
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OVERVIEW

Our Group was founded by Mr. Xu, who has over 16 years of experience in the online automobile advertising industry and is one of the pioneers of the automobile vertical media advertising operators in China. Mr. Xu founded Congshu Beijing in September 2015 and acquired the business and assets of Cheshi.com from group companies of CBS Interactive Inc., who are Independent Third Parties in October 2015. Cheshi.com, our Group's vertically-integrated automotive website portal, commenced operations in the PRC in September 1999. Mr. Xu, our chief executive officer, joined the content team of Cheshi.com in July 2003, and he had served in several editorial roles, including serving as its editor-in-chief. For the year ended December 31, 2019, we ranked first among all automobile vertical media advertising platforms in China in terms of DUV of approximately 11.2 million, and ranked fifth in terms of media-related revenue, according to the CIC Report. Additionally, our websites were visited by our users with an industry-leading 10.6 times per month on average as of December 31, 2019. In 2019, we were awarded the "Most Influential Organization" (最具影響力機構) at the China Auto Influence Summit and Award-granting Ceremony (中國汽車影響力峰會暨頒獎盛典) jointly held by Baidu (百度), Bai Jiahao (百家號) and chinaautonews.com.cn (中國汽車新聞網) and the "Content Contributing Creator of the Year" (2019 年度內容貢獻創作者) for the year 2019 by Sina Focus* (新浪看點).

In preparation for the Listing, we undertook a series of reorganization steps, upon which our Company became the ultimate holding company and the listing vehicle of our Group.

BUSINESS MILESTONES

Set out below are the significant milestones of cheshi.com and our corporate and business development since our establishment:

<u>Year</u>	<u>Business achievements and milestones</u>
1999	Cheshi.com was established
2015	Congshu Beijing was established and acquired business and assets of Cheshi.com
2016	<p>Our Cheshi.com App was relaunched after the acquisition of business and assets of Cheshi.com was completed in October 2015, to upgrade the App since its first launch in 2010 with a brand new interface</p> <p>We cooperated with over 600 "mobile websites" at provincial, municipal and county levels in China</p>
2017	<p>Hao Che Shi (豪車事), the first channel relating to luxury cars in the industry, was launched</p> <p>We collaborated with an automobile-related channel on the website of one of the largest telecommunication operators in the PRC</p> <p>Congshu Beijing obtained the High and New Technology Enterprise Certificate (高新技術企業證書)</p> <p>We reached a comprehensive strategic collaboration with an online video platform of one of the largest state-owned television networks based in Zhejiang Province, the PRC as our business partner, and launched a car channel on its platform</p>
2018	We collaborated with another leading telecommunications operator in the PRC to establish an automobile-related channel offered on its platform

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<u>Year</u>	<u>Business achievements and milestones</u>
	<p>The original content regarding “Shopping-guiding Information” (導購資訊類) on Cheshi.com was awarded the Sina Auto 2018 Professional Creator (新浪汽車2018年度專業創作者獎項)</p> <p>Cheshi Select Channel (車市嚴選頻道) was launched</p>
2019	<p>We were awarded the “Most Influential Organization” (最具影響力機構) at the China Auto Influence Summit and Award-granting Ceremony (中國汽車影響力峰會暨頒獎盛典) jointly held by Baidu (百度), Bai Jiahao (百家號) and chinaautonews.com.cn (中國汽車新聞網)</p> <p>We commenced our business relations with one of the largest integrated insurance companies in the PRC to provide promotion services to its group-purchase events</p> <p>We were awarded the “Content Contributing Creator of the Year” (2019 年度內容貢獻創作者) for the year 2019 by Sina Focus* (新浪看點)</p> <p>We were awarded the “Most Influential Creator (Institution Category)” (最具影響力創作者機構類) at the Year 2019 Autohome Chejiahao Jinchuang Award Ceremony (2019 汽車之家車家號金創獎頒獎盛典) held by Autohome Chejiahao (汽車之家車家號)</p> <p>We were awarded the “Top 100 Authors in 2019” (2019百強作者) by Yichehao (易車號)</p>

OUR CORPORATE DEVELOPMENT

We set out below the corporate history and major shareholding changes of our major operating subsidiaries prior to the commencement of the Reorganization, as well as subsidiaries that have been established after the Reorganization and were subsisting as of the Latest Practicable Date.

Congshu Beijing

Congshu Beijing was established in the PRC on September 28, 2015 with a registered capital of RMB65,000,000. Congshu Beijing is the principal operating subsidiary of our Group and is primarily engaged in the provision of online advertising services, including the provision of automobile-related advertising services, the publication of automobile-related articles and the production of video commercials in the PRC. Congshu Beijing currently holds the value-added telecommunications service license (增值電信業務經營許可證) (the “**ICP License**”) and the television commercials production business license (廣播電視節目製作經營許可證) (the “**TCPB License**”).

Congshu Beijing was held as to 45% by Netcom Agency and 55% by Mr. Xu as of the date of its establishment. Netcom Agency is a company established in the PRC on January 31, 2012 that operates, among other things, a vertically integrated marketing platform that provides automobile-related content. At the date of establishment of Congshu Beijing, Mr. Xu was a minority shareholder of Netcom Agency. The other equity holders of Netcom Agency included a former business partner (who is an Independent Third Party) of Mr. Xu and the PRC-established subsidiary of a company listed on the New York Stock Exchange that is also involved in the provision of Internet content and marketing services and transaction facilitation services for China’s automotive industry. Prior to the acquisition of Cheshi.com by Congshu Beijing, Mr. Xu was already familiar with the operations of Cheshi.com as he had worked in several editorial roles in Cheshi.com during the period from 2003 to 2012, including

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-serving as its editor-in-chief prior to his departure from Cheshi.com in 2012. In 2015, Mr. Xu became aware that the previous owners wished to sell the business and assets of Cheshi.com, and in light of his familiarity with Cheshi.com, his experiences with the online automobile advertising industry and his expertise in producing automobile content, he (together with his then business partners) approached the previous owners to acquire the business and assets of Cheshi.com. On October 31, 2015, Congshu Beijing completed the acquisition of the business and assets of Cheshi.com from group companies of CBS Interactive Inc., who are Independent Third Parties at a total consideration paid of approximately RMB20.0 million, which was determined based on arm’s length negotiation with reference to the then valuation of the business and assets being purchased. The consideration was paid up by Congshu Beijing, of which Mr. Xu’s contribution to the consideration was funded by his internal resources.

Pursuant to an equity holders’ resolution dated October 11, 2017, the then equity holders of Congshu Beijing resolved to reduce the registered capital of Congshu Beijing to RMB35,750,000. After completion of the registered capital reduction, which was completed and duly registered with the Beijing Administration for Industry and Commerce, Chaoyang Branch on October 11, 2017, and Mr. Xu became the sole equity holder of Congshu Beijing on the same date. Mr. Xu also ceased to have any interest in Netcom Agency in October 2017, and Netcom Agency became an Independent Third Party since that time.

On February 1, 2018, Congshu Beijing increased its registered capital to RMB37,631,200, of which RMB1,881,200 was contributed by Mr. Li, who is known as one of the prominent KOLs in the automotive industry. The amount of registered capital contributed by Mr. Li was approximately 5% of the total registered capital of Congshu Beijing immediately after completion of the said registered capital increase. The investment by Mr. Li in Congshu Beijing was mainly due to the future prospects of our Group in light of the potential growth in the automotive industry. Our Directors believe the Group will be able to leverage on Mr. Li’s extensive insights in the automotive industry as a prominent KOL, and that Mr. Li will provide valuable business related advice to us alongside with our business expansion in the future. For details, please see “Equity Investment by Mr. Li Anding” in this section. The said increase was duly registered with the Beijing Administration for Industry and Commerce on February 5, 2018, and Congshu Beijing became 95% owned by Mr. Xu and 5% owned by Mr. Li. All of the registered capital of Congshu Beijing has been fully paid up as of the Latest Practicable Date.

Congshu Hubei

Congshu Hubei was established in the PRC on June 1, 2018 with a registered capital of RMB1,000,000. Congshu Hubei has been wholly-owned by Congshu Beijing since its establishment. Congshu Hubei is principally engaged in the provision of online advertising services, including the provision of automobile-related advertising services and the publication of automobile-related articles in the PRC. Since March 28, 2019, Congshu Hubei has been the holder of an ICP License.

Beihai April

Beihai April was established in the PRC on December 26, 2019 with a registered capital of RMB2,000,000. Beihai April has been wholly-owned by Congshu Beijing since its establishment. Beihai April has not yet commenced operation as of the Latest Practicable Date, and it is intended that Beihai April will engage in the provision of online advertising services. Since October 29, 2020, Beihai April has been the holder of an ICP License.

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Beihai Media

Beihai Media was established in the PRC on December 18, 2019 with a registered capital of RMB2,000,000. Beihai Media has been wholly-owned by Congshu Beijing since its establishment. Beihai Media has not yet commenced operation as of the Latest Practicable Date, and it is intended that Beihai Media will engage in the provision of online advertising services. Since August 24, 2020 Beihai Media has been the holder of an ICP License.

Beijing Lianche

Beijing Lianche was established in the PRC on May 29, 2020 with a registered capital of RMB1,000,000. Beijing Lianche has been wholly-owned by Congshu Internet since its establishment. Beijing Lianche has not yet commenced operation as of the Latest Practicable Date, and it is intended that Beijing Lianche will engage in operating businesses of our Group that are not subject to foreign ownership restrictions in Beijing. It is currently planned that this entity will carry out advertising agency and/or Transaction Facilitation Service as and when the opportunity arises.

Chengdu Congshu

Chengdu Congshu was established in the PRC on June 16, 2020 with a registered capital of RMB1,000,000. Chengdu Congshu has been wholly-owned by Congshu Internet since its establishment. Chengdu Congshu has not yet commenced operation as of the Latest Practicable Date, and it is intended that Chengdu Congshu will engage in operating businesses of our Group that are not subject to foreign ownership restrictions in Chengdu. It is currently planned that this entity will carry out advertising agency and/or Transaction Facilitation Service as and when the opportunity arises.

Guangzhou Congshu Internet

Guangzhou Congshu Internet was established in the PRC on June 4, 2020 with a registered capital of RMB1,000,000. Guangzhou Congshu Internet has been wholly-owned by Congshu Internet since its establishment. Guangzhou Congshu Internet has not yet commenced operation as of the Latest Practicable Date, and it is intended that Guangzhou Congshu Internet will engage in operating businesses of our Group that are not subject to foreign ownership restrictions in Guangzhou. It is currently planned that this entity will carry out advertising agency and/or Transaction Facilitation Service as and when the opportunity arises.

Shanghai Checai

Shanghai Checai was established in the PRC on June 16, 2020 with a registered capital of RMB1,000,000. Shanghai Checai has been wholly-owned by Congshu Internet since its establishment. Shanghai Checai has not yet commenced operation as of the Latest Practicable Date, and it is intended that Shanghai Checai will engage in operating businesses of our Group that are not subject to foreign ownership restrictions in Shanghai. It is currently planned that this entity will carry out advertising agency and/or Transaction Facilitation Service as and when the opportunity arises.

HG Technology

Huo'er Guosi Online Cheshi Technology Co., Ltd. (霍爾果斯網上車市科技有限公司) (“**HG Technology**”) was established in the PRC on March 30, 2018 with a registered capital of RMB100,000 with no paid up capital. HG Technology had been wholly-owned by Congshu Beijing and had no material business operations since its establishment.

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As part of the Reorganization and to streamline the structure of our Group, on May 27, 2019, Congshu Beijing disposed of the entire registered capital of HG Technology to an Independent Third Party at a nominal consideration of RMB1.0, which was based on arm's length negotiation between the parties. As of the date of its disposal, HG Technology had no business operation, and it did not have any pending or unresolved arbitration or legal proceedings. After completion of the said disposal, HG Technology ceased to be part of our Group.

Beihai Congshu

Beihai Congshu Technology Co., Ltd. (北海樅樹科技有限公司) (“**Beihai Congshu**”) was established in the PRC on November 6, 2018 with a registered capital of RMB2,000,000 with no paid up capital. Beihai Congshu has been wholly-owned by Congshu Beijing since its establishment. Beihai Congshu had no business operation since its establishment.

As part of the Reorganization and to streamline the structure of our Group, on April 26, 2019, Congshu Beijing transferred the entire registered capital of Beihai Congshu to an Independent Third Party at a consideration of RMB2,000, which was determined based on arm's length negotiation between the parties. As of the date of its disposal, Beihai Congshu had no business operation, and it did not have any pending or unresolved arbitration or legal proceedings. After completion of the said disposal, Beihai Congshu ceased to be part of our Group.

De-registered subsidiaries

To streamline the corporate structure, our Group had voluntarily de-registered two of our subsidiaries, namely, Huo'er Guosi April Travel Technology Co., Ltd. (霍爾果斯四月出行科技有限公司) (“**April Travel**”) and Huo'er Guosi Congshu Network Technology Co., Ltd. (霍爾果斯樅樹網絡科技有限公司) (“**Congshu Huo'er Guosi**”), as these entities had no material business operations since their establishment. April Travel was de-registered on January 2, 2019 and Congshu Huo'er Guosi was de-registered on March 28, 2019. Our Directors confirm that none of these subsidiaries had any pending or unresolved arbitration or legal proceedings prior to their de-registration.

Subscription of equity interest in Leikewo by Congshu Beijing

Congshu Beijing has subscribed for 15% of the registered capital of Leikewo (the “**Leikewo Subscription**”), a limited company established in the PRC on January 16, 2020 with a registered capital of RMB1.0 million, and its three other investors, namely Mr. Wang Kun, Mr. Li Zheng and Mr. Li Man, are Independent Third Parties. Leikewo has not commenced business operation as of the Latest Practicable Date, and it is intended that Leikewo will be engaged in the production of automobile PGC.

The capital subscription by Congshu Beijing was completed on March 6, 2020 by contribution in cash at a subscription price of RMB150,000. On May 12, 2020, Congshu Beijing entered into a loan agreement with Leikewo. RMB350,000 was loaned from Congshu Beijing to Leikewo which has been fully repaid as of the Latest Practicable Date. Save as disclosed above, Congshu Beijing has not committed to providing any further fundings to Leikewo as of the Latest Practicable Date.

Congshu Beijing had invested into Leikewo as part of its strategy to develop and cooperate with automobile-related PGC producers, the contents of which may be published on our Group's media

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platforms to enhance their user traffic. We believe that the Leikewo Subscription will bring the following benefits to our Group:

- it will enhance the quality and quantity of third party PGC on our Group's platform, leveraging on the creative efforts of Leikewo and collaborating with the other investors of Leikewo. In particular, through collaborating with the management team members of Leikewo, a number of which has extensive industry experience on the operation of online automobile platform in the PRC, our Group would be able to gain a competitive advantage;
- it will allow our Group to participate in the development of a third party PGC producer that targets the luxury automobile segment as Leikewo is targeting to develop vertical media content in this segment, which can be introduced on our Cheshihao (車市號) platform on cheshi.com and also on our business partners platforms; and
- in the long run, our Group expects Leikewo to become a partner of our Group in our Online Advertising Service and Transaction Facilitation Service through different methods of cooperation, sponsorship and tailor-made events.

Compliance with PRC laws and regulations

The PRC Legal Advisor has advised that as of the Latest Practicable Date, the establishment of Congshu Beijing and its subsidiary, Congshu Hubei and (where applicable) registration processes with competent local branches of the SAMR in relation to the changes of equity interests of the entities mentioned above (including the transfers of equity interests, the additional capital contributions and other changes) had been legally completed in compliance with the applicable PRC laws and regulations.

The PRC Legal Advisor has advised that the de-registration process with competent local branches of SAMR of the de-registered subsidiaries had been legally completed in compliance with the applicable PRC laws and regulations.

EQUITY INVESTMENT BY MR. LI ANDING

On February 1, 2018, Congshu Beijing increased its registered capital to RMB37,631,200, of which RMB1,881,200 was contributed by Mr. Li. Immediately after completion of the capital contribution, Mr. Li held 5% of the registered capital of Congshu Beijing. The table below sets out the principal terms upon which Mr. Li invested into Congshu Beijing.

Name of Investor	Mr. Li Anding
Date of capital contribution	February 1, 2018
Shareholding in Congshu Beijing immediately upon completion of the capital contribution	5.00%
Shareholding in the Company upon Listing (without taking into account any Shares to be issued upon the exercise of the Over-allotment Option)	3.95%
Amount of capital contributed	RMB1,881,200

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Investment cost per Share on the basis of the enlarged share capital of the Company upon Listing	Approximately HK\$0.0465
Use of proceeds	General working capital of the Group. As of the Latest Practicable Date, all of the net proceeds had been utilized
Lock up	None
Special rights	None

Public float of shares held by ADYM Investments

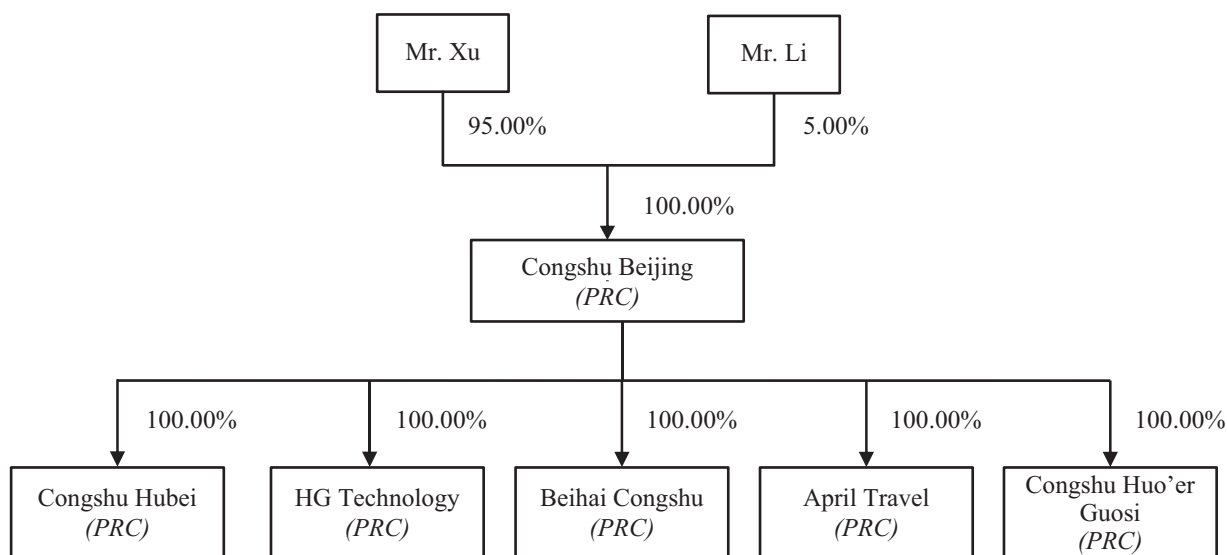
Save for his equity interest in Congshu Beijing and in our Company through ADYM Investments as mentioned in this section, Mr. Li will not be a core connected person of our Company upon Listing, and he was not and will not be accustomed to take instructions from any core connected person of our Company in relation to the acquisition, disposal, voting or other disposition of the Shares held by it, nor had the capital contribution by Mr. Li into Congshu Beijing been financed directly or indirectly by any core connected person of our Company, therefore the Shares held by ADYM Investments will be considered part of the public float.

Compliance with the pre-IPO guidance by the Hong Kong Stock Exchange

On the basis that (i) the capital contribution was unconditionally completed and fully settled more than 28 clear days before the date of our submission of the Listing application form to the Hong Kong Stock Exchange, and (ii) no special right was granted to Mr. Li, the Sole Sponsor is of the view that Mr. Li's capital contribution to Congshu Beijing is in compliance with the interim guidance on pre-IPO investments HKEX-GL29-12 and the guidance letters HKEX-GL43-12 and HKEX-GL44-12 issued by the Hong Kong Stock Exchange.

STRUCTURE IMMEDIATELY PRIOR TO THE REORGANIZATION

The ownership structure of our Group prior to the Reorganization is set out below:



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REORGANIZATION

In preparation for the Listing and the Global Offering, we have carried out a series of reorganization steps for the purpose of establishing our shareholding structure and streamlining our corporate structure. The steps that we have taken are set out below.

Incorporation of our Company, our offshore subsidiaries and Congshu Internet

Our Company was incorporated in the Cayman Islands on November 22, 2018 as our listing vehicle. As of the date of its incorporation, it had an authorized share capital of US\$50,000 divided into 500,000,000 Shares with a par value of US\$0.0001 each. On May 27, 2019, a new class of shares, being Series A Preferred Shares, was created by re-designating 25,000,000 authorized but unissued Shares as 25,000,000 authorized but unissued Series A Preferred Shares, such that after the re-designation, the authorized share capital of the Company was changed to US\$50,000 divided into 475,000,000 Shares and 25,000,000 Series A Preferred Shares. On June 21, 2019, the authorized share capital of our Company was increased to US\$1,000,000 divided into 10,000,000,000 Shares with a par value of US\$0.0001 each by (i) canceling 25,000,000 authorized but unissued Series A Preferred Shares; and (ii) creating 9,525,000,000 authorized but unissued Shares.

On November 22, 2018, one Share of par value US\$0.0001 was allotted and issued to the initial subscriber who is an Independent Third Party, which was subsequently transferred to XC Group on the same date, a company incorporated in the BVI with liability limited by shares and wholly-owned by Mr. Xu. Our Company further allotted and issued 949 Shares to XC Group and 50 Shares to ADYM Investments on the same date, a company incorporated in the BVI with liability limited by shares and wholly-owned by Mr. Li. Immediately following the said subscription and allotment, our Company was held as to 95.00% by XC Group and 5.00% by ADYM Investments.

Cheshi Investments Limited (“**Cheshi BVI**”) was incorporated in BVI with liability limited by shares on December 6, 2018. It is authorized to issue a maximum of 50,000 shares of one class with a par value of US\$1.0 each, of which its only issued share is held by our Company. Cheshi BVI is an investment holding company. Since the date of its incorporation, Cheshi BVI has been wholly-owned by our Company.

Cheshi Hong Kong Limited (“**Cheshi HK**”) was incorporated in Hong Kong with limited liability on December 19, 2018 with an issued share capital of US\$1,000.0 comprising 1,000 shares and its entire issued share capital was held by Cheshi BVI. Cheshi HK is an investment holding company. Since the date of its incorporation, Cheshi HK has been an indirectly wholly-owned subsidiary of our Company.

Congshu Internet was established as a wholly foreign-owned enterprise under the laws of the PRC on January 30, 2019 with a registered capital of US\$5,000,000.0. Congshu Internet was established for the purpose of (a) operating businesses of our Group that are not subject to foreign ownership restrictions, and (b) the implementation of the Contractual Arrangements. Since the date of its establishment, Congshu Internet has been wholly-owned by Cheshi HK.

Disposal of HG Technology and Beihai Congshu, and deregistration of April Travel and Congshu Huo'er Guosi

In order to streamline the corporate structure of our Group in preparation for the Listing, Congshu Beijing disposed of HG Technology and Beihai Congshu to Independent Third Parties on

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May 27, 2019 and April 26, 2019, respectively. For details, see “Our Corporate Development — HG Technology”, “Our Corporate Development — Beihai Congshu” and “Our Corporate Development — De-registered subsidiaries” in this section.

Setting up and implementation of the Contractual Arrangements

On May 15, 2019, the Contractual Arrangements were entered into, whereby our Company and Congshu Internet will be in a position to exert management control over Congshu Beijing and its subsidiaries in the PRC, to obtain substantially all of its economic benefits and to prevent the leakage of assets of value from Congshu Beijing and its subsidiaries. The Contractual Arrangements comprise the following contracts:

- Exclusive Technical Service Agreement (獨家技術服務協議);
- Exclusive Option Agreement (獨家購買權協議);
- Equity Pledge Agreements (股權質押協議);
- Shareholders’ Rights Proxy Agreement (股東表決權委託協議); and
- Spousal Undertakings (配偶承諾函).

See the section headed “Contractual Arrangements” for further details. Since the entering into of the Contractual Arrangements with our Company, Congshu Beijing and Congshu Hubei have become our Consolidated Affiliated Entities. Since Beihai April and Beihai Media were established in December 2019 with Congshu Beijing as their sole shareholder, Beihai April and Beihai Media have become our Consolidated Affiliated Entities.

As of the Latest Practicable Date, the Reorganization including the incorporation of our Company and its offshore subsidiaries and the establishment of Congshu Internet had been completed in compliance with relevant laws and regulations.

PRE-IPO INVESTMENT

Overview

On May 14, 2019, our Company, Cheshi BVI, Cheshi HK, Congshu Internet, Congshu Beijing, HG Technology, Congshu Hubei, XC Group, ADYM Investments, Mr. Xu, Mr. Li and LYL Weihui (as the Pre-IPO Investor) entered into the Pre-IPO Investment Agreement. LYL Weihui agreed to subscribe for, and our Company agreed to allot and issue to the Pre-IPO Investor, 25,000,000 Series A Preferred Shares (representing approximately 5.00% of the enlarged issued share capital of our Company immediately after the subscription) at an aggregate consideration of RMB50.0 million, which was determined based on arm’s length negotiation with reference to the agreed valuation of our Group having taken into account the financial performance of our Group. On May 27, 2019, for the purpose of implementing the Pre-IPO Investment Agreement, 451,249,050 and 23,749,950 Shares were allotted and issued as fully paid to XC Group and ADYM Investments, respectively, and 25,000,000 Series A Preferred Shares were allotted and issued as fully paid to the Pre-IPO Investor, and the said consideration was fully paid on June 5, 2019. As a result, the total number of issued shares of our Company increased from 1,000 Shares with a par value of US\$0.0001 each to 500,000,000 Shares, comprising 475,000,000 Shares with a par value of US\$0.0001 each and 25,000,000 Series A Preferred Shares with a par value of US\$0.0001 each, and our Company was owned as to 90.25% by

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XC Group, 4.75% by ADYM Investments and 5.00% by the Pre-IPO Investor. The Series A Preferred Shares were converted to an equal number of Shares on June 21, 2019 by way of our Company repurchasing 25,000,000 Series A Preferred Shares from the Pre-IPO Investor for cancellation, and our Company's allotted and issued 25,000,000 Shares, credited as fully paid, to the Pre-IPO Investor.

Our Directors consider that our Group can benefit from the Pre-IPO Investment because we received additional funding for our business operations and development, and our Directors believe that the Pre-IPO Investment also serves as an endorsement of our Group's performance, strength and prospects. Our Directors also believe that the experience of the Pre-IPO Investor in the operations of the Internet industry and its abundant industry resources may allow our Company to leverage on its experience in further developing our business.

Information about the Pre-IPO Investor

The Pre-IPO Investor is a BVI business company incorporated in the BVI with limited liability on June 6, 2014. Its sole shareholder and sole director is Mr. Liu Yunli (劉運利), who has been acquainted with Mr. Xu through business network. The Pre-IPO Investor principally engages in investment holding. Mr. Liu is a businessman engaged in the Internet technology industry. He is the general manager of the investment department of Sina. Mr. Liu was the legal representative of Beijing Weibo Internet Technology Co., Ltd. (北京微夢創科網絡技術有限公司) between January 2014 and March 2020. To the best knowledge and belief of our Directors, Mr. Liu invested in our Group through the Pre-IPO Investor due to our growth potential and general business prospects in the online automobile advertising industry in the PRC after having considered factors such as our Group's business model and existing market position. Save for the Pre-IPO Investment in our Group, LYL Weihui and its sole beneficial owner are Independent Third Parties. The investment of the Pre-IPO Investor was financed by Mr. Liu's personal financial resources.

Principal terms of the Pre-IPO Investment Agreement and the Pre-IPO Investor's rights under the Pre-IPO Shareholders Agreement

Set out below is a summary of the principal terms of the Pre-IPO Investment Agreement and the Pre-IPO Shareholders Agreement:

Name of Pre-IPO Investor	LYL Weihui Limited
Date of agreement	May 14, 2019
Payment date of the consideration	Irrevocably settled on June 5, 2019
Shareholding in the Company upon completion of the Pre-IPO Investment on a fully-diluted basis	5.00%
Shareholding in the Company upon Listing (without taking into account any Shares to be issued upon the exercise of the Over-allotment Option)	4.15%
Consideration	RMB50.0 million (equivalent to approximately US\$7,634,000)

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Investment cost per Share on the basis of the enlarged share capital of the Company upon Listing	Approximately HK\$1.18
Discount to the mid-point of the Offer Price range	Nil
Use of proceeds	General working capital of our Group. As of the Latest Practicable Date, all of the net proceeds had been utilized.
Lock up	The Pre-IPO Investor has undertaken that it will not transfer or otherwise entrust any subscribed shares to a third party within 24 calendar months from the date of completion of the allotment and issue of the Series A Preferred Shares. All of the Series A Preferred Shares had been converted into Shares on June 21, 2019.
Special rights	<p>Under the Pre-IPO Shareholders Agreement, the Pre-IPO Investor was granted certain special rights in relation to the Company including, among other things, right of first refusal and tag-along rights, right of co-sale, pre-emptive rights, anti-dilution right, rights to have prior consent for certain corporate actions, repurchase option upon the occurrence of certain specified events, and information and inspection rights.</p> <p>Pursuant to the Pre-IPO Investment Agreement, ordinary Shares can be converted back to convertible redeemable preference shares when the listing event has been denied, rejected or dismissed.</p> <p>Pursuant to the Pre-IPO Shareholders' Agreement, the Pre-IPO Investor also has a financial compensation right, which would be payable by XC Group and Mr. Xu should the Group's net profits fall below an agreed level for the financial years ended December 31, 2019 and ending December 31, 2020 and would be calculated according to a formula set out in the Pre-IPO Shareholders Agreement, and compensation would be payable by way of either a transfer of Shares by XC Group or by way of cash compensation to the Pre-IPO Investor.</p> <p>All of the above special rights granted will be terminated upon Listing.</p>

Public float of the Pre-IPO Investment Shares

The Pre-IPO Investor is independent from and not connected with our Group and/or any connected person of our Company. Since the Pre-IPO Investor will not be a core connected person of our Company upon Listing, and it will not be accustomed to take instructions from a core connected person of our Company in relation to the acquisition, disposal, voting or other disposition of the Shares held by it, nor has the acquisition of the Pre-IPO Investment Shares been financed directly or indirectly by any core connected person of our Company, the Shares held by the Pre-IPO Investor will be considered as part of the public float.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Compliance with pre-IPO guidance by the Hong Kong Stock Exchange

On the basis that (i) the Listing Date, being the first day of trading of the Shares, will take place no earlier than 120 clear days after the completion of the Pre-IPO Investment, and (ii) all the special rights granted to the Pre-IPO Investor will be terminated upon the Listing, the Sole Sponsor is of the view that the Pre-IPO Investment is in compliance with the interim guidance on pre-IPO investments HKEX-GL29-12 and the guidance letters HKEX-GL43-12 and HKEX-GL44-12 issued by the Hong Kong Stock Exchange.

RSU SCHEME AND SA SCHEME

We have adopted the RSU Scheme and the SA Scheme (together the “**Incentive Schemes**”) on June 25, 2019. For the principal terms of the Incentive Schemes, see “Statutory and General Information—G. RSU Scheme and SA Scheme” in Appendix IV to this prospectus.

To set up the Incentive Schemes, (1) our Company capitalized an aggregate amount of US\$40,000 standing in the credit of its share premium account and applied such sum to pay up an aggregate of 400,000,000 unissued Shares, credited as fully paid at par, for allotment and issue as fully paid bonus shares of 351,250,000 Shares, 23,750,000 Shares and 25,000,000 Shares to XC Group, ADYM Investments and the Pre-IPO Investor, being the Shareholders at the time of issue, respectively, (2) 80,000,000 Shares and 20,000,000 Shares credited as fully paid at par were allotted and issued to the SA Nominee and the RSU Nominee, respectively, for cash. The Scheme Nominees hold the Shares underlying the Share Awards and the RSUs for the benefits of the eligible persons of the respective schemes.

Persons eligible to receive RSUs under the RSU Scheme are existing employees, Directors (whether executive or non-executive), officers, consultants and service providers of our Company or any member of our Group. Any such eligible persons selected by our Board to grant RSUs may not exercise voting rights in respect of the Shares underlying the RSUs until they are transferred to him/her and, unless otherwise specified by our Board in its entire discretion.

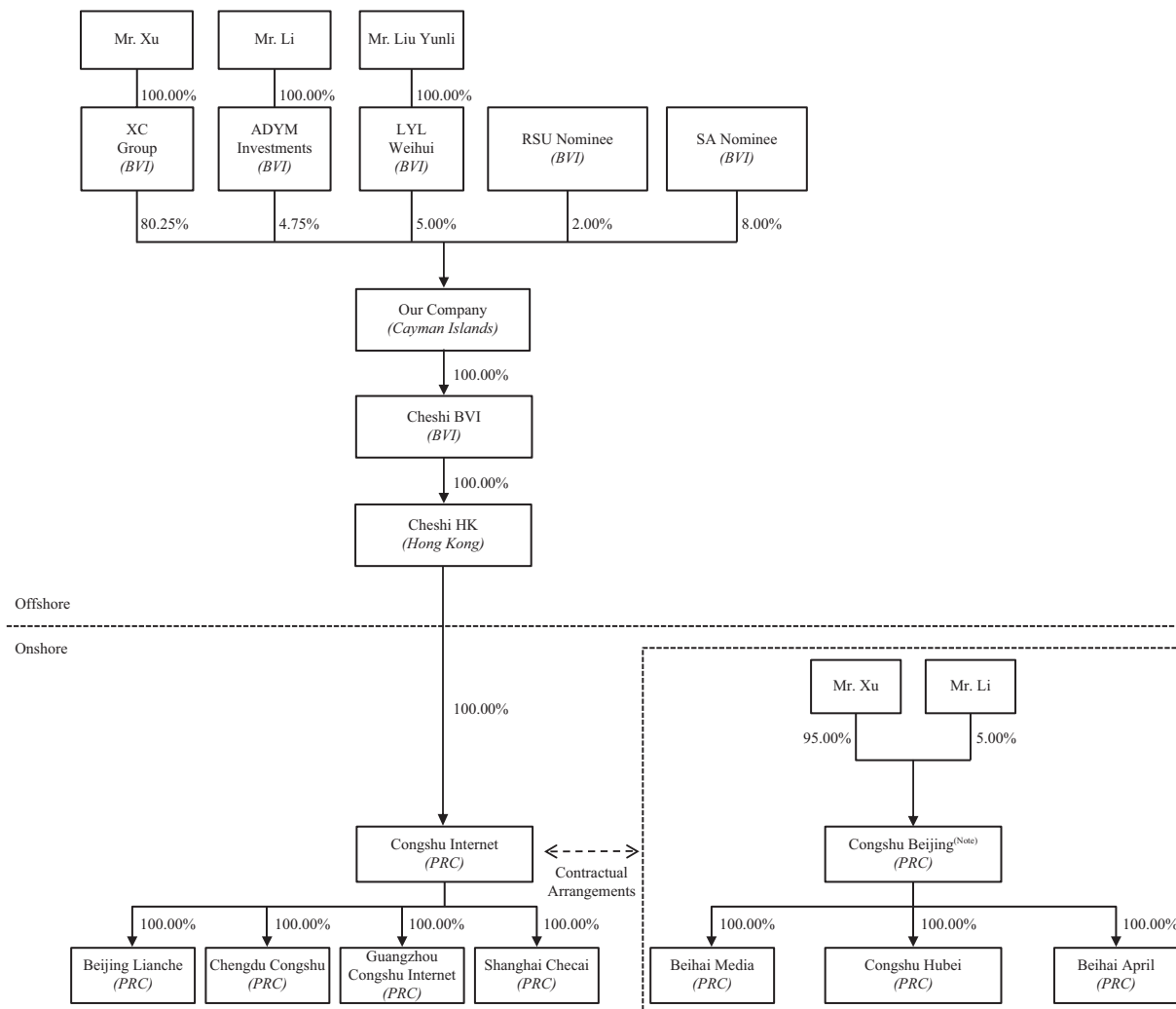
Persons eligible to receive Share Awards under the SA Scheme are Directors (whether executive or non-executive), senior managers or consultants of our Company or any member of our Group. Any grantees of the Share Awards may not exercise any voting rights prior to the receipt of the unlock notice in respect of the relevant Share Awards after the restriction criteria, conditions and time schedule have been reached, fulfilled or waived in accordance with the terms of the SA Scheme.

Immediately after the said allotment and issue to the Scheme Nominees, the issued share capital of our Company was held as to 80.25% by XC Group, 4.75% by ADYM Investments, 5.00% by the Pre-IPO Investor, 8.00% by the SA Nominee and 2.00% by the RSU Nominee. Since the participants of the RSU Scheme and the SA Scheme include Directors who are connected persons of our Company, the Scheme Custodian and its wholly-owned subsidiaries, the RSU Nominee and the SA Nominee are core connected persons of our Company. As such, the Shares held by the RSU Nominee and the SA Nominee underlying the RSU Scheme and the SA Scheme, respectively, will not be counted as part of the public float of our Company for the purposes of the Rules 8.08 and 8.24 of the Listing Rules if any of their grantees are Directors or their close associates.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

SHAREHOLDING AND CORPORATE STRUCTURE

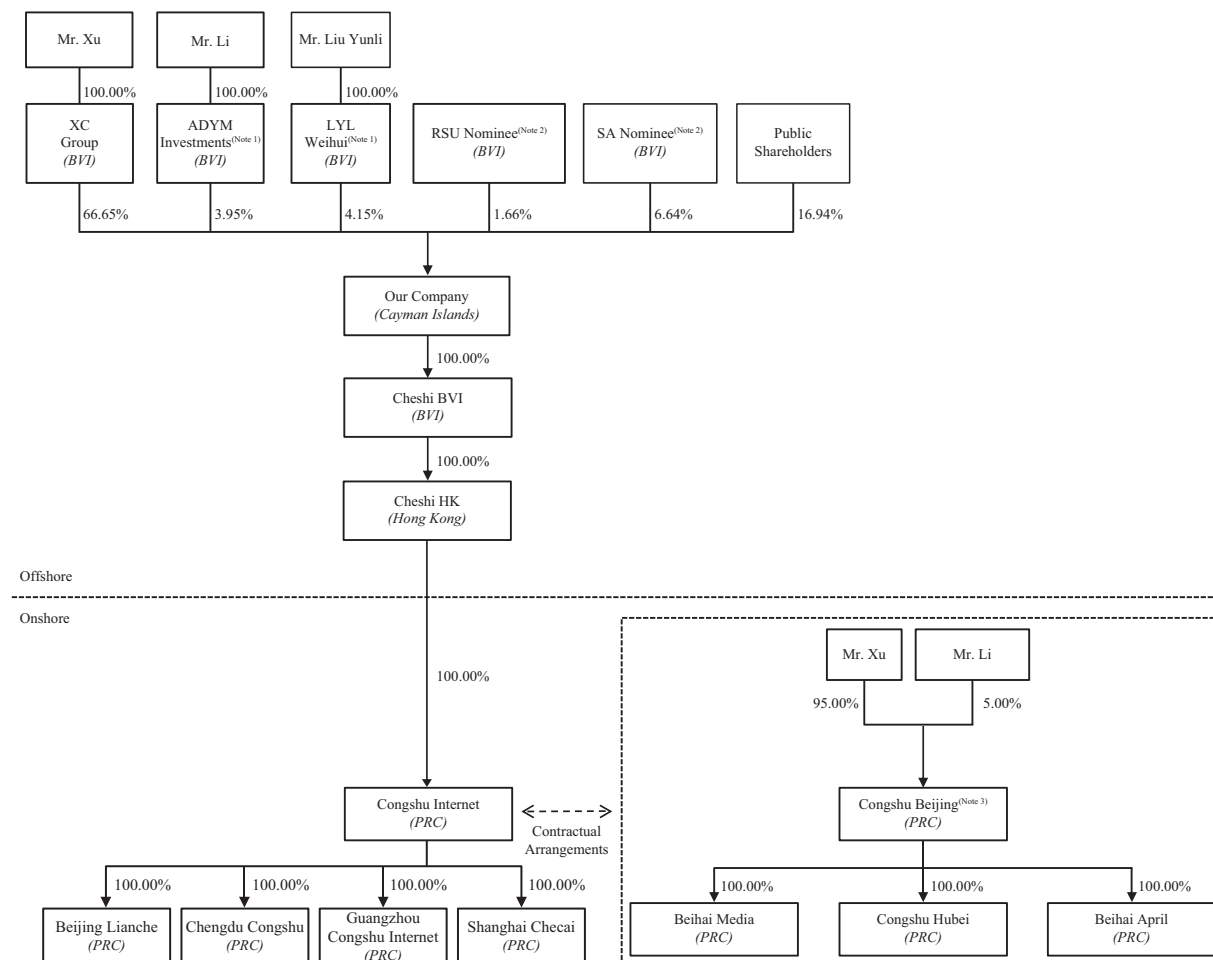
Our group structure as at the date of this prospectus and prior to the completion of the Global Offering is as follows:



Note: Congshu Beijing also holds minority investment in Leikewo as to 15% of its registered capital. Leikewo has not commenced business operation as of the Latest Practicable Date, and it is intended that Leikewo will be engaged in the production of automobile PGC. Such minority investment is not controlled by our Group. Please see "Subscription of equity interest in Leikewo by Congshu Beijing" in this section for details.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

The following chart sets forth our group structure immediately upon the completion of the Global Offering (but without taking into account of the Shares that may be issued if the Over-allotment Option is exercised):



Notes:

- (1) The Shares held by ADYM Investments and LYL Weihui will be considered as part of the public float upon the Listing. Please see “Pre-IPO Investment—Public float of the Pre-IPO Investment Shares” and “Equity Investment by Mr. Li Anding—Public float of shares held by ADYM Investments” in this section for details.
- (2) The shareholding held by the RSU Nominee and/or the SA Nominee will not be counted as part of the public float if any of the grantees under the RSU Scheme (or the SA Scheme, as the case may be) are Directors or their close associates. Please see “RSU Scheme and SA Scheme” in this section for details. As at the date of this prospectus, (a) certain of the proposed grantees under the SA Scheme are our Directors, and therefore the Shares held by the SA Nominee will not be regarded as part of the public float immediately upon the completion of the Global Offering (representing approximately 6.64% of the issued Shares immediately upon completion of the Global Offering, but without taking into account of the Shares that may be issued if the Over-allotment Option is exercised); and (b) none of the proposed grantees under the RSU Scheme are our Directors or their close associates, and the Shares held by the RSU Nominee may be regarded as part of the public float immediately upon completion of the Global Offering (representing approximately 1.66% of the issued Shares immediately upon completion of the Global Offering, but without taking into account of the Shares that may be issued if the Over-allotment Option is exercised). It is expected that the total public float of the Company’s Shares immediately upon completion of the Global Offering, but without taking into account of the Shares that may be issued if the Over-allotment Option is exercised, would be approximately 26.7%.
- (3) Congshu Beijing also holds minority investment in Leikewo as to 15% of its registered capital. Leikewo has not commenced business operation as of the Latest Practicable Date, and it is intended that Leikewo will be engaged in the production of automobile PGC. Such minority investment is not controlled by our Group. Please see “Subscription of equity interest in Leikewo by Congshu Beijing” in this section for details.

PRC REGULATORY REQUIREMENTS

SAFE Registration in the PRC

The SAFE Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment Special Purpose Vehicles (《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》) (“**Circular 37**”) was promulgated by the SAFE on July 4, 2014 and took effect on the same day. According to Circular 37, a domestic resident as defined by Circular 37 shall, before contributing lawful domestic and overseas assets or interests to a special purpose vehicle, apply for completion of foreign exchange registration formalities for overseas investments.

As advised by our PRC Legal Advisor, Mr. Xu and Mr. Li have completed the registration under Circular 37 for XC Group and ADYM Investments by December 26, 2018, respectively.

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

According to the M&A Rules jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the SAT, the CSRC, the SAFE on August 8, 2006 and effective on September 8, 2006 and amended in June 22, 2009, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls, the acquisition shall be subject to the examination and approval of the MOFCOM, and where a domestic company or natural person holds an equity interest in a domestic company through an offshore special purpose company, any overseas listing of that special purpose company shall be subject to approval by the CSRC.

As advised by our PRC Legal Advisor, unless the CSRC and MOFCOM explicitly require or make different interpretations on the relevant PRC laws and regulations afterwards, prior approval from the CSRC and MOFCOM is not required under the M&A Rules for the Listing of our Shares on the Hong Kong Stock Exchange, because (a) the Reorganization did not involve acquisition of equity interest or assets of a PRC domestic entity by an offshore company as defined under the M&A Rules; and (b) there is no statutory provision that explicitly classifies the Contractual Arrangements among Congshu Internet, Congshu Beijing and its shareholders as transactions regulated by the M&A Rules.

However, as there has been no official interpretation or clarification of CSRC approval requirement under the M&A Rules, there is uncertainty as to how the M&A Rules will be interpreted or implemented. Considering the uncertainties that exist with respect to issuance of new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules, the opinion of our PRC Legal Advisor as summarized above, is subject to change. If the CSRC and MOFCOM or any other PRC regulatory authority subsequently determines that prior approval was required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory authorities.