OVERVIEW

According to the F&S Report, we are the largest variety program IP creator and operator in China in terms of revenue in 2021 with a market share of 1.6%. We also own and operate a large library of Chinese film IPs and are a music IP creator and operator in China.

Our Company was established as an exempted company with limited liability in the Cayman Islands on March 29, 2021. Our history traces back to March 2006 when one of our principal operating entities, Canxing Culture, was established in the PRC. Chinese Culture, one of our Ultimate Controlling Shareholders, become a major shareholder of our Group in November 2010 by way of equity investment. In April 2011, Mr. Tian, our chairman of the Board, chief executive officer and Ultimate Controlling Shareholder, together with Mr. Jin and Mr. Xu, our Directors and our Ultimate Controlling Shareholders, joined our Group as our core management team members and later acquired control of the Group. For details of each of the biographies of each of Mr. Tian, Mr. Jin and Mr. Xu, see "Directors and Senior Management." As of the Latest Practicable Date, Chinese Culture, Mr. Tian, Mr. Jin and Mr. Xu, through their various intermediary entities, collectively exercise control over our Group as a group of our Controlling Shareholders. For details of our Controlling Shareholders, see "Relationship with the Controlling Shareholders."

In preparation for the [**REDACTED**] and in order to streamline our corporate structure, we implemented the Reorganization, as a result of which our Company became the offshore holding company of the current business of our Group. For details of the Reorganization, see "— Reorganization" in this section.

KEY MILESTONES

The following table sets forth the key milestones and achievements in our history and development:

Year	**Milestone event**
March 2006	Canxing Culture, one of our principal operating entities in the PRC, was established
April 2011	Mr. Tian, Mr. Jin and Mr. Xu joined our Group as core management team members
July 2012	"Sing! China" (中國好聲音), our pioneering TV co-production program and one of the most popular reality singing competition shows in China, was launched

Year	Milestone event
January 2014	"Sing My Song" (中國好歌曲), our first reality singing competition show featuring songwriters and the first original Chinese variety program out-licensed abroad, was launched
March 2016	MXQY became one of our principal subsidiaries in the PRC, primarily engaging in the operation and licensing of music IPs and artist management
February 2018	"Street Dance of China" (這!就是街舞), a made-for-internet dance competition show, was launched, which became an instant hit after its launch and topped the rankings for dance variety programs with a total view count over 1.7 billion times in the same year
May 2019	Canxing Culture was nominated for Top 30 National Cultural Enterprises (全國文化企業30強) by Guangming Daily (光明日報社) and Economic Daily (經濟日報社)
December 2020	We were granted with "TV Landmark" (2020) — Annual Outstanding Program Award for Production Company (2020年度製作機構優秀節目) for "Sing! China 2020" and "TV Landmark" (2020) — Annual Outstanding Online Audio-visual Program Award (2020年度優秀網絡視聽節目) for "Street Dance of China 2020" by NRTA and China Radio, Film and TV Magazine (中國廣播影視雜誌社)
August 2021	Fortune Star Media, one of our principal subsidiaries in Hong Kong operating one of the largest Chinese film libraries with 757 popular Chinese films, completed business combination with the Company as part of the Reorganization

OUR PRINCIPAL SUBSIDIARIES AND OPERATING ENTITIES

As of June 30, 2022, we had 26 subsidiaries and operating entities. The following sets forth the details of our principal subsidiaries and operating entities that made a material contribution to our results of operation during the Track Record Period:

Name of company	Place of establishment	Date of establishment	Ownership controlled by our Group	Share capital/ Registered capital	Principal business activities
Canxing Culture	PRC	March 24, 2006	100%[(1)]	RMB320,813,865	Production of variety programs and IP licensing

Name of company	Place of establishment	Date of establishment	Ownership controlled by our Group	Share capital/ Registered capital	Principal business activities
MXQY	PRC	December 6, 2012	100%	RMB30,000,000	Operation and licensing of music IPs and artist management
Star International	PRC	April 26, 2012	100%	RMB63,195,800	Provision of advertising and marketing solutions
Fortune Star Media	Hong Kong	May 31, 2010	100%	HKD10,000	Film IP library and licensing

Note:

(1) We entered into Contractual Arrangements with our Consolidated Affiliated Entities and their registered shareholders, pursuant to which we obtained effective control over the Consolidated Affiliated Entities. See "Contractual Arrangements" for further details.

OUR HISTORY AND CORPORATE DEVELOPMENT

The following sets forth the corporate history and major shareholding changes of our Company and principal subsidiaries and operating entities.

Our Company

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on March 29, 2021. Upon incorporation, the authorized share capital of our Company was US$50,000 divided into 50,000,000,000 shares of a par value of US$0.000001 each. Upon completion of the Reorganization, our Company became the holding company of our Group, details of which are set forth in "Reorganization" below.

Canxing Culture

Canxing Culture is one of our principal operating entities in the PRC. Canxing Culture primarily engaged in production of variety programs and operation and licensing of variety program IPs.

Establishment of Canxing Culture

Canxing Culture was initially established in the PRC on March 24, 2006 as a limited liability company (formerly known as Shanghai Canxing Culture Broadcast Co., Ltd. (上海燦星文化傳播有限公司)). Upon its incorporation, Canxing Culture was controlled by News Corporation (Asia) Ltd., which was a wholly-owned subsidiary of News Corporation, an American mass media and publishing company formerly listed on Nasdaq prior to June 2013 (collectively with News Corporation (Asia) Ltd., "**News Corporation**") primarily engaging in television programming and broadcasting business (the "**Channel Business**") and operation of film IP library and licensing business (the "**Film Business**") in Asia.

Investment by Chinese Culture

In November 2010, Chinese Culture, formed a consortium with three financial investors who are Independent Third Parties (the "**Consortium**"), to acquire the Film Business and Channel Business from News Corporation. So far as the Company is aware, each member of the Consortium was independent of each other, CMC Asia and Canxing Culture at the relevant time. Upon completion of such acquisition, the Consortium owned 50.1% equity interest in CMC Asia, a then holding company of the Film Business and Channel Business. The Channel Business was conducted by SCML, a subsidiary of CMC Asia which in turn controlled Canxing Culture.

Exits of News Corporation and Management Buy-out

In April 2011, Mr. Tian, Mr. Jin and Mr. Xu joined our Group as core management team members overseeing and managing the operations of our Group. Since joining our Group, Mr. Tian, Mr. Jin and Mr. Xu, had been sharing same aspiration with Chinese Culture in our Group's businesses and jointly devoting efforts and resources to grow and expand our Group's businesses. In November 2013, in light of the intention of News Corporation and the three financial investors of the Consortium to realize their investments in our Group, Mr. Tian, Mr. Jin and Mr. Xu conducted a management buy-out to acquire interests in our Group in December 2013 with their personal funding and financial resources (the "**Management Buy-out**"). Following the Management Buy-out and subsequent to a series of shareholding changes among the existing shareholders of our Group from November 2013 to November 2015, our Group was jointly owned by Chinese Culture, Mr. Tian, Mr. Jin and Mr. Xu through their respective shareholding platforms.

Dismantling Overseas Structure and Proposed A-share Listing of Canxing Culture

In November 2015, in preparation of a proposed listing of Canxing Culture on the A-share market, Chinese Culture, Mr. Tian, Mr. Jin and Mr. Xu obtained direct interests in Canxing Culture in proportion to their respective shareholding interests in CMC Asia through their PRC onshore intermediary entities (the "**Onshore Intermediary Shareholders**") in view of the foreign exchange restrictions under the relevant PRC laws and regulations. Details of Canxing Culture's proposed A-share listing are set out in "Previous Listing Attempt — Previous A-share Listing Attempt" below.

Entering into the Canxing JCA and Joint-stock Reform

To formalize and further enhance their joint control in Canxing Culture and consistent with their past voting practice, CMC (Shanghai), Mr. Tian, Mr. Jin and Mr. Xu and the Onshore Intermediary Shareholders entered into a joint control agreement (the "**Canxing JCA**") on January 1, 2016, pursuant to which the signing parties agreed to act in the same manner at each Onshore Intermediary Shareholder with respect to, among others, (i) proposing resolutions at the shareholders' meetings; (ii) exercising their voting rights at the shareholders' meetings; (iii) nominating directors and supervisors and (iv) procuring directors nominated to vote unanimously at the board meetings, in order to exercise joint control over Canxing Culture.

Pursuant to the shareholders' resolutions and the promoters' agreement dated July 12, 2016, Canxing Culture was converted into a joint stock limited liability company with a registered capital of RMB360,000,000, which were fully paid up on July 29, 2016.

Strategic Investments by Financial Investors

From March 2016 to June 2018, Canxing Culture completed several rounds of financings, details of which are set forth in "— [**REDACTED**] Investments" below. Following the completion of the last round of financing in June 2018, the shareholding structure of Canxing Culture is set out as follows:

Shareholders of Canxing Culture	No. of shares of Canxing Culture	Shareholding immediately following last round of equity financing in June 2018
SH Xingtou(1)	236,465,996	61.68%
SH Zhouxing(2)	74,070,004	19.32%
Tibet Yuanhe	21,851,163	5.70%
Ningbo Aoteng(3)	7,739,924	2.02%
Pingtan Fenghuai	6,877,373	1.79%
Mr. Tian	5,670,377	1.48%
Hangzhou Alibaba(5)	4,499,955	1.17%
Shanghai Fengpu	4,151,721	1.08%
Guangxi Hexian(6)	3,599,964	0.94%
Ningbo Fanghua	3,599,964	0.94%
Shanghai Yanheng	2,741,860	0.72%
Mr. Cao Bin	2,501,506	0.65%
Ningbo Fengcai	2,159,979	0.56%
Hanfu Capital(4)	2,105,982	0.55%
Jundu Derui	1,800,000	0.47%
Beijing Langma	1,800,000	0.47%
Suzhou Haikun	900,000	0.23%
Xinyu Haikun	864,000	0.23%
Total	**383,399,768**	**100.00%**

Notes:

(1) For details of the shareholding structure of SH Xingtou, see our Group's simplified shareholding structure immediately prior to the commencement of the Reorganization in "Reorganization" below.

(2) SH Zhouxing is wholly owned by Mr. Tian.

(3) Ningbo Meishan Free Trade Port Aoteng Investment Management Partnership (Limited Partnership) (寧波梅山保稅港區奧騰投資管理合夥企業(有限合夥)) ("**Ningbo Aoteng**") is a limited partnership incorporated under the laws of the PRC. The general partner of Ningbo Aoteng is Ningbo Yuanyi Investment Center (Limited Partnership) (寧波元億投資中心(有限合夥)) ("**Ningbo Yuanyi**"), which is ultimately controlled by Mr. Tang Meng (唐萌), an Independent Third Party.

(4) Hanfu Capital is a company incorporated under the laws of the PRC primarily engaging in asset management, investment management and investment advisory businesses, which is ultimately controlled by Mr. Han Xueyuan (韓學淵), an Independent Third Party.

(5) Hangzhou Alibaba is a limited company incorporated under the laws of the PRC, which is wholly owned by Hangzhou Zhenxi Investment Management Co., Ltd. (杭州臻希投資管理有限公司), which is in turn owned by Hangzhou Zhensheng Investment Management Partnership (Limited Partnership) (杭州臻晟投資管理合夥企業(有限合夥)) ("**Hangzhou Zhensheng**") and Hangzhou Zhenqiang Investment Management Partnership (Limited Partnership) (杭州臻強投資管理合夥企業(有限合夥)) ("**Hangzhou Zhenqiang**") as to 50% and 50%, respectively. The general partner of Hangzhou Zhensheng and Hangzhou Zhenqiang is Hangzhou Zhenyue Enterprise Management Co., Ltd. (杭州臻悦企業管理有限公司), which is owned by each of Zhang Yong (張勇), Zheng Junfang (鄭俊芳), Wu Zeming (吳澤明) and Shao Xiaofeng (邵曉鋒) as to 25%, respectively. Each of Hangzhou Alibaba and its ultimate beneficial owners is an Independent Third Party.

(6) Guangxi Hexian is a private company incorporated under the laws of the PRC, which is controlled by TME, a company incorporated under the laws of the Cayman Islands and its American depositary shares are listed on the New York Stock Exchange (NYSE: TME). TME is a non-wholly owned subsidiary of Tencent Holdings Limited, a company listed on the Stock Exchange (Stock Code: 700). Each of Guangxi Hexian and its ultimate beneficial owners is an Independent Third Party.

For subsequent shareholding changes of Canxing Culture, see "— Reorganization — Onshore Restructuring" below.

MXQY

MXQY was established as limited liability company in the PRC on December 6, 2012 with an initial registered capital of RMB3,000,000, primarily engaging in operation and licensing of music IPs and artist management businesses.

Further to a number of shareholding changes of MXQY since its incorporation, on March 23, 2016, the then shareholders of MXQY, Shanghai Minxing Culture Media Limited Partnership (上海民星文化傳媒合伙企業(有限合伙) ("**SH Minxing**"), a limited partnership controlled by Mr. Tian, and SH Zhouxing transferred their entire interest in MXQY to Canxing Culture for an aggregate consideration of RMB2.08 billion (the "**MXQY Acquisition**") which was determined based on an independent valuation of MXQY as at December 31, 2015 as set out in a valuation report issued by a qualified independent valuer. Upon completion of the MXQY Acquisition, MXQY became a wholly-owned subsidiary of Canxing Culture.

As part of the Reorganization, on June 17, 2021, Canxing Culture transferred its entire equity interest in MXQY to Shanghai Jiuwu Yisheng, our WFOE, at a consideration of RMB2.08 billion, which was determined after the arm's length negotiation with reference to the consideration of the MXQY Acquisition and fully settled on October 26, 2021. MXQY remained as a wholly-owned subsidiary of our Group during the Track Record Period. For details, see "— Reorganization — Onshore Restructuring — Step 1. Reorganization of our Non-restricted and/or Non-prohibited Business" below.

Star International

Star International was established as a limited liability company in the PRC on April 26, 2012, primarily engaging in provision of advertising and marketing solutions. Star International remained as a wholly-owned subsidiary of our Group during the Track Record Period. As part of the Reorganization, on June 21, 2021, Canxing Culture transferred its entire equity interest in Star International to Shanghai Jiuwu Yisheng at a consideration of RMB101,583,775 which represented the book value of the net assets of Star International as of April 30, 2021 and was fully settled on June 8, 2021. For details, see "— Reorganization — Onshore Restructuring — Step 1. Reorganization of our Non-restricted and/or Non-prohibited Business" below.

Fortune Star Media

Fortune Star Media was established as a private company limited by shares in Hong Kong on May 31, 2010 for the purpose of carrying out our Film Business. As part of the Reorganization, on August 2, 2021, the holding company of Fortune Star Media which was controlled by our Ultimate Controlling Shareholder, CMC Asia, transferred its 100% interest in Fortune Star Media to our Company at a consideration of HK$10,000 which was fully settled on September 13, 2021. Given that both CMC Asia and our Company had been controlled by our Ultimate Controlling Shareholders before and after the equity transfer throughout the Track Record Period for the purpose of applying the merger accounting for Fortune Star Media, the transfer of equity interest in Fortune Star Media was recognized as a business combination under common control and consolidated into the Group for the Track Record Period under merger accounting. For details, see Note 2.1 to the Accountants' Report in Appendix I to this document and "— Reorganization — Offshore Restructuring — Step 4. Acquisition of Fortune Star Media by our Company" below.

For further details of the changes in shareholding in our subsidiaries and Consolidated Affiliated Entities within two years immediately preceding the date of this document, see "Statutory and General Information — A. Further Information about Our Group — 3. Changes in the Share Capital of our Subsidiaries and Consolidated Affiliated Entities" in Appendix IV to this document.

PREVIOUS LISTING ATTEMPT

Previous A-share Listing Attempt

In December 2018, Canxing Culture submitted an application for listing (the "**A-share Application**") of it shares on the ChiNext board of the Shenzhen Stock Exchange (the "**SZSE**") to the CSRC. Due to the regulatory reform regarding change of approval-based IPO system to registration-based IPO system in June 2020, the A-share Application was transferred to and handled by the SZSE since July 2020. The SZSE issued two rounds of comments and Canxing Culture provided responses to these comments which are publicly disclosed. In January 2021, the A-share Application was put forward to the review meeting of the listing committee of the SZSE. In February 2021, the SZSE issued a termination notice in relation to the A-share Application (the "**Termination Notice**") on the following grounds: (i) the identification of Chinese Culture, Mr. Tian, Mr. Jin and Mr. Xu as the "actual controllers" of Canxing Culture lacked sufficient basis due to its complex shareholding structure and (ii) the accounting adjustment applied by Canxing Culture in April 2020 to retrospectively recognize an impairment loss of approximately RMB347.6 million for a goodwill resulting from the MXQY Acquisition in March 2016 (the "**MXQY Goodwill Impairment Adjustment**") did not reflect the actual financial position of Canxing Culture at the relevant time.

Our Directors are of the view that the above-mentioned issues are no longer applicable or relevant to the [**REDACTED**], or render the Company not suitable for [**REDACTED**] on the Stock Exchange based on the facts and grounds set forth below.

Shareholding Structure of Canxing Culture

1. The shareholding structure of Canxing Culture resulted from a series of historical shareholding changes spanning more than a decade, including the investment by News Corporation in an overseas structure and its subsequent exit, the Management Buy-out and dismantling the overseas structure as set out in "Our History and Corporate Development — Canxing Culture" in this section above. Our PRC Legal Advisor, who is also the PRC legal advisor to the Company for the A-share Application, is of the view that the shareholding structure of Canxing Culture immediately before and after the Reorganization does not violate the relevant PRC laws.

2. According to our PRC Legal Advisor, the term of "actual controller" is a concept under the PRC laws which refers to any natural person, enterprise or government authority that holds 50% or more of the shares, controls over 30% of the voting power, controls the appointment of the majority of the board through its voting power, may exert a material influence over the shareholders' meeting through its voting power in a company or otherwise determined by the CSRC or the SZSE, according to the applicable listing rules of the SZSE for ChiNext Board. In general, the requirement of "actual controller" normally requires a company to identify an individual or a state-owned entity that ultimately controls the company. Controlling shareholder as defined under the Listing Rules generally refers to any person who is or a group of persons who are together

entitled to control the exercise of 30% or more of voting power or in the position to control the composition of the majority of the board of a company. As such, the term of "actual controller" under the applicable PRC laws is different from the concept of controlling shareholders under the Listing rules in terms of scope and interpretation as to a group of shareholders collectively exercising control in a company through contractual agreement, and therefore shall not be deemed relevant to or affect the identification of the controlling shareholders of the Company pursuant to the Listing Rules.

The Ultimate Controlling Shareholders (i.e. Chinese Culture, Mr. Tian, Mr. Jin and Mr. Xu) have been our controlling shareholders under the Listing Rules as they collectively (a) through the Onshore Intermediary Shareholders jointly controlled the exercise of more than 30% of voting rights in Canxing Culture pursuant to the Canxing JCA and (b) through onshore and offshore intermediary entities continued to collectively control the exercise of more than 30% of voting rights in the Company pursuant to the Joint Control Agreement upon completion of the Reorganization, and will remain as our controlling shareholders upon [**REDACTED**]. Therefore, the lack of sufficient basis to identify an actual controller of Canxing Culture under the PRC laws as stated in the Termination Notice has no impact on the identification of the controlling shareholders of the Company pursuant to the Listing Rules. See "Relationship with the Controlling Shareholders" for details of our Controlling Shareholders.

Goodwill resulting from the MXQY Acquisition

1. In March 2016, Canxing Culture acquired 100% interest in MXQY from SH Minxing and SH Zhouxing, which were controlled by Mr. Tian, and recorded goodwill of RMB1.97 billion as at December 31, 2016 (the "**MXQY Goodwill**"). See "— Our History and Corporate Development — MXQY" in this section above for details of the MXQY Acquisition. Canxing Culture assessed the impairment of its goodwill annually by conducting goodwill impairment tests at the end of each financial year from 2016 to 2019 (the "**Historical Impairment Tests**"). Based on the results of the Historical Impairment Tests, no impairment was required under the applicable accounting standards in the PRC as at December 31, 2016, 2017, 2018 and 2019.

2. In December 2018, Canxing Culture first submitted its A-share Application to the CSRC. The auditor for the A-Share Application concurred with Canxing Culture that there was no indication that an impairment was required for the MXQY Goodwill and issued an unqualified audit opinion on Canxing Culture's financial statements for the three years ended December 31, 2017 and six months ended June 30, 2018. Since the initial submission of the A-share Application, the CSRC issued various comments on the MXQY Goodwill including but not limited to the background and circumstances leading to the MXQY Goodwill, the accounting treatment of the MXQY Acquisition, the basis of the Historical Impairment Tests, and whether Canxing Culture's annual impairment provision assessments of MXQY Goodwill were made with sufficient justification considering the difference between estimated results of MXQY projected in the Historical Impairment Tests and MXQY's actual operating results from 2016 to 2019. In April 2020, based on

Canxing Culture's understanding on rounds of comments on the A-share Application from the CSRC that an impairment loss for the MXQY Goodwill may be required, Canxing Culture engaged an independent qualified valuer to conduct a voluntary re-assessment of MXQY's cash-generating unit as at December 31, 2016 with reference to the actual results of MXQY from 2016 to 2019 and without taking into account potential contribution from MXQY's new businesses, which led to the valuer issuing a goodwill retrospective appraisal report. The results of such appraisal report indicated that the recoverable amount of the cash-generating unit to which the MXQY Goodwill is allocated was lower than its carrying amount as at December 31, 2016 and thus Canxing Culture voluntarily applied the MXQY Goodwill Impairment Adjustment, which it believed is prudent at that time and could provide better protection for the minority shareholders. The auditor for the A-Share Application issued an unqualified audit opinion on Canxing Culture's financial statements after the application of the MXQY Goodwill Impairment Adjustment. Following submission of the updated prospectus reflecting the application of MXQY Goodwill Impairment Adjustment, Canxing Culture's A-Share Application was put forward to the preliminary review meeting of the CSRC conducted in June 2020. After the preliminary meeting, Canxing Culture received a letter from the CSRC mentioning that a public offering review meeting was expected to be arranged for Canxing Culture in the near future and setting out certain comments including disclosure comments on the MXQY Goodwill Impairment Adjustment.

3. As a result of the reform of the IPO regulatory regime in the PRC in June 2020, Canxing Culture's A-share Application was transferred from the CSRC to the SZSE for vetting. The SZSE issued two rounds of comments on, among other things, the reasons for and the reasonableness of the MXQY Goodwill Impairment Adjustment, and whether the MXQY Goodwill Impairment Adjustment complied with the applicable accounting standards. In February 2021, the A-share Application was put forward to the review meeting of the listing committee of the SZSE, and the listing committee of the SZSE issued the Termination Notice in relation to the A-share Application and one of the grounds was that the MXQY Goodwill Impairment Adjustment "did not reflect the actual circumstances of the issuer at the relevant time." Nevertheless, the Termination Notice did not explicitly indicate specific deviations from the PRC accounting standards with respect to the MXQY Goodwill Impairment Adjustment or deficiency in Canxing Culture's internal controls over its financial reporting process.

4. In connection with the initial non-recognition of the goodwill impairment pursuant to the Historical Impairment Tests and the application of the MXQY Goodwill Impairment Adjustment, Canxing Culture had, respectively, (i) obtained necessary board approvals and performed relevant corporate governance procedures in compliance with Canxing Culture's articles of associations and all applicable PRC laws and regulations as confirmed by our PRC Legal Advisor, (ii) performed independent due diligence and work (including obtaining and considering the independence, qualifications, expertise and experience of the relevant professional parties) in terms of the independent professional valuations/opinions obtained during the decision making process and (iii) sought professional advices from and engaged in ongoing discussion with the relevant

professional parties involved in the A-share Application. In addition, we have adopted and implemented enhanced risk management and internal control policies for the [**REDACTED**] covering financial reporting process and intangible asset management process (including valuation and impairment assessment). See "Business — Risk Management and Internal Control Systems" for further details. We have engaged an independent internal control consultant to perform internal control assessment procedures in connection with our internal control of various processes which covered, among others, controls in connection with financial reporting process and intangible asset management process. The internal control consultant performed procedures in March 2021 on our internal control system pursuant to the relevant technical bullets in AATB1 issued by the HKICPA. During the review, the internal control consultant did not identify material deficiencies over the Group's financial reporting process and had provided recommendations on remedial actions as to certain routine areas that could be further improved. The internal control consultant had performed a follow-up review in July 2021 with regard to the Group's implementation of the remedial actions recommended by the internal control consultant including, among the others, (i) establishing and adopting the internal control policies and procedures, including the Financial Accounting Management Policies (《財務會計管理制度》) and the Major Accounting Process Accounting Reporting Process (《重大會計處理會計報告流程》) which have incorporated the relevant requirements under the Listing Rules and have been reviewed by the internal control consultant; (ii) engaging competent third-party valuers to conduct valuation on the impairment of goodwill resulting from the MXQY Acquisition annually; and (iii) establishing the internal audit team which performs internal review over financial reporting process annually. Having completed these procedures, the internal control consultant did not identify any material deficiencies based on selected samples in the internal control system of the Group. Based on the above, which are supported by the independent due diligence work performed by the Joint Sponsors with the assistance of their legal advisors and the internal control consultant engaged by the Company, our Directors believes that the Termination Notice was not reflective of any material internal control weakness in the Company's financial reporting process and they had fulfilled their fiduciary duties and duties of skill, care and diligence in deciding whether a goodwill impairment was required for the MXQY Acquisition at the relevant times. The Company is not aware of any matter that may affect the suitability of the Directors under Rules 3.08 and 3.09 of the Listing Rules. Based on the enhanced risk management and internal control policies adopted and implemented by the Company and the completion of procedures as recommended by the independent internal control consultant, our Directors are not aware of any material internal control deficiency in the Company's financial reporting process or any matters relating to the A-share Application which may affect the Company's suitability for the [**REDACTED**].

5. Our Directors understand that the use of hindsight in the MXQY Goodwill Impairment Adjustment is generally not allowed under IFRS. The MXQY Goodwill Impairment Adjustment was only made on a voluntary basis during the A-share Application under the then relevant circumstances as set forth above. We have conducted impairment tests of goodwill during the Track Record Period in accordance with IFRS and recognized an impairment loss of RMB386.8 million as of December 31, 2020 and an impairment loss

of RMB380.7 million as of December 31, 2021 in connection with MXQY Goodwill based on our assessment of the operational performance of MXQY at the relevant time. In performing the goodwill impairment testing for the [**REDACTED**], same set of financial data provided to and used by the auditor for the A-share Application in the Historical Impairment Tests has been used for the impairment testing as at December 31, 2019, as such financial data is based on the most recent financial budget approved by the senior management of our Company as at December 31, 2019, which are relatively reliable and also represent the senior management's reasonable estimate of the range of economic conditions that will exist over the remaining useful life of the asset. The impairment testing as at December 31, 2019 was performed in compliance with the requirement of International Accounting Standards 36 "*Impairment of Assets*" according to the Accountants' Report which sets out the Reporting Accountants' opinion on the Historical Financial Information as a whole. For further details on the impairment of the MXQY Goodwill, see "Financial Information — Critical Accounting Policies and Estimates — Business Combinations and Goodwill" and "Financial Information — Description of Key Statement of Profit or Loss Items — Impairment of Goodwill" and Note 16 to the Accountants' Report included in Appendix I to this document. As our consolidated financial statements have been prepared in accordance with IFRS for the [**REDACTED**], our Directors believe that the above issue with respect to the MXQY Goodwill is no longer applicable or subsisting.

Our Directors have confirmed, and our PRC Legal Advisor is of the view that, based on the confirmations by each of the professional parties engaged by Canxing Culture in relation to the A-share Application and the publicly available information, none of the professional parties engaged by Canxing Culture in relation to the A-share Application have been/are subject to any investigation by the relevant regulatory authorities in the PRC in relation to the A-share Application. The Directors further confirmed that there is no other matter in relation to the A-share Application that needs to be brought to the attention of the Stock Exchange or our investors.

Based on the independent due diligence performed by the Joint Sponsors including, without limitation, (i) obtaining and reviewing the A-share Application documents and the subsequent amendments thereto, (ii) conducting interviews with the management of the Company and key professional parties involved in the A-share Application to understand, among others, the background of and reason for the historical accounting treatment on the goodwill from the MXQY Acquisition in the A-share Application, (iii) discussing with the management of the Company to understand, among others, the reasonableness of the historical accounting treatment on the MXQY Goodwill in the A-share Application, and (iv) discussing with the PRC Legal Advisor and PRC legal advisor to the Joint Sponsors to understand the implication of the Termination Notice under the applicable PRC laws and regulations and the A-share listing rules, the Joint Sponsors are not aware of any material internal control deficiency in the Company's financial reporting process, material non-compliance with applicable A-share listing rules or any other material matters relating to the A-share Application which affect the Company's suitability for the [**REDACTED**] and should be brought to the attention of the Stock Exchange.

Based on the due enquiry, review of related documents and independent due diligence work performed, the Joint Sponsors are not aware of any affirmative specific facts made against the Directors that lead the Joint Sponsors to believe that the Directors failed to fulfill their fiduciary duties and duties of skill, care and diligence, or that there is any matter which may affect the Directors' suitability under Rules 3.08 and 3.09 in relation to the MXQY Goodwill Impairment Adjustment.

REASONS FOR [REDACTED] ON THE STOCK EXCHANGE

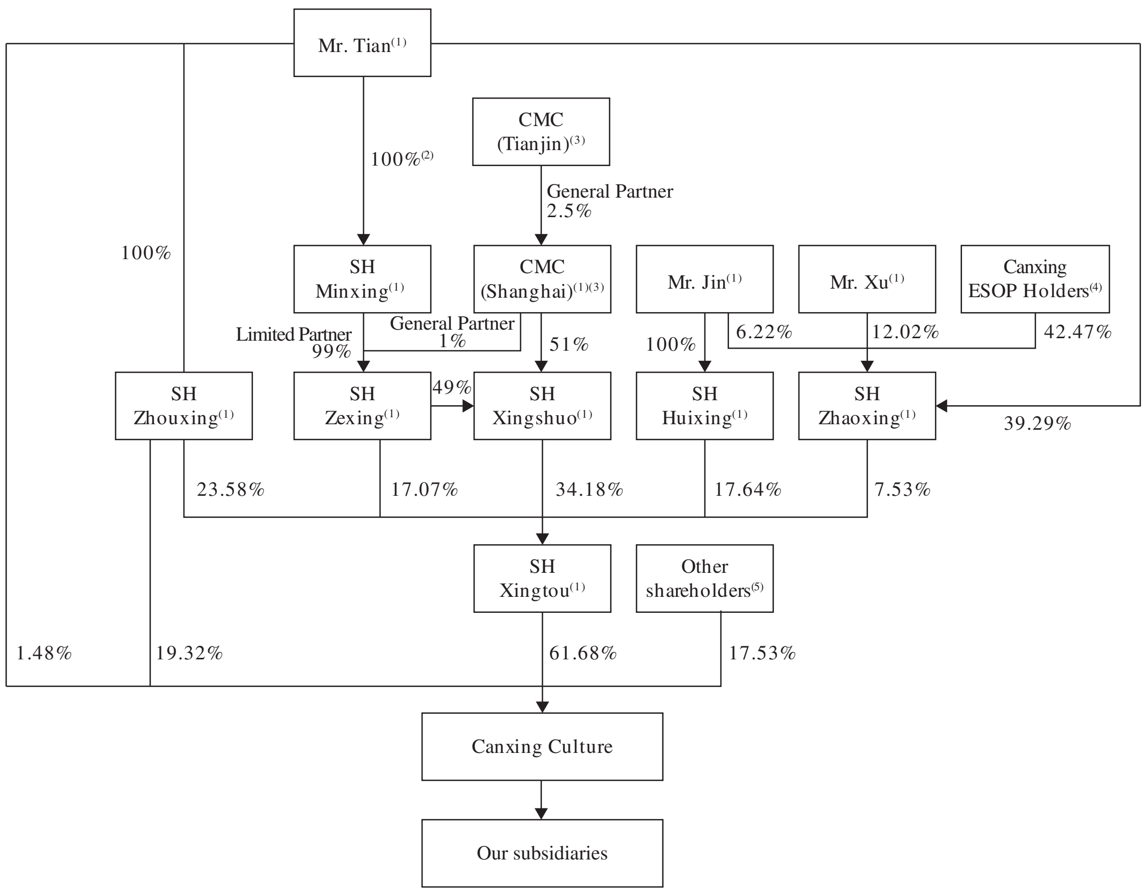
Our Directors believe that the [**REDACTED**] will provide us with the necessary funding to increase our competitiveness by assisting us to expand our operations and strengthen our business prospects in the pan-entertainment industry, and the [**REDACTED**] on the Stock Exchange will raise our profile and market awareness of our brand name and present us with an opportunity to further expand our investor base and broaden our access to international capital markets. Taking into account the long-term business development of our Group and the needs to obtain alternative financing for further expansion, our Directors considered the Stock Exchange to be a more suitable venue to access international equity market and expend our business.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

During the Track Record Period and until the Latest Practicable Date, we did not conduct any major acquisitions, disposals or mergers.

REORGANIZATION

In order to streamline our shareholding structure and optimize our corporate structure to further develop the business of our Group and enable us to access the international capital markets, we underwent the Reorganization in preparation for the [**REDACTED**], details of which are set out below. The following chart sets forth our Group's simplified shareholding structure immediately prior to the commencement of the Reorganization.



Notes:

(1) Each of CMC (Shanghai), Mr. Tian, Mr. Jin, Mr. Xu and the Onshore Intermediary Shareholders including Shanghai Xingshuo Investment Management Co., Ltd. (上海星爍投資管理有限公司) ("**SH Xingshuo**"), Shanghai Zexing Investment Co., Ltd. (上海澤星投資有限公司) ("**SH Zexing**"), Shanghai Zhaoxing Investment Co., Ltd. (上海昭星投資有限公司) ("**SH Zhaoxing**"), Shanghai Huixing Investment Co., Ltd. (上海輝星投資有限公司) ("**SH Huixing**"), SH Minxing, SH Zhouxing and SH Xingtou is a party to the Canxing JCA.

(2) SH Minxing is owned as to 1% by Shanghai Wangxing Investment Management Co., Ltd. (上海望星投資管理有限公司) ("**Shanghai Wangxing**") as the general partner and 99% by Horgos Chenxing Equity Investment Management Co., Ltd. (霍爾果斯晨星股權投資管理有限公司) ("**Horgos Chenxing**") as a limited partner. Each of Shanghai Wangxing and Horgos Chenxing is owned as to 1% by SH Zhouxing and 99% by Mr. Tian.

(3) CMC (Shanghai) is a limited partnership of which the general partner is CMC (Tianjin). To the best of our Directors' knowledge, each of the shareholders of CMC (Tianjin) and limited partners of CMC (Shanghai) was an Independent Third Party.

(4) Certain employees and former employees of our Group (the "**Canxing ESOP Holders**") were granted share awards pursuant to the employee share incentive scheme adopted by Canxing Culture on November 10, 2016 (the "**Canxing ESOP Plan**"). Each Canxing ESOP Holder's indirect interest in Canxing Culture through SH Zhaoxing and in turn through SH Xingtou correspond to their respective interest underlying the share awards granted under the Canxing ESOP Plan. As part of the Reorganization in preparation for the [**REDACTED**], the Canxing ESOP Plan was terminated on May 14, 2021.

(5) For details of the shareholding of other shareholders, see "— Our History and Corporate Development — Canxing Culture — Strategic Investments by Financial Investors."

Offshore Restructuring

Step 1. Incorporation of our Company, offshore holding companies and Star CM (HK)

Immediately upon incorporation of our Company on March 29, 2021, one ordinary share was allotted and issued to its initial subscriber, Mapcal Limited, and was then immediately transferred to Harvest Sky, a BVI company wholly owned by Mr. Tian, at nominal value.

Each of the following entities was established in the BVI to reflect the shareholding structure of SH Xingtou:

Holding companies	Shareholding
Harvest Sky	Mr. Tian (100%)
Goldenbroad	Mr. Jin (100%)
East Brothers	Mr. Tian (81.76%[1]), Mr. Jin (6.22%) and Mr. Xu (12.02%)
Beamingstars	Harvest Sky (48.01%) and SH Zhihua[2] (51.99%)
Unionstars	Harvest Sky (40.65%), Goldenbroad (17.64%), East Brothers (7.53%) and Beamingstars (34.18%)

Notes:

(1) East Brothers is owned by Mr. Tian as to 81.76%, of which 42.47% interest reflects the equity interest held by all the Canxing ESOP Holders in SH Zhaoxing. Such interests are reserved for future distribution to eligible participants pursuant to the employee share incentive scheme to be adopted by the Company after [**REDACTED**].

(2) SH Zhihua, is a limited partnership establish in the PRC which is controlled by Chinese Culture.

Star CM (HK) was established in Hong Kong on May 14, 2021 as a wholly-owned subsidiary of our Company. Each of our Company, Star CM (HK), Harvest Sky, Goldenbroad, East Brothers, Beamingstars and Unionstars has been an investment holding company without substantive business operations since incorporation.

Step 2. Issuance of ordinary shares of our Company

To reflect the onshore shareholding structure of Canxing Culture at the Company level, from April 2021 to July 2021, our Company allotted and issued an aggregate of 383,399,767 Shares to the following shareholders, the consideration of which had been settled in full as of August 27, 2021. Upon completion of all of the allotments and issuances, the shareholding structure of our Company is set out as follows:

Shareholder	No. of Shares	Shareholding immediately following the issuance of Shares
Unionstars	236,465,996	61.68%
Harvest Sky	79,740,381	20.80%[(1)]
Tibet Yuanhe	21,851,163	5.70%
Shanghai Aoxia[(2)]	7,739,924	2.02%
Pingtan Fenghuai	6,877,373	1.79%
Taobao China	4,499,955	1.17%
Shanghai Fengpu	4,151,721	1.08%
Premier Asia[(3)]	3,599,964	0.94%
Ningbo Fanghua	3,599,964	0.94%
Shanghai Yanheng	2,741,860	0.72%
Dream Radius[(4)]	2,501,506	0.65%
Ningbo Fengcai	2,159,979	0.56%
Hanfor International[(5)]	2,105,982	0.55%
Jundu Derui	1,800,000	0.47%
Beijing Langma	1,800,000	0.47%
Suzhou Haikun	900,000	0.23%
Xinyu Haikun	864,000	0.23%
Total	**383,399,768**	**100.00%**

Notes:

(1) To streamline the shareholding structure of the Company, Mr. Tian combined its direct interest of 1.48% and indirect interest of 19.32% held through SH Zhouxing in Canxing Culture at the Company level through Harvest Sky.

(2) Shanghai Aoxia is an affiliate of Ningbo Aoteng.

(3) Introduced by Canxing Culture, Premier Asia is an offshore investment vehicle subscribing for the Shares corresponding to the shareholding interests in Canxing Culture held by Guangxi Hexian, one of Canxing Culture's shareholders immediately prior to the commencement of the Reorganization. According to the Company's Reorganization plan, after Guangxi Hexian withdrew its investment in Canxing Culture for commercial reasons at a consideration equivalent to its original investment amount in Canxing Culture during the Capital Reduction, Premier Asia agreed to subscribe for the Shares

corresponding to Guangxi Hexian's shareholding interests in Canxing Culture immediately before the withdrawal of investment. Premier Asia paid for the subscription with its own funds equaled to the consideration paid by Canxing Culcure to Guangxi Hexian in respect of the Capital Reduction. So far as the Company is aware, each Premier Asia and its ultimate beneficial owner is independent from Guangxi Hexian. For further details of Premier Asia, see "— [**REDACTED**] Investments — Information about the [**REDACTED**] Investments — Premier Asia" below.

(4) Dream Radius is wholly owned by Mr. Cao Bin.

(5) Hanfor International is an offshore affiliate of Hanfu Capital.

(6) Details of other shareholders in the table above are set forth in "— [**REDACTED**] Investments — Information about the [**REDACTED**] Investors" below.

Except for SH Xingtou, SH Zhouxing, Mr. Cao Bin, Mr. Tian and Hanfu Capital, which are the Registered Shareholders of Canxing Culture, all other shareholders of Canxing Culture, either by themselves or through designated offshore investment vehicles, subscribed for the aforementioned interests in the Company representing their corresponding interests in Canxing Culture prior to the Reorganization, at the consideration equal to their respective original investment amounts in Canxing Culture they received from the capital reduction in a total amount of RMB1,897,064,827 as set out in "— Onshore Restructuring — Step 2. Capital Reduction of Canxing Culture" below.

Step 3. Acquisition of Canxing International by Star CM (HK)

On July 31, 2021, Star CM (HK) and Canxing Culture entered into a share transfer agreement pursuant to which, Star CM (HK) acquired 100% of the equity interest in Canxing International Media Limited ("**Canxing International**"), a company incorporated in Hong Kong on December 1, 2017 which was wholly owned by Canxing Culture, from Canxing Culture at a consideration of RMB25,500,000.

Step 4. Acquisition of Fortune Star Media by our Company

Upon completion of the onshore Reorganization as set out in "— Onshore Restructuring" below, on August 2, 2021, the Company entered into a share transfer agreement with CMC Asia pursuant to which, CMC Asia transferred 100% equity interest in Fortune Star Media to our Company. Following such share transfer, Fortune Star Media became a wholly-owned subsidiary of our Company. Such transaction was an integral part of our Reorganization and constituted a common control combination under IFRS.

Step 5. Signing of the Joint Control Agreement

On August 3, 2021, to reflect the joint control arrangement under the Canxing JCA on the Company, CMC (Shanghai), CMC (Tianjin), Mr. Tian, Mr. Jin and Mr. Xu and their onshore and offshore intermediary entities including Unionstars, Harvest Sky, Goldenbroad, East Brothers, Beamingstars and SH Zhihua entered into a joint control agreement to exercise their voting rights in the Company, in the same manners as Chinese Culture, Mr. Tian, Mr. Jin and Mr. Xu and their Onshore Intermediary Shareholders agreed under the Canxing JCA as set out in "— Our History and Corporate Development — Canxing Culture — Entering into Canxing JCA and Joint-stock Reform" above. Pursuant to the terms of the Joint Control Agreement, the parties to the Joint Control Agreement had confirmed and agreed that they had and would continue to act in concert to reach consensus with respect to, among others, (i) proposing resolutions at the shareholders' meetings; (ii) exercising their voting rights at the shareholders' meetings; (iii) nominating directors and (iv) procuring directors nominated to vote unanimously at the board meetings at each intermediary entity and the Company with respect to all matters of the Company. The signing parties to the Joint Control Agreement believe that the arrangement under the Joint Control Agreement is consistent with the arrangement under the Canxing JCA in all material respect and will be beneficial to the overall strategic planning and decision-making process of our Group.

Onshore Restructuring

Step 1. Reorganization of our Non-restricted and/or Non-prohibited Business

To ensure that the Contractual Arrangements are narrowly tailored in accordance with the requirements of the Stock Exchange, we restructured our onshore entities and minority equity investments so that entities operating businesses that are not subject to foreign ownership restrictions or prohibitions can be held through Shanghai Jiuwu Yisheng, a wholly foreign-owned enterprise of our Company. During the period from June 2021 to July 2021, Canxing Culture transferred to Shanghai Jiuwu Yisheng (i) the entire equity interests in certain of its onshore subsidiaries including MXQY, Star International, Ningbo Canxing Culture Broadcast Co., Ltd. (寧波燦星文化傳播有限公司) and Xi'an Star China Media Co., Ltd. (西安星空華文傳媒有限公司), and (ii) its equity interests in Shanghai Canteng Culture & Media Co., Ltd. (上海燦騰文化傳媒有限公司) (currently known as Shanghai Heilai Music Co., Ltd. (上海黑籟音樂有限公司)), Shanghai Hongying Culture & Art Development Co., Ltd. (上海鴻贏文化藝術發展有限公司) and Shanghai Ximan Canxing Culture Broadcast Co., Ltd. (上海喜漫燦星文化傳播有限公司). Except for the consideration for the transfer of equity interest in MXQY which was determined after arm's length negotiation with reference to the consideration of the MXQY Acquisition, the consideration for the above share transfers were determined with reference to the book value of net assets of the relevant companies. All the above-mentioned share transfers were fully settled on October 26, 2021.

Step 2. Capital Reduction of Canxing Culture

Pursuant to the shareholders' resolutions adopted by Canxing Culture on May 14, 2021, certain then existing shareholders of Canxing Culture exited Canxing Culture by way of capital reduction in its registered capital in a total amount of RMB62,585,903 for a total consideration of RMB1,897,064,827 (the "**Capital Reduction**"). The consideration received by each of the above exiting shareholders upon completion of the Capital Reduction equaled to their respective original investment amount paid for the subscription of the shares in Canxing Culture. The consideration for the Capital Reduction was fully settled on August 27, 2021. Following the Capital Reduction, the registered capital of Canxing Culture decreased from

RMB383,399,768 to RMB320,813,865 and each of SH Xingtou, SH Zhouxing, Mr. Tian, Mr. Cao Bin and Hanfu Capital remained as the Registered Shareholders of Canxing Culture holding 73.71%, 23.09%, 1.77%, 0.78% and 0.65% interest in Canxing Culture, respectively.

Step 3. Acquisition of Shanghai Jiuwu Yisheng by Star CM (HK)

On June 9, 2021, Canxing Culture transferred 2% equity interest in Shanghai Jiuwu Yisheng to Glow Success Investment Limited ("**Glow Success**"), a Hong Kong company wholly owned by Mr. Wang Feng who was an Independent Third Party at a consideration of RMB6,000,000. The consideration was determined based on a valuation report prepared by an independent valuer and fully settled on July 22, 2021. Upon completion of the share transfer on June 24, 2021, Shanghai Jiuwu Yisheng was converted into a sino-foreign joint venture enterprise.

On July 21, 2021, Canxing Culture transferred 98% equity interest in Shanghai Jiuwu Yisheng to Star CM (HK) for a consideration of RMB296,940,000, which was determined based on a valuation report prepared by an independent valuer. The consideration for the transfer was fully settled on August 2, 2021. On July 21, 2021, Glow Success transferred its 2% equity interest in Shanghai Jiuwu Yisheng to Star CM (HK) for a consideration of RMB6,060,000, which was determined based on the same valuation report as mentioned above. The consideration for the Share transfer was fully settled on August 18, 2021. Upon completion of the above share transfers of Shanghai Jiuwu Yisheng, Shanghai Jiuwu Yisheng became a wholly-owned subsidiary of our Company.

Step 4. Contractual Arrangements in respect of Our Consolidated Affiliated Entities

On July 23, 2021 and November 7, 2022, our Consolidated Affiliated Entities, their registered shareholders and Shanghai Jiuwu Yisheng, entered into the Contractual Arrangements in order to exercise and maintain control over the operation of and obtain economic benefits from Canxing Culture and its subsidiaries which engaged in businesses subject to foreign ownership restrictions or prohibitions. For further details, see "Contractual Arrangements."

Upon completion of the above steps, our Company became the holding company of our Group. The shareholding and corporate structure of our Group immediately after the Reorganization is set forth in "— Our Structure Immediately Prior to the [**REDACTED**]" below.

[REDACTED] INVESTMENTS

Overview

We attracted several rounds of investment through direct investments or equity transfers from March 2016 to June 2018:

(1) **2016 Investments:** On March 30, 2016, Canxing Culture and its then existing shareholders SH Xingtou and SH Zhouxing entered into a capital increase agreement with Tibet Yuanhe, Shanghai Yanheng, Pingtan Fenghuai, Shanghai Fengpu, Mr. Tian and Mr. Cao Bin (together the "**2016 Investors**") pursuant to which the 2016 Investors subscribed for the increased registered capital of RMB593,742.87 of Canxing Culture at an aggregate consideration of RMB642,528,735 and the registered capital of Canxing Culture increased from RMB3,973,510 to RMB4,567,252.87. The premium amount of RMB641,934,992.76 was credited to the capital reserve of Canxing Culture. The registered capital of Canxing Culture increased from RMB4,567,252.87 to RMB360,000,000 due to the conversion of Canxing Culture from a limited liability company to a join stock company in July 2016.

(2) **2017 Investments:** On December 1, 2017, the then existing shareholders of Canxing Culture, SH Xingtou, SH Zhouxing and the 2016 Investors entered into a shareholders' agreement with Ningbo Aoteng, Ningbo Fanghua, Ningbo Fengcai and Hanfu Capital (together the "**2017 Investors**") pursuant to which 2017 Investors subscribed for the increased registered capital of RMB15,299,849 of Canxing Culture at an aggregate consideration of RMB850,000,000 and the registered capital of Canxing Culture increased from RMB360,000,000 to RMB375,299,849. The premium amount of RMB834,700,151 was credited to the capital reserve of Canxing Culture.

(3) **2018 First Round Investments:** The following sets out transfer of shares of Canxing Culture from February 2, 2018 to April 8, 2018:

- On February 2, 2018, Suzhou Haikun entered into share transfer agreements with each of Pingtan Fenghuai and Shanghai Yanheng, pursuant to which each of Pingtan Fenghuai and Shanghai Yanheng transferred 450,000 shares of Canxing Culture to Suzhou Haikun at the consideration of RMB25,000,000, respectively.

- On March 12, 2018, Xinyu Haikun and SH Zhouxing entered into a share transfer agreement pursuant to which SH Zhouxing transferred 864,000 shares of Canxing Culture to Xinyu Haikun at a consideration of RMB48,000,000.

- On April 2, 2018, Jundu Derui entered into share transfer agreements with each of Mr. Cao Bin, Shanghai Yanheng and Pingtan Fenghuai, pursuant to which each of Mr. Cao Bin, Shanghai Yanheng and Pingtan Fenghuai transferred 720,000 shares, 450,000 shares and 630,000 shares of Canxing Culture to Jundu Derui at the consideration of RMB40,000,000, RMB25,000,000 and RMB35,000,000, respectively.

- On April 8, 2018, Hanfu Capital and Mr. Cao Bin entered into a share transfer agreement pursuant to which Mr. Cao Bin transferred 306,000 shares of Canxing Culture to Hanfu Capital at a consideration of RMB17,000,000.

- On April 26, 2018, Beijing Langma and SH Zhouxing entered into a share transfer agreement pursuant to which SH Zhouxing transferred 1,800,000 shares of Canxing Culture to Beijing Langma at a consideration of RMB100,000,000.

(4) **2018 Second Round Investments:** On June 19, 2018, Canxing Culture, SH Xingtou, SH Zhouxing and Mr. Tian entered into a capital subscription agreement with Hangzhou Alibaba and Guangxi Hexian (together the "**2018 Second Round Investors**"), pursuant to which the 2018 Second Round Investors subscribed for the registered capital increased in the amount of RMB8,099,919 of Canxing Culture at an aggregate consideration of RMB360,000,000. Pursuant to the shareholders' resolutions dated June 11, 2018, the registered capital of Canxing Culture increased from RMB375,299,849 to RMB383,399,768. The premium amount of RMB351,900,081 was credited to the capital reserve of Canxing Culture.

The below table summarizes the principal terms of the [**REDACTED**] Investments:

Relevant investment	Date of investment	Total consideration paid by the investors	Settlement date[1]	Cost per share[2]	[REDACTED] to the [REDACTED][3]
		(RMB)		*(RMB)*	
2016 Investments	March 30, 2016	642,528,735	March 31, 2016	13.73	[REDACTED]%
2017 Investments	December 1, 2017	850,000,000	December 12, 2017	55.56	[REDACTED][4]
2018 First Round Investments	February 2, 2018, from Pingtan Fenghuai and Shanghai Yanheng to Suzhou Haikun	315,000,000	February 2, 2018	55.56	[REDACTED][4]

Relevant investment	Date of investment	Total consideration paid by the investors	Settlement date[(1)]	Cost per share[(2)]	[REDACTED] to the [REDACTED][(3)]
		(RMB)		*(RMB)*	
	March 12, 2018, from SH Zhouxing to Xinyu Haikun		March 19, 2018		
	April 2, 2018, from Mr. Cao Bin, Shanghai Yanheng and Pingtan Fenghuai to Jundu Derui		April 16, 2018		
	April 8, 2018, from Mr. Cao Bin to Hanfu Capital		April 26, 2018		
	April 26, 2018, from SH Zhouxing to Beijing Langma		May 29, 2018		
2018 Second Round Investments	June 19, 2018	360,000,000	June 22, 2018	44.44	[REDACTED][(5)]

Notes:

(1) Refers to the last date of settlement for the relevant rounds of [**REDACTED**] Investments.

(2) For the 2016 Investments, being cost per RMB1.0 of the registered capital of Canxing Culture. For the 2017 Investments, 2018 First Round Investments and 2018 Second Round Investments, being cost per share of Canxing Culture with par value of RMB1.0.

(3) The [**REDACTED**] to the [**REDACTED**] is calculated based on the assumption that the [**REDACTED**] is HK$[**REDACTED**] per Share, being the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] to HK$[**REDACTED**].

(4) The premium to the [**REDACTED**] was due to different valuations of the Group based on mutual agreement between the Group and the relevant [**REDACTED**] Investors at the relevant times. In general, the valuation of the Group increased from 2016 Investments to the 2018 First Round Investments, which was in line with the then business growth of the Group. Specifically, the consideration for the 2017 Investments and 2018 First Round Investments was determined after arm's

length negotiations between our Group and the relevant [**REDACTED**] Investors based on the Group's business prospects, then market value of Canxing Culture with reference to the PE ratios of comparable companies at the relevant times and the capital market conditions in the PRC in late 2017 and early 2018, respectively.

(5) The premium to the [**REDACTED**] was due to different valuations of the Group based on mutual agreement between the Group and the relevant [**REDACTED**] Investors at the relevant times. The consideration for the 2018 Second Round Investments was determined after arm's length negotiations between our Group and the relevant [**REDACTED**] Investors based on the Group's business prospects, then market value of Canxing Culture with reference to the PE ratios of comparable companies at the relevant time and the capital market conditions in the PRC in mid-2018.

Basis of determination of the consideration

The consideration was determined based on arm's length negotiation between the [**REDACTED**] Investors and our Group with reference to Canxing Culture's business scale and financial performance at the relevant times. Other factors were also taken into account in the determination of the consideration including but not limited to (i) the investment risk assumed by the relevant [**REDACTED**] Investors under the capital market conditions at the time of the relevant investments and (ii) the strategic benefits which would be brought by the [**REDACTED**] Investors to our Group as detailed in the "— Strategic benefits that the [**REDACTED**] Investors would bring to our Group."

Use of proceeds from the [REDACTED] Investments

As of the Latest Practicable Date, substantially all of the proceeds from the [**REDACTED**] Investments had been fully utilized for the development and operations of our business, including but not limited to strategic investments, new business development, personnel recruitment as well as other general corporate purposes.

Strategic benefits that the [REDACTED] Investors would bring to our Group

At the time of the [**REDACTED**] Investments, we were of the view that our Company would benefit from the strategic or financial value that the [**REDACTED**] Investors would bring to our business, the additional capital provided by the [**REDACTED**] Investors' investments in our Group and their knowledge relevant to our business. Our [**REDACTED**] Investors include renowned professional investors, which can provide us with professional advice on our Group's development and improve our corporate governance, financial reporting and internal control.

Our Company also considers that the [**REDACTED**] Investments demonstrated the [**REDACTED**] Investors' confidence in our Group's operations and served as an endorsement of our Company's performance, strengths and prospects, which can assist us in broadening our shareholder base.

Information about the [REDACTED] Investors

The following sets forth the background information of our [**REDACTED**] investors (the "[**REDACTED**] **Investors**"). Each of our [**REDACTED**] Investors is an Independent Third Party.

Dream Radius

Dream Radius is a company incorporated under the laws of the BVI, which is ultimately controlled by Mr. Cao Bin, one of the Registered Shareholders of Canxing Culture. Dream Radius is an overseas special purpose vehicle controlled by Mr. Cao Bin for the purpose of investment holding.

Tibet Yuanhe

Tibet Yuanhe is a private company incorporated under the laws of the PRC. It is directly wholly-owned by Zhefu Holding Group Co., Ltd. (浙富控股集團股份有限公司) ("**Zhefu Group**"), a company incorporated in the PRC and listed on the Shenzhen Stock Exchange (SZSE: 002266). Zhefu Group primarily engages in harmless treatment of hazardous waste, recycling of renewable resources, hydropower equipment and nuclear power equipment businesses.

Shanghai Yanheng

Shanghai Yanheng is a limited partnership incorporated under the laws of the PRC and a private equity fund. The general partner of Shanghai Yanheng is Yanshan Investment Management (Shanghai) Co., Ltd. (岩山投資管理(上海)有限公司) ("**Yanshan Investment**"). Yanshan Investment is wholly owned by Tibet Yanshan Investment Management Co., Ltd. (西藏岩山投資管理有限公司) ("**Tibet Yanshan**"), a company incorporated under the laws of the PRC which is ultimately controlled by Ms. Fu Yaohua (傅耀華). As of the Latest Practicable Date, Shanghai Yanheng had 36 limited partners and was held as to 18.6% by Mr. Sun Yi (孫毅) as the largest limited partner. Apart from the investment in the Company, Shanghai Yanheng also invested in other portfolio companies.

Pingtan Fenghuai and Shanghai Fengpu

Each of Pingtan Fenghuai and Shanghai Fengpu is a limited partnership incorporated under the laws of the PRC and a private equity fund. Their general partner is Fengshi (Shanghai) Investment Management Co., Ltd. (灃石(上海)投資管理有限公司) ("**Fengshi Shanghai**"), which is owned by Yanshan Investment and Mr. Rao Kangda (饒康達) as to 50.0%, respectively. As of Latest Practicable Date, Pingtan Fenghuai had two limited partners being Pingtan Fengshi No.1 Investment Management Partnership (Limited Partnership) (平潭灃石1號投資管理合夥企業(有限合夥)) ("**Pingtan Fengshi No.1**") and Shanghai Fengshi No.2 Venture Capital Partnership (Limited Partnership) (上海灃石二號創業投資合夥企業(有限合夥)) ("**Shanghai Fengshi No.2**"). Each of Pingtan Fengshi No.1 and Shanghai Fengshi No.2 is a limited partnership incorporated under the laws of the PRC and a private equity fund. Their general partner is Fengshi Shanghai. As of the Latest Practicable Date, Pingtan Fengshi No.1 was held as to 37.4%, 37.4%, 24.9% and 0.1%, respectively, by four limited partners being Haitong Innovation Securities Investment Co., Ltd. (海通創新證券投資有限公司), Tibet Yuanhe, Shanghai 2345 Network Holding Group Co., Ltd. (上海二三四五網絡控股集團股份有限公司) and Tibet Kunjin Enterprise Management Co., Ltd. (西藏琨錦企業管理有限公司). Haitong Innovation Securities Investment Co., Ltd., a 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), a company incorporated under the laws of the PRC and listed on the Shanghai Stock Exchange (SHSE: 600837). Shanghai 2345 Network Holding Group Co., Ltd. is a company incorporated under the laws of the PRC and listed on the Shenzhen Stock Exchange (SZSE: 002195). As of the Latest Practicable Date, Shanghai Fengshi No.2 had 31 limited partners and was held as to 21.3% by Pingtan Fengshi Hengtong Investment Management Partnership (Limited Partnership) (平潭灃石恒通投資管理合夥企業(有限合夥)) ("**Fengshi Hengtong**") as the largest limited partner. The general partner of Fengshi Hengtong is Fengshi Shanghai. As of the Latest Practicable Date, Fengshi Hengtong had two limited partners being Tibet Fengshi Investment Management Co., Ltd. (西藏灃石投資管理有限公司) and Tibet Yanshan. Tibet Fengshi Investment Management Co., Ltd., a company incorporated under the laws of the PRC, is wholly owned by Fengshi Shanghai. As of Latest Practicable Date, Shanghai Fengpu had 7 limited partners and was held as to 61.3% by Mr. Wang Weimin (王為民) as the largest limited partner.

Shanghai Aoxia

Shanghai Aoxia is a limited partnership incorporated under the laws of the PRC. The general partner of Shanghai Aoxia is Ningbo Yuanyi, which is ultimately controlled by Mr. Tang Meng (唐萌). As of the Latest Practicable Date, Shanghai Aoxia had one limited partner being Ningbo Aoteng, a limited partnership incorporated under the laws of the PRC. The general partner of Ningbo Aoteng is Ningbo Yuanyi. As of the Latest Practicable Date, Xingye Guoxin Asset Management Co., Ltd. (興業國信資產管理有限公司), a company incorporated under the laws of the PRC, is the largest limited partner of Ningbo Aoteng holding 90.7% limited partner interest in Ningbo Aoteng, while none of the other limited partners holds more than one third of the interest in Ningbo Aoteng. Xingye Guoxin Asset Management Co., Ltd. is ultimately controlled by Industrial Bank Co., Ltd. (興業銀行股份有限公司), a company incorporated under the laws of the PRC and listed on the Shanghai Stock Exchange (SHSE: 601166).

Ningbo Fanghua

Ningbo Fanghua, a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partner of Ningbo Fanghua is Shanghai Yousheng Assets Management Co., Ltd. (上海悠晟資產管理有限公司) ("**Shanghai Yousheng**"). Shanghai Yousheng is owned by Ningbo Xihe Asset Management Co., Ltd. (寧波羲和資產管理有限公司), Shanghai Penghui Jiqiu Asset Management Center (Limited Partnership) (上海鵬匯集裘資產管理中心(有限合夥)) and Ningbo Meishan Free Trade Port Yunguang Investment Center (寧波梅山保税港區雲光投資中心) as to 40.0%, 30.0% and 30.0%, respectively. Ningbo Xihe

Asset Management Co., Ltd. is ultimately controlled by Ms. Sun Xiaolan (孫曉蘭). The general partner of Shanghai Penghui Jiqiu Asset Management Center (Limited Partnership) is Penghui Shanghai Private Equity Fund Management Co., Ltd. (鵬匯(上海)私募基金管理有限公司), which is ultimately controlled by Mr. Lu Ji (陸吉). The general partner of Ningbo Meishan Free Trade Port Yunguang Investment Center is Linghui (Shanghai) Asset Management Co., Ltd. (領麾(上海)資產管理有限公司), which is ultimately controlled by Ms. Zhou Yinglong (周影龍). As of Latest Practicable Date, Ningbo Fanghua had two limited partners being Ningbo Meishan Free Trade Port Taimai Enterprise Management Consulting Co., Ltd. (寧波梅山保稅港區太麥企業管理諮詢有限公司) and Wenzhou Yingqiao Investment Co., Ltd. (溫州英橋投資有限公司). Ningbo Meishan Free Trade Port Taimai Enterprise Management Consulting Co., Ltd., a company incorporated under the laws of the PRC, is owned by Mr. Dong Hai (董海) and Mr. Chen Kefu (陳可夫) as to 50%, respectively. Wenzhou Yingqiao Investment Co., Ltd., a company incorporated under the laws of the PRC, is wholly owned by Mr. Yi Jiandong (易建東).

Ningbo Fengcai

Ningbo Fengcai, a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partner of Ningbo Fengcai is Shanghai Fengshi Assets Management Co., Ltd. (上海豐實資產管理有限公司), a company incorporated under the laws of the PRC which is ultimately controlled by Mr. Lu Changqi (盧長祺). As of Latest Practicable Date, Ningbo Fengcai had four limited partners being Ms. Xu Shu (徐曙), Mr. Xi Li (奚利), Mr. Ding Jiachun (丁嘉春) and Mr. Huang Xiao Ming (黃曉明).

Hanfor International

Hanfor International is a company incorporated under the laws of the BVI, which is ultimately controlled by Mr. Han Xueyuan (韓學淵) and an offshore affiliate of Hanfu Capital, one of the Registered Shareholders of Canxing Culture. Hanfor International is an overseas special purpose vehicle controlled by Mr. Han Xueyuan for the purpose of investment holding. Hanfu Capital is a company incorporated under the laws of the PRC primarily engaging in asset management, investment management and investment advisory businesses.

Suzhou Haikun and Xinyu Haikun

Each of Suzhou Haikun and Xinyu Haikun is a limited partnership incorporated under the laws of the PRC and a private equity fund. The general partner of Suzhou Haikun and Xinyu Haikun is Haikun Investment Management (Shanghai) Co., Ltd. (海鯤投資管理(上海)有限公司) ("**Haikun Shanghai**"), which is wholly owned by Ms. Cheng Ahui (程阿惠). As of Latest Practicable Date, Suzhou Haikun had four limited partners being Xinyu Haikun Jingchuang Investment Partnership (Limited Partnership) (新余海鯤景創投資合夥企業(有限合夥)) ("**Haikun Jingchuang**"), Xinyu Haikun Haoshuo Investment Partnership (Limited Partnership) (新余海鯤昊爍投資合夥企業(有限合夥)) ("**Haikun Haoshuo**"), Xinyu Haikun Tenghao Investment Partnership (Limited Partnership) (新余海鯤滕浩投資合夥企業(有限合夥)) ("**Haikun Tenghao**") and Haikun Shengze (Wuhu) Investment Center (Limited Partnership) (海鯤晟澤(蕪湖)投資中心(有限合夥)) ("**Haikun Shengze**"). Each of Haikun

Jingchuang, Haikun Haoshuo, Haikun Tenghao and Haikun Shengze is a limited partnership incorporated under the laws of the PRC and a private equity fund. The general partner of Haikun Jingchuang, Haikun Haoshuo, Haikun Tenghao and Haikun Shengze is Haikun Shanghai. As of the Latest Practicable Date, Haikun Jingchuang had 49 limited partners and was held as to 5.0% by Mr. Han Rui (韓瑞) as the largest limited partner. As of the Latest Practicable Date, Haikun Haoshuo had 45 limited partners and was held as to 5.0% by Ms. Liu Chunying (劉春英) as the largest limited partner. As of the Latest Practicable Date, Haikun Tenghao had 49 limited partners and was held as to 3.8% by Ms. Zhang Shaoying (張少英) as the largest limited partner. As of the Latest Practicable Date, Haikun Shengze had one limited partner being Ms. Feng Yingfang (馮瑩昉). As of the Latest Practicable Date, Xinyu Haikun had 23 limited partners and was held as to 8.6% by Ms. Tang Aiyu (唐愛玉) as the largest limited partner.

Jundu Derui

Jundu Derui, a limited partnership incorporated under the laws of the PRC, is a private equity fund. The general partner of Jundu Derui is Ningbo Jundu Private Equity Fund Management Co., Ltd. (寧波君度私募基金管理有限公司) ("**Ningbo Jundu**"), which is beneficially owned by Chen Jun (陳軍), Cheng Jianmin (成建民) and Yu Bin (喻賓), as to 36.0%, 25.5% and 10.0%, respectively. The remaining interest in Ningbo Jundu was owned by a group of shareholders each holding less than 10% interest in Ningbo Jundu. Jundu Derui had 37 limited partners and was held as to 10.0% by Suzhou Dade Hongqiang Investment Center (Limited Partnership) (蘇州大得宏強投資中心(有限合夥)) ("**Suzhou Dade Hongqiang Center**") as the largest limited partner. Suzhou Dade Hongqiang Center is a limited partnership incorporated under the laws of the PRC and a private equity fund. The general partner of Suzhou Dade Hongqiang Center is Suzhou Dade Hongqiang Investment Management Co., Ltd. (蘇州大得宏強投資管理有限公司), a company incorporated under the laws of the PRC and owned by Ms. Zhao Xiaoling (趙曉玲) and Ms. Wang Xiuzhen (王秀珍) as to 70% and 30%, respectively. Suzhou Dade Hongqiang Center had one limited partner being Ms. Wang Xiuzhen. Apart from the investment in the Company, Jundu Derui also invested in other portfolio companies.

Beijing Langma

Beijing Langma is a private company incorporated under the laws of the PRC and is managed and owned by Everest VC (北京朗瑪峰創業投資管理有限公司) as to 3.5%, a company incorporated under the laws of the PRC which is ultimately controlled by Mr. Xiao Jiancong (肖建聰). Beijing Langma had 31 shareholders and was held as to 8.0% by Mr. Yang Xikuan (楊喜寬) as the largest shareholder.

Taobao China

Taobao China, a limited liability company incorporated under the laws of Hong Kong, is wholly owned by Alibaba Group Holding Limited. Alibaba Group Holding Limited is an exempted company incorporated with limited liability under the laws of the Cayman Islands on June 28, 1999, and is listed on the NYSE under the symbol "BABA" and on the Hong Kong Stock Exchange under the stock code "9988."

Premier Asia

Premier Asia is a private company incorporated under the laws of the BVI wholly owned by Zhongjing Xinhua Property Management (Hong Kong) Co., Limited (中靜新華資產管理(香港)有限公司), a company incorporated under the laws of Hong Kong with its sole shareholder being Zhongjing Xinhua Asset Management Co., Ltd. (中靜新華資產管理有限公司). Zhongjing Xinhua Asset Management Co., Ltd. is ultimately controlled by Shanghai Soong Ching Ling Foundation (上海宋慶齡基金會). Premier Asia is an overseas special purpose vehicle established for the purpose of investment holding.

Special Rights and Lock Up

Pursuant to our shareholders agreement dated August 27, 2021 entered into by us and the existing Shareholders of our Company (the "**Shareholders Agreement**"), the [**REDACTED**] Investors were granted certain special rights in relation to the Company, including, among others, customary rights of first refusal, pre-emptive rights and information rights. All special rights under the [**REDACTED**] Investments were terminated immediately prior to the first submission of the [**REDACTED**] to the Stock Exchange for the purpose of the [**REDACTED**]. The [**REDACTED**] Investors are not subject to any lock-up requirement pursuant to the Shareholders Agreement.

Public Float

As neither of the [**REDACTED**] Investors will be a core connected person of our Company upon [**REDACTED**], all the shares held by the [**REDACTED**] Investors mentioned above will be counted towards the public float for the purpose of Rule 8.08 of the Listing Rules.

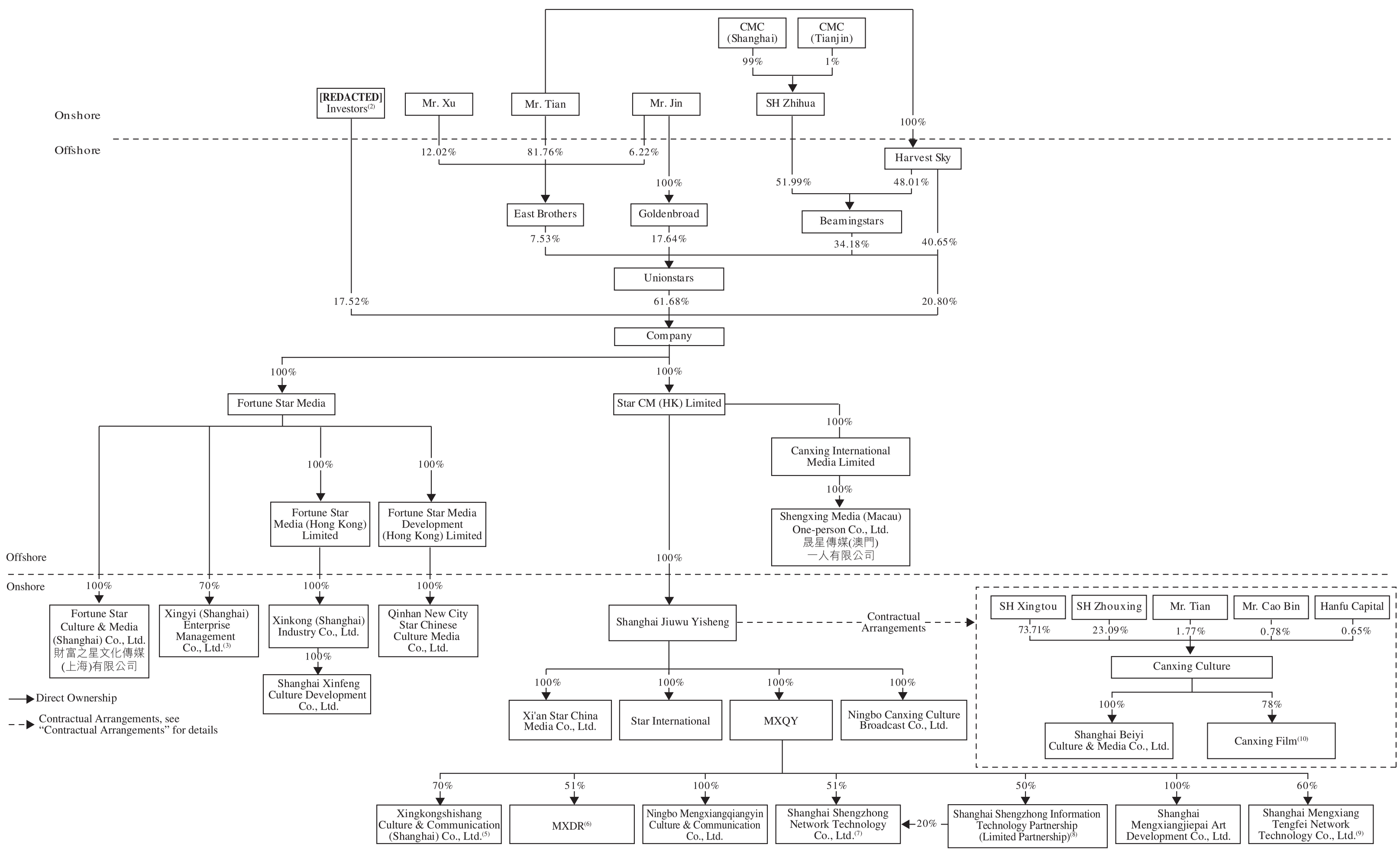
[**REDACTED**]

Compliance with Interim Guidance and Guidance Letters

Based on the documents provided by the Company relating to the [**REDACTED**] Investments, the Joint Sponsors confirm that the [**REDACTED**] Investments are in compliance with the Interim Guidance on [**REDACTED**] Investments (HKEX-GL29-12) and the Guidance on [**REDACTED**] Investments (HKEX-GL43-12).

OUR STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

The following chart sets forth our Group's corporate and shareholding structure immediately after completion of the Reorganization but prior to the [**REDACTED**].



Notes:

(1) Each of Mr. Tian, Mr. Jin, Mr. Xu, CMC (Shanghai), CMC (Tianjin), SH Zhihua, Harvest Sky, Beamingstars, Goldenbroad, East Brothers and Unionstars are parties to the Joint Control Agreement. For further details, see "— Reorganization — Offshore Restructuring — Step 5. Signing of the Joint Control Agreement."

(2) [**REDACTED**] Investors include Dream Radius (0.65%), Hanfor International (0.55%), Taobao China (1.17%), Premier Asia (0.94%), Tibet Yuanhe (5.70%), Shanghai Yanheng (0.72%), Pingtan Fenghuai (1.79%), Shanghai Fengpu (1.08%), Shanghai Aoxia (2.02%), Ningbo Fanghua (0.94%), Ningbo Fengcai (0.56%), Suzhou Haikun (0.23%), Xinyu Haikun (0.23%), Jundu Derui (0.47%) and Beijing Langma (0.47%). See "— [**REDACTED**] Investments" in this section for further details of our [**REDACTED**] Investors.

(3) As of the Latest Practicable Date, the remaining 30% of the issued share capital of Xingyi (Shanghai) Enterprise Management Co., Ltd. was owned by Shanghai Gengchi Investment Consulting Co., Ltd. (上海互馳投資諮詢有限公司), Shanghai Yingqian Assets Management Co., Ltd. (上海應乾資產管理有限公司) and Ms. Jin Shasha (金莎莎) as to 20%, 7% and 3%, respectively, each an Independent Third Party.

(4) As of the Latest Practicable Date, the remaining 30% of the issued share capital of Xingkongshishang Culture & Communication (Shanghai) Co., Ltd. was owned by Ms. Li Yinglan (李盈斕), an Independent Third Party.

(5) As of the Latest Practicable Date, the remaining 49% of the issued share capital of MXDR was owned by Mr. Zhang Yong (張勇), Mr. Qiu Qingbin (仇青斌), Mr. Xiong Yuanteng (熊遠騰) and Mr. Xie Hongbo (謝洪波) as to 32.5%, 2.45%, 9.15% and 4.9%, respectively, each an Independent Third Party.

(6) As of the Latest Practicable Date, the remaining 49% of the issued share capital of Shanghai Shengzhong Network Technology Co., Ltd. was owned by Shanghai Shengzhong Information Technology Partnership (Limited Partnership) and Mr. Lu Qiang (陸強), an Independent Third Party, as to 20% and 29%, respectively.

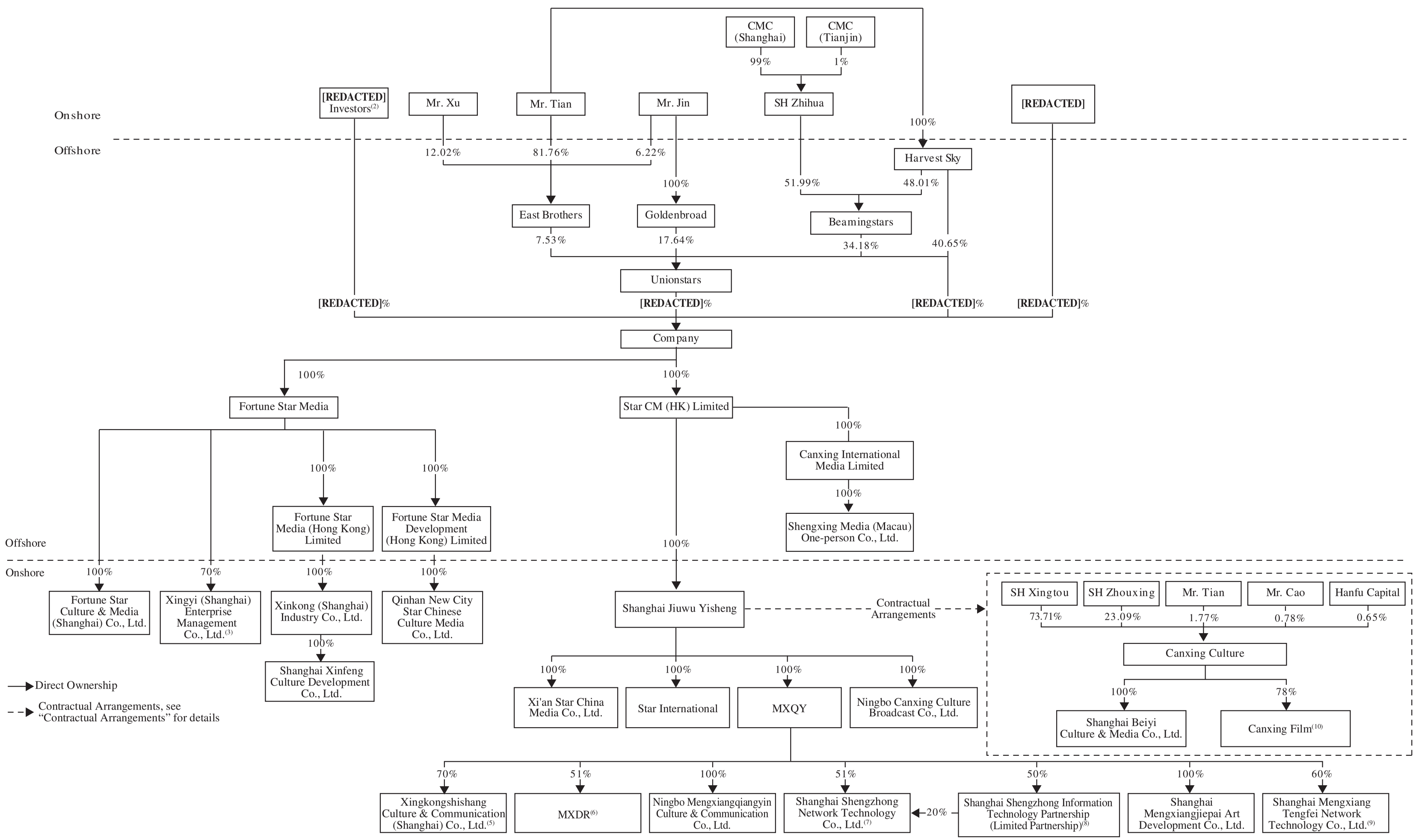
(7) As of the Latest Practicable Date, the remaining 50% of the issued share capital of Shanghai Shengzhong Information Technology Partnership (Limited Partnership) was owned by Mr. Lu Qiang, an Independent Third Party.

(8) As of the Latest Practicable Date, the remaining 40% of the issued share capital of Shanghai Mengxiang Tengfei Network Technology Co., Ltd. was owned by Tengyang Advertisement Co. Ltd. (騰揚廣告有限責任公司), an Independent Third Party.

(9) As of the Latest Practicable Date, the remaining 22% of the issued share capital of Canxing Film was owned by Mr. Zhang Jun (張軍) and Mr. Jing He (景赫), employees of Canxing Film, and Ms. Shi Min (石敏), a director of Canxing Film, as to 15%, 5% and 2%, respectively.

OUR STRUCTURE IMMEDIATELY FOLLOWING THE [REDACTED]

The following chart sets forth our Group's corporate and shareholding structure immediately after completion of the [**REDACTED**], assuming the [**REDACTED**] is not exercised.



Notes:

(1) For notes (1), (3), (4), (5), (6), (7), (8) and (9), please refer to the diagram contained under "Our Structure Immediately Prior to the [**REDACTED**]" in this section.

(2) Other [**REDACTED**] Investors includes Dream Radius ([**REDACTED**]%), Hanfor International ([**REDACTED**]%), Taobao China ([**REDACTED**]%), Premier Asia ([**REDACTED**]%), Tibet Yuanhe ([**REDACTED**]%), Shanghai Yanheng ([**REDACTED**]%), Pingtan Fenghuai ([**REDACTED**]%), Shanghai Fengpu ([**REDACTED**]%), Shanghai Aoxia ([**REDACTED**]%), Ningbo Fanghua ([**REDACTED**]%), Ningbo Fengcai ([**REDACTED**]%), Suzhou Haikun ([**REDACTED**]%), Xinyu Haikun ([**REDACTED**]%), Jundu Derui ([**REDACTED**]%) and Beijing Langma ([**REDACTED**]%). See "— [**REDACTED**] Investments" in this section for further details of our [**REDACTED**] Investors.

PRC LEGAL COMPLIANCE

Our PRC Legal Advisor confirmed that (i) all necessary regulatory approvals, permits and licenses required under PRC Laws in relation to the Reorganization have been obtained and (ii) all share transfers and changes in registered capital as part of the Reorganization have been properly and legally completed in compliance with all applicable PRC laws and regulations.

SAFE REGISTRATION

Pursuant to the SAFE Circular No. 37, before a PRC resident contributes assets or equity interests in an overseas special purpose vehicle (the "**Overseas SPV**"), the PRC resident must conduct foreign exchange registration for offshore investment with the local branch of SAFE. Where a significant matter occurs such as a capital increase/decrease or equity transfer/replacement by a domestic resident individual, the foreign exchange modification registration procedure for foreign investment shall be undertaken with the local branch of SAFE in a timely manner. Pursuant to the Circular of SAFE on Further Simplification and Improvement Policies in Foreign Exchange Administration on 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 "**SAFE Circular No. 13**") issued by SAFE and became effective on June 1, 2015, the aforesaid registration shall be directly reviewed and handled by qualified banks instead of the local branch of SAFE.

Our PRC Legal Advisor has confirmed that each of Mr. Tian, Mr. Jin, Mr. Xu and Mr. Cao Bin as the individual shareholders of the offshore holding vehicles holding our Shares as of the date of this document, known to us as being PRC residents, has completed the registration under SAFE Circular No. 37 and SAFE Circular No. 13.

M&A RULES

According to Article 2 of the "Provisions on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors" (關於外國投資者併購境內企業的規定) (the "**M&A Rules**") jointly issued by six PRC governmental and regulatory agencies, including MOFCOM and CSRC, which became effective on September 8, 2006 and amended on June 22, 2009, foreign investors should comply with the M&A Rules and other applicable PRC laws and regulations when the foreign investors purchase equity interests in a domestic non-foreign-invested enterprise ("domestic company") or subscribes for increased capital of a domestic company, thus changing the nature of the domestic company into a foreign-invested enterprise ("merger and acquisition of equity interests"); or when the foreign investors establish a foreign-invested enterprise in the PRC, through which they purchase and operate the assets of a domestic company by agreement; or when foreign investors purchase the assets of a domestic company, establish a foreign-invested enterprise by injecting such assets, and operate the assets.

Pursuant to the Manual of Guidance on Administration for Foreign Investment Access (《外商投資准入管理指引手冊》 (2008)) promulgated by Foreign Investment Department of the Ministry of Commerce (商務部外資司), notwithstanding the fact that (i) the domestic shareholder of the domestic company is connected with the foreign investor or not, (ii) whether the foreign investor is an existing shareholder or a new investor, the M&A Rules shall not apply to the merger and acquisition of equity interests in a foreign-invested enterprise.

Our PRC Legal Advisor is of the opinion that, based on its understanding of the current PRC laws and regulations, prior CSRC and MOFCOM approvals for the [**REDACTED**] and [**REDACTED**] of our Shares on the Stock Exchange is not required because (i) our wholly foreign-owned PRC subsidiaries were not established through a merger or acquisition of equity interest or assets of a PRC domestic company owned by PRC companies or individuals as defined under the M&A Rules and (ii) no provision in the M&A Rules clearly classified contractual arrangements as a type of transaction subject to the M&A Rules. However, our PRC Legal Advisor further advises that there is uncertainty as to how the M&A Rules will be interpreted or implemented, and whether the relevant PRC government authorities will reach the same conclusion as our PRC Legal Advisor.