no material liability is likely to fall on any member of our Group in the PRC.

2. Litigation

As of the Latest Practicable Date, we were involved in an arbitration with one of our customers, which the amount due from the customer was RMB10.8 million. Details of the legal proceeding is described in section headed "Business – Legal Proceedings and Compliance" in

this document. No other litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against us, that would have a material adverse effect on our results of operations or financial conditions.

3. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the [**REDACTED**] for the [**REDACTED**] of, and the permission to [**REDACTED**], the Shares in issue and the Shares to be sold as mentioned in this document. The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the [**REDACTED**]. The fees payable to the Sole Sponsor in respect of its services as sponsor for the [**REDACTED**] are approximately HK$[**REDACTED**] and are payable by us.

4. Preliminary Expenses

The preliminary expenses of Company are estimated to be approximately HK$20,000 and have been paid by our Company.

5. Bilingual Document

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

6. Binding Effect

This document shall have effect, if an application is made pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

7. Qualification of Experts

The following are the qualifications of the experts (as defined under the [**REDACTED**] and the Companies Ordinance) who gave opinions or advice which are contained in this document:

Name	Qualifications
CMBC International Capital Limited	Licenced corporation under the SFO to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities
PricewaterhouseCoopers	Certified Public Accountants
Jingtian & Gongcheng	PRC Legal Adviser

Name	Qualifications
Maples and Calder (Hong Kong) LLP	Cayman Legal Adviser
Mr. Chan Chung	Barrister-at-law of Hong Kong, the Legal Counsel as to Hong Kong laws
Shanghai iResearch Co., Ltd.	Industry Consultant
Asia-Pacific Consulting and Appraisal Limited	Independent Valuer

8. Consent of Experts

Each of the experts as referred to in the section headed "– 7. Qualification of Experts" in this Appendix has given and has not withdrawn their respective written consents to the issue of this document with the inclusion of their reports and/or letters and/or legal opinion (as the case may be) and references to their names included in the form and context in which it respectively appears.

None of experts named above has any shareholders' interests in our Company or any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for interests in our Company or any member of our Group.

9. Promoters

We do not have any promoter. No cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoters in connection with the [**REDACTED**] and the related transactions described in this document within the two years immediately preceding the date of this document.

10. No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December, 2018 (being the date to which the latest audited combined financial statements of our Group were prepared).

11. Miscellaneous

(a) Save as disclosed in the section headed "History and Corporate Structure", within the two years immediately preceding the date of this document, neither our Company, nor any member of our Group has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash.

(b) No share or loan capital of our Company, or any member of our Group is under option or is agreed conditionally or unconditionally to be put under option.

(c) Within the two years immediately preceding the date of this document, no commission has been paid or payable (except commission to the [**REDACTED**]) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of our Company or any member of our Group.

(d) No founder, management or deferred shares of our Company or any member of our Group have been issued or agreed to be issued.

(e) Our Company has no outstanding convertible debt securities or debentures.

(f) There is no arrangement under which the future dividends are waived or to be waived.

(g) Our Directors confirm that there has not been any interruption in the business of our Company which may have or have had a material adverse effect on the financial position of our Company in the 12 months immediately preceding the date of this document.

(h) None of the equity and debt securities of our Company, if any, is [**REDACTED**] with in any other stock exchange nor is any [**REDACTED**] or permission to deal being or proposed to be sought.

A. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this document delivered to the Registrar of Companies in Hong Kong for registration were, among other documents:

(a) copies of [**REDACTED**];

(b) the written consents referred to in the section headed "Statutory and General Information – E. Other Information – 8. Consents of experts" in Appendix IV to this document; and

(c) copies of the material contracts referred to in the section headed "Statutory and General Information – A. Further Information about Our Group – 9. Summary of material contracts" in Appendix IV to this document.

B. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Herbert Smith Freehills at 23th Floor Gloucester Tower, 15 Queen's Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document:

(a) our Memorandum and Articles of Association;

(b) the Accountants' Report prepared by PricewaterhouseCoopers, the text of which are set out in Appendix I to this document;

(c) the audited combined financial statements of our Group for the years ended 31 December 2016, 2017 and 2018;

(d) the Cayman Companies Law;

(e) the material contracts referred to in the section headed "Statutory and General Information – A. Further Information about Our Group – 9. Summary of material contracts" in Appendix IV to this document;

(f) the service contracts and letters of appointment with Directors, referred to in the section headed "Statutory and General Information – D. Further Information about Our Directors, Management, Staff, Substantial Shareholder and Experts – 1. Particulars of Directors' service contracts and letters of appointment" in Appendix IV to this document;

(g) the written consents referred to in the section headed "Statutory and General Information – E. Other Information – 8. Consents of experts" in Appendix IV to this document;

(h) the legal opinions dated this document date prepared by PRC Legal Adviser, in respect of certain aspects of our Group;

(i) the legal opinions dated this document date prepared by Mr. Chan Chung, the Legal Counsel of the Company, in respect of certain aspects of our Group;

(j) the letter of advice prepared by Maples and Calder (Hong Kong) LLP, our legal adviser on Cayman Islands Law, summarising certain aspects of the Cayman Companies Law referred to in Appendix III to this document;

(k) the industry report issued by iResearch, the summary of which is set forth in the section headed "Industry Overview" to this document; and

(l) the valuation opinion issued by Asia-Pacific Consulting and Appraisal Limited, in respect of our investment in Mico.