
CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into certain cornerstone investment agreements with the cornerstone investors (collectively the “**Cornerstone Investors**”, and each a “**Cornerstone Investor**”), pursuant to which the Cornerstone Investors have agreed to subscribe for, or cause their designated entities to subscribe for, certain number of the Offer Shares (rounded down to the nearest board lot of 1,000 Shares) that may be subscribed for at an aggregate amount of US\$50 million, or approximately HK\$388 million at the Offer Price (the “**Cornerstone Placing**”).

Based on the Offer Price of HK\$6.16 per Offer Share, being the high-end of the indicative Offer Price range set out in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investors would be 62,925,000, representing approximately 37.96% of the Offer Shares and approximately 9.49% of the total issued share capital of our Company immediately upon the completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the Pre-IPO Share Options).

Based on the Offer Price of HK\$5.63 per Offer Share, being the mid-point of the indicative Offer Price range set out in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investors would be 68,847,000, representing approximately 41.53% of the Offer Shares and approximately 10.38% of the total issued share capital of our Company immediately upon the completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the Pre-IPO Share Options).

Based on the Offer Price of HK\$5.10 per Offer Share, being the low-end of the indicative Offer Price range set out in this prospectus, the total number of Shares to be subscribed for by the Cornerstone Investors would be 76,003,000, representing approximately 45.85% of the Offer Shares and approximately 11.46% of the total issued share capital of our Company immediately upon the completion of the Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the Pre-IPO Share Options).

Our Company is of the view that, leveraging on the Cornerstone Investors’ investment experience, the Cornerstone Placing will help to raise the profile of our Company and signify that such investors have confidence in our business and prospect. Our Company became acquainted with each of the Cornerstone Investors through introduction from the Underwriters in the Global Offering or the course of the general due diligence of the technology and entertainment industry in China conducted by the Cornerstone Investors.

The Cornerstone Placing forms part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Offer Shares in issue immediately following the completion of the Global Offering and to be listed on the Stock Exchange, and will be counted towards the public float of our Company. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering other than those to be subscribed for pursuant to their respective cornerstone investment agreements. Immediately following the completion of the Global Offering, none of the Cornerstone Investors will have any Board representation in our Company, nor will any of the Cornerstone Investors become a substantial Shareholder (as defined in the Listing Rules) of our Company.

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To the best knowledge of our Company, (i) each of the Cornerstone Investors is an Independent Third Party and is not our connected person (as defined in the Listing Rules); (ii) each of the Cornerstone Investors is independent from the other Cornerstone Investors; (iii) none of the Cornerstone Investors is accustomed to take instructions from our Company, our Directors, chief executive, substantial Shareholders, Controlling Shareholders or existing Shareholders or any of its subsidiaries or their respective close associates; and (iv) none of the subscription of the relevant Offer Shares by any of the Cornerstone Investors is financed by our Company, our Directors, chief executive, substantial shareholders, Controlling Shareholder or existing Shareholders or any of its subsidiaries or their respective close associates.

As confirmed by each of the Cornerstone Investors, its subscription under the Cornerstone Placing would be financed by its own internal resources. There are no side agreements or arrangements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price.

The Offer Shares to be subscribed by the Cornerstone Investors may be affected by the reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed “Structure of the Global Offering – The Hong Kong Public Offering” in this prospectus. Details of the allocations to the Cornerstone Investors will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be published on or around January 14, 2021. The investment amount for the Offer Shares to be subscribed for by Cornerstone Investors under the Cornerstone Placing will be paid by 8:00 a.m. (Hong Kong time) on the Listing Date. Delivery of the Offer Shares subscribed for by the Cornerstone Investors will take place on or prior to the Listing Date subject to due payment being made. There is no mechanism for the delayed settlement of the investment amounts or deferred delivery arrangement in respect of the Shares to be subscribed by the Cornerstone Investors in the respective cornerstone investment agreements.

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The following tables set forth details of the Cornerstone Placing and approximate percentage of total number of Offer Shares and percentage of total issued share capital of our Company upon Listing (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the Pre-IPO Share Options), based on different Offer Price scenarios:

		Based on Offer Price of HK\$6.16 (being the high-end of the indicative Offer Price range)				
Cornerstone Investor (each as defined below)	Investment Amount ⁽¹⁾	Number of Offer Shares to be subscribed for ⁽²⁾	Approximate percentage of total number of Offer Shares		Approximate percentage of total issued share capital of our Company immediately following the completion of the Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Snow Lake Funds and Accounts	US\$35 million	44,048,000	26.57%	23.10%	6.64%	6.40%
Origin Flair Limited	US\$10 million	12,585,000	7.59%	6.60%	1.90%	1.83%
Vipshop	US\$5 million	6,292,000	3.80%	3.30%	0.95%	0.91%
Total	US\$50 million	62,925,000	37.96%	33.01%	9.49%	9.15%

Note:

- (1) Calculated based on the exchange rate as disclosed in this prospectus. The actual investment amount of each Cornerstone Investor in Hong Kong dollars may vary due to the actual exchange rate as provided in the relevant cornerstone investment agreement; and
- (2) Rounded down to nearest whole board lot of 1000 Shares.

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Based on Offer Price of HK\$5.63
(being the mid-point of the indicative Offer Price range)

Cornerstone Investor (each as defined below)	Investment Amount ⁽¹⁾	Number of Offer Shares to be subscribed for ⁽²⁾	Approximate percentage of total number of Offer Shares		Approximate percentage of total issued share capital of our Company immediately following the completion of the Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Snow Lake Funds and Accounts	US\$35 million	48,194,000	29.07%	25.28%	7.27%	7.01%
Origin Flair Limited	US\$10 million	13,769,000	8.31%	7.22%	2.08%	2.00%
Vipshop	US\$5 million	6,884,000	4.15%	3.61%	1.04%	1.00%
Total	US\$50 million	68,847,000	41.53%	36.11%	10.38%	10.01%

Note:

- (1) Calculated based on the exchange rate as disclosed in this prospectus. The actual investment amount of each Cornerstone Investor in Hong Kong dollars may vary due to the actual exchange rate as provided in the relevant cornerstone investment agreement; and
- (2) Rounded down to nearest whole board lot of 1000 Shares.

Based on Offer Price of HK\$5.10
(being the low-end of the indicative Offer Price range)

Cornerstone Investor	Investment Amount ⁽¹⁾	Number of Offer Shares to be subscribed for ⁽²⁾	Approximate percentage of total number of Offer Shares		Approximate percentage of total issued share capital of our Company immediately following the completion of the Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Snow Lake Funds and Accounts	US\$35 million	53,203,000	32.09%	27.91%	8.02%	7.73%
Origin Flair Limited	US\$10 million	15,200,000	9.17%	7.97%	2.29%	2.21%
Vipshop	US\$5 million	7,600,000	4.58%	3.99%	1.15%	1.10%
Total	US\$50 million	76,003,000	45.85%	39.87%	11.46%	11.05%

Note:

- (1) Calculated based on the exchange rate as disclosed in this prospectus. The actual investment amount of each Cornerstone Investor in Hong Kong dollars may vary due to the actual exchange rate as provided in the relevant cornerstone investment agreement; and
- (2) Rounded down to nearest whole board lot of 1000 Shares.

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The following information about the Cornerstone Investors was provided to our Company by the Cornerstone Investors in relation to the Cornerstone Placing.

Snow Lake Funds and Accounts

Snow Lake China Master Fund, Ltd., Snow Lake China Master Long Fund, Ltd., and Snow Lake Asia Master Fund Limited (the “**Snow Lake Funds**”) are exempted companies established under the laws of the Cayman Islands. While Compass Offshore SAV II PCC Limited is a Guernsey protected cell Company (together with Snow Lake Funds, the “**Snow Lake Funds and Accounts**”).

Snow Lake Capital (HK) Limited (“**Snow Lake Capital**”), a Hong Kong incorporated company, serves as the investment manager of the Snow Lake Funds and Accounts with assets under management (AUM) of over USD 3 billion. Snow Lake Capital, together with its affiliates, is an Asian alternative investment management firm founded in 2009. The firm employs a long-term fundamental investment approach, leveraging its in-house proprietary research capabilities and disciplined investment process in selecting high quality businesses with forward-thinking management. Snow Lake Capital mainly invests in leading companies in the technology, consumer, healthcare and financials sectors. Snow Lake Capital manages capital, mainly for institutional clients globally, including endowments, foundations, sovereign wealth funds and pensions.

Origin Flair Limited

Origin Flair Limited, a BVI company, is wholly owned by Nimble Express Limited, a BVI company, which in turn is ultimately controlled by Xizang Zhi Xing Bing Jin Venture Capital Investment Management Co., Ltd. (西藏知行並進創業投資管理有限公司) (“**Xizang Zhi Xing Bing Jin**”). Niu Kuiguang, Lin Dongliang, Yang Fei and Wang Jingbo, IDG Capital partners, own 25.5%, 25%, 25% and 24.5% stake in Xizang Zhi Xing Bing Jin respectively.

Founded in 1992, IDG Capital is a pioneer in introducing foreign venture capital into China. During its over 20 years of operation, IDG Capital brings a powerful combination of global perspective and local experience to investment management, and its highly skilled team has an in-depth understanding of the China market with close relationships with many successful entrepreneurs and influential business leaders. IDG Capital’s clients include both international and Chinese institutional investors, such as foundations, public and private pension funds, sovereign wealth funds and family offices. IDG Capital-led funds invest primarily in technology, media and telecommunications (TMT), advanced manufacturing, clean-tech & energy, consumer & entertainment, and healthcare sectors.

Vipshop

Vipshop International Holdings Limited (the “**Vipshop**”) is a company incorporated in Hong Kong engaging in investment activities and is wholly owned by VIPSHOP HOLDINGS LIMITED. VIPSHOP HOLDINGS LIMITED is an exempted company incorporated under the laws of Cayman Islands and is listed on The New York Stock Exchange (NYSE: VIPS). VIPSHOP HOLDINGS LIMITED is China’s leading online discount retailer for brands.

Vipshop is participating as a cornerstone investor of the Company because it believes in the long-term value proposition of the Company, business model and industry in which it operates. Such investment could be a stepping-stone for Vipshop to explore potential strategic cooperation opportunity with the Company in the future.

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CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent:

- (a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in these underwriting agreements, and neither of the aforesaid underwriting agreements having been terminated;
- (b) the Offer Price having been agreed upon between the Company and the Joint Representatives (for themselves and on behalf of the other underwriters of the Global Offering);
- (c) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares to be subscribed for by the Cornerstone Investors as well as other applicable waivers and approvals) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (d) no relevant laws or regulations shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or in the relevant cornerstone investment agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (e) the respective representations, warranties, undertakings, confirmations and acknowledgements of the relevant Cornerstone Investor under the relevant cornerstone investment agreement are (as of the date of the Cornerstone Investment Agreement) and will be (as of the Listing Date or the Delay Delivery Date) accurate and true in all respects and not misleading and that there is no breach of the relevant cornerstone investment agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS' INVESTMENT

Each of the Cornerstone Investors has agreed that without the prior written consent of each of our Company, the Joint Representatives and the Joint Sponsors, it will not, whether directly or indirectly, at any time during the period of six (6) months from the Listing Date, dispose of, in any way, any of the relevant Offer Shares or any interest in any company or entity holding any of the relevant Offer Shares including any securities convertible into or exchangeable or exercisable for or that represent the right to receive any of the foregoing securities, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries or affiliates who will be bound by the same obligations of such Cornerstone Investor.