SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form F-1

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

Qutoutiao Inc.  
(Exact name of Registrant as specified in its charter)

Cayman Islands  
(State or Other Jurisdiction of Incorporation or Organization)

11/F, Block 3, XingChuang Technology Center  
Shen Jiang Road 5005,  
Pudong New Area, Shanghai, 200120  
People’s Republic of China  
+86-21-6858-3790  
(Address and Telephone Number of Registrant’s Principal Executive Offices)

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New York, NY 10016, United States  
+1-212-947-7200  
(Name, address and telephone number of agent for service)

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Approximate date of commencement of proposed sale to the public:  
As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933. ☒

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

† The term “new or revised financial accounting standard” refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

CALCULATION OF REGISTRATION FEE

<table>
<thead>
<tr>
<th>Title of Each Class of Securities to be Registered(1)</th>
<th>Proposed Maximum Aggregate Offering Price(2)(3)</th>
<th>Amount of Registration Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Class A ordinary shares, par value US$0.0001 per share</td>
<td>US$300,000,000</td>
<td>US$37,350.00</td>
</tr>
</tbody>
</table>

(1) American depositary shares, or ADSs, issuable upon deposit of the Class A ordinary shares registered hereby will be registered under a separate registration statement on Form F-6 (Registration No. 333-). Each ADS represents Class A ordinary shares.

(2) Includes (a) Class A ordinary shares represented by ADSs that may be purchased by the underwriters pursuant to their over-allotment option and (b) all Class A ordinary shares represented by ADSs initially offered and sold outside the United States that may be resold from time to time in the United States after a period of at least 40 days after the later of the effective date of this registration statement and the date the securities are first bona fide offered to the public.

(3) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.
American Depositary Shares

Qutoutiao Inc.

Representing Class A Ordinary Shares

This is an initial public offering of shares of American depositary shares, or ADSs, representing Class A ordinary shares of Qutoutiao Inc.

We are offering ADSs to be sold in this offering. Each ADS represents Class A ordinary shares, US$0.0001 par value per share. We anticipate the initial public offering price per ADS will be between US$ and US$.

Prior to this offering, there has been no public market for the ADSs or our shares. We will apply to list the ADSs on the NASDAQ Global Market, under the symbol “QTT.”

We are an “emerging growth company” under applicable United States federal securities laws and are eligible for reduced public company reporting requirements.

See “Risk Factors” on page 14 to read about factors you should consider before buying the ADSs.

Neither the United States Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

To the extent that the underwriters sell more than ADSs in this offering, the underwriters have a 30-day option to purchase up to an aggregate of additional ADSs from us at the initial public offering price less the underwriting discounts and commissions.

Upon the completion of this offering, Class A ordinary shares and Class B ordinary shares will be issued and outstanding. Each Class A ordinary share will be entitled to one vote, and each Class B ordinary share will be entitled to ten (10) votes and will be convertible into one Class A ordinary share. We will be a “controlled company” as defined under the Nasdaq Stock Market Rules because Mr. Eric Siliang Tan, our co-founder and executive chairman, will hold a majority of the aggregate voting power of our company upon the completion of this offering.

The underwriters expect to deliver the ADSs against payment in New York, New York on , 2018.

(in alphabetical order)

Citigroup

China Merchants Securities (HK)

Deutsche Bank Securities

UBS Investment Bank

KeyBanc Capital Markets

Prospectus dated , 2018
No.2 Mobile Content Aggregator in China

48.8m MAUs
17.1m Average DAUs
55.6 mins Average daily time spent per DAU

Qu Tou Tiao
Fun Headlines

OUR MISSION
Bring Fun and Value to Users through Content

1. In terms of MAUs and average DAUs in July 2013, according to the Antyea Report
2. In July 2015
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No dealer, salesperson or other person is authorized to give any information or to represent as to anything not contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. You must not rely on any unauthorized information or representations. This prospectus is an offer to sell, and we are seeking offers to buy, only the ADSs offered hereby, and only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus is current only as of its date, regardless of the time of delivery of this prospectus or any sale of the ADSs.
Neither we nor the underwriters have done anything that would permit this offering or the possession or distribution of this prospectus or any filed free writing prospectus in any jurisdiction where other action for that purpose is required, other than in the United States. Persons outside the United States who come into possession of this prospectus or any free writing prospectus filed with the United States Securities and Exchange Commission, or SEC, must inform themselves about, and observe any restrictions relating to, the offering of the ADSs and the distribution of this prospectus or any filed free writing prospectus outside of the United States.

Until , 2018 (the 25th day after the date of this prospectus), all dealers that buy, sell or trade ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.
PROSPECTUS SUMMARY

This summary highlights selected information contained in greater detail elsewhere in this prospectus. This summary may not contain all of the information that you should consider before investing in our ADSs. You should carefully read the entire prospectus, including “Risk Factors” and the financial statements, before making an investment decision. This prospectus contains information from an industry report commissioned by us and prepared by Analysys International, an independent market research firm, to provide information regarding our industry and our market position in China. We refer to this report, which is dated as of August 15, 2018, as the Analysys Report.

Our Mission

Bring fun and value to users through content.

Overview

We are the No. 2 mobile content aggregator in China in terms of MAUs and average DAUs in July 2018, according to the Analysys Report. Our flagship mobile application, Qutoutiao, meaning “fun headlines” in Chinese, aggregates articles and short videos from professional media and freelancers and presents customized feeds to users. These feeds are optimized in real time based on each user’s profile, behavior and social relationships through our proprietary AI-powered content recommendation engine. Since its launch in June 2016, Qutoutiao has rapidly gained popularity, reaching MAUs of approximately 48.8 million, average DAUs of approximately 17.1 million and average daily time spent per DAU of approximately 55.6 minutes in July 2018.

We believe we represent a new generation of technology-driven content platforms. Historically, users are accustomed to consume content passively as media dictate content curation. However, as the volume and diversity of content available on the Internet grow exponentially, users demand, at scale, content personalization, which is only achievable through technology. We believe our technology brings relevant information and entertainment to users, stimulates users’ desire to read, and ultimately improves the knowledge exchange in society.

Since our inception, we have strategically targeted users from tier-3 and below cities in China because of the enormous opportunities in this underserved market. As of the end of 2017, tier-3 and below cities had a population of 1.027 million each owning 0.5 mobile device on average (compared to a population of 363 million each owning 1.3 mobile devices on average in tier-1 and 2 cities), suggesting significant potential for further mobile penetration, according to the Analysys Report. Mobile users in tier-3 and below cities tend to have a slower pace of life and spend more time on the Internet given limited offline entertainment venues. Moreover, they often enjoy fast increasing disposable income and lower financial pressures thanks to lower housing prices. These factors contribute to a significant need for mobile entertainment content while also create strong monetization potential. Users from tier-3 and below cities tend to have different interests and preferences than users from tier-1 and tier-2 cities. Qutoutiao’s light entertainment-oriented and easily digestible content is designed to resonate with such users and provides us with a significant advantage to capture this underserved market.

Our rapid growth since the launch of Qutoutiao is in large part due to our innovative user account system and gamified user loyalty program. We believe we are a pioneer in the mobile content industry in applying such a loyalty program. Registered users can earn loyalty points by referring new users to register on Qutoutiao, by consuming content or by engaging on Qutoutiao. Although loyalty points only translate into trivial monetary amounts, we believe they foster users’ loyalty and emotional connection to Qutoutiao as compared to other platforms. The loyalty programs create a strong viral effect, which we believe enables us to enjoy lower user acquisition cost compared to acquiring users through other means. The gamified loyalty point system not only helps us keep users more engaged and enhance user stickiness, but also enables us to track users’ long-term behavior and optimize content recommendation, as almost all of our DAUs are logged-on users.
Covering a broad range of topics, Qutoutiao is focused on humor, stories and other light entertainment content that delight and inspire. Our content is generally sourced from professional media under a licensing arrangement or uploaded by the more than 230,000 freelancers registered on our platform. In June 2018, there were approximately 5.9 million pieces of content added to Qutoutiao, out of which approximately 2.9 million were videos. We also introduced a separate mobile application in May 2017 that allows users to create and upload videos. In addition to articles and short videos, we plan to diversify our content offerings into literature, casual games, live streaming, animations and comics, creating a comprehensive light entertainment content ecosystem.

We currently generate revenue primarily by providing advertising services. We plan to explore additional monetization opportunities as we grow our user base and introduce additional content formats, such as literature, casual games and live streaming.

Our net revenues have increased rapidly from RMB58.0 million (US$8.8 million) in 2016 to RMB517.1 million (US$78.1 million) in 2017, and further from RMB107.3 million (US$16.2 million) in the six months ended June 30, 2017 to RMB717.8 million (US$108.5 million) in the same period in 2018. As we focused on growing our user base and enhancing our services, we have incurred net losses of RMB10.9 million (US$1.6 million) in 2016, RMB94.8 million (US$14.3 million) in 2017, RMB28.7 million (US$4.3 million) in the six months ended June 30, 2017 and RMB514.4 million (US$77.7 million) in the same period in 2018. Adjusted net losses, which represented net losses before share-based compensation expenses, were RMB10.5 million (US$1.6 million) in 2016, RMB91.4 million (US$13.8 million) in 2017, RMB28.3 million (US$4.3 million) in the six months ended June 30, 2017 and RMB329.1 million (US$49.7 million) in the same period in 2018. Share-based compensation expenses in the six months ended June 30, 2018 included RMB158.6 million (US$24.8 million) that relates to certain ordinary shares beneficially owned by certain of our co-founders that became restricted pursuant to share restriction deeds entered into by them in January 2018 and vested in the six months ended June 30, 2018.

Our Strengths
We believe our success to date is largely attributable to the following key competitive strengths:

• leading mobile content aggregator;
• social-based user loyalty programs promoting effective user acquisition;
• powerful account system driving high user engagement;
• differentiated and extensive content offerings;
• intelligent content delivery supported by artificial intelligence and data capabilities; and
• visionary and experienced management team with track record of success.

Our Strategies
Our long-term vision is to create a leading global online content ecosystem. To achieve this vision, we plan to pursue the following growth strategies:

• expand our user base;
• enrich our content offerings;
• strengthen social features and promote user generated content;
• invest in technology and innovation;
• enhance monetization capabilities; and
• selectively pursue acquisition and investment opportunities.
Our Challenges

Our business and successful execution of our strategies are subject to certain challenges, risks and uncertainties including:

- our limited operating history;
- our ability to acquire users, retain existing users and maintain high user engagement;
- our ability to increase the strength of our brand;
- the attractiveness of our mobile applications to users, including any new content formats and other products and services that we may introduce in the future;
- our ability to compete effectively in the industry we operate;
- our ability to continue to monetize, including through our advertising solutions and other products and services that we will introduce in the future;
- the fact that we have not completed the registration for “Qutoutiao,” the name of our flagship mobile application, due to an objection filed by one of our competitors on the purported ground that “Qutoutiao” is similar to a trademark registered by such competitor; and
- whether content providers continue to contribute content to our platform.

In addition, we face risks and uncertainties related to our corporate structure and regulatory environment in China, including:

- regulatory risks related to the mobile content feed industry in China;
- risks associated with our control over our consolidated variable interest entity, or consolidated VIE, in China, which is based on contractual arrangements rather than equity ownership; and
- changes in the political and economic policies of the PRC government.

We also face other risks and uncertainties that may materially affect our business, financial conditions, results of operations and prospects. You should consider the risks discussed in “Risk Factors” and elsewhere in this prospectus before investing in our ADSs.

Our History and Corporate Structure

We launched our flagship mobile application, Qutoutiao, in June 2016. We primarily operate our business through our consolidated VIE, Shanghai Jifen, and its subsidiaries. To facilitate financing offshore, we incorporated Qtech Ltd. in July 2017. Through a series of transactions, Qtech Ltd. then became our ultimate holding company. On July 5, 2018, Qtech Ltd. was renamed to Qutoutiao Inc.
The following diagram illustrates our corporate structure with our principal subsidiaries and consolidated VIE and its subsidiaries as of the date of this prospectus. Except as otherwise specified, equity interests depicted in this diagram are held as to 100%. The relationships between Shanghai Quyun Internet Technology Co., Ltd., or Shanghai Quyun, Shanghai Jifen Culture Communications Co., Ltd., or Shanghai Jifen, and its shareholders as illustrated in this diagram are governed by contractual arrangements and do not constitute equity ownership.

(1) Mr. Eric Siliang Tan, Mr. Lei Li, Tianjin Shanshi Technology L.P. and Shanghai Xihu Cultural Transmission Co., Ltd. held 45%, 15%, 20% and 20% equity interest in Shanghai Jifen, respectively.

Both Tianjin Shanshi Technology L.P. and Shanghai Xihu Cultural Transmission Co., Ltd. are controlled by Mr. Eric Siliang Tan.

(2) We acquired Shanghai Dianguan in February 2018.

(3) Include Anhui Zhangduan Internet Technology Co., Ltd., Beijing Qukandian Internet Technology Co., Ltd., Shanghai Xike Information Technology Service Co., Ltd. and Shanghai Tuile Information Technology Service Co., Ltd.

In April 2018, we entered into a share purchase agreement to purchase 100% equity interests of an audio/video content platform for a total cash consideration of RMB70.0 million (US$10.6 million). As of June 30, 2018, we have paid RMB43.0 million (US$6.5 million). We currently expect to complete the transaction by the end of 2018.

**Our Corporate Information**

Our principal executive offices are located at 11/F, Block 3, XingChuang Technology Center, Shen Jiang Road 5005, Pudong New Area, Shanghai, 200120, People’s Republic of China. Our telephone number at this
address is +86-21-6858-3790. Our registered office in the Cayman Islands is located at the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. Investors should submit any inquiries to the address and telephone number of our principal executive offices set forth above.

Our main website is www.qutoutiao.net, and the information contained on this website is not a part of this prospectus. Our agent for service of process in the United States is Cogency Global Inc., located at 10 E. 40th Street, 10th Floor, New York, N.Y. 10016, United States.

Implications of Being an Emerging Growth Company

As a company with less than US$1.07 billion in revenue for the last fiscal year, we qualify as an “emerging growth company” pursuant to the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, or Section 404, related to the assessment of the effectiveness of the emerging growth company’s internal control over financial reporting. The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. However, we have elected to “opt out” of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted for public companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

We will remain an emerging growth company until the earliest of (a) the last day of our fiscal year during which we have total annual gross revenues of at least US$1.07 billion; (b) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (c) the date on which we have, during the previous three year period, issued more than US$1.0 billion in non-convertible debt; or (d) the date on which we are deemed to be a “large accelerated filer” under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of ADSs that are held by non-affiliates exceeds US$700 million as of the last business day of our most recently completed second fiscal quarter. Once we cease to be an emerging growth company, we will not be entitled to the exemptions provided in the JOBS Act discussed above.

Conventions That Apply to This Prospectus

Unless we indicate otherwise, references in this prospectus to:

- “installed users” are to the aggregate number of unique mobile devices that have downloaded and launched our relevant mobile application at least once;
- “ADBs” are to American depositary shares, each of which represents Class A ordinary shares, and “ADRs” are to American depositary receipts that evidence ADSs;
- “CAGR” are to compound annual growth rate;
- “CPC” are to cost-per-click as basis for charging our advertising services;
- “CPM” are to cost-per-thousand-impressions as basis for charging our advertising services;
- “China” and the “PRC” are to the People’s Republic of China, excluding, for the purposes of this prospectus only, Taiwan, the Hong Kong Special Administrative Region and the Macao Special Administrative Region;
• “DAUs” are to the number of unique mobile devices that accessed our relevant mobile application on a given day. “Average DAUs” for a particular period is the average of the DAUs on each day during that period;
• “MAUs” are to the number of unique mobile devices that accessed our relevant mobile application in a given month;
• “registered users” are to users that have registered accounts on our relevant mobile application;
• “RMB” or “Renminbi” are to the legal currency of China;
• “tier-3 and below cities” are to cities in China that are not tier-1 and tier-2 cities;
• “tier-1 and tier-2 cities” refer to (i) tier-1 cities in China, which are Beijing, Shanghai, Guangzhou and Shenzhen and (ii) tier-2 cities in China, which are Hangzhou, Nanjing, Chongqing, Qingdao, Dalian, Ningbo, Xiamen, Tianjin, Chengdu, Wuhan, Harbin, Shenyang, Xi’an, Changchun, Changsha, Fuzhou, Zhengzhou, Shijiazhuang, Suzhou, Foshan, Dongguan, Wuxi, Yantai, Taiyuan, Hefei, Kunming, Nanchang, Nanning, Tangshan, Wenzhou and Zibo;
• “US$,” “U.S. dollars,” or “dollars” are to the legal currency of the United States; and
• “we,” “us,” “our company” and “our” are to Qutoutiao Inc., its consolidated VIE and their respective subsidiaries, as the context requires.

Unless specifically indicated otherwise or unless the context otherwise requires, all references to our ordinary shares exclude (i) ordinary shares issuable upon the exercise of outstanding options with respect to our ordinary shares under our share incentive plan and (ii) assumes that the underwriters will not exercise their over-allotment option to purchase additional ADSs.

This prospectus contains translations between Renminbi and U.S. dollars solely for the convenience of the reader. The translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this prospectus were made at a rate of RMB6.6171 to US$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on June 29, 2018. We make no representation that the Renminbi or U.S. dollar amounts referred to in this prospectus could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate or at all. On August 10, 2018, the noon buying rate for Renminbi was RMB6.8458 to US$1.00.

Unless the context indicates otherwise, all share and per share data in this prospectus have given effect to a share split in September 2017 in which each one of the previously issued ordinary shares was split into 10,000 ordinary shares.
## The Offering

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Offering Price per ADS</strong></td>
<td>We currently estimate that the initial public offering price will be between US$ (X) and US$ (Y) per ADS.</td>
</tr>
<tr>
<td><strong>ADSs Offered by Us</strong></td>
<td>ADSs (or (X) ADSs if the underwriters exercise in full the over-allotment option).</td>
</tr>
<tr>
<td><strong>ADSs Outstanding Immediately After This Offering</strong></td>
<td>ADSs (or (X) ADSs if the underwriters exercise in full the over-allotment option).</td>
</tr>
<tr>
<td><strong>Ordinary Shares Outstanding Immediately After This Offering</strong></td>
<td>Class A ordinary shares and Class B ordinary shares (or Class A ordinary shares and Class B ordinary shares if the underwriters exercise in full the over-allotment option), excluding ordinary shares issuable upon the exercise of options outstanding under our share incentive plan as of the date of this prospectus.</td>
</tr>
<tr>
<td><strong>The ADSs</strong></td>
<td>Each ADS represents Class A ordinary shares, par value US$0.0001 per share.</td>
</tr>
</tbody>
</table>

The depositary will be the holder of the Class A ordinary shares underlying the ADSs and you will have the rights of an ADS holder as provided in the deposit agreement among us, the depositary and registered holders and indirect holders and beneficial owners of ADSs from time to time.

You may surrender your ADSs to the depositary to withdraw the Class A ordinary shares underlying your ADSs. The depositary will charge you a fee for any such exchange.

We may amend or terminate the deposit agreement for any reason without your consent. Any amendment that imposes or increases fees or charges or which materially prejudices any substantial existing right you have as an ADS holder will not become effective as to outstanding ADSs until 30 days after notice of the amendment is given to ADS holders. If you continue to hold your ADSs, you will be bound by the deposit agreement as amended.

To better understand the terms of the ADSs, you should carefully read the section in this prospectus entitled “Description of American Depositary Shares.” You should also read the deposit agreement, which is an exhibit to the registration statement that includes this prospectus.

| **Over-Allotment Option** | We have granted to the underwriters an option, exercisable within 30 days from the date of this prospectus, to purchase up to an aggregate of additional ADSs at the initial public offering price, less underwriting discounts and commissions. |
| **Use of Proceeds** | We estimate that we will receive net proceeds of approximately US$\_\_ million from this offering, assuming an initial public offering price of US$\_\_ per ADS, the mid-point of the estimated range of the initial public offering price, after deducting estimated underwriter discounts, commissions and estimated offering expenses payable by us, and assuming no exercise of the underwriters’ over-allotment option. We anticipate using the net proceeds of this offering for (i) expanding and enhancing our content offerings, (ii) product development and technology infrastructure, (iii) marketing and promotion of our products and branding and (iv) general corporate purposes, including potential acquisitions and investments (although we are not currently negotiating any such acquisitions or investments). See “Use of Proceeds” for more information. |
| **Lock-up** | We, our officers and directors and our existing shareholders have agreed with the underwriters not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities for a period of 180 days after the date of this prospectus, subject to certain exceptions. See “Shares Eligible for Future Sale” and “Underwriting.” |
| **Risk Factors** | See “Risk Factors” and other information included in this prospectus for a discussion of the risks relating to investing in the ADSs. You should carefully consider these risks before deciding to invest in our ADSs. |
| **[Directed Share Program]** | [At our request, the underwriters have reserved up to \% of the ADSs being offered by this prospectus for sale at the initial public offering price to certain of our directors, executive officers, employees, business associates and members of their families. The sales will be made by , an underwriter of this offering, through a directed share program. We do not know if these persons will choose to purchase all or any portion of these reserved ADSs, but any purchases they do make will reduce the number of ADSs available to the general public. Any reserved ADSs not so purchased will be offered by the underwriters to the general public on the same terms as the other ADSs. Certain participants may be subject to the lock-up agreements as described in “Underwriting — Directed Share Program” elsewhere in this prospectus.] |
| **Listing** | We will apply to list the ADSs on the NASDAQ Global Market. Our Class A ordinary shares will not be listed on any exchange or quoted for trading on any over-the-counter trading system. |
| **Proposed NASDAQ Global Market Trading Symbol** | QTT |
| **Payment and settlement** | The underwriters expect to deliver the ADSs against payment on , 2018, through the facilities of The Depository Trust Company, or DTC. |
The total number of ordinary shares that will be outstanding immediately after this offering is based upon:

- 50,000,000 ordinary shares issued and outstanding as of the date of this prospectus (including (i) 40,500,000 ordinary shares held by certain of our co-founders and other ordinary shareholders, of which 15,937,500 ordinary shares are restricted shares beneficially owned by certain of our co-founders and are expected to be fully vested upon the completion of this offering; (ii) 9,500,000 ordinary shares held by a nominee of our equity incentive trust, of which 4,477,377 are underlying shares of vested options as of the date hereof and;
- conversion of all outstanding convertible redeemable preferred shares (including Series A, Series A1, Series B1, Series B2 and Series B3 convertible redeemable preferred shares) into 17,386,092 ordinary shares;
- the conversion of Series C1 preferred shares issuable to a group of investors into 2,175,780 ordinary shares; and
- 2,873,598 ordinary shares issuable upon the exercise of outstanding share options and 90,543 ordinary shares reserved for future issuance under our 2018 equity incentive plan.

but excludes:

- 2,873,598 ordinary shares issuable upon the exercise of outstanding share options and 90,543 ordinary shares reserved for future issuance under our 2018 equity incentive plan.
SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

The following summary consolidated statements of comprehensive loss data and summary consolidated statements of cash flows data for the years ended December 31, 2016 and 2017 and summary consolidated balance sheet data as of December 31, 2016 and 2017 have been derived from our audited consolidated financial statements included elsewhere in this prospectus.

The summary consolidated statements of comprehensive loss data and summary consolidated statements of cash flows data for the six months ended June 30, 2017 and 2018 and the summary consolidated balance sheet data as of June 30, 2018 have been derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus.

Our consolidated financial statements are prepared and presented in accordance with the generally accepted accounting principles in the United States, or the U.S. GAAP. Our historical results are not necessarily indicative of results to be expected for any future period. The following summary consolidated financial data for the periods and as of the dates indicated are qualified by reference to, and should be read in conjunction with, our consolidated financial statements and related notes and the information under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” both of which are included elsewhere in this prospectus.

Summary Consolidated Statements of Comprehensive Loss Data

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>US$</td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td>Revenues(1):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising revenue</td>
<td>57,880</td>
<td>8,747</td>
<td>512,883</td>
<td>77,509</td>
</tr>
<tr>
<td>Other revenue</td>
<td>74</td>
<td>11</td>
<td>4,170</td>
<td>630</td>
</tr>
<tr>
<td>Net revenues</td>
<td>57,954</td>
<td>8,758</td>
<td>517,053</td>
<td>78,139</td>
</tr>
<tr>
<td>Cost of revenues(2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>2,627</td>
<td>397</td>
<td>15,317</td>
<td>2,315</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>54,633</td>
<td>8,256</td>
<td>494,724</td>
<td>74,765</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>4,427</td>
<td>669</td>
<td>25,947</td>
<td>3,921</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>61,687</td>
<td>9,322</td>
<td>535,988</td>
<td>81,001</td>
</tr>
<tr>
<td>Loss from operations(3)</td>
<td>(10,911)</td>
<td>(1,642)</td>
<td>(95,416)</td>
<td>(14,420)</td>
</tr>
<tr>
<td>Interest income</td>
<td>51</td>
<td>8</td>
<td>673</td>
<td>103</td>
</tr>
<tr>
<td>Foreign exchange related gains, net</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Others, net</td>
<td>(2)</td>
<td>(1)</td>
<td>(17)</td>
<td>(3)</td>
</tr>
<tr>
<td>Total before income tax expenses</td>
<td>(10,862)</td>
<td>(1,642)</td>
<td>(94,760)</td>
<td>(14,320)</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>(10,862)</td>
<td>(1,642)</td>
<td>(94,760)</td>
<td>(14,320)</td>
</tr>
<tr>
<td>Accretion to convertible redeemable preferred shares redemption value</td>
<td>—</td>
<td>(6,012)</td>
<td>(909)</td>
<td>—</td>
</tr>
<tr>
<td>Deemed dividend to preferred shareholders</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(1,916)</td>
</tr>
<tr>
<td>Net loss attributable to Qutoutiao Inc.’s ordinary shareholders</td>
<td>(10,862)</td>
<td>(1,642)</td>
<td>(100,772)</td>
<td>(15,229)</td>
</tr>
</tbody>
</table>

(100,772) 
(15,229) 
(28,675) 
(4,334) 
(575,316) 
(86,944)
<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>(10,862)</td>
<td>(1,642)</td>
</tr>
<tr>
<td>Other comprehensive income/(loss)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustment, net of nil tax</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Comprehensive loss attributable to Qutoutiao Inc.</td>
<td>(10,862)</td>
<td>(1,642)</td>
</tr>
<tr>
<td>Net loss per share attributable to Qutoutiao Inc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Basic and diluted</td>
<td>(0.45)</td>
<td>(0.07)</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares used in per share calculation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>– Basic and diluted</td>
<td>24,062,500</td>
<td>24,062,500</td>
</tr>
</tbody>
</table>

(1) Revenue from transactions with related parties are set forth below for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising revenue</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other revenue</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

(2) Cost of revenues and operating expenses from transactions with related parties are set forth below for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>120</td>
<td>18</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>166</td>
<td>25</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>74</td>
<td>11</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>2,664</td>
<td>403</td>
</tr>
</tbody>
</table>

(3) We recognized share-based compensation expenses of RMB0.4 million (US$60.0 thousand), RMB3.4 million (US$0.5 million), RMB0.4 million (US$53.9 thousand) and RMB185.4 million (US$28.0 million) in 2016, 2017 and the six months ended June 30, 2017 and 2018, respectively. Share-based compensation expenses in the six months ended June 30, 2018 included RMB158.6 million (US$24.8 million) that relates to certain ordinary shares beneficially owned by certain of our co-founders that became restricted pursuant to share restriction deeds entered into by them in January 2018 and vested in the six months ended June 30, 2018.
### Summary Consolidated Balance Sheets Data

<table>
<thead>
<tr>
<th></th>
<th>As of December 31,</th>
<th>As of June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>269</td>
<td>41</td>
<td>1,766,299</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>12,370</td>
<td>1,869</td>
<td>10,300</td>
</tr>
<tr>
<td>Total current assets</td>
<td>29,758</td>
<td>4,497</td>
<td>1,873,051</td>
</tr>
<tr>
<td>Total assets</td>
<td>29,896</td>
<td>4,518</td>
<td>1,942,816</td>
</tr>
<tr>
<td>Registered users’ loyalty payable</td>
<td>1,023</td>
<td>155</td>
<td>137,038</td>
</tr>
<tr>
<td>Accrued liabilities related to user loyalty programs</td>
<td>24,509</td>
<td>3,704</td>
<td>149,011</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>41,087</td>
<td>6,209</td>
<td>311,246</td>
</tr>
<tr>
<td>Mezzanine equity</td>
<td>—</td>
<td>—</td>
<td>70,043</td>
</tr>
<tr>
<td>Total shareholders’ deficits</td>
<td>(11,191)</td>
<td>(1,691)</td>
<td>(108,560)</td>
</tr>
</tbody>
</table>

### Summary Consolidated Statements of Cash Flows Data

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th>Six Months Ended June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by/(used in) operating activities</td>
<td>12,719</td>
<td>1,923</td>
<td>(141,738)</td>
</tr>
<tr>
<td>Net cash (used in)/provided by investing activities</td>
<td>(12,523)</td>
<td>(1,893)</td>
<td>70,043</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>—</td>
<td>—</td>
<td>1,501,333</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>196</td>
<td>30</td>
<td>1,429,638</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>—</td>
<td>(4,239)</td>
<td>216,052</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the period</td>
<td>73</td>
<td>11</td>
<td>58,203</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>269</td>
<td>41</td>
<td>1,766,299</td>
</tr>
</tbody>
</table>

### Non-GAAP Financial Measure

We use adjusted net loss, which is an non-GAAP financial measure, in evaluating our operating results and for financial and operational decision-making purposes. Adjusted net loss represents net loss before share-based compensation expenses. We believe that such non-GAAP financial measure help identify underlying trends in our business that could otherwise be distorted by the effect of such share-based compensation expenses that we include in cost of revenues, total operating expenses and net loss. In particular, share-based compensation expenses in the six months ended June 30, 2018 included RMB158.6 million (US$24.8 million) that relates to certain ordinary shares beneficially owned by certain of our co-founders that became restricted pursuant to share restriction deeds entered into by them in January 2018 and vested in the six months ended June 30, 2018. We believe that such non-GAAP financial measure also provides useful information about our operating results, enhance the overall understanding of our past performance and future prospects and allow for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.
The non-GAAP financial measure is not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. It should not be considered in isolation or construed as alternatives to net loss or any other measure of performance or as an indicator of our operating performance. Investors are encouraged to review the historical non-GAAP financial measure in light of the most directly comparable GAAP measures, as shown below. The non-GAAP financial measure presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measure differently, limiting its usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

The table below sets forth a reconciliation of the non-GAAP financial measure for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss</td>
<td>(10,862) (1,642)</td>
<td>(94,760) (14,320)</td>
</tr>
<tr>
<td>Add: share-based</td>
<td></td>
<td></td>
</tr>
<tr>
<td>compensation expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>1 0 942 142</td>
<td>99 15 1,429 216</td>
</tr>
<tr>
<td>Research and development</td>
<td>149 23 1,317 200</td>
<td>140 21 6,720 1,016</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>35 5 939 142</td>
<td>99 15 3,394 513</td>
</tr>
<tr>
<td>General and administrative</td>
<td>209 32 181 27</td>
<td>19 3 173,840 26,271</td>
</tr>
<tr>
<td>Adjusted net loss</td>
<td>(10,468) (1,582)</td>
<td>(91,381) (13,809)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Key Operating Metrics

We regularly review a number of key operating metrics to evaluate our business and measure our performance. The table below sets forth key operating metrics relating to the Qutoutiao mobile application.

<table>
<thead>
<tr>
<th></th>
<th>For the Three Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30, December 31,</td>
</tr>
<tr>
<td></td>
<td>March 31, June 30, September 30, December 31, March 31, June 30,</td>
</tr>
<tr>
<td></td>
<td>2016 2017 2018 2016 2017 2018</td>
</tr>
<tr>
<td>Installed users as of the end of the period</td>
<td>3.7 9.7 16.3 26.4 46.3 73.1 97.9 133.0</td>
</tr>
<tr>
<td>Average MAUs during the period</td>
<td>1.7 3.9 5.7 8.8 16.0 24.2 27.8 32.1</td>
</tr>
<tr>
<td>Average DAUs during the period</td>
<td>0.5 1.5 2.5 3.9 6.4 9.5 11.3 12.3</td>
</tr>
<tr>
<td>Average daily time spent per DAU during the period (minutes)</td>
<td>27.2 29.0 31.3 33.7 34.0 32.3 32.5 47.3</td>
</tr>
</tbody>
</table>

In June 2018, our MAUs were approximately 39.3 million, average DAUs were approximately 14.1 million and average daily time spent per DAU was approximately 56.0 minutes. In July 2018, our MAUs were approximately 48.8 million, average DAUs were approximately 17.1 million and average daily time spent per DAU was approximately 55.6 minutes. As of July 31, 2018, the total installed users was approximately 154.0 million.
RISK FACTORS

An investment in our ADSs involves significant risks. You should carefully consider all the information in this prospectus, including the risks and uncertainties described below, before making an investment in our ADSs. Any of the following risks could materially and adversely affect our business, financial condition and results of operations. In any such case, the market price of our ADSs could decline, and you may lose all or part of your investment.

Risks Relating to Our Industry and Business

We have a limited operating history, which makes it difficult to evaluate our business.

We launched Qutoutiao in June 2016. We have experienced rapid growth since the launch of Qutoutiao in terms of installed users, MAUs, DAUs and revenues. However, our historical growth may not be indicative of our future performance, and we cannot assure you that this level of significant growth will be sustainable or achievable at all in the future. Our growth prospects should be considered in light of the risks and uncertainties that fast-growing companies with a limited operating history in our industry may encounter, including, among others, risks and uncertainties regarding our ability to:

• retain existing users on, and attract new users to, our platform;
• present real-time customized feeds to users based on their profiles, behaviors and social relationships;
• maintain the effectiveness of our user loyalty programs;
• maintain stable relationships with our content providers;
• develop and implement successful monetization measures;
• convince advertising customers of the benefits of our advertising services compared to alternative forms of marketing;
• increase brand awareness through marketing and promotional activities;
• upgrade existing technology and infrastructure and develop new technologies to support increasing user traffic, improve user experience, expand functionality and ensure system stability;
• successfully compete with other companies that are currently in, or may in the future enter, our industry;
• attract, retain and motivate talented employees;
• adapt to the evolving regulatory environment; and
• defend ourselves against litigation, regulatory, intellectual property, privacy or other claims.

All of these endeavors involve risks and will require significant capital expenditures and allocation of valuable management and employee resources. We cannot assure you that we will be able to effectively manage our growth or implement our business strategies effectively. If the market for our platform does not develop as we expect or if we fail to address the needs of this dynamic market, our business, results of operations and financial condition will be materially and adversely affected.

If we fail to acquire new users or retain existing users, or if user engagement on our platform declines, our business, results of operations and financial condition may be materially and adversely affected.

The growth of our user base and the level of user engagement are critical to our success. Our Qutoutiao mobile application had approximately 48.8 million MAUs, approximately 17.1 million average DAUs and average daily time spent per DAU of approximately 55.6 minutes in July 2018. Our business has been and will
continue to be significantly affected by our success in growing the number of active users and increasing their overall level of engagement on our platform. We anticipate that our user growth rate will slow over time as the size of our user base increases. To the extent our user growth rate slows, our success will become increasingly dependent on our ability to increase user engagement with our platform. We have implemented user account systems and loyalty programs to, among other things, help us cost effectively acquire new users and develop an engaged and loyal user base. However, although such user account systems and loyalty programs have contributed significantly to the growth in our installed users and high user engagement in the past, there can be no assurance that such systems and programs will continue to function effectively. Additionally, our acquisition cost per user may increase as we implement new marketing initiatives, such as placing advertisements in app stores. Our user engagement efforts, including by increasing the number of content providers, expanding the breadth and quality of content, including video and user generated content, on our platform, diversifying into new content formats and strengthening our content recommendation capabilities, may also not achieve expected results. Users may no longer perceive content and other products and services on our platform to be entertaining and relevant, and we may not be able to attract users or increase their usage frequency of our platform. If we fail to execute any such new initiatives successfully or in a cost-effective manner, our business, results of operations and financial condition would be materially and adversely affected. If we are unable to grow our user base or the level of user engagement, or if the number of users or their level of engagement declines, this could result in our platform being less attractive to potential new users and thus advertising customers, which would have a material and adverse impact on our business, results of operations and financial condition.

If we do not continue to increase the strength of our brand, we may not be able to maintain current or attract new users and customers for our products and services.

Our operational and financial performance is highly dependent on the strength of our brand. We believe we enjoy lower user acquisition cost compared to acquiring users through other means. Our platform’s innovative user account systems and gamified loyalty programs enable us to focus our resources on directly connecting with new users. In order to further expand our user base, we may need to substantially increase our marketing expenditures to enhance brand awareness.

In addition, negative coverage in the media of our company could threaten the perception of our brand, and we cannot assure you that we will be able to defuse negative press coverage about our company to the satisfaction of our investors, users, advertising customers and content providers. If we are unable to defuse negative press coverage about our company, our brand may suffer in the marketplace, our operational and financial performance may be negatively impacted and the price of our ADSs may decline.

Furthermore, we have not completed the trademark registration for “Qutoutiao,” the name of our flagship mobile application. After we submitted our application material with the relevant authorities, one of our competitors filed an objection on the ground that “Qutoutiao” is similar to a trademark registered by such competitor. We believe such objection is meritless and we have contested the objection and submitted the written defense to the Trademark Office in February 2018. However, there can be no assurance that we will be able to prevail and register “Qutoutiao” as a trademark. If we fail to do so, we will not be able to protect our brand name. In addition, if our competitors initiate a lawsuit against us for infringing its trademark, we may be forced to adopt a new brand name for our flagship mobile application. As a result, we may incur additional marketing cost to raise awareness of such new brand name. We may also be ordered to pay a significant amount of damages, and our business, results of operations and financial condition could be materially and adversely affected.

Our lack of an Internet news license may expose us to administrative sanctions, including an order to cease our Internet information services that provide news or to cease the Internet access services provided by third parties to us.

The PRC government regulates the Internet industry extensively, including foreign ownership of, and the licensing requirements pertaining to, companies in the Internet industry. A number of regulatory agencies,
including the Ministry of Culture, or the MOC, the Ministry of Industry and Information Technology, or MIIT, the Cyberspace Administration of China, or CAOC, the State Administration of Radio and Television, or the SART (previously known as GAPPRFT and SARFT), the State Council Information Office, or the SCIO, and other governmental authorities, jointly regulate all major aspects of the Internet industry. Operators are required to obtain various government approvals and licenses prior to providing the relevant Internet information services.

Our platform primarily focuses on light entertainment content. Nonetheless, certain content related to current affairs, finance, society and economy provided on our Qutoutiao mobile application may be deemed to be news content. According to the Provisions for the Administration of Internet News Information Services issued by the national CAOC on May 2, 2017 that became effective on June 1, 2017, an Internet news license shall be obtained for a provider of Internet news information services to the public in a variety of ways, including through the offering of platforms for the dissemination of Internet news. As such, we may be required to obtain an Internet news license from CAOC for the dissemination of news through our mobile application. In practice, Internet news information service providers that are not state-owned, such as our company, are subject to the special management stock policy, or the SMS policy, in order to apply for the Internet news license. The essence of the SMS policy is that a state-owned entity must be introduced as a shareholder of the non-state-owned service provider. Under the SMS policy, normally a designated state-owned entity holds equity stock in a non-state-owned service provider, which has no preferential rights and does not have general influence over the service provider’s daily operations, but the state-owned entity is expected to be granted the right to have decisive impacts over content censorship and content-management matters of such service provider. Despite the foregoing, recently there have been instances where the designated state-owned entity may hold preferred shares in a non-state-owned service provider with preferential rights, privileges, and preferences on parity with or superior to those of any pre-existing preferred shares. See “Regulations — Regulation on Internet News Dissemination.” As a result of our lack of an Internet news license, the CAOC or its applicable office at the provincial level may order us to cease disseminating news and impose a fine on us of not less than RMB10,000 but not more than RMB30,000. In the event we were ordered to cease disseminating news, our business, results of operations and financial condition could be materially and adversely affected.

We are in the process of preparing an application for an Internet news license. There can be no assurance that our application will be accepted or approved by the regulatory authorities. We have not issued shares with special rights to any state-owned entity. However, in the future we may issue shares with special rights to a state-owned entity in order to facilitate our Internet news license application pursuant to the SMS policy. The interests of any state-owned entity in its own capacity as our potential future shareholder may differ from the interests of our company as a whole, as what is in the best interests of our company, including matters such as whether to display certain content on our platform, may not align with the interests of the state-owned entity. For example, the state-owned entity may wish to censor content which our company otherwise would want to display. There can be no assurance that when conflicts of interest arise, a state-owned entity as our potential future shareholder will act in the best interests of our company, or that conflicts of interest will be resolved in our favor.

Our lack of an Internet audio-visual program transmission license may expose us to administrative sanctions, which would materially and adversely affect our business, results of operations and financial condition.

Pursuant to the Administrative Provisions on Internet Audio-visual Program Service, or the Audio-visual Program Provisions, which was issued by the State Administration of Radio, Film and Television (the predecessor of GAPPRFT), or SARFT, and MIIT on December 20, 2007 and came into effect on January 31, 2008 and was amended on August 28, 2015, online transmission of audio and video programs requires an Internet audio-visual program transmission license and online audio-visual service providers must be either wholly state-owned or state-controlled. In a press conference jointly held by SARFT and MIIT to answer questions with respect to the Audio-visual Program Provisions in February 2008, SARFT and MIIT clarified that online audio-visual service providers that had already been operating lawfully prior to the issuance of the Audio-visual Program Provisions may re-register and continue to operate without becoming state-owned or controlled, provided that such providers have not engaged in any unlawful activities. This exemption will not be granted to
We currently do not possess an Internet audio-visual program transmission license. As a result, the relevant regulatory authorities may find our operations to be in violation of the applicable laws and regulations. We may receive a warning and be ordered to pay a fine of not more than RMB30,000. In the case of severe contravention, we may be ordered to cease transmission of audio and video programs, be subject to a penalty equal to one to two times our total investment in the affected business and the devices we used for such operation may be confiscated. Furthermore, according to the Audio-visual Program Provisions, the telecommunications administrative authorities may, based on written opinions of GAPPRFT, and in accordance with the relevant laws and regulations on supervision of telecommunications and Internet, close our platform, revoke the license for the provision of Internet information services, or the ICP license, and order the relevant network operation entity which provides us signal access services to stop such provision of services. Such penalties would materially and adversely affect our business, results of operations and financial condition.

New content formats and other products and services and changes to existing content formats and products and services could fail to attract users or generate revenues.

Our ability to increase the size and engagement level of our user base, attract advertising customers and generate revenues will depend in part on our ability to create and offer successful new content formats and other products and services. Such new content formats and other products and services may involve new distribution capabilities or technologies with which we have little or no prior development or operating experience, such as literature, casual games and live streaming. We may also continuously refine our existing content formats and other products and services as part of our efforts to further enhance user engagement. However, if such efforts or our efforts in launching new content formats and other products and services fail to engage users, we may fail to attract or retain users or to generate sufficient revenues to justify our investments, and our business, results of operations and financial condition could be adversely affected.

If we are unable to compete effectively in the industry we operate, our business, results of operations and financial condition may be materially and adversely affected.

Competition for user traffic and user engagement, as well as advertising and marketing spending, is intense and we face strong competition in our business. Our primary competitors include content aggregators such as Jinritoutiao, Kaibao (operated by Tencent) and Yidianzixun (an affiliate of Phoenix News). To a lesser extent, we also compete with mobile news portals such as Tencent News, SINA News, Sohu News, NetEase News and Phoenix News. Many of our competitors have more resources and longer operating history than us. New players may emerge and seek to imitate our business strategies, thereby directly competing with us for users. Furthermore, we may face potential competition from global online content delivery platforms that seek to enter the China market, whether independently or through the formation of strategic alliances with, or acquisition of, PRC Internet companies. If we are not able to effectively compete with our competitors, our overall user base and level of user engagement may decrease. We may be required to spend additional resources to further enhance our brand recognition and promote our products and services, and such additional spending could adversely affect our profitability. Furthermore, if we are involved in disputes with any of our competitors that result in negative publicity to us, such disputes, regardless of their veracity or outcome, may harm our reputation or brand image and in turn lead to reduced number of users and advertising customers. Our competitors may unilaterally decide to adopt a wide range of measures targeted at us, including possibly designing their products to negatively impact our operations. Any legal proceedings or measures we take in response to competition and disputes with our competitors may be expensive, time-consuming and disruptive to our operations and divert our management’s attention.

In addition, our users face a vast array of entertainment choices. Other forms of entertainment, including other Internet-based activities such as social networking, online video or games, live streaming, as well as offline
games and activities such as television, movies and sports, are much larger and more well-established markets and may be perceived by our users to offer greater variety, affordability, interactivity and enjoyment. Our platform competes against these other forms of entertainment for the discretionary time and spending of our users. If we are unable to sustain sufficient interest in our platform in comparison to other forms of entertainment, including new forms of entertainment that may emerge in the future, our business model may no longer be viable.

The Chinese government may prevent us from distributing content that it believes is inappropriate and we may be subject to penalties for such content or we may have to interrupt or stop the operation of our platform.

China has enacted regulations governing Internet access and the distribution of news and other information. In the past, the Chinese government has stopped the distribution of information over the Internet or through mobile Internet devices that it believes violates Chinese law, including content that it believes is obscene, defamatory, misleading or inappropriately satirical, incites violence, endangers the national security, concerns politically sensitive topics, or contravenes the national interest. In the past, new downloads of certain mobile content aggregator applications and mobile news applications were temporarily blocked and suspended for different lengths of time, ranging from a few days to a few weeks, following publication of content considered to be noncompliant. In addition, in July 2018 PRC governmental and regulatory authorities responsible for “eradicating pornography and illegal publications” announced new coordinated efforts to regulate and control the nascent online short video sector, including citations against 19 online short video platforms which allegedly had disregarded previous and repeated warnings not to distribute content deemed by the authorities as obscene, misleading, pornographic, violent, infringing, sensationalist, deviant from socialist core values, harmful to younger viewers, or otherwise unlawful or detrimental. Of these 19 platforms, 15 had their applications removed from app stores and new downloads blocked; among these 15 platforms, three also had their operations suspended by relevant authorities. Any such future suspension in operations or downloads of our mobile applications for this or other reasons may negatively affect our relationships with users and advertisers, and thereby adversely affect our business and results of operations. Although our mobile applications historically have not been blocked or suspended due to non-compliant content, there can be no assurance that such suspensions in downloads of our mobile applications will not occur in the future, or that such incidents will not result in loss of users, advertisers and revenue, reputational damage to us, and will not have an adverse effect on our business and results of operations. The Chinese government may continue to implement stricter standards for content to be considered compliant, and increase enforcement against content considered to be noncompliant. In addition, certain news items, such as news relating to national security, may not be published without permission from the Chinese government. If the Chinese government were to take any action to limit or prohibit the distribution of information through our mobile applications, or to limit or regulate any current or future content or services available to users on our platform, our business could be significantly harmed. Although we have adopted internal procedures to monitor the content displayed on our platform, due to the significant amount of content, including user generated content, we may not be able to identify all the content that may violate relevant laws and regulations, whether or not due to a failure on the part of our staff. Failure to identify and prevent inappropriate or illegal content from being displayed on our platform may subject us to penalties, including suspension of operations.

Moreover, because the interpretation of prohibited content is in many cases vague and subjective, and the definition of prohibited content may be subject to change on an ongoing basis, it is not always possible to determine or predict what content might be prohibited under existing restrictions, or what restrictions might be imposed in the future. SART or other Chinese government authorities may prohibit the marketing of other types of wireless value-added services through mobile applications, which could materially and adversely affect our business, results of operations and financial condition.

We generate a substantial majority of our revenues from advertising. A decline in our advertising revenue could harm our business.

We generated almost all of our revenues from advertising services in 2016, 2017, and the six months ended June 30, 2018. When we first commenced our business, we collaborated with various third-party advertising
platforms to place advertisements on our mobile applications. To enhance our platform’s monetization capabilities, we acquired an advertising agent in February 2018 that operates a programmatic advertising system. This system will serve to power our advertising solutions while reducing the use of third-party advertising platforms. In 2017 and the six months ended June 30, 2018, 26.2% and 78.2%, respectively, of our net revenues were generated through this advertising agent. We have limited experience in operating the programmatic advertising system and in acquiring our own advertising agents and advertising customers. We may not be able to establish our own sales personnel to effectively and efficiently acquire and retain advertising agents and advertising customers. The effectiveness of our programmatic advertising system may not perform as expected and achieve widespread acceptance by advertising customers.

Our advertising customers for our programmatic advertising system are comprised of advertising agents and end advertisers. There can be no assurance that these advertising agents will continue to attract advertising customers to our platform. Furthermore, as is common in the industry, we do not enter into long-term agreements with advertising agents or advertising customers. Advertising agents and advertising customers are not obligated to use our advertising solutions on an exclusive basis and they generally use multiple channels to manage their advertising need. Accordingly, we or advertising agents must convince advertising customers to use our programmatic advertising system, increase their usage and spend a larger share of their online advertising budgets with us, and to do so on an on-going basis. Advertising customers may not continue to utilize our platform or may only be willing to advertise with us at reduced prices if we do not deliver advertising services in an effective manner, including persuading our advertising customers as to the relevancy of our user base for their products or services, or if they do not believe that their investment in advertising with us will generate a competitive return relative to alternative advertising platforms. If we fail to retain existing advertising customers or ensure that their advertising spend with us remains at similar or increased levels or attract new advertising customers to advertise on our platform, our business, results of operations and financial condition may be materially and adversely affected.

Our efforts to expand the monetization of our products and services in addition to advertising may not be successful.

In order to sustain our revenue growth, we must effectively monetize our user base and expand the monetization of our products and services in addition to advertising. We plan to leverage our user account systems and loyalty programs to induce users not only to spend the cash credits in their accounts from using our platform but also to supplement their spending on our platform with additional funds. These measures include introducing paid content such as literature, casual games, animation and comics, as well as content-driven e-commerce and live streaming products. There can be no assurance that we can successfully capture such monetization opportunities. For example, users may prefer to purchase merchandise from “pure play” e-commerce platforms, which tend to offer wider selections and may provide better services due to their deeper industry experience. In addition, we have primarily offered free content to users, and our paid content may not gain significant user acceptance. If we were unable to successfully execute our monetization strategies, our business, results of operations and financial condition would be materially and adversely affected.

If we fail to continue to anticipate user preferences and interests, we may not be able to generate sufficient user traffic to remain competitive.

Our success depends on our ability to intelligently deliver personalized light entertainment content to users. Through an automated process, we develop interest and social graphs for each user based on such person’s profile, behavior and social relationships. The user’s behavior also provides us with a granular view of the topics and content characteristics that likely are of interest to the user. In addition, the interest and social graphs take into account the user’s social relationships with other users and such other users’ interests, including their behaviors. Our content recommendation engine analyzes content and the interest and social graphs of each user to identify content that is most likely to interest such person. Such recommendation is based on analysis we have made as to user preferences and interests, and any errors in such analysis may lead our system to recommend
content that fails to attract users. Furthermore, our future success will depend on our ability to anticipate and adapt new technologies. If we fail to continuously improve user experience through better recommendation results, we may not be able to compete effectively with our competitors, and our business, results of operations and financial condition may be materially and adversely affected.

If content providers on our platform do not continue to contribute content, decrease the amount of content contributed or the quality of their contributions declines, we may experience a decrease in the number of users and level of user engagement.

Our success depends on our ability to generate sufficient user traffic through the intelligent delivery of personalized light entertainment content, which in turn depends on the content contributed by our content providers. We believe that access to light entertainment-oriented and easily digestible content is one of the main reasons users visit Qutoutiao. We encourage our content providers to actively contribute quality content that will resonate with our users by implementing a system in which fees paid to them are related to the amount of views associated with content they contribute. We also seek to foster a broader and more engaged user base by encouraging social interactions and production of user generated content. If our content providers do not continue to contribute content, including user generated content, to our mobile applications due to their dissatisfaction with our fee arrangements with them, their entry into exclusive arrangements with other platforms or any other reasons, or the attractiveness of their content declines, and we are unable to provide users with entertaining and relevant content, our user base and user engagement may decline. If we were required to share a higher proportion of advertising revenue with content providers in order to enhance the quality of content delivered by us or increase the amount of content provided to us, our profitability could be materially and adversely affected. If we experience a decline in the number of users or the level of user engagement, advertising customers may not view our platform as attractive for their advertising expenditures and may reduce their spending with us, which would harm our business, results of operations and financial condition.

We have incurred net losses in the past, and we may not be able to achieve or subsequently maintain profitability.

Since our inception, we have incurred net losses. In 2016, 2017 and the six months ended June 30, 2017 and 2018, we recorded net losses of RMB10.9 million (US$1.6 million), RMB94.8 million (US$14.3 million), RMB28.7 million (US$4.3 million) and RMB514.4 million (US$77.7 million), respectively and our adjusted net losses was RMB10.5 million (US$1.6 million), RMB91.4 million (US$13.8 million), RMB28.3 million (US$4.3 million) and RMB329.1 million (US$49.7 million), respectively. We believe that our future revenue growth will depend on, among other factors, our ability to attract new users, increase user stickiness and level of engagement, establish effective monetization strategies, compete effectively and successfully, and develop new products and services. Accordingly, you should not rely on the revenues of any prior quarterly or annual period as an indication of our future performance. We also expect our costs to increase in future periods as we continue to expand our business and operations. In addition, we expect to incur substantial costs and expenses as a result of being a public company. If we are unable to generate adequate revenues and to manage our expenses, we may continue to incur significant losses in the future and may not be able to achieve or subsequently maintain profitability.

Our current dependence on a limited number of customers may cause significant fluctuations or declines in our revenues.

We currently generate a significant portion of our net revenues from a limited number of third-party advertising platforms. Baidu, which is our largest customer and operates a third-party advertising platform, contributed 69.9%, 43.7%, 75.8% and 12.1% of our net revenues in 2016, 2017 and the six months ended June 30, 2017 and 2018, respectively. Baidu also accounted for 92.6%, 59.8% and 30.5% of our accounts receivable as of December 31, 2016 and 2017 and June 30, 2018, respectively. We supply traffic to the customer's platform through advertisements placed on our mobile applications. Baidu has the right to terminate
its agreement with us at any time. Such concentration of customers was primarily the result of our limited operating history and the fact that when we first commenced our business, we only collaborated with a limited number of third-party advertising platforms to place advertisements on our platform. Although we are reducing our collaboration with third-party advertising platforms, certain of these platforms may continue to contribute a large portion of our net revenues in the near future. Any adverse change in our relationship with these advertising platforms, including our arrangements with them, or a decrease in the amount or quality of the advertisement placed by these platforms on our mobile applications may materially and adversely affect our results of operations.

Our user metrics and other estimates are subject to inherent challenges in measuring our operating performance, which may harm our reputation.

We regularly review MAUs, DAUs, average time spent per DAU and other operating metrics to evaluate growth trends, measure our performance, and make strategic decisions. These metrics are calculated using internal company data, have not been validated by an independent third party, and may not be indicative of our future financial results. While these numbers are based on what we believe to be reasonable estimates for the applicable period of measurement, there are inherent challenges in measuring how our platform is used across a large population in China. For example, we may not be able to distinguish individual users who have multiple registered accounts.

Errors or inaccuracies in our metrics or data could result in incorrect business decisions and inefficiencies. For instance, if a significant understatement or overstatement of active users were to occur, we might expend resources to implement unnecessary business measures or fail to take required actions to remedy an unfavorable trend. If advertising customers or investors do not perceive our user or other operating metrics to accurately represent our user base, or if we discover inaccuracies in our user or other operating metrics, our reputation may be harmed.

If we fail to effectively manage our growth, our business, results of operations and financial condition could be harmed.

We expect we will continue to experience rapid growth in our business and operations, which will place significant demands on our management, operational and financial resources. We may encounter difficulties as we establish and expand our operations, product development, sales and marketing, and general and administrative capabilities. We face significant competition for talented employees from other high-growth companies, which include both publicly traded and privately held companies, and we may not be able to hire new employees quickly enough to meet our needs. To attract highly skilled personnel, we have had to offer, and believe we will need to continue to offer, competitive compensation packages. As we continue to grow, we are subject to the risks of over-hiring, over-compensating our employees and over-expanding our operating infrastructure, and to the challenges of integrating, developing and motivating a growing employee base. In addition, we may not be able to innovate or execute as quickly as a smaller and more efficient organization. If we fail to effectively manage our hiring needs and successfully integrate our new hires, our efficiency and ability to meet our forecasts and our employee morale, productivity and retention could suffer, and our business, results of operations and financial condition could be adversely affected.

Providing products and services to users may be costly and we expect our expenses to continue to increase in the future as we broaden our user base and increase user engagement, and develop and implement new content formats, features, products and services that require more infrastructure, such as literature, casual games and live streaming. In addition, our costs and expenses, such as our labor-related expenses, product development expenses and sales and marketing expenses have grown rapidly as we have expanded our business. In particular, we have focused considerable resources on user acquisition through our loyalty programs. Our sales and marketing expenses consist primarily of cost of users' loyalty points associated with our user loyalty programs, which increased from RMB50.9 million (US$7.7 million) in 2016 to RMB419.6 million (US$63.4 million) in 2017, and
further from RMB105.4 million (US$15.9 million) in the six months ended June 30, 2017 to RMB611.9 million (US$92.5 million) in the same period in 2018, representing 87.8%, 81.2%, 98.2% and 85.2% of our net revenues in 2016, 2017 and the six months ended June 30, 2017 and 2018, respectively. Historically, our costs have increased due to these factors and we expect to continue to incur increasing costs to support our anticipated future growth. We expect to continue to invest in our infrastructure to enable us to provide our products and services rapidly and reliably to users. Continued growth could also strain our ability to maintain reliable service levels for our users, content providers and advertising customers, develop and improve our operational, financial, legal and management controls, and enhance our reporting systems and procedures. Our expenses may grow faster than our revenues, and our expenses may be greater than we anticipate. Managing our growth will require significant expenditures and allocation of valuable management resources. If we fail to achieve the necessary level of efficiency in our organization as it grows, our business, results of operations and financial condition could be harmed.

Advertisements on our mobile applications may subject us to penalties and other administrative actions.

Under PRC advertising laws and regulations, we are obligated to monitor the advertising content shown on our mobile applications to ensure that such content is true, accurate and in full compliance with applicable laws and regulations. On April 24, 2015, the Standing Committee of the National People’s Congress issued the Advertisement Law, which took effect on September 1, 2015, to further strengthen the supervision and management of advertisement services. On July 4, 2016, SAIC issued the Interim Measures for the Administration of Internet Advertising, or the New Interim Measures, to further regulate Internet advertising activities. Pursuant to these laws and regulations, any advertisement that contains false or misleading information to deceive or mislead consumers shall be deemed false advertising. Furthermore, the Advertisement Law explicitly stipulates detailed requirements for the content of several different kinds of advertisement, including advertisements for medical treatment, pharmaceuticals, medical instruments, health food, alcoholic drinks, education or training, products or services having an expected return on investment, real estate, pesticides, feed and feed additives, and some other agriculture-related advertisement. Also, according to the New Interim Measures, no advertisement of such special products or services which are subject to examination by an advertising examination authority shall be published unless it has passed such examination. In addition, an Internet advertisement shall be identifiable and clearly identified as an “advertisement” so that consumers will know that it is an advertisement. The New Interim Measures also provide that Internet advertisement publishers shall verify related supporting documents, check the content of the advertisement and be prohibited from publishing any advertisement with nonconforming content or without all the necessary certification documents. However, for the determination of the truth and accuracy of the advertisements, there are no implementing rules or official interpretations, and such a determination is at the sole discretion of the relevant local branch of the State Administration for Market Regulation, or the SAMR (successor of SAIC and the State Food and Drug Administration), which results in uncertainty in the application of these laws and regulations. In addition, advertising content deemed as obscene, defamatory, inappropriately satirical or otherwise inappropriate by a relevant government authority may also subject us to penalties. For instance, the Chinese government has temporarily suspended advertising services on a short video platform in China because advertising content shown on the platform was deemed to be offensive and disrespectful to a revolutionary figure.

We cannot assure you that all the advertisements shown on our mobile applications are true, accurate, appropriate and in full compliance with applicable laws and regulations. For example, advertisers on our mobile applications, or their agents, may use measures that are designed to evade our monitoring, such as providing inauthentic material that does not match the actual advertisement, or supplying advertising which is superficially compliant but nevertheless is linked to one or more webpages that feature noncompliant advertising content. In addition, our employees responsible for reviewing advertisements may not fully understand the relevant laws and regulations or may be inappropriately influenced by the advertisers. In each case, we may still be held responsible for noncompliant advertising content. We include clauses in most of our advertising contracts requiring that all advertising content provided by advertising customers must comply with relevant laws and regulations. Pursuant to the contracts between us and the relevant advertising agents or advertising customers,
they are liable for all damages to us caused by their breach of such representations. However, there can be no assurance that we will be able to successfully enforce our contractual rights.

Violation of these laws and regulations may subject us to penalties, including fines, confiscation of our advertising income, orders to cease dissemination of the advertisements and orders to eliminate the effect of illegal advertisement. If an illegal advertisement featured on our mobile applications were to have excessive negative effects, our brand and reputation may be harmed, and PRC governmental authorities may pursue more severe penalties and administrative actions against us. PRC governmental authorities may even force us to terminate our advertising operation or revoke our licenses in circumstances involving serious violations. Such penalties may have a material and adverse effect on our business, results of operations and financial condition.

**Increased government regulation of content platforms may subject us to penalties and other administrative actions.**

Recently, PRC government authorities have strengthened their oversight of content platforms similar to our mobile applications. Other than the content that are considered to be violating PRC laws and regulations, such oversight has tended to pay more attention to content that is or may be deemed misleading, obscene, pornographic, detrimental, and/or contrary to social values and morals prevailing in China, which content may subject the platform’s operator to penalties and other administrative actions. For example, in April 2018, a platform that provides entertainment-oriented contents was ordered by the SART to permanently cease its operation for delivering content that were considered to be vulgar and “deviating from mainstream values.” In addition, in July 2018 PRC governmental and regulatory authorities responsible for “eradicating pornography and illegal publications” announced new coordinated efforts to regulate and control the nascent online short video sector, including citations against 19 online short video platforms which allegedly had disregarded previous and repeated warnings not to distribute content deemed by the authorities as obscene, misleading, pornographic, violent, infringing, sensationalist, deviant from socialist core values, harmful to younger viewers, or otherwise unlawful or detrimental. Of these 19 platforms, 15 had their applications removed from app stores and new downloads blocked; among these 15 platforms, three also had their operations suspended by relevant authorities.

Government regulation of content and of content platforms generally may broaden in scope and oversee additional aspects of content platforms’ operation, such as information security, user suitability management, anti-addiction, and sales and marketing, in addition to being strengthened and becoming more strict as to content and advertising. Any such new or broadened regulatory measures or oversight may cause us to incur higher compliance costs, revise or amend our operational strategies, target user groups, or promotional models, and thereby adversely affect our business and results of operations.

**If we fail to detect click-through fraud of our platform, we could lose the confidence of advertising customers and our revenues could decline.**

We are exposed to the risk of click-through fraud on our advertising services. Click-through fraud occurs when a person, automated script or computer program imitates a legitimate user clicking on an advertisement, for the purpose of generating a charge per click without having an actual interest in the target of the advertisement’s link. If we fail to detect fraudulent clicks or otherwise are unable to prevent such fraudulent activity, the affected advertising customers may experience a reduced return on their investment in our mobile advertising services and lose confidence in the integrity of our services. If this happens, our reputation may be damaged and we may be unable to retain existing advertising customers and attract new advertising customers for our advertising services and our advertising revenue could decline.

**If we fail to detect user misconduct on our platform, our business, results of operations and financial condition may be materially and adversely affected.**

Our platform enables users to upload content, post comments, interact with others and engage in various other online activities. As the gatekeeper for our platform, our content management system is designed to ensure
both the quality and appropriateness of information presented to users, which include content and comment postings. We undertake an efficient and thorough screening process that involves both algorithm-based screening and manual review. We have also implemented a complaint procedure that enables us to identify bad content with our users’ help. However, such procedures may not prevent all illegal or inappropriate content or comments from being posted, and our staff may fail to review and screen such content or comments effectively. In response to allegations of illegal or inappropriate activities conducted through our platform or any negative media coverage about us, PRC government authorities may intervene and hold us liable and subject us to administrative penalties or other sanctions, such as requiring us to restrict or discontinue some of the features and services provided on our mobile application. As a result, our business may suffer and our user base, revenues and profitability may be materially and adversely affected, and the price of the ADSs may decline.

Additionally, we may be subject to fines or other disciplinary actions, including suspension or revocation of the licenses necessary to operate our platform, if we are deemed to have facilitated the appearance of inappropriate content placed by third parties on our platform, including user generated content. Although we promise that they will not infringe upon the intellectual property rights of third parties, such content may nevertheless be unauthorized and infringe upon others’ intellectual property, including copyrights, and we may not be able to detect and identify every instance of intellectual property infringement. See “—Non-compliance with law on the part of third parties with which we conduct business could disrupt our business and adversely affect results of our operation and financial condition” and “We may be subject to intellectual property infringement claims or other allegations by third parties for information or content displayed on, retrieved from or linked to our platform, or delivered to our users, which may materially and adversely affect our business, financial condition and prospects.” As a result, we may face claims for defamation, libel, negligence, copyright, patent or trademark infringement, other unlawful activities or other claims based on the nature and content of the information delivered on or otherwise accessed through our platform. Defending such actions could be costly and involve significant time and attention of our management and other resources, which would materially and adversely affect our business, results of operations and financial conditions.

Our ability to prevent the misuse of our user loyalty programs while ensuring their efficacy in user acquisition and engagement will have a material effect on our business, results of operations and financial condition.

To incentivize word-of-mouth viral referrals and improve user engagement and loyalty, we have gamified our platform by giving users loyalty points and cash credits in certain cases for taking specific actions. Such actions primarily include making referrals of our Qutoutiao mobile application to new users or for user engagement such as through the viewing or sharing of content, providing valuable comments and encourage inactive users to continue to use Qutoutiao. Loyalty points are automatically exchanged into cash credits at the end of each day based on an exchange rate determined by us. A user can then withdraw cash credits, which reflects the same amount of cash value, from the user’s account after the balance exceed a minimum amount as determined by us from time to time. A user can also currently redeem cash credits by purchasing merchandise through the marketplace on our Qutoutiao mobile application. Our user loyalty programs also cover our Quduopai mobile application. Our user loyalty programs have contributed significantly to the growth in our installed users and high user engagement. Although we believe consuming content, rather than earning loyalty points, is the main purpose for our registered users to use Qutoutiao, we have nonetheless designed our loyalty programs to balance between their efficacy in user acquisition and engagement while preventing users from using our mobile applications merely for the loyalty points. Our inability to achieve such balance may make our user loyalty programs no longer becoming enticing to users, which may materially and adversely affect user growth and user engagement. Moreover, we cannot assure you that there will still be users who are only attracted to our mobile applications because of our user loyalty programs. We have mechanisms in place to prevent potential abuse of our user loyalty programs. For example, our system takes into account how fast the user scrolls down the page to determine whether the viewer has actually viewed the article and loyalty points are now provided on a per minute spent on viewing content basis. However, our system may not be able to detect all instances of abuse. Furthermore, although our loyalty programs are designed so that only a small amount of
loyalty points is provided for taking any specific action with the aim to entice user referral and engagement, we cannot ensure you that there will not be users who will be able to hack our user loyalty programs to make earning loyalty points a highly lucrative endeavor. We have also focused on developing fraud detection technologies to combat fraudulent users and activities targeting our user loyalty programs and we cannot assure you that such system will be effective in identifying fraud. If we allow users to improperly earn loyalty points, our business, results of operations and financial condition may be materially and adversely affected. As clearly stated in our user agreement, we have the sole discretion in determining user misuse of our user loyalty programs, and we may freeze a user’s account if we find such user misused our user loyalty programs. Certain users that have their accounts frozen have complained online. Such complaints could undermine the public perception and credibility of our platform, and our business, results of operations and financial condition could be materially and adversely affected.

Our results of operations may fluctuate from quarter to quarter, which makes them difficult to predict.

Our quarterly results of operations have fluctuated in the past and will continue to fluctuate in the future. As a result, our past quarterly results of operations are not necessarily indicators of future performance. Our results of operations in any given quarter can be influenced by numerous factors, many of which we are unable to predict or are outside of our control, including:

- our ability to grow our user base and user engagement;
- fluctuations in spending by our advertising customers, including as a result of seasonality or other factors;
- our ability to attract and retain advertising customers;
- the occurrence of planned or unplanned significant events, including events that may cause substantial share-based compensation or other charges;
- the development and introduction of new content formats, products or services or changes in features of existing content formats, products or services;
- the impact of competitors or competitive products and services;
- increases in our costs and expenses that we may incur to grow and expand our operations and to remain competitive;
- changes in the legal or regulatory environment or proceedings, including with respect to security, privacy or enforcement by government regulators, including fines, orders or consent decrees; and
- changes in Chinese or global business or macroeconomic conditions.

Given our limited operating history and the rapidly evolving market in which we compete, our historical results of operations may not be useful to you in predicting our future results of operations. Our short operating history and our rapid growth make it difficult for us to identify recurring seasonal trends in our business. The advertising industry in China experiences seasonality. Historically, advertising spending and user activities on our platform tend to be the lowest in the first quarter of each calendar year due to long holidays around the Lunar New Year, during which users tend to spend more time with family and celebrations offline and less time online, including on our mobile applications. In addition, advertising customers, such as those in the e-commerce industry, may also reduce its advertising spending during the holidays around the Lunar New Year due to reduced consumer spending or reduced or suspended production and logistics activities by manufacturers or other service providers. We believe this seasonality affects our quarterly results especially our results of operations in the first quarter of each year.

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We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of Internet businesses and companies, including limitations on our ability to own key assets such as our mobile applications.

The Chinese government heavily regulates the Internet industry, including foreign investment in the Chinese Internet industry, content on the Internet and license and permit requirements for service providers in the Internet industry. Since some of the laws, regulations and legal requirements with respect to the Internet are relatively new and evolving, their interpretation and enforcement involve significant uncertainties. In addition, the Chinese legal system is based on written statutes, such that prior court decisions can only be cited for reference and have little precedential value. As a result, in many cases it is difficult to determine what actions or omissions may result in liabilities. Issues, risks and uncertainties relating to China’s government regulation of the Chinese Internet sector include the following:

- We operate our mobile applications in China through businesses controlled via contractual arrangements versus direct ownership due to restrictions on foreign investment in businesses providing value-added telecommunication services, including substantially all of our paid services and advertising services.

- Uncertainties relating to the regulation of the Internet business in China, including evolving licensing practices, give rise to the risk that some of our permits, licenses or operations may be subject to challenge, which may be disruptive to our business, subject us to sanctions or require us to increase capital, compromise the enforceability of relevant contractual arrangements, or have other adverse effects on us. The numerous and often vague restrictions on acceptable content in China subject us to potential civil and criminal liability, temporary blockage of our mobile applications or complete shut-down of our mobile applications. For example, the State Secrecy Bureau, which is directly responsible for the protection of state secrets of all Chinese government and Chinese Communist Party organizations, is authorized to block any website or mobile applications it deems to be leaking state secrets or failing to meet the relevant regulations relating to the protection of state secrets in the distribution of online information. In addition, the newly amended Law on Preservation of State Secrets which became effective on October 1, 2010 provides that whenever an Internet service provider detects any leakage of state secrets in the distribution of online information, it should stop the distribution of such information and report to the authorities of state security and public security. As per request of the authorities of state security, public security or state secrecy, the Internet service provider should delete any content on its website that may lead to disclosure of state secrets. Failure to do so on a timely and adequate basis may subject the service provider to liability and certain penalties imposed by the State Security Bureau, Ministry of Public Security and/or MIIT or their respective local counterparts.

- On September 28, 2009, the General Administration of Press and Publication (the predecessor of GAPPRFT), or the GAPP, and the National Office of Combating Pornography and Illegal Publications jointly published a circular expressly prohibiting foreign investors from participating in Internet game operating business via wholly owned, equity joint venture or cooperative joint venture investments in China, and from controlling and participating in such businesses directly or indirectly through contractual or technical support arrangements. On February 4, 2016, the GAPPRFT and the MIIT jointly issued the Rules for the Administration for Internet Publishing Services, or the Internet Publishing Rules, which took effect in March 10, 2016 and prohibit wholly foreign-owned enterprises, Sino-foreign equity joint ventures and Sino-foreign cooperative enterprises from engaging in the provision of web publishing services. Under such rules, an Internet publishing license is required for a provider of online publications. Uncertainty remains regarding the interpretation of relevant concepts, including “online publications.” Although we have not been required by the SART or other relevant authorities to obtain an Internet publishing license so far, we may face further scrutiny by such authorities, which may require us to apply for such license and/or subject us to penalties. In addition, project cooperation between an Internet publishing service provider and a wholly foreign-owned enterprise, Sino-foreign equity joint venture, or Sino-foreign cooperative enterprise within China or an
overseas organization or individual involving Internet publishing services shall be subject to examination and approval by the SART in advance.

Due to the increasing popularity and use of the Internet and other online services, it is possible that a number of laws and regulations may be adopted with respect to the Internet or other online services covering issues such as user privacy, pricing, content, copyrights, distribution, antitrust and characteristics and quality of products and services. The adoption of additional laws or regulations may impede the growth of the Internet or other online services, which could, in turn, decrease the demand for our products and services and increase our cost of doing business. Moreover, the applicability to the Internet and other online services of existing laws in various jurisdictions governing issues such as property ownership, sales and other taxes, libel and personal privacy is uncertain and may take years to resolve. Any new legislation or regulation, the application of laws and regulations from jurisdictions whose laws do not currently apply to our business, or the application of existing laws and regulations to the Internet and other online services could significantly disrupt our operations or subject us to penalties.

The interpretation and application of existing PRC laws, regulations and policies, the stated positions of relevant PRC government authorities and possible new laws, regulations or policies have created substantial uncertainties regarding the legality of existing and future foreign investments in, and the businesses and activities of, Internet businesses in China, including our business.

Non-compliance with law on the part of third parties with which we conduct business could disrupt our business and adversely affect results of our operation and financial condition.

Third parties with which we conduct business, such as content providers, advertising agents, advertising customers and merchandise suppliers, may be subject to regulatory penalties or punishments because of their regulatory compliance failures or may be infringing upon other parties’ legal rights, which may, directly or indirectly, disrupt our business. Although we conduct review of legal formalities and certifications before entering into contractual relationships with third parties, and take measures to reduce the risks that we may be exposed to in case of any non-compliance by third parties, we cannot be certain whether such third party has violated any regulatory requirements or infringed or will infringe any other parties’ legal rights. For example, content providers may submit copyrighted content that they have no right to distribute. While our content management system screens content for potential copyright infringements, we may not be able to identify all instances of copyright infringement. In the event we deliver content that violates the copyrights of a third party, we may be required to pay damages to compensate such third party. Even though we have the contractual right to seek indemnification from the relevant content provider for such payment, there can be no assurance that we will be able to enforce such right. As a result, our business, results of operations and financial condition could be materially and adversely affected. Similarly, advertising content of advertising customers may also not be in full compliance with applicable laws and regulations that may have an adverse effect as to our business, results of operations and financial condition. See “— Advertisements on our mobile applications may subject us to penalties and other administrative actions.”

We cannot rule out the possibility of incurring liabilities or suffering losses due to any non-compliance by third parties. We cannot assure you that we will be able to identify irregularities or non-compliance in the business practices of third parties we conduct business with, or that such irregularities or non-compliance will be corrected in a prompt and proper manner. Any legal liabilities and regulatory actions affecting third parties involved in our business may affect our business activities and reputation, and may in turn affect our business, results of operations and financial condition.
Privacy concerns relating to our products and services and the use of user information could damage our reputation, deter current and potential users and customers from using our mobile applications and negatively impact our business.

We collect personal data from our users in order to better understand our users and their needs and to help advertising customers target specific demographic groups. Through an automated process, we develop a social graph for each user based on such person’s profile, behavior and social relationships. Concerns about the collection, use, disclosure or security of personal information or other privacy-related matters, even if unfounded, could damage our reputation, cause us to lose users and customers and adversely affect our business, results of operations and financial condition. While we strive to comply with applicable data protection laws and regulations, as well as our own posted privacy policies and other obligations we may have with respect to privacy and data protection, the failure or perceived failure to comply may result, and in some cases has resulted, in inquiries and other proceedings or actions against us by government agencies or others, as well as negative publicity and damage to our reputation and brand, each of which could cause us to lose users and customers, which could have an adverse effect on our business.

Any systems failure or compromise of our security that results in the unauthorized access to or release of our users’ or customers’ data could significantly limit the adoption of our products and services, as well as harm our reputation and brand and, therefore, our business. We expect to continue to expend significant resources to protect against security breaches. The risk that these types of events could seriously harm our business is likely to increase as we expand the number of products and services we offer and expand our user base.

New laws or regulations concerning data protection, or the interpretation and application of existing consumer and data protection laws or regulations, which is often uncertain and in flux, may be inconsistent with our practices. Complying with new laws and regulations could cause us to incur substantial costs or require us to change our business practices in a manner materially adverse to our business. For example, if privacy concerns or regulatory restrictions prevent us from selling demographically targeted advertising, we may become less attractive to advertising customers.

If we are unable to keep pace with rapid technological changes in the mobile Internet industries, our business may suffer.

The mobile feed industry, and the Internet industry in general, are characterized by constant changes, including rapid technological evolution, continual shifts in customer demands, frequent introductions of new products and services and constant emergence of new industry standards and practices. Thus, our success will depend, in part, on our ability to respond to these changes in a cost-effective and timely manner. If we are unable to keep up with big data analysis, artificial intelligence and other technological developments, users may no longer be attracted to our platform. A decrease in the number of active users may reduce our monetization opportunities and have a material and adverse effect on our business, results of operations and financial condition.

Our technological capabilities and infrastructure underlying our platform are critical to our success. The industry we operate in is subject to rapid technological changes and is evolving quickly in terms of technology innovation. We need to anticipate the emergence of new technologies and assess their market acceptance. We also need to invest significant resources, including financial resources, in research and development to keep pace with technological advances in order to make our products and services competitive in the market. However, development activities are inherently uncertain, and we might encounter practical difficulties in commercializing our development results. Our significant expenditures on research and development may not generate corresponding benefits. Given the fast pace with which the technology has been and will continue to be developed, we may not be able to timely upgrade our technologies in an efficient and cost-effective manner, or at all. New technologies in programming or operations could render our technologies, our platform or products or services that we are developing or expect to develop in the future obsolete or unattractive, thereby limiting our
ability to recover related product development costs, outsourcing costs and licensing fees, which could result in a decline in our revenues and market share.

If our security measures are breached, or if our products and services are subject to attacks that degrade or deny the ability of users to access our products and services, our products and services may be perceived as not being secure, users may curtail or stop using our products and services and our business, results of operations and financial condition may be harmed.

Our products and services involve the storage and transmission of users’ information, and security breaches expose us to a risk of loss of this information, litigation and potential liability. We may experience cyber-attacks of varying degrees, including attempts to hack into our user accounts or redirect our user traffic to other websites. Functions that facilitate interactivity with other mobile applications, such as WeChat, which among other things allows users to log into our platform using their WeChat identities, could increase the scope of access of hackers to user accounts. Our security measures may also be breached due to employee error, malfeasance or otherwise. Additionally, outside parties may attempt to fraudulently induce employees or users to disclose sensitive information in order to gain access to our data or our users’ data or accounts, or may otherwise obtain access to such data or accounts. Any such breach or unauthorized access could result in significant legal and financial exposure, damage to our reputation and a loss of confidence in the security of our products and services that could have an adverse effect on our business, results of operations and financial condition. Because the techniques used to obtain unauthorized access, disable or degrade service or sabotage systems change frequently and often are not recognized until launched against a target, we may be unable to anticipate these techniques or to implement adequate preventative measures. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed, we could lose users and we may be exposed to significant legal and financial risks, including legal claims and regulatory fines and penalties. Any of these actions could have a material and adverse effect on our business, results of operations and financial condition.

Negative publicity about us, our services, operations and our management may adversely affect our reputation and business.

We have from time to time received negative publicity, including negative Internet and blog postings about our company, our business, our management or our services. Certain of such negative publicity may be the result of malicious harassment or unfair competition acts by third parties. We may even be subject to government or regulatory investigation as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to defend ourselves against such third-party conduct, and we may not be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Our brand and reputation may be materially and adversely affected as a result of any negative publicity, which in turn may cause us to lose market share, users, advertising customers and other third parties we conduct business with. We have implemented user loyalty programs to gamify user experience and tap into the competitive reward psyche of users. However, some users have misunderstood the purpose of the system and expect it to function as a source of significant monetary compensation. This system and aspect of our referral-based viral user acquisition approach has been criticized and negatively evaluated in certain user generated content uploaded by users. Such users have also complained about the inadequacy of loyalty points through Internet blog postings. Though we believe such criticisms are without merit, such postings could have a material and adverse effect on our ability to acquire new customers.

We may incur liability for merchandise sold on our platform that is without or has yet to receive proper authorization, infringe on other parties’ intellectual property rights, or fail to comply with related permits or filing requirements.

Our Qutoutiao mobile application includes an online marketplace which users can access and purchase merchandise offered by third-party merchandise suppliers, which allows us to both enhance user stickiness and
capture valuable monetization opportunities. We may incur liability for merchandise sold by third-party merchandise suppliers that are without or have yet to receive proper authorization, infringe on other parties' intellectual property rights, or fail to comply with related permits or filing requirements. If any material claim occurs in the future, irrespective of the validity of such claims, we may incur significant costs and efforts in either defending against or settling such claims. If there is a successful claim against us, we might be required to pay substantial damages or refrain from further sale of the relevant merchandise. Moreover, such claims could result in negative publicity and our reputation could be severely damaged. Any of these events could have a material and adverse effect on our business, results of operations or financial condition.

We rely on third-party online payment platforms as to certain aspects of our operations.

Our users withdraw cash credits from their accounts on Qutoutiao through third-party online payment systems. Our users also can use third-party online payment systems to supplement their spending on Qutoutiao with additional funds. In such online payment transactions, secured transmission of confidential information such as customers' personal information over public networks is essential to maintain consumer confidence.

We do not have control over the security measures of our third-party online payment platforms, and security breaches of the online payment systems that we use could expose us to litigation and possible liability for failing to secure confidential customer information and could, among other things, damage our reputation and the perceived security of all of the online payment systems that we use. If a well-publicized Internet or mobile network security breach were to occur, users concerned about the security of their online financial transactions may become reluctant to purchase our virtual items even if the publicized breach did not involve payment systems or methods used by us. In addition, there may be billing software errors that would damage customer confidence in these online payment systems. If any of the above were to occur and damage our reputation or the perceived security of the online payment systems we use, we lose active users, which may have an adverse effect on our business.

Furthermore, if any of the payment platforms we use decide to significantly increase the percentage they charge us for using their payment systems, our business, results of operations and financial condition may be materially and adversely affected.

Any change, disruption, discontinuity in the features and functions of major social networks could limit our ability to continue growing our user base, and our business may be materially and adversely affected.

We leverage social networks, such as WeChat and QQ, as part of our user acquisition and engagement effort. These social networks enable users to share content on our mobile applications or recommend our mobile applications to their friends, family and other social contacts to generate low-cost organic traffic and enhance user engagement for us. To the extent that we fail to leverage such social networks, our ability to attract or retain users may be harmed. If any of these social networks makes changes to its functions or support, or stops offering its functions or support to us, we may not be able to locate alternative social networks of similar scale to provide similar functions or support. Furthermore, we may fail to establish or maintain relationships with additional social network operators to support the growth of our business on economically viable terms, or at all. Any interruption to or discontinuation of our relationships with major social network operators may severely and negatively impact our ability to continue growing our user base, and any occurrence of the circumstances mentioned above may have a material adverse effect on our business, financial condition and results of operations.

Our business and growth could suffer if we are unable to hire and retain key personnel.

We depend on the continued contributions of our senior management and other key employees, many of whom are difficult to replace. The loss of the services of any of our executive officers or other key employees could harm our business. Competition for qualified talent in China is intense. Our future success is dependent on our ability to attract a significant number of qualified employees and retain existing key employees. If we are unable to do so, our business and growth may be materially and adversely affected and the trading price of our
ADSs could suffer. Our need to significantly increase the number of our qualified employees and retain key employees may cause us to materially increase compensation-related costs, including share-based compensation.

We are also dependent on the services of Mr. Eric Siliang Tan, our co-founder and executive chairman. Although Mr. Tan spends significant time with us and is active in the management of our business, he does not devote his full time and attention to us. If Mr. Tan reduces his time with us in the future and become less involved with the management of our business, we may no longer benefit from his extensive industry experience and our business and growth may suffer.

Our co-founder and executive chairman Mr. Eric Siliang Tan has control over us and our corporate matters.

Our co-founder and executive chairman, Mr. Eric Siliang Tan, has control over us and our corporate matters. Innotech Group Holdings Ltd., a British Virgin Islands limited liability company which is ultimately controlled by Mr. Tan, holds 27,123,442 of our ordinary shares. In addition, pursuant to the power of attorney by several shareholders, Innotech Group Holdings Ltd. has the right to exercise the voting power associated with 1,931,265 ordinary shares held by such shareholders. As a result, Innotech Group Holdings Ltd. has the voting power over 29,054,707 ordinary shares, or 48.4% of the aggregate voting power of our issued and outstanding share capital as of the date of this prospectus. However, such power of attorney will be terminated upon the completion of this offering.

In addition, immediately prior to the completion of this offering, we expect to create a dual-class share structure such that our ordinary shares will consist of Class A ordinary shares and Class B ordinary shares. In respect of matters requiring the votes of shareholders, holders of Class B ordinary shares will be entitled to ten (10) votes per share, subject to certain conditions, while holders of Class A ordinary shares will be entitled to one vote per share based on our proposed dual-class share structure. We will sell Class A ordinary shares represented by our ADSs in this offering. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any transfer of Class B ordinary shares by a holder to any person or entity which is not an affiliate of such holder, each of such Class B ordinary shares shall be converted into one Class A ordinary share in accordance with our amended and restated memorandum and articles of association.

Immediately prior to the completion of this offering, Mr. Tan will beneficially own 27,123,442 of our issued Class B ordinary shares. These Class B ordinary shares will constitute approximately % of our total issued and outstanding share capital immediately after the completion of this offering and % of the aggregate voting power of our total issued and outstanding share capital immediately after the completion of this offering due to the disparate voting powers associated with our dual-class share structure, assuming the underwriters do not exercise their over-allotment option. See “Principal Shareholders.” As a result of the dual-class share structure and the concentration of ownership, Mr. Tan will have considerable influence over matters such as decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of directors and other significant corporate actions. This concentrated control will limit your ability to influence corporate matters and could also discourage others from pursuing any potential merger, takeover or other change of control transactions, which could have the effect of depriving the holders of our ordinary shares and our ADSs of the opportunity to sell their shares at a premium over the prevailing market price.

We will be a “controlled company” under the rules of NASDAQ Global Market and, as a result, will rely on exemptions from certain corporate governance requirements that provide protection to shareholders of other companies.

We will be a “controlled company” as defined under the Nasdaq Stock Market Rules because Mr. Eric Siliang Tan will hold more than 50% of the aggregate voting power of our company upon the completion of this offering. For so long as we remain a controlled company under that definition, we are permitted to elect to rely, and will rely, on certain exemptions from corporate governance rules, including an exemption from the rule that a majority of our board of directors must be independent directors. As a result, you will not have the same protection afforded to shareholders of companies that are subject to these corporate governance requirements.
We have incurred and may continue to incur substantial share-based compensation expenses.

We have adopted a 2017 equity incentive plan that permits the grant of share options, and a 2018 equity incentive plan that permits the grant of share options, restricted shares, restricted share units, dividend equivalents, share appreciation rights and share payments as equity-based awards, to our directors, officers, employees and consultants. The maximum aggregate number of ordinary shares that may be issued pursuant to all share options and other awards under our equity incentive plans is 12,964,141, of which 9,500,000 ordinary shares are held by a nominee of our equity incentive trust. As of the date of this prospectus, options to purchase 12,297,276 ordinary shares have been granted and are outstanding under our equity incentive plans. We are required to account for options granted to our employees, directors and consultants. We are required to classify options granted to our employees, directors and consultants as equity awards and recognize share-based compensation expense based on the fair value of such share options, with the share-based compensation expense recognized over the period in which the recipient is required to provide service in exchange for the share option or other equity award.

On January 3, 2018, entities respectively controlled by our co-founders Mr. Eric Siliang Tan and Mr. Lei Li entered into share restriction deeds with us, pursuant to which a total of 15,937,500 ordinary shares beneficially owned by such co-founders became restricted shares. 12,187,500 of such restricted shares are beneficially owned by Mr. Eric Siliang Tan and will be vested in a period over 34 months. 3,750,000 of such restricted shares are beneficially owned by Mr. Lei Li and will be vested in a period over 24 months. These share restriction deeds will be terminated, and any remaining restricted shares will be vested, upon the completion of this offering. For accounting purposes, this transaction has been reflected retrospectively similar to a reverse stock split, with a grant of 15,937,500 restricted shares to be recognized in January 2018 at their then fair value of approximately RMB818.4 million (US$128.1 million) and recognized as compensation expense over the vesting periods. In the six months ended June 30, 2018, RMB158.6 million (US$24.8 million) was recognized as share-based compensation expenses. In addition, upon the completion of this offering, any remaining unrecognized share-based compensation expenses relating to the foregoing will be expensed immediately. For further information, see “Management — Equity Incentive Plans — Share Restriction Deeds.”

We believe the granting of share-based compensation is of significant importance to our ability to attract, retain and motivate our management team and talented employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase significantly, which may have an adverse effect on our results of operations and financial condition. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies, Judgments and Estimates — Share-based Compensation and Valuation of Our Ordinary Shares.”

Future investments in and acquisitions of complementary assets, technologies and businesses may fail and may result in equity or earnings dilution.

We may invest in or acquire assets, technologies and businesses that are complementary to our existing business. Our investments or acquisitions may not yield the results we expect. In addition, investments and acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, significant amortization expenses related to goodwill or intangible assets and exposure to potential unknown liabilities of the acquired business. Furthermore, if such goodwill or intangible assets become impaired, we may be required to record a significant charge to our results of operations. Such investments and acquisitions may also require our management team to devote a significant amount of attention. Moreover, the cost of identifying and consummating investments and acquisitions, and integrating the acquired businesses into ours, may be significant, and the integration of acquired businesses may be disruptive to our existing business operations. In addition, we may have to obtain approval from the relevant PRC governmental authorities for the investments and acquisitions and comply with any applicable PRC rules and regulations, which may be costly. In the event our investments and acquisitions are not successful, our results of operations and financial condition may be materially and adversely affected.
We may not be able to adequately protect our intellectual property, which could cause us to be less competitive.

We regard our intellectual property as critical to our success. Such intellectual property includes trademarks, domain names, copyrights, know-how and proprietary technologies. We currently rely on trademarks, copyrights, trade secret law and confidentiality, invention assignment and non-compete agreements with our employees and others to protect our proprietary rights. See “Business — Intellectual Property” and “Regulations — Regulations Related to Intellectual Property Rights.” However, we cannot assure you that any of our intellectual property rights would not be challenged, invalidated or circumvented, or such intellectual property will be sufficient to provide us with competitive advantages. We have not completed the trademark registration for “Qutoutiao,” the name of our flagship mobile application. After we submitted our application material with the relevant authorities, one of our competitors filed an objection on the purported ground that “Qutoutiao” is similar to a trademark registered by such competitor. We believe such objection is meritless and we have contested the objection and submitted the written defense to the Trademark Office in February 2018. However, there can be no assurance that we will be able to prevail and register “Qutoutiao” as a trademark. See “— If we do not continue to increase the strength of our brand, we may not be able to maintain current or attract new users and customers for our products and services.” In addition, other parties may misappropriate our intellectual property rights, which would cause us to suffer economic or reputational damages. Because of the rapid pace of technological change, nor can we assure you that all of our proprietary technologies and similar intellectual property can be patented in a timely or cost-effective manner, or at all. Furthermore, parts of our business rely on technologies developed or licensed by other parties, or co-developed with other parties, and we may not be able to obtain or continue to obtain licenses and technologies from these other parties on reasonable terms, or at all.

It is often difficult to register, maintain and enforce intellectual property rights in China. Statutory laws and regulations are subject to judicial interpretation and enforcement and may not be applied consistently due to the lack of clear guidance on statutory interpretation. Confidentiality, invention assignment and non-compete agreements may be breached by counterparties, and there may not be adequate remedies available to us for any such breach. Accordingly, we may not be able to effectively protect our intellectual property rights or to enforce our contractual rights in China. Preventing any unauthorized use of our intellectual property is difficult and costly and the steps we take may be inadequate to prevent the misappropriation of our intellectual property. In the event that we resort to litigation to enforce our intellectual property rights, such litigation could result in substantial costs and a diversion of our managerial and financial resources. We can provide no assurance that we will prevail in such litigation. In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. To the extent that our employees or consultants use intellectual property owned by others in their work for us, disputes may arise as to the rights in related know-how and inventions. Any failure in protecting or enforcing our intellectual property rights could materially and adversely affect our business, results of operations and financial condition.

We may be subject to intellectual property infringement claims or other allegations by third parties for information or content displayed on, retrieved from or linked to our platform, or delivered to our users, which may materially and adversely affect our business, financial condition and prospects.

We may be subject to intellectual property infringement claims or other allegations by third parties for products or services on our platform, which may materially and adversely affect our business, financial condition and prospects.

Companies in the Internet, technology and media industries are frequently involved in litigation based on allegations of infringement of intellectual property rights, unfair competition, invasion of privacy, defamation and other violations of other parties’ rights. The validity, enforceability and scope of protection of intellectual property rights in Internet-related industries, particularly in China, are uncertain and still evolving. As we face increasing competition and as litigation becomes more common in China in resolving commercial disputes, we face a higher risk of being the subject of intellectual property infringement claims.
We allow content providers to upload texts, images and videos on our platform. We have procedures designed to reduce the likelihood that content might be used without proper licenses or third-party consents. However, these procedures may not be effective in preventing the unauthorized posting of copyrighted content. We may face liability for copyright or trademark infringement, defamation, unfair competition, libel, negligence, and other claims based on the nature and content of the materials that are delivered, shared or otherwise accessed through our platform.

Defending intellectual property litigation is costly and can impose a significant burden on our management and employees, and there can be no assurances that favorable final outcomes will be obtained in all cases. Such claims, even if they do not result in liability, may harm our reputation. Any resulting liability or expenses, or changes required to our platform to reduce the risk of future liability, may materially and adversely affect our business, financial condition and prospects.

If we fail to implement and maintain an effective system of internal control, we may be unable to accurately or timely report our results of operations or prevent fraud, and investor confidence and the market price of the ADSs may be materially and adversely affected.

We will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act and the rules and regulations of the NASDAQ Global Market after the completion of this offering. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. Commencing with our fiscal year ending December 31, 2019, we must perform system and process evaluation and testing of our internal control over financial reporting to allow management to report on the effectiveness of our internal control over financial reporting in our Form 20-F filing for that year, as required by Section 404 of the Sarbanes-Oxley Act. In addition, once we cease to be an “emerging growth company” as the term is defined in the JOBS Act, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. Our management may conclude that our internal control over financial reporting is not effective. Moreover, even if our management concludes that our internal control over financial reporting is not effective, our independent registered public accounting firm, after conducting its own independent testing, may not reach the same conclusion. Prior to this offering, we were a private company with limited accounting personnel and other resources with which to address our internal control and procedures, and we were never required to evaluate our internal control over financial reporting within a specified period, and, as a result, we may experience difficulty in meeting these reporting requirements in a timely manner. Our management has not completed an assessment of the effectiveness of our internal control over financial reporting and our independent registered public accounting firm has not conducted an audit of our internal control over financial reporting.

In the course of preparing and auditing our consolidated financial statements for the years ended December 31, 2016 and 2017, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting as of December 31, 2017. In accordance with U.S. GAAP and financial reporting requirements set forth by the SEC, a “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our company’s annual or interim consolidated financial statements will not be prevented or detected on a timely basis. The material weakness identified relates to the lack of sufficient financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to formalize key controls over financial reporting and to prepare consolidated financial statements and related disclosures. Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control under the Sarbanes-Oxley Act for purposes of identifying and reporting any weakness in our internal control over financial reporting. We and they are required to do so only after we become a public company. Had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional control weaknesses may have been identified. To remedy our identified material weakness subsequent to December 31, 2017, we plan to undertake steps to strengthen our internal control over financial
reporting, including: (i) hiring more qualified resources including financial controller, equipped with relevant U.S. GAAP and SEC reporting experience and qualifications to strengthen the financial reporting function and to set up a financial and system control framework, (ii) implementing regular and continuous U.S. GAAP accounting and financial reporting training programs for our accounting and financial reporting personnel, (iii) establishing effective oversight and clarifying reporting requirements for non-recurring and complex transactions to ensure consolidated financial statements and related disclosures are accurate, complete and in compliance with U.S. GAAP and SEC reporting requirements, and (iv) enhancing an internal audit function as well as engaging an external consulting firm to help us assess our compliance readiness under rule 13a-15 of the Exchange Act and improve overall internal control. However, we cannot assure you that we will remediate our material weakness in a timely manner.

Our internal control over financial reporting will not prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system’s objectives will be met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud will be detected.

If we are not able to comply with the requirements of Section 404 of the Sarbanes-Oxley Act in a timely manner, or if we are unable to maintain proper and effective internal control, we may not be able to produce timely and accurate financial statements. If that were to happen, the market price of our ADSs could decline and we could be subject to sanctions or investigations by the NASDAQ Global Market, SEC or other regulatory authorities.

The discontinuation of any of the preferential tax treatments available to us in China could materially and adversely affect our results of operations and financial condition.

Under PRC tax laws and regulations, our consolidated VIE, Shanghai Jifen enjoyed, or is qualified to enjoy, certain preferential income tax benefits. The modified Enterprise Income Tax Law, effective on February 24, 2017, or the EIT Law, and its implementation rules generally impose a uniform income tax rate of 25% on all enterprises, but grant preferential treatment to “high and new technology enterprises strongly supported by the state”, or HNTEs, to enjoy a reduced enterprise tax rate of 15%. According to the relevant administrative measures, to qualify as a “HNTE”, Shanghai Jifen must meet certain financial and non-financial criteria and complete verification procedures with the administrative authorities. Continued qualification as a “HNTE” is subject to a three-year review by the relevant government authorities in China, and in practice certain local tax authorities also require annual evaluation of the qualification. In the event the preferential tax treatment for Shanghai Jifen is discontinued or is not verified by the local tax authorities, and the affected entity fails to obtain preferential income tax treatment based on other qualifications such as Advanced Technology Service Enterprise, it will become subject to the standard PRC enterprise income tax rate of 25%. We cannot assure you that the tax authorities will not, in the future, discontinue any of our preferential tax treatments, potentially with retroactive effect.

User growth and engagement depend upon effective interoperation with operating systems, networks, devices and major mobile application distribution channels that we do not control.

We make our products and services available across a variety of mobile operating systems and through major mobile application distribution channels, namely app stores. We are dependent on the interoperability of our products and services with popular devices and mobile operating systems that we do not control, such as Android and iOS. In addition, any changes in such operating systems, devices or mobile application distribution channels that degrade the functionality of our products and services or give preferential treatment to competitive products or services could adversely affect usage of our products and services. Further, if the number of platforms for which we develop our products increases, it will result in an increase in our costs and expenses. In order to deliver high-quality products and services, it is important that our products and services work well with a range of mobile operating systems and devices which we do not control. We may not be successful in developing
relationships with key participants in the mobile Internet industry or in developing products or services that operate effectively with these mobile operating systems, devices and mobile application distribution channels. In the event it is difficult for our users to access and use our products and services on their mobile devices, our user growth and user engagement could be harmed, and our business, results of operations and financial condition could be adversely affected.

**Our operations depend on the performance of the Internet infrastructure and fixed telecommunications networks in China.**

Almost all access to the Internet in China is maintained through state-owned telecommunication operators under the administrative control and regulatory supervision of the Ministry of Industry and Information Technology, or the MIIT. Moreover, we primarily rely on a limited number of telecommunication service providers to provide us with data communications capacity through local telecommunications lines and Internet data centers to host our servers. We have limited access to alternative networks or services in the event of disruptions, failures or other problems with China’s Internet infrastructure or the fixed telecommunications networks provided by telecommunication service providers. Internet traffic in China has experienced significant growth during the past few years. Effective bandwidth and server storage at Internet data centers in large cities such as Shanghai are scarce. With the expansion of our business, we may be required to upgrade our technology and infrastructure to keep up with the increasing traffic on our platform. We cannot assure you that the Internet infrastructure and the fixed telecommunications networks in China will be able to support the demands associated with the continued growth in Internet usage. If we are unable to increase our online content and service delivering capacity accordingly, we may not be able to continuously grow our traffic, and the adoption of our products and services may be hindered, which could adversely impact our business and our share price.

In addition, we have no control over the costs of the services provided by telecommunication service providers. If the prices we pay for telecommunications and Internet services rise significantly, our business, results of operations and financial condition may be materially and adversely affected. Furthermore, if mobile Internet access fees or other charges to mobile Internet users increase, some users may be prevented from accessing the mobile Internet and thus cause the growth of mobile Internet users to decelerate. Such deceleration may adversely affect our ability to continue to expand our user base and increase our attractiveness to online customers.

Our business, results of operations and financial condition may be harmed by service disruptions, or by our failure to timely and effectively scale and adapt our existing technology and infrastructure.

We may experience service disruptions, outages and other performance problems due to a variety of factors, including infrastructure changes, human or software errors, hardware failure, capacity constraints due to an overwhelming number of people accessing our products and services simultaneously, computer viruses and denial of service, fraud and security attacks. Any disruption or failure in our infrastructure could hinder our ability to handle existing or increased traffic on our platform or cause us to lose content stored on our platform, which could significantly harm our business and our ability to retain existing users and attract new users.

As the number of our users increases and our users generate increasing volumes of user generated videos on our platform, and as we continue to diversify into new content formats, we may be required to expand and adapt our technology and infrastructure to continue to reliably store, analyze and deliver content. It may become increasingly difficult to maintain and improve the performance of our products and services, especially during peak usage times, as our products and services become more complex and our user traffic increases. In addition, because we lease our data center facilities, we cannot be assured that we will be able to expand our data center infrastructure to meet users’ demand in a timely manner, or on favorable economic terms. If our users are unable to access Qutoutiao or we are not able to make information available rapidly on Qutoutiao, or at all, users may become frustrated and seek other channels for their light entertainment needs, and may not return to Qutoutiao or use Qutoutiao as often in the future, or at all. This would negatively impact our ability to attract users and maintain high level of user engagement as well as our ability to attract advertising customers.
Legal or administrative proceedings or allegations of impropriety against us or our management could have a material adverse impact on our reputation, results of operation and financial condition.

We and members of our management may be subject to allegations or lawsuits brought by our competitors, individuals, government and regulatory authorities or other persons in the future. Any such lawsuit or allegation, with or without merit, or any perceived unfair, unethical, fraudulent or inappropriate business practice by us or perceived wrong-doing by any key member of our management team could harm our reputation and cause our user base to decline and distract our management from day-to-day operations of our company. We cannot assure you that we or key members of our management team will not be subject to lawsuits or allegations of a similar nature in the future. Where we can make a reasonable estimate of the liability relating to pending litigation and determine that an adverse liability resulting from such litigation is probable, we will record a related contingent liability. As additional information becomes available, we will assess the potential liability and revise estimates as appropriate. In 2016 and 2017, we did not record any contingent liabilities relating to pending litigation. However, when we record or revise our estimates of contingent liabilities in the future, the amount of our estimates may be inaccurate due to the inherent uncertainties relating to litigation. In addition, the outcomes of actions we institute against third parties may not be successful or favorable to us. Litigation and allegations against us or any of our management members, irrespective of their veracity, may also generate negative publicity that significantly harms our reputation, which may materially and adversely affect our user base and our ability to attract content providers and advertising customers. In addition to the related cost, managing and defending litigation and related indemnity obligations can significantly divert our management and the board of directors’ attention from operating our business. We may also need to pay damages or settle the litigation with a substantial amount of cash. All of these could have a material adverse impact on our reputation, results of operation and financial condition.

We may not have fully paid certain fees and surcharges in the past. As such, we may be subject to further scrutiny by the PRC tax authorities that may result in a finding which may subject us to additional taxes, fees and surcharges and fines or other penalties.

According to the Circular on Issues Relating to Cultural Undertaking Development Fee Policies and Administration of Levying and Collection Relating to Levy VAT in place of Business Tax, which was issued by the Ministry of Finance and the State Administration of Taxation, or the SAT, on March 28, 2016, or Circular 25, the provision of advertising services by advertising media agencies and outdoor advertisement business operators (including entities engaging in distribution, screening, promotion and exhibition of outdoor advertisements and other advertisements, as well as entities engaging in advertisement agency services) in China is subject to a cultural development fee at an applicable rate of 3% of the net advertising revenue. The net advertising revenue refers to, as specified in Circular 25, the balance after deducting advertisement distribution fee paid to other advertising company or advertisement distributor, from the total tax inclusive price and out of pocket expenses obtained from provision of advertising services. Historically, we did not pay cultural development fee and surcharges for the part of our revenue that we did not consider as revenue from advertising services subject to Circular 25. Although we have not been challenged by the tax authorities so far, we may face further scrutiny by the PRC tax authorities that may result in a conclusion that subjects us to additional taxes, fees and surcharges and substantially increases our taxes owed, thereby materially and adversely affecting our results of operations. As a result of not making adequate contributions, we may also be subject to fines or other penalties imposed by the relevant authorities pursuant to applicable laws and regulations.

A severe or prolonged downturn in the Chinese or global economy could materially and adversely affect our business, results of operations and financial condition.

Any prolonged slowdown in the Chinese or global economy may have a negative impact on our business, results of operations and financial condition. In particular, general economic factors and conditions in China or worldwide, including the general interest rate environment and unemployment rates, may affect advertising customers’ willingness to advertise or consumers’ willingness to spend on entertainment. Economic conditions in
China are sensitive to global economic conditions. The global financial markets have experienced significant disruptions since 2008 and the United States, Europe and other economies have experienced periods of recession. The recovery from the lows of 2008 and 2009 has been uneven and is facing new challenges, including the escalation of the European sovereign debt crisis from 2011 and the slowdown of the Chinese economy since 2012. There is considerable uncertainty over the long-term effects of the expansionary monetary and fiscal policies adopted by the central banks and financial authorities of some of the world’s leading economies, including the United States and China. There have been concerns over unrest in North Korea, Ukraine, the Middle East and Africa, which have resulted in volatility in financial and other markets. There have also been concerns over the expected withdrawal of the United Kingdom from the European Union as well as concerns about the economic effect of the tensions in the relationship between the United States, China and neighboring Asian countries. If present Chinese and global economic uncertainties persist, we may have difficulty in attracting advertising customers or spending by consumers on entertainment. Additionally, continued turbulence in the international markets may adversely affect our ability to access the capital markets to meet liquidity needs.

We have limited business insurance coverage.

Insurance companies in China currently do not offer as extensive an array of insurance products as are offered by insurance companies in more developed economies. We do not have any business liability or disruption insurance coverage for our operations. Any uninsured business disruptions may result in our incurring substantial costs and diversion of resources, which could have an adverse effect on our results of operations and financial condition.

Any catastrophe, including natural catastrophes and outbreaks of health pandemics and other extraordinary events, could disrupt our business operation.

We are vulnerable to natural disasters and other calamities. Fire, floods, typhoons, earthquakes, power loss, telecommunications failures, break-ins, war, riots, terrorist attacks or similar events may give rise to server interruptions, breakdowns, system failures or Internet failures, which could cause the loss or corruption of data or malfunctions of software or hardware as well as adversely affect our ability to provide our products or services.

Our business could also be adversely affected by the effects of Ebola virus disease, H1N1 flu, H7N9 flu, avian flu, Severe Acute Respiratory Syndrome, or SARS, or other epidemics. Our business operations could be disrupted if any of our employees is suspected of having Ebola virus disease, H1N1 flu, H7N9 flu, avian flu, SARS or another contagious disease or condition, since it could require our employees to be quarantined and/or our offices to be disinfected. In addition, our business, results of operations and financial condition could be adversely affected to the extent that any of these epidemics harms the Chinese economy in general.

Risks Relating to Our Corporate Structure

We rely on contractual arrangements with our consolidated VIE and its shareholders to operate our business, which may not be as effective as direct ownership in providing operational control and otherwise materially and adversely affect our business.

We rely on contractual arrangements with our consolidated VIE and its shareholders to operate our business. For a description of these contractual arrangements, see “Our History and Corporate Structure — Contractual Arrangements among Shanghai Quyun, Shanghai Jifen and Its Shareholders.” All of our revenue is attributed to our consolidated VIE and its subsidiaries. These contractual arrangements may not be as effective as direct ownership in providing us with control over our consolidated VIE. If our consolidated VIE or its shareholders fail to perform their respective obligations under these contractual arrangements, our recourse to the assets held by our consolidated VIE is indirect and we may have to incur substantial costs and expend significant resources to enforce such arrangements in reliance on legal remedies under PRC law. These remedies may not always be effective, particularly in light of uncertainties in the PRC legal system. Furthermore, in connection with
litigation, arbitration or other judicial or dispute resolution proceedings, assets under the name of any of record holder of equity interest in our consolidated VIE, including such equity interest, may be put under court custody. As a consequence, we cannot be certain that the equity interest will be disposed pursuant to the contractual arrangement or ownership by the record holder of the equity interest.

All of these contractual arrangements are governed by PRC law and provide for the resolution of disputes through arbitration in the PRC. Accordingly, these contracts would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. The legal environment in the PRC is not as developed as in other jurisdictions, such as the U.S. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. In the event that we are unable to enforce these contractual arrangements, or if we suffer significant time delays or other obstacles in the process of enforcing these contractual arrangements, it would be very difficult to exert effective control over our consolidated VIE, and our ability to conduct our business and our results of operations and financial condition may be materially and adversely affected. See “— Risks Related to Doing Business in China — There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.”

The arbitration provisions under these contractual arrangements have no effect on the rights of our shareholders to pursue claims against us under United States federal securities laws.

Any failure by our consolidated VIE or its shareholders to perform their obligations under our contractual arrangements with them would materially and adversely affect our business.

We, through one of our subsidiaries and a wholly foreign-owned enterprise in the PRC, have entered into a series of contractual arrangements with our consolidated VIE and its shareholders. For a description of these contractual arrangements, see “Our History and Corporate Structure — Contractual Arrangements among Shanghai Quyun, Shanghai Jifen and Its Shareholders.” If our consolidated VIE or its shareholders fail to perform their respective obligations under these contractual arrangements, we may incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC laws, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure you will be effective under PRC laws. For example, if the shareholders of our consolidated VIE were to refuse to transfer their equity interests in the consolidated VIE to us or our designee when we exercise the purchase option pursuant to these contractual arrangements, or if they were otherwise to act in bad faith toward us, then we may have to take legal actions to compel them to perform their contractual obligations.

All the agreements under our contractual arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in China. Accordingly, these contracts would be interpreted in accordance with PRC laws and any disputes would be resolved in accordance with PRC legal procedures. The legal system in the PRC is not as developed as in some other jurisdictions, such as the United States. As a result, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements. Meanwhile, there are very few precedents and little formal guidance as to how contractual arrangements in the context of a VIE should be interpreted or enforced under PRC laws. There remain significant uncertainties regarding the ultimate outcome of such arbitration should legal action become necessary. In addition, under PRC laws, rulings by arbitrators are final and parties cannot appeal arbitration results in court unless such rulings are revoked or determined unenforceable by a competent court. If the losing parties fail to carry out the arbitration awards within a prescribed time limit, the prevailing parties may only enforce the arbitration awards in PRC courts through arbitration award recognition proceedings, which would require additional expenses and delay. In the event that we are unable to enforce these contractual arrangements, or if we suffer significant delay or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our consolidated VIE and relevant rights and licenses held by it which we require in order to operate our business, and our ability to conduct our business may be negatively affected. See “— Risks Related to Doing Business in China — There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.”
The shareholders of our consolidated VIE may have potential conflicts of interest with us, which may materially and adversely affect our business, results of operations and financial condition.

The interests of the shareholders of our consolidated VIE in their capacities as such shareholders may differ from the interests of our company as a whole, as what is in the best interests of our consolidated VIE, including matters such as whether to distribute dividends or to make other distributions to fund our offshore requirement, may not be in the best interests of our company. There can be no assurance that when conflicts of interest arise, any or all of these shareholders will act in the best interests of our company or that these conflicts of interest will be resolved in our favor. In addition, these shareholders may breach or cause our consolidated VIE and their subsidiaries to breach or refuse to renew the existing contractual arrangements with us.

Currently, we do not have arrangements to address potential conflicts of interest the shareholders of our consolidated VIE may encounter, on the one hand, and as a beneficial owner of our company, on the other hand. We, however, could, at all times, exercise our option under the exclusive option agreement to cause them to transfer all of their equity ownership in our consolidated VIE to a PRC entity or individual designated by us as permitted by the then applicable PRC laws. In addition, if such conflicts of interest arise, we could also, in the capacity of attorney-in-fact of the then existing shareholders of our consolidated VIE as provided under the power of attorney agreements, directly appoint new directors of our consolidated VIE. We rely on the shareholders of our consolidated VIE to comply with PRC laws and regulations, which protect contracts and provide that directors and executive officers owe a duty of loyalty to our company and require them to avoid conflicts of interest and not to take advantage of their positions for personal gains, and the laws of the Cayman Islands, which provide that directors have a duty of care and a duty of loyalty to act honestly in good faith with a view to our best interests. However, the legal frameworks of China and the Cayman Islands do not provide guidance on resolving conflicts in the event of a conflict with another corporate governance regime. If we cannot resolve any conflicts of interest or disputes between us and the shareholders of our consolidated VIE, we would have to rely on legal proceedings, which could result in disruption of our business and subject us to substantial uncertainty as to the outcome of any such legal proceedings.

If the PRC government deems that the contractual arrangements in relation to our consolidated VIE do not comply with PRC regulatory restrictions on foreign investment in the relevant industries, or if these regulations or the interpretation of existing regulations change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

The PRC government regulates telecommunications-related businesses through strict business licensing requirements and other government regulations. These laws and regulations also include limitations on foreign ownership of PRC companies that engage in telecommunications-related businesses. Specifically, foreign investors are not allowed to own more than a 50% equity interest in any PRC company engaging in value-added telecommunications businesses. The primary foreign investor must also have experience and a good track record in providing value-added telecommunications services, or VATS, overseas.

Because we are an exempted company incorporated in the Cayman Islands, we are classified as a foreign enterprise under PRC laws and regulations, and our wholly foreign-owned enterprise in the PRC is a foreign-invested enterprise, or FIE. Accordingly, none of these subsidiaries are eligible to operate VATS business in China. We conduct our business in China through our consolidated VIE and its affiliates. Our PRC subsidiary, Shanghai Quyun, has entered into a series of contractual arrangements with our consolidated VIE and its shareholders, which enable us to (i) exercise effective control over the consolidated VIE, (ii) receive substantially all of the economic benefits of the consolidated VIE, and (iii) have an exclusive option to purchase all or part of the equity interests and assets in the consolidated VIE when and to the extent permitted by PRC law. As a result of these contractual arrangements, we have control over and are the primary beneficiary of the consolidated VIE and hence consolidate its financial results as our consolidated VIE under U.S. GAAP. For a description of these contractual arrangements, see “Our History and Corporate Structure — Contractual Arrangements among Shanghai Quyun, Shanghai Jifen and Its Shareholders.”
We believe that our corporate structure and contractual arrangements comply with the current applicable PRC laws and regulations. Our PRC legal counsel, King & Wood Mallesons, based on its understanding of the relevant laws and regulations, is of the opinion that each of the contracts among our wholly-owned PRC subsidiary, Shanghai Quyun, our consolidated VIE and its shareholders is valid, binding and enforceable in accordance with its terms. However, as there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations, including the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, and the Telecommunications Regulations and the relevant regulatory measures concerning the telecommunications industry, there can be no assurance that the PRC government authorities, such as the MOFCOM or the MIIT, or other authorities that regulate Internet content providers and other participants in the telecommunications industry, would agree that our corporate structure or any of the above contractual arrangements comply with PRC licensing, registration or other regulatory requirements, with existing policies or with requirements or policies that may be adopted in the future. PRC laws and regulations governing the validity of these contractual arrangements are uncertain and the relevant government authorities have broad discretion in interpreting these laws and regulations.

If our corporate structure and contractual arrangements are deemed by the MIIT or the MOFCOM or other regulators having competent authority to be illegal, either in whole or in part, we may lose control of our consolidated VIE and have to modify such structure to comply with regulatory requirements. However, there can be no assurance that we can achieve this without material disruption to our business. Further, if our corporate structure and contractual arrangements are found to be in violation of any existing or future PRC laws or regulations, the relevant regulatory authorities would have broad discretion in dealing with such violations, including:

- revoking our business and operating licenses;
- levying fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations;
- shutting down our services;
- discontinuing or restricting our operations in China;
- imposing conditions or requirements with which we may not be able to comply;
- requiring us to change our corporate structure and contractual arrangements;
- restricting or prohibiting our use of the proceeds from overseas offering to finance our consolidated VIE’s business and operations; and
- taking other regulatory or enforcement actions that could be harmful to our business.

Furthermore, new PRC laws, rules and regulations may be introduced to impose additional requirements that may be applicable to our corporate structure and contractual arrangements. See “— Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of the draft PRC Foreign Investment Law, and its enactment may materially and adversely affect our business, results of operations and financial condition.” Occurrence of any of these events could materially and adversely affect our business, results of operations and financial condition. In addition, if the imposition of any of these penalties or requirement to restructure our corporate structure causes us to lose the rights to direct the activities of our consolidated VIE or our right to receive its economic benefits, we would no longer be able to consolidate the financial results of such VIE in our consolidated financial statements. However, we do not believe that such actions would result in the liquidation or dissolution of our company, our wholly-owned subsidiary in China or our consolidated VIE or its subsidiaries. See “Our History and Corporate Structure — Contractual Arrangements among Shanghai Quyun, Shanghai Jifen and Its Shareholders.”
Contractual arrangements in relation to our consolidated VIE may be subject to scrutiny by the PRC tax authorities and they may determine that our consolidated VIE owes additional taxes, which could negatively affect our results of operations and financial condition and the value of your investment.

Under applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by the PRC tax authorities. The PRC enterprise income tax law requires every enterprise in China to submit its annual enterprise income tax return together with a report on transactions with its related parties to the relevant tax authorities. The tax authorities may impose reasonable adjustments on taxation if they have identified any related party transactions that are inconsistent with arm’s length principles. We may face material and adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among our wholly-owned PRC subsidiary, Shanghai Quyun, our consolidated VIE and its shareholders were not entered into on an arm’s length basis in such a way as to result in an impermissible reduction in taxes under applicable PRC laws, regulations and rules, and adjust their income in the form of a transfer pricing adjustment. A transfer pricing adjustment could, among other things, result in a reduction of expense deductions recorded by Shanghai Quyun or our consolidated VIE for PRC tax purposes, which could in turn increase their tax liabilities without reducing their tax expenses. In addition, if our wholly-owned PRC subsidiary, Shanghai Quyun, requests the shareholders of our consolidated VIE to transfer their equity interests in our consolidated VIE at nominal or no value pursuant to these contractual arrangements, such transfer could be viewed as a gift and subject the relevant subsidiary to PRC income tax. Furthermore, the PRC tax authorities may impose late payment fees and other penalties on our PRC subsidiary, Shanghai Quyun, and consolidated VIE for adjusted but unpaid taxes according to applicable regulations. Our financial position could be materially and adversely affected if the tax liabilities of our PRC subsidiary, Shanghai Quyun, and consolidated VIE increase, or if they are required to pay late payment fees and other penalties.

We may lose the ability to use and enjoy assets held by our consolidated VIE that are material to the operation of our business if the entity goes bankrupt or becomes subject to a dissolution or liquidation proceeding.

Our consolidated VIE holds substantially of all our assets. Under the contractual arrangements, our consolidated VIE may not and its shareholders may not cause it to, in any manner, sell, transfer, mortgage or dispose of its assets or its legal or beneficial interests in the business without our prior consent. However, in the event that the shareholders of our consolidated VIE breach these contractual arrangements and voluntarily liquidate our consolidated VIE, or our consolidated VIE declares bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors, or are otherwise disposed of without our consent, we may be unable to continue some or all of our business activities, which could materially and adversely affect our business, results of operations and financial condition. If our consolidated VIE undergoes a voluntary or involuntary liquidation proceeding, independent third-party creditors may claim rights to some or all of these assets, thereby hindering our ability to operate our business, which could materially and adversely affect our business, results of operations and financial condition.

If the custodians or authorized users of our controlling non-tangible assets, including chops and seals, fail to fulfill their responsibilities, or misappropriate or misuse these assets, our business and operations may be materially and adversely affected.

Under PRC law, legal documents for corporate transactions, including agreements and contracts that our business relies on, are executed using the chop or seal of the signing entity or with the signature of a legal representative whose designation is registered and filed with the relevant local branch of the SAMR. We generally execute legal documents by affixing chops or seals, rather than having the designated legal representatives sign the documents.

We have three major types of chops — corporate chops, contract chops and finance chops. We use corporate chops generally for documents to be submitted to government agencies, such as applications for changing business scope, directors or company name, and for legal letters. We use contract chops for executing leases and
commercial contracts. We use finance chops generally for making and collecting payments, including issuing invoices. Use of corporate chops and contract chops must be approved by our legal department and administrative department, and use of finance chops must be approved by our finance department. The chops of our subsidiaries and consolidated VIE and its subsidiaries are generally held by the relevant entities so that documents can be executed locally. Although we usually utilize chops to execute contracts, the registered legal representatives of our subsidiaries and consolidated VIE and its subsidiaries have the apparent authority to enter into contracts on behalf of such entities without chops, unless such contracts set forth otherwise.

In order to maintain the physical security of our chops, we generally have them stored in secured locations accessible only to the designated key employees of our legal, administrative or finance departments. Our designated legal representatives generally do not have access to the chops. Although we have approval procedures in place and monitor our key employees, including the designated legal representatives of our subsidiaries and consolidated VIE and its subsidiaries, the procedures may not be sufficient to prevent all instances of abuse or negligence. There is a risk that our key employees or designated legal representatives could abuse their authority, for example, by binding our subsidiaries and consolidated VIE and its subsidiaries with contracts against our interests, as we would be obligated to honor these contracts if the other contracting party acts in good faith in reliance on the apparent authority of our chops or signatures of our legal representatives. If any designated legal representative obtains control of the chop in an effort to obtain control over the relevant entity, we would need to have a shareholder or board resolution to designate a new legal representative and to take legal action to seek the return of the chop, apply for a new chop with the relevant authorities, or otherwise seek legal remedies for the legal representative’s misconduct. If any of the designated legal representatives obtains and misuses or misappropriates our chops and seals or other controlling intangible assets for whatever reason, we could experience disruption to our normal business operations. We may have to take corporate or legal action, which could involve significant time and resources to resolve while distracting management from our operations, and our business and operations may be materially and adversely affected.

Substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of the draft PRC Foreign Investment Law, and its enactment may materially and adversely affect our business, results of operations and financial condition.

The MOFCOM published a discussion draft of the proposed Foreign Investment Law in January 2015 aiming to, upon its enactment, replace the major existing laws and regulations governing foreign investment in China. While the MOFCOM solicited comments on this draft, substantial uncertainties exist with respect to the enactment timetable, interpretation and implementation of the proposed legislation and the extent of revision to the currently proposed draft. The draft Foreign Investment Law, if enacted as proposed, may materially impact the entire legal framework regulating foreign investments in China.

Among other things, the draft Foreign Investment Law purports to introduce the principle of “actual control” in determining whether a company is considered a foreign invested enterprise, or an FIE. The draft Foreign Investment Law specifically provides that entities established in China but “controlled” by foreign investors will be treated as FIEs, whereas an entity organized in a foreign jurisdiction, but cleared by the MOFCOM as “controlled” by PRC entities and/or citizens, would nonetheless be treated as a PRC domestic entity for investment in the “restriction category” that could appear on any such “negative list.” In this connection, “control” is broadly defined in the draft law to cover any of the following summarized categories: (i) holding 50% or more of the voting rights or similar rights and interests of the subject entity; (ii) holding less than 50% of the voting rights or similar rights and interests of the subject entity but having the power to directly or indirectly appoint or otherwise secure at least 50% of the seats on the board or other equivalent decision making bodies, or having the power to exert decisive influence, via contractual or trust arrangements, over the subject entity’s operations, financial, staffing and technology matters.
Once an entity is determined to be an FIE, and its investment amount exceeds certain thresholds or its business operation falls within a “negative list” purported to be separately issued by the State Council in the future, market entry clearance by the MOFCOM or its local counterparts would be required.

The “variable interest entity” structure, or VIE structure, has been adopted by many PRC-based companies, including us, to conduct business in the industries that are currently subject to foreign investment restrictions in China. Under the draft Foreign Investment Law, VIEs that are controlled via contractual arrangements would also be deemed as FIEs, if they are ultimately “controlled” by foreign investors. For any companies with a VIE structure in an industry category that is in the “restriction category” that could appear on any such “negative list,” the existing VIE structure may be deemed legitimate only if the ultimate controlling person(s) is/are of PRC nationality (either PRC state owned enterprises or agencies, or PRC citizens). Conversely, if the actual controlling person(s) is/are of foreign nationalities, then the VIEs will be treated as FIEs, in which case, the existing VIE structures will likely to be scrutinized and subject to foreign investment restrictions and approval from the MOFCOM and other supervising authorities such as MIIT. Any operation in the industry category on the “negative list” without market entry clearance may be considered as illegal.

However, there are significant uncertainties as to how the control status of our consolidated VIE would be determined under the enacted version of the Foreign Investment Law. In addition, it is uncertain whether any of the businesses that we currently operate or plan to operate in the future through our consolidated VIE would be on the to-be-issued “negative list” and therefore be subject to any foreign investment restrictions or prohibitions. If our consolidated VIE were deemed as an FIE under the enacted version of the Foreign Investment Law, and any of the businesses that we operate were in the “restricted” category on the to-be-issued “negative list,” such determination would materially and adversely affect the value of our ADSs. We also face uncertainties as to whether the enacted version of the Foreign Investment Law and the final “negative list” would mandate further actions, such as MOFCOM market entry clearance, to be completed by companies with existing VIE structure and whether such clearance can be timely obtained, or at all. If we were not considered as ultimately controlled by PRC domestic investors under the enacted version of the Foreign Investment Law, further actions required to be taken by us under the enacted Foreign Investment Law may materially and adversely affect our business, results of operations and financial condition.

In addition, our corporate governance practice may be materially impacted and our compliance costs could increase if we were not considered as ultimately controlled by PRC domestic investors under the Foreign Investment Law, if enacted as currently proposed. For instance, the draft Foreign Investment Law as proposed purports to impose stringent ad hoc and periodic information reporting requirements on foreign investors and the applicable FIEs. Aside from investment implementation report and investment amendment report that would be required for each investment and alteration of investment specifics, an annual report would be mandatory, and large foreign investors meeting certain criteria would be required to report on a quarterly basis. Any company found to be non-compliant with these information reporting obligations could potentially be subject to fines and/or administrative or criminal liabilities, and the persons directly responsible could be subject to criminal liabilities.

Risks Relating to Doing Business in China

Changes in the political and economic policies of the PRC government may materially and adversely affect our business, results of operations and financial condition and may result in our inability to sustain our growth and expansion strategies.

Substantially all of our operations are conducted in the PRC and substantially all of our revenue is sourced from the PRC. Accordingly, our business, results of operations and financial condition are affected to a significant extent by economic, political and legal developments in the PRC.

The PRC economy differs from the economies of most developed countries in many respects, including the extent of government involvement, level of development, growth rate, control of foreign exchange and allocation
of resources. Although the PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets, and the establishment of improved corporate governance in business enterprises, a substantial portion of productive assets in China is still owned by the government. In addition, the PRC government continues to play a significant role in regulating industry development by imposing industrial policies. The PRC government also exercises significant control over China’s economic growth by allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, regulating financial services and institutions and providing preferential treatment to particular industries or companies.

While the PRC economy has experienced significant growth in the past three decades, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall PRC economy, but may also have a negative effect on us. Our business, results of operations and financial condition could be materially and adversely affected by government control over capital investments or changes in tax regulations that are applicable to us. In addition, the PRC government has implemented in the past certain measures to control the pace of economic growth. These measures may cause decreased economic activity, which in turn could lead to a reduction in demand for our services and consequently materially and adversely affect our business, results of operations and financial condition.

There are uncertainties regarding the interpretation and enforcement of PRC laws, rules and regulations.

Substantially all of our operations are conducted in the PRC, and are governed by PRC laws, rules and regulations. Our PRC subsidiaries and consolidated VIE and its subsidiaries are subject to laws, rules and regulations applicable to foreign investment in China. The PRC legal system is a civil law system based on written statutes. Unlike the common law system, prior court decisions may be cited for reference but have limited precedential value.

In 1979, the PRC government began to promulgate a comprehensive system of laws, rules and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly enhanced the protections afforded to various forms of foreign investment in China. However, China has not developed a fully integrated legal system, and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activities in China or may be subject to significant degrees of interpretation by PRC regulatory agencies. In particular, because these laws, rules and regulations are relatively new, and because of the limited number of published decisions and the nonbinding nature of such decisions, and because the laws, rules and regulations often give the relevant regulator significant discretion in how to enforce them, the interpretation and enforcement of these laws, rules and regulations involve uncertainties and can be inconsistent and unpredictable. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis or at all, and which may have a retroactive effect. As a result, we may not be aware of our violation of these policies and rules until after the occurrence of the violation.

Any administrative and court proceedings in China may be protracted, resulting in substantial costs and diversion of resources and management attention. Since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business, results of operations and financial condition.
The approval of the China Securities Regulatory Commission, or the CSRC, may be required in connection with this offering under a PRC regulation. The regulation also establishes more complex procedures for acquisitions conducted by foreign investors that could make it more difficult for us to grow through acquisitions.

On August 8, 2006, six PRC regulatory agencies, including the MOFCOM, the State-Owned Assets Supervision and Administration Commission, or the SASAC, the State Administration of Taxation, the SAIC, the CSRC, and the State Administration of Foreign Exchange, or the SAFE, jointly adopted the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, which came into effect on September 8, 2006 and were amended on June 22, 2009. The M&A Rules include, among other things, provisions that purport to require that an offshore special purpose vehicle that is controlled by PRC domestic companies or individuals and that has been formed for the purpose of an overseas listing of securities through acquisitions of PRC domestic companies or assets to obtain the approval of the CSRC prior to the listing and trading of such special purpose vehicle’s securities on an overseas stock exchange. On September 21, 2006, the CSRC published on its official website procedures regarding its approval of overseas listings by special purpose vehicles. However, substantial uncertainty remains regarding the scope and applicability of the M&A Rules to offshore special purpose vehicles.

While the application of the M&A Rules remains unclear, we believe, based on the advice of our PRC legal counsel, King & Wood Mallesons, that the CSRC approval is not required in the context of this offering because (i) our wholly-owned PRC subsidiary, Shanghai Quyun, was incorporated as a foreign-invested enterprise by means of foreign direct investments rather than by merger with or acquisition of any PRC domestic companies as defined under the M&A Rules, and (ii) there is no statutory provision that clearly classifies the contractual arrangement among our wholly-owned PRC subsidiary, Shanghai Quyun, and our consolidated VIE and its shareholders as transactions regulated by the M&A Rules. There can be no assurance that the relevant PRC government agencies, including the CSRC, would reach the same conclusion as our PRC legal counsel. If the CSRC or other PRC regulatory body subsequently determines that we need to obtain the CSRC’s approval for this offering or if the CSRC or any other PRC government authorities promulgates any interpretation or implements rules before our listing that would require us to obtain CSRC or other governmental approvals for this offering, we may face adverse actions or sanctions by the CSRC or other PRC regulatory agencies. In any such event, these regulatory agencies may impose fines and penalties on our operations in China, delay or restrict the repatriation of the proceeds from this offering into the PRC or take other actions that could materially and adversely affect our business, results of operations, financial condition as well as our ability to complete this offering. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to halt this offering before settlement and delivery of the ADSs offered by this prospectus. Consequently, if you engage in market trading or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that such settlement and delivery may not occur. In addition, if the CSRC or other regulatory agencies later promulgate new rules or explanations requiring us to obtain their approvals for this offering, we may be unable to obtain waivers of such approval requirements. Any uncertainties and/or negative publicity regarding such approval requirements could materially and adversely affect the trading price of the ADSs.

These regulations also established additional procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex. For example, the M&A rules require that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise if (i) any important industry is concerned, (ii) the transaction involves factors that have or may have impact on the national economic security, or (iii) such transaction will lead to a change in control of a domestic enterprise which holds a famous trademark or PRC time-honored brand. The approval from the MOFCOM shall be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. Mergers, acquisitions or contractual arrangements that allow one market player to take control of or to exert decisive impact on another market player must also be notified in advance to the MOFCOM when the threshold
PRC laws and regulations mandate complex procedures for some acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to make acquisitions in China.

PRC laws and regulations, such as the M&A Rules, and other relevant rules, established additional procedures and requirements that are expected to make merger and acquisition activities in China by foreign investors more time-consuming and complex, including requirements in some instances that the MOFCOM be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise, or that the approval from the MOFCOM be obtained in circumstances where overseas companies established or controlled by PRC enterprises or residents acquire affiliated domestic companies. PRC laws and regulations also require certain merger and acquisition transactions to be subject to a merger control security review. In August 2011, the MOFCOM promulgated the Rules on Implementation of Security Review System, or MOFCOM Security Review Rules, effective from September 1, 2011, further provide that, when deciding whether a specific merger or acquisition of a domestic enterprise by foreign investors is subject to a security review by the MOFCOM, the principle of substance over form should be applied and foreign investors are prohibited from bypassing the security review requirement by structuring transactions through proxies, trusts, indirect investments, leases, loans, control through contractual arrangements of offshore transaction. Factors that the MOFCOM considers in its review are whether (i) an important industry is involved, (ii) such transaction involves factors that have had or may have an impact on national economic security and (iii) such transaction will lead to a change in control of a domestic enterprise that holds a well-known PRC trademark or a time-honored PRC brand. If a business of any target company that we plan to acquire falls into the ambit of security review, we may not be able to successfully acquire such company. Complying with the requirements of the relevant regulations to complete any such transaction could be time-consuming, and any required approval process, including approval from the MOFCOM, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business.

PRC regulations relating to investments in offshore companies by PRC residents may subject our PRC-resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries or limit our PRC subsidiaries’ ability to increase their registered capital or distribute profits.

The SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, on July 4, 2014, which replaced the former circular commonly known as “SAFE Circular 75” promulgated by the SAFE on October 21, 2005. SAFE Circular 37 requires PRC residents to register with local branches of the SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents’ legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a “special purpose vehicle.” Pursuant to SAFE Circular 37, “control” refers to the act through which a PRC resident obtains the right to carry out business operation of, to gain proceeds from or to make decisions on a
special purpose vehicle by means of, among others, shareholding entrustment arrangement. SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as change of shareholders of the special purpose vehicle, increase or decrease of capital contributed by PRC individuals, share transfer or exchange, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle may be restricted in its ability to contribute additional capital into its PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls. According to the Notice on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment released on February 13, 2015 by the SAFE, local banks will examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration, under SAFE Circular 37 from June 1, 2015.

Mr. Eric Siliang Tan and Mr. Lei Li have completed the SAFE registration pursuant to SAFE Circular 37 in 2017, with Innotech Group Holdings Ltd. and News Optimizer (BV) Ltd. being separately registered as the respective “special purpose vehicle.” After transferring all shares in Innotech Group Holdings Ltd. to the trust of which himself is also a beneficiary, Mr. Eric Siliang Tan, as well as all the other beneficiaries of the trust who are PRC residents are required to complete relevant registrations pursuant to SAFE Circular 37. We have notified substantial beneficial owners of our ordinary shares and the beneficiaries of the trust who we know are PRC residents of their filing obligation, including the obligation to make updates under SAFE Circular 37, and the beneficial owners have undertaken to complete relevant registrations as soon as such registration is practical with local SAFE. Nevertheless, we may not be continuously aware of the identities of all of our beneficial owners who are PRC residents. We do not have control over our beneficial owners and there can be no assurance that all of our PRC-resident beneficial owners will comply with SAFE Circular 37 and subsequent implementation rules, and there is no assurance that the registration under SAFE Circular 37 and any amendment will be completed in a timely manner, or will be completed at all. The failure of our beneficial owners who are PRC residents to register or amend their foreign exchange registrations in a timely manner pursuant to SAFE Circular 37 and subsequent implementation rules, or the failure of future beneficial owners of our company who are PRC residents to comply with the registration procedures set forth in SAFE Circular 37 and subsequent implementation rules, may subject such beneficial owners or our PRC subsidiaries to fines and legal sanctions. Failure to register or comply with relevant requirements may also limit our ability to contribute additional capital to our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to our company. These risks may materially and adversely affect our business, results of operations and financial condition.

Any failure to comply with PRC regulations regarding employee equity incentive plans may subject the PRC plan participants or us to fines and other legal or administrative sanctions.

Pursuant to SAFE Circular 37, PRC residents who participate in equity incentive plans in overseas non-publicly-listed companies due to their position as director, senior management or employees of the PRC subsidiaries of the overseas companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies. Our directors, executive officers and other employees who are PRC residents and who have been granted options may follow SAFE Circular 37 to apply for the foreign exchange registration before our company becomes an overseas listed company. After our company becomes an overseas listed company upon completion of this offering, we and our directors, executive officers and other employees who are PRC residents and who have been granted options will be subject to the Notice on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, issued by SAFE in February 2012, according to which, employees, directors, supervisors and other management members participating in any equity incentive plans of an overseas publicly listed company who are PRC residents are required to register with SAFE through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed company, and complete
certain other procedures. We will make efforts to comply with these requirements upon completion of our initial public offering. However, there can be no assurance that they can successfully register with SAFE in full compliance with the rules. Failure to complete the SAFE registrations may subject them to fines and legal sanctions and may also limit the ability to make payment under our equity incentive plans or receive dividends or sales proceeds related thereto, or our ability to contribute additional capital into our wholly-foreign owned enterprise in China and limit our wholly-foreign owned enterprise’s ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional equity incentive plans for our directors and employees under PRC law.

We rely to a significant extent on dividends and other distributions on equity paid by our principal operating subsidiaries to fund offshore cash and financing requirements. Any limitation on the ability of our PRC operating subsidiaries to make payments to us could materially and adversely affect our ability to conduct our business.

We are a holding company and rely to a significant extent on dividends and other distributions on equity paid by our principal operating subsidiaries and on remittances from the consolidated VIE for our offshore cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders, fund inter-company loans, service any debt we may incur outside of China and pay our expenses. When our principal operating subsidiaries or the consolidated VIE incur additional debt, the instruments governing the debt may restrict their ability to pay dividends or make other distributions or remittances to us. Furthermore, the laws, rules and regulations applicable to our PRC subsidiaries and certain other subsidiaries permit payments of dividends only out of their retained earnings, if any, determined in accordance with applicable accounting standards and regulations.

Under PRC laws, rules and regulations, each of our subsidiaries incorporated in China is required to set aside at least 10% of its net income each year to fund certain statutory reserves until the cumulative amount of such reserves reaches 50% of its registered capital. These reserves, together with the registered capital, are not distributable as cash dividends. As a result of these laws, rules and regulations, our subsidiaries incorporated in China are restricted in their ability to transfer a portion of their respective net assets to their shareholders as dividends, loans or advances. Certain of our subsidiaries did not have any retained earnings available for distribution in the form of dividends as of December 31, 2017. In addition, registered share capital and capital reserve accounts are also restricted from withdrawal in the PRC, up to the amount of net assets held in each operating subsidiary.

Limitations on the ability of our consolidated VIE to make remittance to the wholly-foreign owned enterprise and on the ability of our subsidiaries to pay dividends to us could limit our ability to access cash generated by the operations of those entities, including to make investments or acquisitions that could be beneficial to our businesses, pay dividends to our shareholders or otherwise fund and conduct our business.

We may be treated as a resident enterprise for PRC tax purposes under the PRC Enterprise Income Tax Law, and we may therefore be subject to PRC income tax on our global income.

Under the modified Enterprise Income Tax Law and its implementing rules, enterprises established under the laws of jurisdictions outside of China with “de facto management bodies” located in China may be considered PRC tax resident enterprises for tax purposes and may be subject to the PRC enterprise income tax at the rate of 25% on their global income. “De facto management body” refers to a managing body that exercises substantive and overall management and control over the production and business, personnel, accounting books and assets of an enterprise. The State Administration of Taxation issued the Notice Regarding the Determination of Chinese-Controlled Offshore-Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, or Circular 82, on April 22, 2009. Circular 82 provides certain specific criteria for determining whether the “de facto management body” of a Chinese-controlled offshore-incorporated enterprise is located in China. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises, not
those controlled by foreign enterprises or individuals, the determining criteria set forth in Circular 82 may reflect the State Administration of Taxation’s general position on how the “de facto management body” test should be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises. If we were to be considered a PRC resident enterprise, we would be subject to PRC enterprise income tax at the rate of 25% on our global income. In such case, our profitability and cash flow may be materially reduced as a result of our global income being taxed under the Enterprise Income Tax Law. We believe that none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term “de facto management body.”

Dividends payable to our foreign investors and gains on the sale of ADSs or our ordinary shares by our foreign investors may become subject to PRC tax.

Under the modified Enterprise Income Tax Law and its implementation regulations issued by the State Council, a 10% PRC withholding tax is applicable to dividends payable to investors that are non-resident enterprises, which do not have an establishment or place of business in the PRC or which have such establishment or place of business but the dividends are not effectively connected with such establishment or place of business, to the extent such dividends are derived from sources within the PRC. Similarly, any gain realized on the transfer of ADSs or ordinary shares by such investors is also subject to PRC tax at a current rate of 10%, subject to any reduction or exemption set forth in applicable tax treaties or under applicable tax arrangements between jurisdictions, if such gain is regarded as income derived from sources within the PRC. If we are deemed a PRC resident enterprise, dividends paid on our ordinary shares, and any gain realized from the transfer of ADSs or ordinary shares by such investors may be subject to PRC tax at a current rate of 20%, subject to any reduction or exemption set forth in applicable tax treaties or under applicable tax arrangements between jurisdictions. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to individual investors who are non-PRC residents and any gain realized on the transfer of ADSs or ordinary shares by such investors may be subject to PRC tax at a current rate of 20%, subject to any reduction or exemption set forth in applicable tax treaties or under applicable tax arrangements between jurisdictions. If dividends payable to our non-PRC investors, or gains from the transfer of ADSs or our ordinary shares by such investors, are deemed as income derived from sources within the PRC and thus are subject to PRC tax, the value of your investment in ADSs or our ordinary shares may decline significantly.

We and our shareholders face uncertainties with respect to indirect transfers of equity interests in PRC resident enterprises or other assets attributed to a Chinese establishment of a non-Chinese company, or immovable properties located in China owned by non-Chinese companies.

On February 3, 2015, the State Administration of Taxation issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises, or Bulletin 7, which partially replaced and supplemented previous rules under the Notice on Strengthening Administration of Enterprise Income Tax for Share Transfers by Non-PRC Resident Enterprises, or SAT Circular 698, issued by the State Administration of Taxation, on December 10, 2009. Pursuant to this Bulletin 7, an “indirect transfer” of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax. According to Bulletin 7, “PRC taxable assets” include assets attributed to an establishment in China, immovable properties located in China, and equity investments in PRC resident enterprises. In determining whether there is a “reasonable commercial purpose” of the transaction arrangement, features to be taken into consideration include: whether the main value of the equity interest of the relevant offshore enterprise
derives from PRC taxable assets; whether the assets of the relevant offshore enterprise mainly consists of direct or indirect investment in China or if its income mainly derives from China; whether the offshore enterprise and its subsidiaries directly or indirectly holding PRC taxable assets have real commercial nature which is evidenced by their actual function and risk exposure; the duration of existence of the business model and organizational structure; the replicability of the transaction by direct transfer of PRC taxable assets; and the tax situation of such indirect transfer and applicable tax treaties or similar arrangements. In respect of an indirect offshore transfer of assets of a PRC establishment, the resulting gain is to be included with the enterprise income tax filing of the PRC establishment or place of business being transferred, and would consequently be subject to PRC enterprise income tax at a rate of 25%. Where the underlying transfer relates to the immovable properties located in China or to equity investments in a PRC resident enterprise, which is not related to a PRC establishment or place of business of a non-resident enterprise, a PRC enterprise income tax of 10% would apply, subject to available preferential tax treatment under applicable tax treaties or similar arrangements, and the party who is obligated to make the transfer payments has the withholding obligation. Where the payor fails to withhold any or sufficient tax, the transferee is required to declare and pay such tax to the tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferee to default interest. Bulletin 7 does not apply to transactions of sale of shares by investors through a public stock exchange where such shares were acquired from a transaction through a public stock exchange. On October 17, 2017, the State Administration of Taxation promulgated the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or SAT Circular 37, which became effective on December 1, 2017, and SAT Circular 698 then was repealed with effect from December 1, 2017. SAT Circular 37, among other things, simplified procedures of withholding and payment of income tax levied on non-resident enterprises.

We are subject to restrictions on currency exchange.

All of our revenue is denominated in Renminbi. The Renminbi is currently convertible under the “current account,” which includes dividends, trade and service-related foreign exchange transactions, but not under the “capital account,” which includes foreign direct investment and loans, including loans we may secure from our onshore subsidiary or consolidated VIE. Currently, certain of our PRC subsidiaries may purchase foreign currency for settlement of “current account transactions,” including payment of dividends to us, without the approval of the SAFE by complying with certain procedural requirements. However, the relevant PRC governmental authorities may limit or eliminate our ability to purchase foreign currencies in the future for current account transactions. Foreign exchange transactions under the capital account remain subject to limitations and require approvals from, or registration with, the SAFE and other relevant PRC governmental authorities. Since a significant amount of our future revenue and cash flow will be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to utilize cash generated in Renminbi to fund our business activities outside of the PRC or pay dividends in foreign currencies to our shareholders, and may limit our ability to obtain foreign currency through debt or equity financing for our onshore subsidiary and consolidated VIE.
PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from using the proceeds of this offering to make loans to our PRC subsidiaries and our consolidated VIE, or to make additional capital contributions to our PRC subsidiaries.

In utilizing the proceeds of this offering, we, as an offshore holding company, are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries, which are treated as foreign-invested enterprises under PRC laws, through loans or capital contributions. However, loans by us to our PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE and capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System, and registration with other governmental authorities in China.

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or Circular 19, effective on June 1, 2015, in replacement of the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 142, the Notice from the State Administration of Foreign Exchange on Relevant Issues Concerning Strengthening the Administration of Foreign Exchange Businesses, or Circular 59, and the Circular on Further Clarification and Regulation of the Issues Concerning the Administration of Certain Capital Account Foreign Exchange Businesses, or Circular 45. According to Circular 19, the flow and use of the Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested company is regulated such that Renminbi capital may not be used for the issuance of Renminbi entrusted loans, the repayment of inter-enterprise loans or the repayment of banks loans that have been transferred to a third party. Although Circular 19 allows Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within the PRC, it also reiterates the principle that Renminbi converted from the foreign currency-denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in the PRC in actual practice. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange Settlement Management Policy of Capital Account, or Circular 16, effective on June 9, 2016, which reiterates some of the rules set forth in Circular 19, but changes the prohibition against using Renminbi capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue Renminbi entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and Circular 16 could result in administrative penalties. Circular 19 and Circular 16 may significantly limit our ability to transfer any foreign currency we hold, including the net proceeds from this offering, to our PRC subsidiaries, which may adversely affect our liquidity and our ability to fund and expand our business in the PRC.

Due to the restrictions imposed on loans in foreign currencies extended to any PRC domestic companies, we are not likely to make such loans to our consolidated VIE and its subsidiaries, each a PRC domestic company. Meanwhile, we are not likely to finance the activities of our consolidated VIE and its subsidiaries by means of capital contributions given the restrictions on foreign investment in the businesses that are currently conducted by our consolidated VIE and its subsidiaries.

In light of the various requirements imposed by PRC regulations on loans to, and direct investment in, PRC entities by offshore holding companies, we cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, with respect to future loans to our PRC subsidiaries or any consolidated VIE or future capital contributions by us to our PRC subsidiaries. As a result, uncertainties exist as to our ability to provide prompt financial support to our PRC subsidiaries or consolidated VIE and its subsidiaries when needed. If we fail to complete such registrations or obtain such approvals, our ability to use foreign currency, including the proceeds we received from this offering,
and to capitalize or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

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

The value of the Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions and the foreign exchange policy adopted by the PRC government. On July 21, 2005, the PRC government changed its policy of pegging the value of the Renminbi to the U.S. dollar. Following the removal of the U.S. dollar peg, the Renminbi appreciated more than 20% against the U.S. dollar over the following three years. Between July 2008 and June 2010, this appreciation halted and the exchange rate between the Renminbi and the U.S. dollar remained within a narrow band. Since June 2010, the Renminbi has fluctuated against the U.S. dollar, at times significantly and unpredictably. On November 30, 2015, the Executive Board of the International Monetary Fund completed the regular five-year review of the basket of currencies that make up the Special Drawing Right, or the SDR, and decided that with effect from October 1, 2016, Renminbi is determined to be a freely usable currency and will be included in the SDR basket as a fifth currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, the Renminbi has depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. With the development of the foreign exchange market and progress towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S. dollar in the future.

Substantially all of our revenue and costs are denominated in Renminbi. We are a holding company and we rely on dividends paid by our operating subsidiaries in China for our cash needs. Any significant fluctuation of Renminbi against the U.S. dollar may materially and adversely affect our results of operations and financial position reported in Renminbi when translated into U.S. dollars, and the value of, and any dividends payable in U.S. dollars. To the extent that we need to convert U.S. dollars we receive from this offering into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive. Conversely, if we decide to convert our Renminbi into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or for other business purposes, appreciation of the U.S. dollar against the Renminbi would have a negative effect on the U.S. dollar amount.

The audit report included in this prospectus is prepared by an auditor who is not inspected by the Public Company Accounting Oversight Board and, as such, our investors are deprived of the benefits of such inspection.

Our independent registered public accounting firm that issues the audit report included in our prospectus filed with the SEC, as auditors of companies that are traded publicly in the United States and a firm registered with the U.S. Public Company Accounting Oversight Board, or the PCAOB, is required by the laws of the U.S. to undergo regular inspections by the PCAOB to assess its compliance with the laws of the U.S. and professional standards. Because our auditors are located in the People’s Republic of China, a jurisdiction where the PCAOB is currently unable to conduct inspections without the approval of the Chinese authorities, our auditors are not currently inspected by the PCAOB.

Inspections of other firms that the PCAOB has conducted outside China have identified deficiencies in those firms’ audit procedures and quality control procedures, which may be addressed as part of the inspection process to improve future audit quality. This lack of PCAOB inspections in China prevents the PCAOB from regularly evaluating our auditor’s audits and its quality control procedures. As a result, investors may be deprived of the benefits of PCAOB inspections.
If additional remedial measures are imposed on the “big four” PRC-based accounting firms, including our independent registered public accounting firm, in administrative proceedings brought by the SEC alleging such firms’ failure to meet specific criteria set by the SEC with respect to requests for the production of documents, we could be unable to timely file future financial statements in compliance with the requirements of the Exchange Act.

Starting in 2011, the Chinese affiliates of the “big four” accounting firms, including our independent registered public accounting firm, were affected by a conflict between the United States and Chinese law. Specifically, for certain United States listed companies operating and audited in mainland China, the SEC and the PCAOB sought to obtain from the Chinese accounting firms access to their audit work papers and related documents. The firms were, however, advised and directed that under Chinese law they could not respond directly to the United States regulators on those requests, and that requests by foreign regulators for access to such papers in China had to be channeled through the CSRC.

In late 2012, this impasse led the SEC to commence administrative proceedings under Rule 102(e) of its Rules of Practice and also under the Sarbanes-Oxley Act of 2002 against the Chinese accounting firms, including our independent registered public accounting firm. In January 2014, the administrative law judge reached an initial decision to impose penalties on the firms including a temporary suspension of their right to practice before the SEC. The accounting firms filed a petition for review of the initial decision. On February 6, 2015, before a review by the commissioners of the SEC had taken place, the firms reached a settlement with the SEC. Under the settlement, the SEC accepts that future requests by the SEC for the production of documents will normally be made to the CSRC. The firms will receive matching Section 106 requests, and are required to abide by a detailed set of procedures with respect to such requests, which in substance require them to facilitate production via the CSRC. If they fail to meet specified criteria, the SEC retains authority to impose a variety of additional remedial measures on the firms depending on the nature of the failure. Remedies for any future noncompliance could include, as appropriate, an automatic six-month bar on a single firm’s performance of certain audit work, commencement of a new proceeding against a firm, or in extreme cases the resumption of the current proceeding against all four firms.

In the event that the SEC restarts the administrative proceedings, depending upon the final outcome, listed companies in the United States with major PRC operations may find it difficult or impossible to retain auditors in respect of their operations in the PRC, which could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act, including possible delisting. Moreover, any negative news about any such future proceedings against these audit firms may cause investor uncertainty regarding China-based, United States listed companies and the market price of our ADSs may be adversely affected.

If our independent registered public accounting firm were denied, even temporarily, the ability to practice before the SEC and we were unable to timely find another registered public accounting firm to audit and issue an opinion on our consolidated financial statements, our consolidated financial statements could be determined not to be in compliance with the requirements of the Exchange Act. Such a determination could ultimately lead to the delay or abandonment of this offering, delisting of our ADSs from the NASDAQ Global Market or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of the ADSs in the United States.

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Risks Relating to This Offering

There has been no public market for our shares or the ADSs prior to this offering, and you may not be able to resell ADSs at or above the price you paid, or at all.

Prior to this offering, there has been no public market for our shares or the ADSs. We will apply to list the ADSs representing Class A ordinary shares on the NASDAQ Global Market. Our Class A ordinary shares will not be listed on any exchange or quoted for trading on any over-the-counter trading system. If an active trading market for the ADSs does not develop after this offering, the market price and liquidity of the ADSs will be materially and adversely affected.

Negotiations with the underwriters will determine the initial public offering price for the ADSs which may bear no relationship to their market price after the initial public offering. There can be no assurance that an active trading market for the ADSs will develop or that the market price of the ADSs will not decline below the initial public offering price.

The trading price of the ADSs may be volatile, which could result in substantial losses to you.

The trading prices of the ADSs are likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, like the performance and fluctuation in the market prices or the underperformance or deteriorating financial results of other listed companies based in China. The securities of some of these companies have experienced significant volatility since their initial public offerings, including, in some cases, substantial price declines in the trading prices of their securities. The trading performances of other Chinese companies’ securities after their offerings, including technology companies and mobile content feed platforms, may affect the attitudes of investors toward Chinese companies listed in the United States, which consequently may impact the trading performance of the ADSs, regardless of our actual operating performance. In addition, any negative news or perceptions about inadequate corporate governance practices or fraudulent accounting, corporate structure or matters of other Chinese companies may also negatively affect the attitudes of investors towards Chinese companies in general, including us, regardless of whether we have conducted any inappropriate activities. Furthermore, securities markets may from time to time experience significant price and volume fluctuations that are not related to our operating performance, such as the large decline in share prices in the United States, China and other jurisdictions in late 2008, early 2009, the second half of 2011 and in 2015, which may have a material and adverse effect on the trading price of the ADSs.

In addition to the above factors, the price and trading volume of the ADSs may be highly volatile due to multiple factors, including the following:

- regulatory developments affecting us or our industry;
- announcements of studies and reports relating to the quality of our credit offerings or those of our competitors;
- changes in the economic performance or market valuations of other mobile content feed platforms;
- actual or anticipated fluctuations in our quarterly results of operations and changes or revisions of our expected results;
- changes in financial estimates by securities research analysts;
- conditions in the markets for mobile content feed and targeted advertising services;
- announcements by us or our competitors of new product and service offerings, acquisitions, strategic relationships, joint ventures, capital raisings or capital commitments;
- additions to or departures of our senior management;
- fluctuations of exchange rates between the Renminbi and the U.S. dollar;
If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for the ADSs and trading volume could decline.

The trading market for the ADSs will depend in part on the research and reports that securities or industry analysts publish about us or our business. If research analysts do not establish and maintain adequate research coverage or if one or more of the analysts who covers us downgrades the ADSs or publishes inaccurate or unfavorable research about our business, the market price for the ADSs would likely decline. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which, in turn, could cause the market price or trading volume for the ADSs to decline.

As our initial public offering price is substantially higher than our net tangible book value per share, you will experience immediate and substantial dilution.

If you purchase ADSs in this offering, you will pay more for your ADSs than the amount paid by our existing shareholders for their ordinary shares on a per ADS basis. As a result, you will experience immediate and substantial dilution of approximately US$ per ADS (assuming no exercise of the underwriters’ option to purchase additional ADSs), representing the difference between our pro forma net tangible book value per ADS of US$ , as of , 2018, after giving effect to this offering. In addition, you will experience further dilution to the extent that our Class A ordinary shares are issued upon the vesting of any share awards under our equity incentive plans. All of the Class A ordinary shares issuable under our then equity incentive plans will be issued at a purchase price on a per ADS basis that is less than the public offering price per ADS in this offering. See “Dilution” for a more complete description of how the value of your investment in ADSs will be diluted upon completion of this offering.

We have not determined a specific use for the net proceeds from this offering, and we may use these proceeds in ways with which you may not agree.

We have not determined a specific use for the net proceeds of this offering, and our management will have considerable discretion in deciding how to apply these proceeds. You will not have the opportunity to assess whether the proceeds are being used appropriately before you make your investment decision. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. We cannot assure you that the net proceeds will be used in a manner that will improve our results of operations or increase the ADS price, nor that these net proceeds will be placed only in investments that generate income or appreciate in value.

Because we do not expect to pay cash dividends in the foreseeable future after this offering, you may not receive any return on your investment unless you sell your Class A ordinary shares or ADSs for a price greater than that which you paid for them.

We currently intend to retain most, if not all, of our available funds and any future earnings after this offering to fund the development and growth of our business. As a result, we do not expect to pay any cash dividends in the foreseeable future. See “Dividend Policy.” Therefore, you should not rely on an investment in the ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends. Even if our board of directors decides to declare and pay dividends, the timing, amount and form of future dividends, if any, will depend on, among other things, our future results of operations and cash flow, our capital requirements and surplus, the amount of distributions, if any, received by us from our subsidiaries, our financial condition, contractual restrictions and other factors deemed relevant by our board of directors. Accordingly, the return on
your investment in ADSs will likely depend entirely upon any future price appreciation of the ADSs. There is no guarantee that the ADSs will appreciate in value after this offering or even maintain the price at which you purchased the ADSs. You may not realize a return on your investment in ADSs and you may even lose your entire investment in ADSs.

**Substantial future sales or perceived potential sales of ADSs in the public market could cause the price of the ADSs to decline.**

Sales of ADSs in the public market after this offering, or the perception that these sales could occur, could cause the market price of the ADSs to decline significantly. Upon completion of this offering, we will have Class A ordinary shares and Class B ordinary shares outstanding, including Class A ordinary shares represented by ADSs newly issued in connection with this offering, assuming the underwriters do not exercise their option to purchase additional ADSs. All ADSs representing our Class A ordinary shares sold in this offering will be freely transferable by persons other than our “affiliates” without restriction or additional registration under the U.S. Securities Act of 1933, as amended, or the Securities Act. All of the other ordinary shares outstanding after this offering will be available for sale, upon the expiration of the lock-up periods described elsewhere in this prospectus beginning from the date of this prospectus (if applicable to such holder), subject to volume and other restrictions as applicable under Rule 144 and Rule 701 under the Securities Act. Any or all of these ordinary shares may be released prior to the expiration of the applicable lock-up period at the discretion of the designated representatives. To the extent shares are released before the expiration of the applicable lock-up period and sold into the market, the market price of the ADSs could decline significantly. See “Shares Eligible for Future Sale — Lock-up Agreements.”

Certain major holders of our ordinary shares after completion of this offering will have the right to cause us to register under the Securities Act the sale of their shares, subject to the applicable lock-up periods in connection with this offering. Registration of these shares under the Securities Act would result in ADSs representing these shares becoming freely tradable without restriction under the Securities Act immediately upon the effectiveness of the registration. Sales of these ADSs in the public market could cause the price of the ADSs to decline significantly.

**You, as holders of ADSs, may have fewer rights than holders of our ordinary shares and must act through the depositary to exercise those rights.**

Holders of ADSs do not have the same rights of our shareholders and may only exercise the voting rights with respect to the underlying Class A ordinary shares in accordance with the provisions of the deposit agreement. Under our amended and restated memorandum and articles of association, the minimum notice period required to convene a general meeting will be seven calendar days. When a general meeting is convened, you may not receive sufficient notice of a shareholders’ meeting to permit you to withdraw your Class A ordinary shares to allow you to cast your vote with respect to any specific matter. In addition, the depositary and its agents may not be able to send information to you or carry out your voting instructions in a timely manner. We will make all reasonable efforts to cause the depositary to extend voting rights to you in a timely manner, but there can be no assurance that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your ADSs. Furthermore, the depositary and its agents will not be responsible for any failure to carry out any instructions to vote, for the manner in which any vote is cast or for the effect of any such vote. As a result, you may not be able to exercise your right to vote and you may lack recourse if your ADSs are not voted as you requested. In addition, in your capacity as an ADS holder, you will not be able to call a shareholders’ meeting.

**Your right to participate in any future rights offerings may be limited, which may cause dilution to your holdings.**

We may from time to time distribute rights to our shareholders, including rights to acquire our securities. However, we cannot make rights available to you in the U.S. unless we register both the rights and the securities.
to which the rights relate under the Securities Act or an exemption from the registration requirements is available. Under the deposit agreement, the depositary will not make rights available to you unless both the rights and the underlying securities to be distributed to ADS holders are either registered under the Securities Act or exempt from registration under the Securities Act. We are under no obligation to file a registration statement with respect to any such rights or securities or to endeavor to cause such a registration statement to be declared effective and we may not be able to establish a necessary exemption from registration under the Securities Act. Accordingly, you may be unable to participate in our rights offerings in the future and may experience dilution in your holdings.

You may not receive cash dividends if the depositary decides it is impractical to make them available to you.

The depositary will pay cash distributions on the ADSs only to the extent that we decide to distribute dividends on our Class A ordinary shares or other deposited securities, and we do not have any present plan to pay any cash dividends in the foreseeable future. See "Dividend Policy." To the extent that there is a distribution, the depositary has agreed to pay to you the cash dividends or other distributions it or the custodian receives on our Class A ordinary shares or other deposited securities after deducting its fees and expenses. You will receive these distributions in proportion to the number of Class A ordinary shares your ADSs represent. However, the depositary may, at its discretion, decide that it is inequitable or impractical to make a distribution available to holders of ADSs. For example, the depositary may determine that it is not practicable to distribute certain property through the mail, or that the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may decide not to distribute such property to you.

We will incur increased costs and become subject to additional regulations and requirements as a result of becoming a public company, which could lower our profits or make it more difficult to run our business.

Upon completion of this offering, we will become a public company and expect to incur significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules subsequently implemented by the SEC and NASDAQ Global Market, impose various requirements on the corporate governance practices of public companies.

We expect these rules and regulations to increase our legal and financial compliance costs and to make some corporate activities more time-consuming and costly. In addition, we expect to incur significant expenses and devote substantial management effort toward ensuring compliance with the requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and the other rules and regulations of the SEC. For example, as a result of becoming a public company, we will need to increase the number of independent directors and adopt policies regarding internal control and disclosure controls and procedures. We also expect that operating as a public company will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. In addition, we will incur additional costs associated with our public company reporting requirements. It may also be more difficult for us to find qualified persons to serve on our board of directors as executive officers. We are currently evaluating and monitoring developments with respect to these rules and regulations, and we cannot predict or estimate with any degree of certainty the amount of additional costs we may incur or the timing of such costs.

In the past, shareholders of a public company often brought securities class action suits against the company following periods of instability in the market price of that company’s securities. If we were involved in a class action suit, it could divert a significant amount of our management’s attention and other resources from our business and operations, which could harm our results of operations and require us to incur significant expenses to defend the suit. Any such class action suit, whether or not successful, could harm our reputation and restrict our ability to raise capital in the future. In addition, if a claim is successfully made against us, we may be required to pay significant damages, which could materially and adversely affect our business, results of operations and financial condition.
**You may be subject to limitations on transfer of your ADSs.**

Your ADSs are transferable on the books of the depositary. However, the depositary may close its transfer books at any time or from time to time when it deems expedient in connection with the performance of its duties. In addition, the depositary may refuse to deliver, transfer or register transfers of ADSs generally when our books or the books of the depositary are closed, or at any time if we or the depositary deems it advisable to do so because of any requirement of law or of any government or governmental body, or under any provision of the deposit agreement, or for any other reason.

**The dual-class structure of our ordinary shares may adversely affect the trading market for our ADSs.**

S&P Dow Jones has recently announced changes to its eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, to exclude companies with multiple classes of shares from being added to such indices. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the dual class structure of our ordinary shares may prevent the inclusion of our ADSs representing Class A ordinary shares in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for our ADSs. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our ADSs.

**Our amended and restated memorandum and articles of association contain anti-takeover provisions that could discourage a third party from acquiring us, which could limit our shareholders’ opportunity to sell their shares, including Class A ordinary shares represented by ADSs, at a premium.**

We have adopted amended and restated memorandum and articles of association to be effective upon the completion of this offering that contain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions. These provisions could have the effect of depriving our shareholders of an opportunity to sell their shares at a premium over prevailing market prices by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transaction. For example, our board of directors has the authority, without further action by our shareholders, to issue preferred shares in one or more series and to fix their designations, powers, preferences, privileges, and relative participating, optional or special rights and the qualifications, limitations or restrictions, including dividend rights, conversion rights, voting rights, terms of redemption and liquidation preferences, any or all of which may be greater than the rights associated with our ordinary shares. Preferred shares could be issued quickly with terms calculated to delay or prevent a change in control of our company or make removal of management more difficult. If our board of directors decides to issue preferred shares, the price of the ADSs may fall and the voting and other rights of the holders of our ordinary shares and the ADSs may be materially and adversely affected.

**Certain judgments obtained against us may not be enforceable.**

We are an exempted company incorporated under the laws of the Cayman Islands. Substantially all of our assets are located outside the United States. In addition, substantially all of our directors and executive officers and the experts named in this prospectus reside outside the United States, and most of their assets are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against them in the United States, in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands, China or other relevant jurisdiction may render you unable to enforce a judgment against our assets or the assets of our directors and officers and/or their assets. For more information regarding the relevant laws of the Cayman Islands and China, see “Enforcement of Civil Liabilities.”

**You may face difficulties in protecting your interests, and your ability to protect your rights through U.S. courts may be limited, because we are incorporated under Cayman Islands law.**

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by our memorandum and articles of association, the Companies Law (2018 Revision) of the Cayman Islands (as amended) and the common law of the Cayman Islands. The rights of
shareholders to take action against the directors, actions by minority shareholders and the fiduciary duties of our directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands have a less developed body of securities laws than the United States. Some states in the United States, such as Delaware, have more fully developed and judicially interpreted bodies of corporate law than the Cayman Islands. In addition, Cayman Islands companies may not have standing to initiate a shareholder derivative action in a federal court of the United States.

Shareholders of Cayman Islands exempted companies like us have no general rights under Cayman Islands law to inspect corporate records or to obtain copies of lists of shareholders of these companies. Our directors will have discretion under the amended and restated memorandum and articles of association expected to be effective immediately prior to completion of this offering, to determine whether or not, and under what conditions, our corporate records may be inspected by our shareholders, but are not obliged to make them available to our shareholders. This may make it more difficult for you to obtain the information needed to establish any facts necessary for a shareholder resolution or to solicit proxies from other shareholders in connection with a proxy contest.

As a result of all of the above, our public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the board of directors or controlling shareholders than they would as public shareholders of a company incorporated in the U.S. For a discussion of significant differences between the provisions of the Companies Law (2018 Revision) of the Cayman Islands and the laws applicable to companies incorporated in the U.S. and their shareholders, see “Description of Share Capital — Differences in Corporate Law.”

We are a foreign private issuer within the meaning of the rules under the Exchange Act, and as such we are exempted from certain provisions applicable to U.S. domestic public companies.

Because we qualify as a foreign private issuer under the Exchange Act, we are exempted from certain provisions of the securities rules and regulations in the United States that are applicable to United States domestic issuers, including: (i) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q or current reports on Form 8-K; (ii) the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act; (iii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time; and (iv) the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We are required to file an annual report on Form 20-F within four months of the end of each fiscal year. In addition, we intend to publish our results on a quarterly basis as press releases, distributed pursuant to the rules and regulations of the NASDAQ Global Market. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely compared to that required to be filed with the SEC by United States domestic issuers. As a result, you may not be afforded the same protections or information that would be made available to you were you investing in a U.S. domestic issuer.

We are an emerging growth company and may take advantage of certain reduced reporting requirements.

We are an “emerging growth company,” as defined in the JOBS Act, and we may take advantage of certain exemptions from various requirements applicable to other public companies that are not emerging growth companies including, most significantly, not being required to comply with the auditor attestation requirements of Section 404 of Sarbanes-Oxley Act of 2002 for so long as we are an emerging growth company. As a result, if we elect not to comply with such auditor attestation requirements, our investors may not have access to certain information they may deem important.

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The JOBS Act also provides that an emerging growth company does not need to comply with any new or revised financial accounting standards until such date that a private company is otherwise required to comply with such new or revised accounting standards. However, we have elected to “opt out” of this provision and, as a result, we will comply with new or revised accounting standards as required when they are adopted for public companies. This decision to opt out of the extended transition period under the JOBS Act is irrevocable.

We may be or may become a passive foreign investment company, or PFIC, which could result in adverse United States tax consequences to United States investors.

Based on the past and projected composition of our income and assets, and the valuation of our assets, including goodwill, we do not believe we were a passive foreign investment company (a “PFIC”), for our most recent taxable year, and we do not expect to become a PFIC in the current taxable year or the foreseeable future, although there can be no assurance in this regard.

In general, we will be a PFIC for any taxable year in which:

- at least 75% of our gross income is passive income, or
- at least 50% of the value (determined based on a quarterly average) of our assets is attributable to assets that produce or are held for the production of passive income, which include cash, such as cash raised in this offering.

The determination of whether we are a PFIC is made annually. Accordingly, it is possible that we may become a PFIC in the current or any future taxable year due to changes in our asset or income composition. Because we have calculated the value of our goodwill by taking into account the market value of our ADSs, a decrease in the price of our ADSs may also result in our becoming a PFIC.

In addition, there is uncertainty as to the treatment of our corporate structure and ownership of our consolidated VIE for United States federal income tax purposes. For United States federal income tax purposes, we consider ourselves to own the equity of our consolidated VIE. If it is determined, contrary to our view, that we do not own the equity of our consolidated VIE for United States federal income tax purposes (for instance, because the relevant PRC authorities do not respect these arrangements), we may be treated as a PFIC.

If we are a PFIC for any taxable year during which you hold our ADSs or Class A ordinary shares, our PFIC status could result in adverse United States federal income tax consequences to you if you are a United States Holder, as defined under “Taxation — Certain United States Federal Income Tax Considerations.” For example, if we are or become a PFIC, you may become subject to increased tax liabilities under United States federal income tax laws and regulations, and will become subject to burdensome reporting requirements. See “Taxation — Certain United States Federal Income Tax Considerations — Passive Foreign Investment Company.” There can be no assurance that we will not be a PFIC for the current or any future taxable year.

As a company incorporated in the Cayman Islands, we are permitted to adopt certain home country practices in relation to corporate governance matters that differ significantly from the NASDAQ Global Market corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the NASDAQ Global Market corporate governance listing standards.

We are a company incorporated in the Cayman Islands, and we will apply to list our ADSs on the NASDAQ Global Market. The NASDAQ Global Market market rules permit a foreign private issuer like us to follow the corporate governance practices of its home country. Certain corporate governance practices in the Cayman Islands, which is our home country, may differ significantly from the NASDAQ Global Market corporate governance listing standards.

For instance, we are not required to: (i) have a majority of the board be independent; (ii) have a compensation committee or a nominating and corporate governance committee consisting entirely of independent directors; or (iii) have regularly scheduled executive sessions with only independent directors each year.

We intend to rely on some of these exemptions. As a result, you may not be provided with the benefits of certain corporate governance requirements of the NASDAQ Global Market.
SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS AND INDUSTRY DATA

This prospectus contains forward-looking statements that involve risks and uncertainties, including statements based on our current expectations, assumptions, estimates and projections about us and our industry. The forward-looking statements are contained principally in the sections entitled “Prospectus Summary,” “Risk Factors,” “Use of Proceeds,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Industry” and “Business.” These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from those expressed or implied by the forward-looking statements. In some cases, these forward-looking statements can be identified by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “potential,” “continue,” “is/are likely to” or other similar expressions. The forward-looking statements included in this prospectus relate to, among others:

- our goal and strategies;
- our ability to maintain and strengthen our position as a leader amongst content aggregators in China’s mobile content feed industry;
- our expansion plans;
- our ability to monetize through advertising and other products and services that we plan to introduce;
- our future business development, financial condition and results of operations;
- our expectation regarding the use of proceeds from this offering;
- PRC laws, regulations, and policies relating to the Internet and Internet content providers; and
- general economic and business conditions.

This prospectus also contains market data relating to the mobile content feed industry in China, including market position, market size, and growth rates of the markets in which we participate, that are based on industry publications and reports. This prospectus contains statistical data and estimates published by Analysys International, including a report which we commissioned Analysys International to prepare and for which we paid a fee. This information involves a number of assumptions, estimates and limitations. These industry publications, surveys and forecasts generally indicate that their information has been obtained from sources believed to be reliable, although they do not guarantee the accuracy or completeness of such information. Nothing in such data should be construed as advice. We have not independently verified the accuracy or completeness of the data contained in these industry publications and reports. The mobile content feed industry in China may not grow at the rates projected by market data, or at all. The failure of these markets to grow at the projected rates may materially and adversely affect our business and the market price of our ADSs. If any one or more of the assumptions underlying the market data turns out to be incorrect, actual results may differ from the projections based on these assumptions. In addition, projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate is necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Risk Factors” and elsewhere in this prospectus. You should not place undue reliance on these forward-looking statements.

The forward-looking statements made in this prospectus relate only to events or information as of the date on which the statements are made in this prospectus. Except as required by law, we undertake no obligation to update any forward-looking statements to reflect events or circumstances after the date on which the statements are made or to reflect the occurrence of unanticipated events. You should read this prospectus and the documents that we have referred to in this prospectus and have filed as exhibits to the registration statement, of which this prospectus is a part, completely and with the understanding that our actual future results may be materially different from what we expect.
USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately US$\text{\,}xx xx, or approximately US$\text{\,}xx xx if the underwriters exercise their over-allotment option in full, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us and based upon an assumed initial offering price of US$\text{\,}xx xx per ADS (the mid-point of the estimated public offering price range shown on the front cover of this prospectus). A US$1.00 increase (decrease) in the assumed initial public offering price of US$\text{\,}xx xx per ADS would increase (decrease) the net proceeds to us from this offering by US$\text{\,}xx xx, after deducting the estimated underwriting discounts and commissions and estimated aggregate offering expenses payable by us and assuming no change to the number of ADSs offered by us as set forth on the cover page of this prospectus.

We plan to use the net proceeds of this offering as follows:

- up to approximately US$\text{\,}xx xx million for expanding and enhancing our content offerings;
- up to approximately US$\text{\,}xx xx million for product development and technology infrastructure;
- up to approximately US$\text{\,}xx xx million for marketing and promotion of our products and branding; and
- the balance for general corporate purposes, including potential acquisitions and investments (although we are not currently negotiating any such acquisitions or investments).

The foregoing represents our intentions as of the date of this prospectus with respect of the use and allocation of the net proceeds of this offering based upon our present plans and business conditions, but our management will have significant flexibility and discretion in applying the net proceeds of the offering. The occurrence of unforeseen events or changed business conditions may result in application of the proceeds of this offering in a manner other than as described in this prospectus.

To the extent that the net proceeds we receive from this offering are not immediately applied for the above purposes, we intend to invest our net proceeds in short-term, interest bearing, debt instruments or bank deposits.

In utilizing the proceeds of this offering, we, as an offshore holding company, are permitted under PRC laws and regulations to provide funding to our PRC subsidiary only through loans or capital contributions and to our consolidated VIE only through loans. Subject to satisfaction of applicable government registration and approval requirements, we may extend inter-company loans to our PRC subsidiary or make additional capital contributions to our PRC subsidiary to fund its capital expenditures or working capital. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all. For further information, see “Risk Factors — Risks Relating to Doing Business in China — PRC regulation of loans to, and direct investment in, PRC entities by offshore holding companies and governmental control of currency conversion may restrict or prevent us from using the proceeds of this offering to make loans to our PRC subsidiaries and our consolidated VIE, or to make additional capital contributions to our PRC subsidiaries.”
DIVIDEND POLICY

Since inception, we have not declared or paid any dividends on our shares. We do not have any present plan to pay any dividends on our Class A ordinary shares in the foreseeable future. We intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

Any other future determination to pay dividends will be made at the discretion of our board of directors and may be based on a number of factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. If we pay any dividends, ADS holders will receive payment to the same extent as holders of our Class A ordinary shares, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See “Description of American Depositary Shares.” Cash dividends on our Class A ordinary shares, if any, will be paid in U.S. dollars.

We are an exempted company incorporated in the Cayman Islands. In order for us to distribute any dividends to our shareholders and ADS holders, we may rely on dividends distributed by our PRC subsidiaries. Certain payments from our PRC subsidiaries to us may be subject to PRC withholding income tax. In addition, regulations in the PRC currently permit payment of dividends of a PRC company only out of accumulated distributable after-tax profits as determined in accordance with its articles of association and the accounting standards and regulations in China. Each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profit based on PRC accounting standards every year to a statutory common reserve fund until the aggregate amount of such reserve fund reaches 50% of the registered capital of such subsidiary. Such statutory reserves are not distributable as loans, advances or cash dividends.
The following table sets forth our capitalization as of June 30, 2018 presented on:

- an actual basis;
- a pro forma basis to reflect the conversion of all our outstanding convertible redeemable preferred shares (including Series A, Series A1, Series B1, Series B2 and Series B3 convertible redeemable preferred shares) into 17,386,092 of our Class A ordinary shares immediately upon the completion of this offering; and
- a pro forma as adjusted basis to give effect to (i) the conversion of all our outstanding convertible redeemable preferred shares (including Series A, Series A1, Series B1, Series B2 and Series B3 convertible redeemable preferred shares) into 17,386,092 of our Class A ordinary shares immediately upon the completion of this offering, and (ii) the issuance and sale of the Class A ordinary shares in the form of ADSs offered hereby at an assumed initial public offering price of US$ per ADS, the mid-point of the estimated public offering price range shown on the front cover of this prospectus, after deducting underwriting discounts, commissions and estimated offering expenses payable by us and assuming no exercise of the underwriters’ option to purchase additional ADSs.

The pro forma and pro forma as adjusted information below is illustrative only and our capitalization following the closing of this offering is subject to adjustment based on the initial public offering price of our ADSs and other terms of this offering determined at pricing. You should read this table in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes included elsewhere in this prospectus.

<table>
<thead>
<tr>
<th>As of June 30, 2018</th>
<th>Actual</th>
<th>Pro Forma</th>
<th>Pro Forma as Adjusted</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>US$</td>
<td>RMB</td>
</tr>
<tr>
<td>Total mezzanine equity</td>
<td>1,906,926</td>
<td>288,182</td>
<td>—</td>
</tr>
<tr>
<td>Shareholders’ (deficit)/equity:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares (US$0.0001 par value; 482,613,908 shares authorized, 50,000,000 shares issued as of June 30, 2018, 24,562,500 shares outstanding as of June 30, 2018; 41,948,592 shares issued and outstanding on a pro-forma basis as of June 30, 2018 and issued and outstanding on a pro-forma as adjusted basis as of June 30, 2018)</td>
<td>16</td>
<td>2</td>
<td>28</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>202,994</td>
<td>30,677</td>
<td>2,109,908</td>
</tr>
<tr>
<td>Treasury stock (US$0.0001 par value; 9,500,000 shares as of June 30, 2018; actual, pro-forma and pro-forma as adjusted basis)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(12,537)</td>
<td>(1,895)</td>
<td>(12,537)</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(699,610)</td>
<td>(105,728)</td>
<td>(699,610)</td>
</tr>
<tr>
<td>Total shareholders’ (deficit)/equity</td>
<td>(509,137)</td>
<td>(76,943)</td>
<td>1,397,789</td>
</tr>
<tr>
<td>Total mezzanine equity and shareholders’ (deficit)/equity</td>
<td>1,397,789</td>
<td>211,239</td>
<td>1,397,789</td>
</tr>
</tbody>
</table>

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If you invest in ADSs, your interest will be diluted to the extent of the difference between the initial public offering price per ADS and our net tangible book value per ADS after this offering. Dilution results from the fact that the initial public offering price per Class A ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares and holders of our convertible redeemable preferred shares which will automatically convert into our Class A ordinary shares upon the completion of this offering.

Our net tangible book value as of June 30, 2018 was approximately US$[1] million, or US$[2] per ordinary share as of that date, and US$[3] per ADS. Net tangible book value represents the amount of our total consolidated assets, less the amount of our intangible assets, goodwill and total consolidated liabilities. Dilution is determined by subtracting net tangible book value per ordinary share from our consolidated total assets, after giving effect to (i) the conversion of all of our outstanding convertible redeemable preferred shares into Class A ordinary shares immediately upon the completion of this offering and (ii) the issuance and sale by us of ADSs in this offering at an assumed initial public offering price of US$[4] per ADS (the mid-point of the estimated initial public offering price range shown on the front cover page of this prospectus) after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us.

Without taking into account any other changes in net tangible book value after June 30, 2018, other than to give effect to (i) the conversion of all of our outstanding convertible redeemable preferred shares into Class A ordinary shares immediately upon the completion of this offering and (ii) the issuance and sale by us of ADSs in this offering at an assumed initial public offering price of US$[5] per ADS (the mid-point of the estimated initial public offering price range shown on the front cover page of this prospectus) after deduction of the underwriting discounts and commissions and estimated offering expenses payable by us, our pro forma as adjusted net tangible book value as of June 30, 2018 would have been US$[6] million, or US$[7] per outstanding ordinary share and US$[8] per ADS. This represents an immediate increase in net tangible book value of US$[9] per ordinary share and US$[10] per ADS to the existing shareholders and an immediate dilution in net tangible book value of US$[11] per ordinary share and US$[12] per ADS to investors purchasing ADSs in this offering.

The following table illustrates such dilution:

<table>
<thead>
<tr>
<th>Per Ordinary Share</th>
<th>Per ADS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro forma net tangible book value per share after giving effect to the conversion of all of our outstanding convertible redeemable preferred shares into Class A ordinary shares</td>
<td></td>
</tr>
<tr>
<td>Pro forma as adjusted net tangible book value per share after giving effect to (i) the conversion of all of our outstanding convertible redeemable preferred shares into Class A ordinary shares and (ii) this offering</td>
<td></td>
</tr>
<tr>
<td>Assumed initial public offering price</td>
<td></td>
</tr>
<tr>
<td>Dilution in net tangible book value per share to new investors in the offering</td>
<td></td>
</tr>
<tr>
<td>The amount of dilution in net tangible book value to new investors in this offering set forth above is calculated by deducting (i) the pro forma net tangible book value after giving effect to the conversion of our outstanding convertible redeemable preferred shares from (ii) the pro forma net tangible book value after giving effect to the conversion of our convertible redeemable preferred shares and this offering.</td>
<td></td>
</tr>
<tr>
<td>The following table summarizes, on a pro forma basis as of June 30, 2018, the differences between existing shareholders, including holders of our convertible redeemable preferred shares, and the new investors with</td>
<td></td>
</tr>
</tbody>
</table>
respect to the number of Class A ordinary shares (including ordinary shares represented by ADSs) purchased from us, the total consideration paid and the average price per Class A ordinary share and per ADS paid before deducting the underwriting discounts and commissions and estimated offering expenses. The total number of ordinary shares does not include Class A ordinary shares underlying the ADSs issuable upon the exercise of the option to purchase additional ADSs granted to the underwriters.

<table>
<thead>
<tr>
<th>Ordinary Shares</th>
<th>Total</th>
<th>US$ Consideration</th>
<th>Total Consideration</th>
<th>US$ Average Price per Ordinary Share Equivalent</th>
<th>Average Price per ADS Equivalent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number</td>
<td>Percent</td>
<td>Amount</td>
<td>Percent</td>
<td>US$</td>
<td>US$</td>
</tr>
<tr>
<td>Existing shareholders</td>
<td>%</td>
<td>US$</td>
<td>%</td>
<td>US$</td>
<td>US$</td>
</tr>
<tr>
<td>New investors</td>
<td>%</td>
<td>US$</td>
<td>%</td>
<td>US$</td>
<td>US$</td>
</tr>
<tr>
<td>Total</td>
<td>%</td>
<td>US$</td>
<td>%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A US$1.00 increase (decrease) in the assumed public offering price of US$ per ADS (the mid-point of the estimated initial public offering price range shown on the front cover page of this prospectus) would increase (decrease) our pro forma net tangible book value after giving effect to the offering by US$ million, the pro forma net tangible book value per ordinary share and per ADS after giving effect to this offering by US$ per ordinary share and US$ per ADS and the dilution in pro forma net tangible book value per ordinary share and per ADS to new investors in this offering by US$ per ordinary share and US$ per ADS, assuming no change to the number of ADS offered by us as set forth on the front cover page of this prospectus, and after deducting underwriting discounts and commissions and other offering expenses.

The pro forma information discussed above is illustrative only. Our net tangible book value following the completion of this offering is subject to adjustment based on the actual initial public offering price of our ADSs and other terms of this offering determined at pricing.

The discussion and tables above take into consideration the conversion into ordinary shares immediately upon the completion of this offering all of our outstanding convertible redeemable preferred shares and Series C1 preferred shares issuable, and they do not take into consideration of any outstanding share options. As of the date of this prospectus, there are also (i) 2,873,598 ordinary shares issuable upon exercise of outstanding share options under our 2018 equity incentive plan and (ii) 90,543 ordinary shares available for future issuance upon the exercise of future grants under our 2018 equity incentive plan. If any of these options are exercised, there will be further dilution to new investors.

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EXCHANGE RATE INFORMATION

Substantially all of our operations are conducted in the PRC and substantially all of our revenue is denominated in Renminbi. This prospectus contains translations of Renminbi amounts into U.S. dollars at specific rates solely for the convenience of the reader. Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this prospectus were made at a rate of RMB6.6171 to US$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on June 29, 2018. We make no representation that the Renminbi or U.S. dollar amounts referred to in this prospectus could have been or could be converted into U.S. dollars or Renminbi, as the case may be, at any particular rate or at all. The PRC government imposes control over its foreign currency reserves in part through direct regulation of the conversion of Renminbi into foreign exchange and through restrictions on foreign trade. On August 10, 2018, the noon buying rate for Renminbi was RMB6.8458 to US$1.00.

The following table sets forth information concerning exchange rates between the Renminbi and the U.S. dollar for the periods presented. These rates are provided solely for your convenience and are not necessarily the exchange rates that we used in this prospectus or will use in the preparation of our periodic reports or any other information to be provided to you. For all dates and periods, the exchange rate refers to the exchange rate as set forth in the H.10 statistical release of the Federal Reserve Board.

<table>
<thead>
<tr>
<th>Period</th>
<th>Noon Buying Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Period End</td>
</tr>
<tr>
<td>2013</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
</tr>
<tr>
<td>January</td>
<td>6.2841</td>
</tr>
<tr>
<td>February</td>
<td>6.3329</td>
</tr>
<tr>
<td>March</td>
<td>6.2726</td>
</tr>
<tr>
<td>April</td>
<td>6.3325</td>
</tr>
<tr>
<td>May</td>
<td>6.4096</td>
</tr>
<tr>
<td>June</td>
<td>6.6171</td>
</tr>
<tr>
<td>July</td>
<td>6.8038</td>
</tr>
<tr>
<td>August (through August 10)</td>
<td>6.8458</td>
</tr>
</tbody>
</table>

Source: Federal Reserve Statistical Release

(1) Annual averages are calculated using the average of the rates on the last business day of each month during the relevant year. Monthly averages are calculated using the average of the daily rates during the relevant month.

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ENFORCEMENT OF CIVIL LIABILITIES

We are incorporated under the laws of the Cayman Islands as an exempted company with limited liability. We are incorporated in the Cayman Islands because of certain benefits associated with being a Cayman Islands company, such as political and economic stability, an effective judicial system, a favorable tax system, the absence of foreign exchange control or currency restrictions and the availability of professional and support services. However, the Cayman Islands has a less developed body of securities laws as compared to the United States and provides protections for investors to a lesser extent. In addition, Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Substantially all of our operations are conducted in the PRC, and substantially all of our assets are located in the PRC. In addition, most of our directors and officers are residents of jurisdictions other than the United States and all or a substantial portion of their assets are located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or these persons, or to enforce against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States. It may also be difficult for you to enforce in United States courts judgments obtained in United States courts based on the civil liability provisions of the United States federal securities laws against us and our officers and directors.

We have appointed Cogency Global Inc. as our agent to receive service of process with respect to any action brought against us in the United States District Court for the Southern District of New York under the federal securities laws of the United States or of any state in the United States or any action brought against us in the Supreme Court of the State of New York in the County of New York under the securities laws of the State of New York.

Walkers, our counsel as to Cayman Islands law, and King & Wood Mallesons, our counsel as to PRC law, have advised us that there is uncertainty as to whether the courts of the Cayman Islands or the PRC would, respectively, (1) recognize or enforce judgments of United States courts obtained against us or our directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States and (2) entertain original actions brought in the Cayman Islands or the PRC against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

Walkers has informed us that the uncertainty with regard to Cayman Islands law relates to whether a judgment obtained from the United States courts under the civil liability provisions of the securities laws will be determined by the courts of the Cayman Islands as penal or punitive in nature. If such a determination is made, the courts of the Cayman Islands will not recognize or enforce the judgment against a Cayman company. Because the courts of the Cayman Islands have yet to rule on whether such judgments are penal or punitive in nature, it is uncertain whether they would be enforceable in the Cayman Islands. Walkers has further advised us that a final and conclusive judgment in the federal or state courts of the United States under which a sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of the Cayman Islands under the common law doctrine of obligation.

In addition, Walkers has advised us that there is no statutory recognition in the Cayman Islands of judgments obtained in the United States, although the Cayman Islands will generally recognize as a valid judgment, a final and conclusive judgment in personam obtained in the federal or state courts in the United States under which a sum of money is payable (other than a sum of money payable in respect of multiple damages, taxes or other charges of a like nature or in respect of a fine or other penalty) and would give a judgment based thereon provided that such judgment (i) is final and conclusive, (ii) is one in respect of which the foreign court had jurisdiction over the defendant according to Cayman Islands conflict of law rules; (iii) is either for a liquidated sum not in respect of penalties or taxes or a fine or similar fiscal or revenue obligations or, in certain circumstances, for in personam non-money relief; and (iv) was neither obtained in a manner, nor is of a kind enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.
King & Wood Mallesons has advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedure Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedure Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. King & Wood Mallesons has advised us further that under PRC law, a foreign judgment, which does not otherwise violate basic legal principles, state sovereignty, safety or social public interest, may be recognized and enforced by a PRC court, based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. As there existed no treaty or other form of reciprocity between China and the United States governing the recognition and enforcement of judgments as of the date of this prospectus, including those predicated upon the liability provisions of the United States federal securities laws, there is uncertainty whether and on what basis a PRC court would enforce judgments rendered by United States courts.
OUR HISTORY AND CORPORATE STRUCTURE

We launched our flagship mobile application, Qutoutiao, in June 2016. We primarily operate our business through our consolidated VIE, Shanghai Jifen, and its subsidiaries. To facilitate financing offshore, we incorporated Qtech Ltd. in July 2017. Through a series of transactions, Qtech Ltd. then became our ultimate holding company. On July 5, 2018, Qtech Ltd. was renamed to Qutoutiao Inc.

We currently conduct our business primarily through the following subsidiaries, consolidated VIE and its subsidiaries:

- Shanghai Jifen, our consolidated VIE, primarily engages in the operation of our Qutoutiao mobile application;
- Shanghai Xike Information Technology Service Co., Ltd., or Shanghai Xike, primarily engages in the operation of our Qudoupai mobile application;
- Anhui Zhangduan Internet Technology Co., Ltd., or Anhui Zhangduan, primarily engages in content management;
- Beijing Qukandian Internet Technology Co., Ltd., or Beijing Qukandian, primarily engages in content procurement;
- Shanghai Dianguan Internet Technology Co., Ltd., or Shanghai Dianguan, our subsidiary in China acquired in February 2018, primarily provides advertising services; and
- Kubik Technology Pte. Ltd., our subsidiary in Singapore, primarily engages in the operation of our mobile application launched in late 2017 targeted towards the Southeast Asia market.

In April 2018, we entered into a share purchase agreement to purchase 100% equity interests of an audio/video content platform for a total cash consideration of RMB70.0 million (US$10.6 million). As of June 30, 2018, we have paid RMB43.0 million (US$6.5 million). We currently expect to complete the transaction by the end of 2018.
Our Corporate Structure

The following diagram illustrates our corporate structure with our principal subsidiaries, consolidated VIE and its subsidiaries as of the date of this prospectus. Except as otherwise specified, equity interests depicted in this diagram are held as to 100%. The relationships between Shanghai Quyun, Shanghai Jiifen and its shareholders as illustrated in this diagram are governed by contractual arrangements and do not constitute equity ownership.

(1) Mr. Eric Siliang Tan, Mr. Lei Li, Tianjin Shanshi Technology L.P. and Shanghai Xihu Cultural Transmission Co., Ltd. held 45%, 15%, 20% and 20% equity interest in Shanghai Jiifen, respectively.

Both Tianjin Shanshi Technology L.P. and Shanghai Xihu Cultural Transmission Co., Ltd. are controlled by Mr. Eric Siliang Tan.

(2) We acquired Shanghai Dianguan in February 2018.

(3) Include Anhui Zhangduan, Beijing Qukandian, Shanghai Xike and Shanghai Tuile Information Technology Service Co., Ltd.

Contractual Arrangements among Shanghai Quyun and Shanghai Jiifen and its Shareholders

PRC laws and regulations place certain restrictions on foreign investment in and ownership of internet-based businesses. Accordingly, we conduct our operations mainly through Shanghai Jiifen, or the consolidated VIE, and its subsidiaries. We effectively control the consolidated VIE through a series of contractual arrangements with the consolidated VIE, its shareholders and Shanghai Quyun, as described in more detail below, which collectively enables us to:

• exercise effective control over our consolidated VIE and its subsidiaries;
• receive substantially all the economic benefits of our consolidated VIE; and
have an exclusive option to purchase all or part of the equity interests in the equity interest in or all or part of the assets of Shanghai Jifen when and to the extent permitted by PRC law.

As a result of these contractual arrangements, we are the primary beneficiary of Shanghai Jifen and its subsidiaries. We have consolidated their financial results in our consolidated financial statements in accordance with U.S. GAAP.

In the opinion of King & Wood Mallesons, our PRC legal counsel:
- the ownership structures of Shanghai Quyun and our consolidated VIE in China, both currently and immediately after giving effect to this offering, do not and will not violate any applicable PRC law, regulation, or rule currently in effect; and
- the contractual arrangements among Shanghai Quyun, Shanghai Jifen and its shareholders governed by PRC laws are valid, binding and enforceable in accordance with their terms and applicable PRC laws, rules, and regulations currently in effect, and will not violate any applicable PRC law, regulation, or rule currently in effect.

However, we have been further advised by our PRC legal counsel, King & Wood Mallesons, that there are substantial uncertainties regarding the interpretation and application of current and future PRC laws, rules and regulations. In particular, in January 2015, the MOFCOM published a discussion draft of the proposed Foreign Investment Law for public review and comments. Among other things, the draft Foreign Investment Law expands the definition of foreign investment and introduces the principle of “actual control” in determining whether a company is considered a foreign-invested enterprise, or an FIE. Under the draft Foreign Investment Law, VIEs would also be deemed as FIEs, if they are ultimately “controlled” by foreign investors, and be subject to restrictions on foreign investments. However, the draft law has not arrived at a position on what actions will be taken with respect to the existing companies with the “variable interest entity” structure, whether or not these companies are controlled by Chinese parties. It is uncertain when the draft may be signed into law, if at all, and whether any final version would have substantial changes from the draft. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to the opinion of our PRC legal counsel. We have been further advised by our PRC legal counsel that if the PRC government finds that the agreements that establish the structure for operating our business do not comply with PRC government restrictions on foreign investment in the aforesaid business we engage in, we could be subject to severe penalties including being prohibited from continuing operations. See “Risk Factors — Risks Relating to Our Corporate Structure.”

All the agreements under our contractual arrangements are governed by PRC laws and provide for the resolution of disputes through arbitration in China. For additional information, see “Risk Factors — Risks Relating to Our Corporate Structure — Any failure by our consolidated VIE or its shareholders to perform their obligations under our contractual arrangements with them would have a material adverse effect on our business.” Such arbitration provisions have no effect on the rights of our shareholders to pursue claims against us under United States federal securities laws.

The following is a summary of the currently effective contractual arrangements by and among our wholly-owned subsidiary, Shanghai Quyun, our consolidated VIE, Shanghai Jifen, and its subsidiaries, and the shareholders of Shanghai Jifen.

**Agreements that Provide Us with Effective Control over Our Consolidated VIE and Its Subsidiaries**

**Equity Interest Pledge Agreement.** Pursuant to the equity interest pledge agreement, each shareholder of Shanghai Jifen has pledged all of such shareholder's equity interest in Shanghai Jifen as a security interest to respectively guarantee Shanghai Jifen and its shareholders' performance of their obligations under the relevant contractual arrangement, which include the voting rights proxy agreement, loan agreement, exclusive technology and consulting service agreement and exclusive option agreement. If Shanghai Jifen or any of its shareholders
breaches their contractual obligations under these agreements, Shanghai Quyun, as pledgee, will be entitled to certain rights regarding the pledged equity interests. In the event of such breaches, Shanghai Quyun’s rights include being paid in priority with the equity interest of Shanghai Jifen based on the monetary valuation that such equity interest is converted into or from the proceeds from auction or sale of the equity interest. Each of the shareholders of Shanghai Jifen agrees that, during the term of the equity interest pledge agreements, such shareholder shall not transfer the equity interest, place or permit the existence of any security interest or other encumbrance on the equity interest or any portion thereof, without the prior written consent of Shanghai Quyun, except for the performance of the relevant contractual agreement. Shanghai Quyun is entitled to receive dividends distributed on the equity interest of Shanghai Jifen, and Shanghai Jifen’s shareholders may receive dividends distributed on the equity interest only with prior written consent of Shanghai Quyun. The equity interest pledge agreement remains effective until all obligations under the relevant contractual agreements have been fully performed and all secured indebtedness have been fully paid.

Voting Rights Proxy Agreement. Pursuant to the voting rights proxy agreement, each shareholder of Shanghai Jifen has irrevocably authorized Shanghai Quyun to exercise the following rights relating to all equity interests held by such shareholder in Shanghai Jifen during the term of the voting rights proxy agreement: to act on behalf of such shareholder as its exclusive agent and attorney with respect to all matters concerning its shareholding in Shanghai Jifen, including without limitation: (1) proposing and attending shareholders’ meetings of Shanghai Jifen; (2) exercising all the shareholder’s voting rights such shareholder is entitled to under the laws of China and Shanghai Jifen’s articles of association, including but not limited to designate and appoint on behalf of such shareholder the directors and other senior management members of Shanghai Jifen. During the period that each of Shanghai Quyun and Shanghai Jifen remains in operation, the voting rights proxy agreement shall be irrevocable and continuously effective and valid for ten years from the execution date unless otherwise agreed to by all parties. Upon the expiration of the original term or any renewal term of the voting rights proxy agreement, the agreement shall be automatically renewed for an additional one year period unless, at least 30 days prior to the expiration date, Shanghai Quyun provides notice to the other parties to the voting rights proxy agreement not to renew the agreement.

Agreement that Allow Us to Receive Economic Benefits from our Consolidated VIE and Its Subsidiaries

Exclusive Technology and Consulting Service Agreement. Under the exclusive technology and consulting service agreement, Shanghai Jifen appoints Shanghai Quyun as its exclusive services provider to provide Shanghai Jifen with comprehensive technical support, business support and relevant consulting services during the term of the exclusive technology and consulting service agreement. In return, Shanghai Quyun is entitled to receive a monthly service fee from Shanghai Jifen at an amount to be determined at the sole discretion of Shanghai Quyun. Shanghai Quyun shall have exclusive and proprietary ownership, rights and interests in any and all intellectual properties arising out of or created during the performance of the exclusive technology and consulting service agreement. Unless terminated in accordance with the provisions of the exclusive technology and consulting service agreement or in accordance with other agreements between the parties, the exclusive cooperation agreement shall remain effective for ten years from the execution date of the exclusive technology and consulting service agreement. Upon the expiration of the exclusive technology and consulting cooperation agreement, Shanghai Quyun has the sole discretion to extend the term of the agreement to any date by written notice to Shanghai Jifen. Shanghai Quyun may terminate the agreement at any time by providing 30 days’ prior written notice to Shanghai Jifen.

Agreements that Provides Us with the Option to Purchase the Equity Interest in Shanghai Jifen

Loan Agreement. Shanghai Quyun entered into a loan agreement with each shareholder of Shanghai Jifen in October 2017. Pursuant to the loan agreement, Shanghai Quyun has granted an interest-free loan to each shareholder of Shanghai Jifen, the amount of which are to be separately agreed to between Shanghai Quyun and Shanghai Jifen in writing, which may only be used by such shareholder for the purpose of capital contribution to Shanghai Jifen as to its business development. Shanghai Quyun also has agreed to provide Shanghai Jifen with
unconditional financial support pursuant to the loan agreement. The shareholders of Shanghai Jifen pledge all of its share equity in Shanghai Jifen as security for the outstanding loans. Unless other agreed by all the parties of the loan agreement, the term of the loan is the earlier of ten years, the end of Shanghai Quyun’s operation or the end of Shanghai Jifen’s operation. Shanghai Quyun also has the right to accelerate the date of maturity of such loans at its sole discretion. Upon maturity, Shanghai Quyun or its designated third party may purchase the equity interests in Shanghai Jifen held by the shareholders of Shanghai Jifen at a price equal to the lowest allowable amount for a similar transaction pursuant to relevant PRC laws, rules and regulations instead of cash repayment. The loan agreement also prohibits the shareholders of Shanghai Jifen from entering into any transactions that could materially affect the assets, liabilities, interests or operations of Shanghai Jifen or its subsidiaries without prior written consent from Shanghai Quyun.

**Exclusive Option Agreement.** Pursuant to the exclusive option agreement, each of Shanghai Jifen’s shareholders has irrevocably granted Shanghai Quyun an unconditional and exclusive right to purchase, or designate one or more persons agreed by the board of directors of Shanghai Quyun to purchase the equity interests in Shanghai Jifen then held by its shareholders once or at multiple times at any time in part or in whole at Shanghai Quyun’s sole and absolute discretion to the extent permitted by PRC laws. The purchase price of the optioned interests shall be the minimum price permitted under PRC laws when Shanghai Quyun exercises equity interest purchase option. The shareholders of Shanghai Jifen have agreed the consideration received from the exercise of such equity interest purchase option shall be used to settle the outstanding loans under the loan agreement as described above and/or transferred back to Shanghai Quyun as permitted under relevant PRC laws. Shanghai Jifen and its shareholders have agreed that, without Shanghai Quyun’s prior written consent, Shanghai Jifen shall not, among others, in any manner supplement, change or amend the articles of association of Shanghai Jifen; increase or decrease its registered capital, change its structure of registered capital in other manners; sell, transfer, mortgage or dispose of in any other manner any legal or beneficial interest in the equity interests in Shanghai Jifen held by such shareholders, or allow the encumbrance thereon; entry into, inherit, or tolerant any existence of any loan or other debtor-creditor relationship with any third party; enter into any material contract outside the ordinary course of business; merge with any other persons or make any investments; or distribute dividends. The initial term of this agreement is ten years, which will be renewed at the sole discretion of Shanghai Quyun. Shanghai Quyun may terminate the agreement at any time by providing 30 days’ prior written notice to Shanghai Jifen.
SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

The following selected consolidated statements of comprehensive loss data and selected consolidated statements of cash flows data for the years ended December 31, 2016 and 2017 and selected consolidated balance sheets data as of December 31, 2016 and 2017 have been derived from our audited consolidated financial statements included elsewhere in this prospectus.

The following selected consolidated statements of comprehensive loss data and summary consolidated of cash flow data for the six months ended June 30, 2017 and 2018 and the selected consolidated balance sheet data as of June 30, 2018 have been derived from our unaudited interim condensed consolidated financial statements included elsewhere in this prospectus.

Our consolidated financial statements are prepared and presented in accordance with U.S. GAAP. Our historical results are not necessarily indicative of results to be expected for any future period. The following selected consolidated financial data for the periods and as of the dates indicated are qualified by reference to, and should be read in conjunction with, our consolidated financial statements and related notes and the information under “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” both of which are included elsewhere in this prospectus.

Selected Consolidated Statements of Comprehensive Loss Data

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th>Six Months Ended</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>US$</td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td>Revenues(1)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising revenue</td>
<td>57,880</td>
<td>8,747</td>
<td>512,883</td>
<td>77,509</td>
</tr>
<tr>
<td>Other revenue</td>
<td>74</td>
<td>11</td>
<td>4,170</td>
<td>630</td>
</tr>
<tr>
<td>Net revenues</td>
<td>57,954</td>
<td>8,758</td>
<td>517,053</td>
<td>78,139</td>
</tr>
<tr>
<td>Cost of revenues(2)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>2,627</td>
<td>397</td>
<td>15,317</td>
<td>2,315</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>54,633</td>
<td>8,256</td>
<td>494,724</td>
<td>74,765</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>4,427</td>
<td>669</td>
<td>25,947</td>
<td>3,921</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>61,687</td>
<td>9,322</td>
<td>535,988</td>
<td>81,001</td>
</tr>
<tr>
<td>Loss from operations(3)</td>
<td>(10,911)</td>
<td>(1,649)</td>
<td>(95,416)</td>
<td>(14,420)</td>
</tr>
<tr>
<td>Interest income</td>
<td>51</td>
<td>8</td>
<td>673</td>
<td>103</td>
</tr>
<tr>
<td>Foreign exchange related gains, net</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others, net</td>
<td>(2)</td>
<td>(1)</td>
<td>(17)</td>
<td>(3)</td>
</tr>
<tr>
<td>Loss before income tax expenses</td>
<td>(10,862)</td>
<td>(1,642)</td>
<td>(94,760)</td>
<td>(14,320)</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>—</td>
<td>—</td>
<td></td>
<td>—</td>
</tr>
<tr>
<td>Net loss</td>
<td>(10,862)</td>
<td>(1,642)</td>
<td>(94,760)</td>
<td>(14,320)</td>
</tr>
<tr>
<td>Accretion to convertible redeemable preferred shares redemption value</td>
<td>—</td>
<td>—</td>
<td>(6,012)</td>
<td>(909)</td>
</tr>
<tr>
<td></td>
<td>Year Ended December 31,</td>
<td>Six Months Ended June 30,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------------------</td>
<td>-------------------------</td>
<td>----------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>US$</td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>US$</td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>US$</td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>US$</td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td>Deemed dividend to preferred shareholders</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net loss attributable to Qutoutiao Inc.’s ordinary shareholders</td>
<td>(10,862)</td>
<td>(1,642)</td>
<td>(100,772)</td>
<td>(14,320)</td>
</tr>
<tr>
<td>Net loss</td>
<td>(10,862)</td>
<td>(1,642)</td>
<td>(14,320)</td>
<td>(14,320)</td>
</tr>
<tr>
<td>Other comprehensive income/(loss)</td>
<td>—</td>
<td>—</td>
<td>25</td>
<td>3</td>
</tr>
<tr>
<td>Foreign currency translation adjustment, net of nil tax</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Comprehensive loss attributable to Qutoutiao Inc.</td>
<td>(10,862)</td>
<td>(1,642)</td>
<td>(94,735)</td>
<td>(14,317)</td>
</tr>
<tr>
<td>Net loss per share attributable to Qutoutiao Inc.</td>
<td>(0.45)</td>
<td>(0.07)</td>
<td>(4.19)</td>
<td>(0.63)</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares used in per share calculation:</td>
<td>24,062,500</td>
<td>24,062,500</td>
<td>24,062,500</td>
<td>24,062,500</td>
</tr>
<tr>
<td>Year Ended December 31,</td>
<td>2016</td>
<td>2017</td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td>Advertising revenue</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other revenue</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Advertising revenue</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other revenue</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

(1) Revenue from transactions with related parties are set forth below for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td>Advertising revenue</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other revenue</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

(2) Cost of revenues and operating expenses from transactions with related parties are set forth below for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td></td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>120</td>
<td>18</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>166</td>
<td>25</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>74</td>
<td>11</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>2,664</td>
<td>403</td>
</tr>
</tbody>
</table>

(3) We recognized share-based compensation expenses of RMB0.4 million (US$60.0 thousand), RMB3.4 million (US$5.5 million), RMB0.4 million (US$53.9 thousand) and RMB185.4 million (US$28.0 million) in 2016, 2017 and the six months ended June 30, 2017 and 2018, respectively. Share-based compensation expenses in the six months ended June 30, 2018 included RMB158.6 million (US$24.8 million) that relates to certain ordinary shares beneficially owned by certain of our co-founders.
that became restricted pursuant to share restriction deeds entered into by them in January 2018 and vested in the six months ended June 30, 2018.

Selected Consolidated Balance Sheets Data

<table>
<thead>
<tr>
<th></th>
<th>As of December 31, 2016</th>
<th></th>
<th>As of June 30, 2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB (in thousands)</td>
<td>US$</td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>269</td>
<td>41</td>
<td>278,458</td>
<td>42,082</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>12,370</td>
<td>1,869</td>
<td>129,770</td>
<td>19,611</td>
</tr>
<tr>
<td>Total current assets</td>
<td>29,758</td>
<td>4,497</td>
<td>466,208</td>
<td>70,455</td>
</tr>
<tr>
<td>Total assets</td>
<td>29,896</td>
<td>4,518</td>
<td>476,581</td>
<td>72,023</td>
</tr>
<tr>
<td>Registered users’ loyalty payable</td>
<td>1,023</td>
<td>155</td>
<td>20,977</td>
<td>3,170</td>
</tr>
<tr>
<td>Accrued liabilities related to user loyalty programs</td>
<td>24,509</td>
<td>3,704</td>
<td>187,003</td>
<td>28,261</td>
</tr>
<tr>
<td>Total liabilities</td>
<td>41,087</td>
<td>6,209</td>
<td>311,246</td>
<td>47,037</td>
</tr>
<tr>
<td>Mezzanine equity</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total shareholders’ deficits</td>
<td>(11,191)</td>
<td>(1,691)</td>
<td>(108,560)</td>
<td>(16,406)</td>
</tr>
</tbody>
</table>

Selected Consolidated Statements of Cash Flows Data

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31, 2016</th>
<th></th>
<th>Six Months Ended June 30, 2018</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB (in thousands)</td>
<td>US$</td>
<td>RMB</td>
<td>US$</td>
</tr>
<tr>
<td>Net cash provided by/(used in) operating activities</td>
<td>12,719</td>
<td>1,923</td>
<td>132,226</td>
<td>19,983</td>
</tr>
<tr>
<td>Net cash (used in)/provided by investing activities</td>
<td>(12,523)</td>
<td>(1,893)</td>
<td>(121,919)</td>
<td>(18,425)</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>—</td>
<td>—</td>
<td>272,121</td>
<td>41,124</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>196</td>
<td>30</td>
<td>282,428</td>
<td>42,682</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>—</td>
<td>—</td>
<td>(4,239)</td>
<td>(641)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of the period</td>
<td>73</td>
<td>11</td>
<td>269</td>
<td>41</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the period</td>
<td>269</td>
<td>41</td>
<td>278,458</td>
<td>42,082</td>
</tr>
</tbody>
</table>

Non-GAAP Financial Measure

We use adjusted net loss, which is an non-GAAP financial measure, in evaluating our operating results and for financial and operational decision-making purposes. Adjusted net loss represents net loss before share-based compensation expenses. We believe that such non-GAAP financial measure help identify underlying trends in our business that could otherwise be distorted by the effect of such share-based compensation expenses that we include in cost of revenues, total operating expenses and net loss. In particular, share-based compensation expenses in the six months ended June 30, 2018 included RMB158.6 million (US$24.8 million) that relates to certain ordinary shares beneficially owned by certain of our co-founders that became restricted pursuant to share...
restrictions entered into by them in January 2018 and vested in the six months ended June 30, 2018. We believe that such non-GAAP financial measure also provides useful information about our operating results, enhance the overall understanding of our past performance and future prospects and allow for greater visibility with respect to key metrics used by our management in its financial and operational decision making.

The non-GAAP financial measure is not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. It should not be considered in isolation or construed as alternatives to net loss or any other measure of performance or as an indicator of our operating performance. Investors are encouraged to review the historical non-GAAP financial measure in light of the most directly comparable GAAP measures, as shown below. The non-GAAP financial measure presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measure differently, limiting its usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.

The table below sets forth a reconciliation of the non-GAAP financial measure for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31</th>
<th></th>
<th></th>
<th>Six Months Ended June 30</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
<td>2017</td>
<td>2018</td>
<td>2018</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>RMB (in thousands)</td>
<td>RMB</td>
<td>US$</td>
<td>RMB</td>
<td>US$</td>
<td>US$</td>
</tr>
<tr>
<td>Net loss</td>
<td>(10,862)</td>
<td>(1,642)</td>
<td>(94,760)</td>
<td>(14,320)</td>
<td>(28,675)</td>
<td>(43,344)</td>
</tr>
<tr>
<td>Add: share-based compensation expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>1</td>
<td>0</td>
<td>942</td>
<td>142</td>
<td>99</td>
<td>15</td>
</tr>
<tr>
<td>Research and development</td>
<td>149</td>
<td>23</td>
<td>1,317</td>
<td>200</td>
<td>140</td>
<td>21</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>35</td>
<td>5</td>
<td>939</td>
<td>142</td>
<td>99</td>
<td>15</td>
</tr>
<tr>
<td>General and administrative</td>
<td>209</td>
<td>32</td>
<td>181</td>
<td>27</td>
<td>19</td>
<td>3</td>
</tr>
<tr>
<td>Adjusted net loss</td>
<td>(10,468)</td>
<td>(1,582)</td>
<td>(91,381)</td>
<td>(13,809)</td>
<td>(28,318)</td>
<td>(4,280)</td>
</tr>
</tbody>
</table>

Key Operating Metrics

We regularly review a number of key operating metrics to evaluate our business and measure our performance. The table below sets forth key operating metrics relating to the Qutoutiao mobile application:

<table>
<thead>
<tr>
<th></th>
<th>For the Three Months Ended</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>September 30, December 31,</td>
<td>March 31,</td>
<td>June 30,</td>
<td>September 30,</td>
<td>December 31,</td>
<td>March 31,</td>
</tr>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
<td>2017</td>
<td>2017</td>
<td>2018</td>
<td>2018</td>
</tr>
<tr>
<td>Installed users as of the end of the period</td>
<td>3.7</td>
<td>9.7</td>
<td>16.3</td>
<td>26.4</td>
<td>46.3</td>
<td>73.1</td>
</tr>
<tr>
<td>Average MAUs during the period</td>
<td>1.7</td>
<td>3.9</td>
<td>5.7</td>
<td>8.8</td>
<td>16.0</td>
<td>24.2</td>
</tr>
<tr>
<td>Average DAUs during the period</td>
<td>0.5</td>
<td>1.5</td>
<td>2.5</td>
<td>3.9</td>
<td>6.4</td>
<td>9.5</td>
</tr>
<tr>
<td>Average daily time spent per DAU during the period (minutes)</td>
<td>27.2</td>
<td>29.0</td>
<td>31.3</td>
<td>33.7</td>
<td>34.0</td>
<td>32.3</td>
</tr>
</tbody>
</table>

In June 2018, our MAUs were approximately 39.3 million, average DAUs were approximately 14.1 million and average daily time spent per DAU was approximately 56.0 minutes. In July 2018, our MAUs were approximately 48.8 million, average DAUs were approximately 17.1 million and average daily time spent per DAU was approximately 55.6 minutes. As of July 31, 2018, the total installed users was approximately 154.0 million.
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and related notes that appear in this prospectus. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and in this prospectus, particularly in the section titled “Risk Factors.”

Overview

Our flagship mobile application, Qutoutiao, meaning “fun headlines” in Chinese, aggregates articles and short videos from professional media and freelancers and presents customized feeds to users. These feeds are optimized in real time based on each user’s profile, behavior and social relationships through our proprietary AI-powered content recommendation engine. Since its launch in June 2016, Qutoutiao has rapidly gained popularity, reaching MAUs of approximately 48.8 million, average DAUs of approximately 17.1 million and average daily time spent per DAU of approximately 55.6 minutes in July 2018.

Our rapidly increasing and engaged user base has provided us with strong monetization potentials. We currently generate revenue primarily by providing advertising services. We place advertisements on the main pages, topic pages as well as content pages of our mobile applications. When we first commenced our business, we collaborated with various third-party advertising platforms to place advertisements on our mobile applications. We later engaged an advertising agent who operates a programmatic advertising system to serve as our sales agent in selling our advertising solutions to other advertising agents and end advertisers. To enhance our platform’s monetization capabilities, we acquired such advertising agent in February 2018. We will utilize the programmatic advertising system of such advertising agent to power our advertising solutions. We will also begin to sell our advertising solutions to advertising agents or advertising customers directly. We believe that our differentiated user base represents an attractive demographic target for businesses.

We also generate revenue by providing agent and platform service between the advertising customers and third-party advertising platforms and through the marketplace on Qutoutiao. We plan to capture additional monetization opportunities by continuing to expand our existing content formats and introducing new content formats. These opportunities include paid content such as literature, casual games, animation and comics, as well as content-driven e-commerce and live streaming products.

Our net revenues have increased rapidly from RMB58.0 million (US$8.8 million) in 2016 to RMB517.1 million (US$78.1 million) in 2017, and further from RMB107.3 million (US$16.2 million) in the six months ended June 30, 2017 to RMB717.8 million (US$108.5 million) in the same period in 2018. As we focused on growing our user base and enhancing our services, we have incurred net losses of RMB10.9 million (US$1.6 million) in 2016, RMB94.8 million (US$14.3 million) in 2017, RMB28.7 million (US$4.3 million) in the six months ended June 30, 2017 and RMB514.4 million (US$77.7 million) in the same period in 2018. Adjusted net losses, which represented net losses before share-based compensation expenses, were RMB10.5 million (US$1.6 million) in 2016, RMB91.4 million (US$13.8 million) in 2017, RMB28.3 million (US$4.3 million) in the six months ended June 30, 2017 and RMB329.1 million (US$49.7 million) in the same period in 2018. Share-based compensation expenses in the six months ended June 30, 2018 included RMB158.6 million (US$24.8 million) that relates to certain ordinary shares beneficially owned by certain of our co-founders that became restricted pursuant to share restriction deeds entered into by them in January 2018 and vested in the six months ended June 30, 2018.

Key Factors Affecting Our Results of Operations

We believe the most significant drivers affecting our revenues are user engagement and our ability to monetize. On the other hand, we believe the most significant drivers affecting our costs and expenses are those related to our user acquisition and engagement efforts and content procurement.
User Base and Level of Engagement

Our fast growing and engaged user base has contributed to our ability to attract advertising customers to our advertising services and the significant growth in our revenue. Our average MAUs increased from approximately 3.9 million in the three months ended December 31, 2016 to approximately 24.2 million in the three months ended December 31, 2017 and further to approximately 32.1 million in the three months ended June 30, 2018. Our average DAUs increased from approximately 1.5 million in the three months ended December 31, 2016 to approximately 9.5 million in the three months ended December 31, 2017 and further to approximately 12.3 million in the three months ended June 30, 2018. A continued increase in the number of DAUs and the amount of time they spent on our platform will lead to increase in the number of advertisements served and potential clicks and impressions from users. User engagement in turn will depend on the quality and attractiveness of content on our platform and our continued ability to fine tune our understanding of users to deliver content that is most likely to interest them. Our ability to maintain high user engagement will also be affected by our planned introduction of new content formats, users' reception to them and the growth in the volume of such content. Users' engagement to these new content formats will help not only in driving demand for our advertising services but creating further monetization opportunities.

Our Ability to Monetize

Our current financial condition and results of operations depend substantially on the demand for our advertising solutions. Demand for our advertising solutions will be affected by the size of our user base and their continued engagement. Such demand will also be dependent on our ability to enhance the efficacy of our advertising solutions through technology and an even deeper understanding of our user base. In addition, we have started to operate our programmatic advertising system and focus on the direct sale of our advertising solutions in February 2018. Our ability to successfully expand the number of advertising agents or advertising customers and increase their advertising spending on our programmatic advertising system will affect our revenue growth.

We also intend to further monetize our user base by introducing paid content and other products and services in the future. The number of users that will pay for such future paid content and other products and services, and the average spending by such users, are affected by various factors, including the volume and diversity of the content that we offer, or the interest among our users in paying for such content, products or services. Changes to any of the above or other factors, many of which are beyond our control, will affect our revenues.

Cost of User Acquisition and Engagement

Our user loyalty programs have contributed to the significant growth in the number of our installed users and high user engagement. The cost of users' loyalty points associated with our user loyalty programs is recognized as sales and marketing expenses. A majority of such cost of users' loyalty points is currently associated with engagement-based loyalty points to promote user engagement and retention, with the remainder related to referral-based loyalty points to acquire new installed users. We design our user loyalty programs to ensure the cost of the loyalty points provided is appropriate in relation to the growth of our business. Our ability to ensure that our user loyalty programs will continue to advance strong growth in user base and keep user engaged at a manageable cost level will affect our results of operations. Furthermore, we have started to and will continue to explore other online and offline marketing channels to acquire users and promote brand awareness and supplement our user loyalty programs. Such efforts may affect our overall user acquisition and engagement costs in the future.

Content Procurement

We encourage our content providers to actively contribute quality content that will resonate with our users by implementing a system in which fees paid to them are related to the number of views of the content they contribute. These fees are accounted for as part of our cost of revenues. Our ability to balance our content
procurement cost while ensuring content providers continue to contribute content that is attractive to users will affect our results of operations going forward. We will also need to manage the relevant content cost while taking into account its revenue potential to ensure value are realized. Furthermore, as additional content formats are introduced, we may enter into different content procurement arrangements with content providers, affecting our content procurement cost structure.

**Seasonality**

We generate most of our revenues from providing advertising services. The advertising industry in China experiences seasonality. Historically, advertising spending and user activities on our platform tend to be the lowest in the first quarter of each calendar year due to long holidays around the Lunar New Year, during which users tend to spend more time with family and celebrations offline and less time online, including on our mobile applications. In addition, advertising customers, such as those in the e-commerce industry, may also reduce its advertising spending during the holidays around the Lunar New Year due to reduced consumer spending or reduced or suspended production and logistics activities by manufacturers or other service providers. We believe this seasonality affects our quarterly results especially our results of operations in the first quarter of each year. For example, our net revenues in the first quarter may be lower than those of other quarters, and may experience a slower rate of growth or even decline from the last quarter in the prior year. On the other hand, our cost of revenues and operating expenses as a percentage of our net revenues may be higher in the first quarter as compared to other quarters, which may lead to lower profit margin.

**Key Operating Metrics**

We regularly review a number of key operating metrics to evaluate our business and measure our performance. The table below sets forth key operating metrics relating to the Qutoutiao mobile application.

<table>
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<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Installed users as of the end of the period</td>
<td>3.7</td>
<td>9.7</td>
<td>16.3</td>
<td>26.4</td>
<td>46.3</td>
<td>73.1</td>
<td>97.9</td>
<td>133.0</td>
</tr>
<tr>
<td>Average MAUs during the period</td>
<td>1.7</td>
<td>3.9</td>
<td>5.7</td>
<td>8.8</td>
<td>16.0</td>
<td>24.2</td>
<td>27.8</td>
<td>32.1</td>
</tr>
<tr>
<td>Average DAUs during the period</td>
<td>0.5</td>
<td>1.5</td>
<td>2.5</td>
<td>3.9</td>
<td>6.4</td>
<td>9.5</td>
<td>11.3</td>
<td>12.3</td>
</tr>
<tr>
<td>Average daily time spent per DAU during the period (minutes)</td>
<td>27.2</td>
<td>29.0</td>
<td>31.3</td>
<td>33.7</td>
<td>34.0</td>
<td>32.3</td>
<td>32.5</td>
<td>47.3</td>
</tr>
</tbody>
</table>

In June 2018, our MAUs were approximately 39.3 million, average DAUs were approximately 14.1 million and average daily time spent per DAU was approximately 56.0 minutes. In July 2018, our MAUs were approximately 48.8 million, average DAUs were approximately 17.1 million and average daily time spent per DAU was approximately 55.6 minutes. As of July 31, 2018, the total installed users was approximately 154.0 million.

We view installed users as a measure of the size of our user base, and we view average MAUs and average DAUs as measures of the size of active user base and user engagement. Installed users, average MAUs and average DAUs rapidly increased during the periods presented. Increases in these measures were mainly driven by our user loyalty programs, light entertainment-oriented content and content recommendation technology.
We monitor average daily time spent per DAU to measure the level of user engagement on our platform. Average daily time spent per DAU increased from approximately 29 minutes in the three months ended December 31, 2016 to approximately 32 minutes in the three months ended December 31, 2017 and further to approximately 47 minutes in the three months ended June 30, 2018, which reflects an increase in user stickiness.

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Key Components of Our Results of Operations

Revenues

We generate most of our revenues from advertising services. The following table sets forth a breakdown of our revenues, both in absolute amount and as a percentage of our net revenues, for the periods indicated.

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
<th>Six Months Ended June 30,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 (in thousands)</td>
<td>2017</td>
<td>2017</td>
<td>2018 (in thousands)</td>
<td>2018</td>
<td>2018</td>
</tr>
<tr>
<td>Advertising revenue</td>
<td>57,880</td>
<td>512,883</td>
<td>77,509</td>
<td>106,348</td>
<td>669,871</td>
<td>101,233</td>
</tr>
<tr>
<td>Other revenue</td>
<td>74</td>
<td>4,170</td>
<td>630</td>
<td>925</td>
<td>47,964</td>
<td>7,249</td>
</tr>
<tr>
<td>Net revenues</td>
<td>57,954</td>
<td>517,053</td>
<td>83,139</td>
<td>107,273</td>
<td>717,835</td>
<td>108,482</td>
</tr>
</tbody>
</table>

We charge our advertising services mainly on a cost-per-click, or CPC, basis, and in certain circumstances, on a cost-per-thousand-impressions, or CPM, basis.

Baidu, which is our largest customer and operates a third-party advertising platform, contributed 69.9%, 43.7%, 75.8% and 12.1% of our net revenues in 2016 and 2017 and the six months ended June 30, 2017 and 2018, respectively. Baidu also accounted for 92.6%, 59.8% and 30.5% of our accounts receivable as of December 31, 2016 and 2017 and June 30, 2018, respectively. To enhance our platform’s monetization capabilities, we acquired an advertising agent in February 2018 that operates a programmatic advertising system. We expect this system will allow us to reduce our reliance on third-party advertising platforms such as Baidu. Prior to our acquisition of this advertising agent in February 2018, we engaged such advertising agent to serve as our sales agent in selling our advertising solutions to other second-tier advertising agents and end advertisers. In 2017 and the six months ended June 30, 2018, 26.2% and 78.2% of our net revenues, respectively, were generated through this advertising agent. These second-tier advertising agents and end advertisers are our customers as they select our mobile applications to place their advertisement and our performance obligation is to provide the underlying advertising display services to them. We recognize advertising revenue from this advertising agent on a gross basis as clicks are delivered on a CPC basis. We also engage certain other advertising agents in selling our advertising solutions to our advertising customers.

In addition, we collaborate with various third-party advertising platforms to place advertisements on our platform. Under our arrangements with these advertising platforms, these advertising platforms are our customers and our performance obligation is to provide traffic to these advertising platforms. As such, we recognize advertising revenue on the net amount as impressions or clicks are delivered on a CPC or CPM basis. We have started to reduce the utilization of third-party advertising platforms in 2017 and we expect such collaboration to continue to decrease in the future as we further increase direct sales of our advertising solutions. However, certain of these third-party advertising platforms were historically our largest customers and may continue to contribute a significant portion of our net revenues in the near future.

Other revenue primarily represents revenues from providing agent and platform service between the advertising customers and third-party advertising platforms by facilitating the advertising customers to select...
third-party advertising platforms to display their advertisements. We recognize revenue from the advertising customers based on the net amount equal to certain agreed percentage of the gross revenue earned by the third-party advertising platforms when impressions or clicks are successfully delivered. Other revenue also includes revenues from the sale of merchandise by suppliers through the marketplace on Qutoutiao. A user pays the purchase price for a merchandise to us. We deduct our commission related to the merchandise and remit the remainder to the relevant merchandise supplier.

Cost of Revenues

The following table sets forth the components of our cost of revenues, both in absolute amount and as a percentage of our net revenues, for the periods indicated.

| Cost of revenues(1): | Year Ended December 31 | | | | Six Months Ended June 30 | | | |
|---------------------|-------------------------|----------------|----------------|-------------------------|----------------|----------------|----------------|
|                     | 2016 | 2017 | %   | 2017 | 2018 | %   | 2017 | 2018 | %   |
| Content procurement costs | — | — | — | 22,862 | 3,455 | 4.4 | 2,293 | 347 | 2.1 |
| Bandwidth costs | 1,947 | 294 | 3.4 | 16,682 | 2,521 | 3.2 | 3,322 | 502 | 3.1 |
| Cultural development fee and surcharges | 1,950 | 295 | 3.4 | 17,020 | 2,572 | 3.3 | 3,680 | 556 | 3.4 |
| Others | 3,281 | 496 | 5.7 | 19,917 | 3,010 | 3.9 | 1,027 | 155 | 1.0 |
| Total cost of revenues | 7,178 | 1,085 | 12.5 | 76,481 | 11,558 | 14.8 | 10,322 | 1,560 | 9.6 |

(1) Cost of revenues from transactions with related parties are set forth below for the periods indicated:

| Cost of revenues-related party | Year Ended December 31 | | | | Six Months Ended June 30 | | | |
|-------------------------------|-------------------------|----------------|----------------|-------------------------|----------------|----------------|----------------|
|                               | 2016 | 2017 | %   | 2017 | 2018 | %   | 2017 | 2018 | %   |
| Content Procurement Costs | 120 | 18 | 0.2 | 484 | 74 | 0.1 | 145 | 22 | 0.1 |

(1) Cost of revenues from transactions with related parties are set forth below for the periods indicated:

**Content Procurement Costs.** Represent fees paid to content providers. We did not incur such content procurement costs in 2016. Content available through our platform at that time were primarily derived from publicly available sources as we were still in the process of developing our online content upload system for content providers to upload content. Fees paid to content providers relate to the number of views of content contributed by the respective content providers. However, the relevant arrangements with each content provider may differ.

**Bandwidth Costs.** Represent fees we pay to service providers for hosting our servers and for other telecommunications services.

**Cultural Development Fee and Surcharges.** Represent cultural development fee and certain surcharges levied. The provision of advertising services in China is subject to a cultural development fee at an applicable rate of 3% of net advertising revenue. The cultural development fee and surcharges recorded were RMB2.0 million (US$ 0.3 million), RMB17.0 million (US$2.6 million), RMB3.7 million (US$0.6 million) and
RMB16.6 million (US$2.5 million) in 2016 and 2017 and the six months ended June 30, 2017 and 2018, respectively.

Others. Our other costs of revenues include salaries and benefits for our personnel responsible for our revenues, including share-based compensation. Personnel responsible for our revenues include our content management personnel, and we expect the number of such employees to increase in the future given the significant growth in the amount of content on our platform. Our other costs of revenues also include commissions paid to advertising agents to serve as our sales agents, direct costs incurred relating to our content editing cost, rental cost, depreciation and other miscellaneous costs. We do not expect to incur commissions paid to advertising agents in the future after our acquisition of an advertising agent in February 2018.

Operating Expenses

The following table sets forth our operating expenses, both in absolute amount and as a percentage of our net revenues, for the periods indicated.

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
<th></th>
<th>Six Months Ended June 30,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 RMB (in thousands)</td>
<td>2017 RMB</td>
<td>%</td>
<td>2017 RMB</td>
<td>%</td>
<td>2018 RMB</td>
<td>%</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>2,627</td>
<td>397</td>
<td>4.5</td>
<td>15,317</td>
<td>2,315</td>
<td>3.0</td>
<td>2,974</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>54,633</td>
<td>8,256</td>
<td>94.3</td>
<td>494,724</td>
<td>74,765</td>
<td>95.7</td>
<td>114,069</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>4,427</td>
<td>669</td>
<td>7.6</td>
<td>25,947</td>
<td>3,921</td>
<td>5.0</td>
<td>8,885</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>61,687</strong></td>
<td><strong>9,323</strong></td>
<td><strong>106.4</strong></td>
<td><strong>535,988</strong></td>
<td><strong>81,001</strong></td>
<td><strong>103.7</strong></td>
<td><strong>125,928</strong></td>
</tr>
</tbody>
</table>

(1) Operating expenses from transactions with related parties are set forth below for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th></th>
<th></th>
<th>Six Months Ended June 30,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 RMB (in thousands)</td>
<td>2017 RMB</td>
<td>%</td>
<td>2017 RMB</td>
<td>%</td>
<td>2018 RMB</td>
<td>%</td>
</tr>
<tr>
<td>Research and development-related party</td>
<td>166</td>
<td>25</td>
<td>0.3</td>
<td>220</td>
<td>33</td>
<td>0.0</td>
<td>66</td>
</tr>
<tr>
<td>Sales and marketing-related party</td>
<td>74</td>
<td>11</td>
<td>0.1</td>
<td>950</td>
<td>144</td>
<td>0.2</td>
<td>284</td>
</tr>
<tr>
<td>General and administrative-related party</td>
<td>2,664</td>
<td>403</td>
<td>4.6</td>
<td>15,134</td>
<td>2,287</td>
<td>2.9</td>
<td>6,401</td>
</tr>
</tbody>
</table>

Research and Development Expenses. Our research and development expenses consist primarily of salaries and benefits for our research and development personnel, including share-based compensation, rental expenses and depreciation related to properties and servers utilized by our research and development personnel.

Sales and Marketing Expenses. Our sales and marketing expenses consist primarily of cost of users’ loyalty points associated with our user loyalty programs which increased from RMB50.9 million (US$7.7 million) in 2016 to RMB419.6 million (US$63.4 million) in 2017, representing 87.8% and 81.2% of our net revenues in 2016 and 2017, respectively, and increased from RMB103.4 million (US$15.9 million) in the six months ended June 30, 2017 to RMB111.9 million (US$16.7 million) in the same period in 2018, representing 98.2% and 85.3% of our net revenues in the six months ended June 30, 2017 and 2018, respectively, and increased from RMB273.3 million (US$41.3 million) in the three months ended March 31, 2018 to RMB338.6 million (US$51.2 million) in the three months ended March 31, 2018.
million) in the three months ended June 30, 2018, representing 115.6% and 70.3% of our net revenues in the three months ended March 31 and June 30, 2018, respectively. Among the cost of users’ loyalty points associated with our user loyalty programs, approximately 68.6% and 71.6% was related to user engagement in 2017 and the six months ended June 30, 2018, respectively, and the remainder was related to user acquisition. Such percentage was 70.4% and 72.6% in the three months ended March 31 and June 30, 2018, respectively.

Cost of users’ loyalty points is comprised of amount of loyalty points redeemed by users during a specific period and the change in estimated liabilities as to accumulated unredeemed loyalty points during such period. Pursuant to our user agreements, we can adjust at any time the minimum amount of loyalty points that must be earned before users can redeem their loyalty points. As such, change to such threshold in any specific period will affect the amount of sales and marketing expenses recorded during such period. For additional information on the accounting policy of our loyalty programs, see “— Critical Accounting Policies, Judgments and Estimates — Loyalty Programs.”

Our sales and marketing expenses also consist of advertising and marketing expenses through third-party online and offline channels to acquire users and to promote brand awareness, which increased from RMB171.5 thousand (US$25.9 thousand) in 2016 to RMB41.9 million (US$6.3 million) in 2017, representing 0.3% and 8.1% of our net revenues in 2016 and 2017, respectively, and increased from RMB2.0 million (US$0.3 million) in the six months ended June 30, 2017 to RMB184.4 million (US$27.9 million) in the same period in 2018, representing 1.9% and 25.7% of our net revenues in the six months ended June 30, 2017 and 2018, respectively, and increased from RMB72.5 million (US$11.0 million) in the three months ended March 31, 2018 to RMB111.9 million (US$16.9 million) in the three months ended June 30, 2018, representing 30.7% and 23.3% of our net revenues in the three months ended March 31 and June 30, 2018, respectively. Other sales and marketing expenses include short mobile messaging expenses and salaries and benefits for our sales and marketing personnel, including share-based compensation.

General and Administrative Expenses. Our general and administrative expenses consist primarily of salaries and benefits for our general and administrative personnel, including share-based compensation, office expense and professional service fees. Share-based compensation expenses accounted for as general and administrative expenses in the six months ended June 30, 2018 included RMB158.6 million (US$24.8 million) that relates to certain ordinary shares beneficially owned by certain of our co-founders that became restricted pursuant to share restriction deeds entered into by them in January 2018.

Taxation

Cayman Islands

We are an exempted company incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, we are not subject to tax based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. In addition, upon payment of dividends by us to our shareholders, no Cayman Islands withholding tax will be imposed.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profit tax at a rate of 16.5%. No Hong Kong profit tax has been levied as we did not have assessable profit that was earned in or derived from the Hong Kong subsidiary during the periods presented. Hong Kong does not impose a withholding tax on dividends.

China

Generally, our subsidiaries and consolidated VIE and its subsidiaries in China are subject to enterprise income tax on their taxable income in China at a rate of 25%. The enterprise income tax is calculated based on the entity’s global income as determined under PRC tax laws and accounting standards.
Our revenues are subject to value-added tax at a rate of approximately 6%. The provision of advertising services in China is subject to a cultural development fee at an applicable rate of 3% of the net advertising revenue.

Any dividends paid by our wholly foreign-owned subsidiary in China to our intermediary holding company in Hong Kong will be subject to a withholding tax rate of 10%, unless the relevant Hong Kong entity satisfies all the requirements under the Arrangement between the PRC and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income and Capital and receives approval from the relevant tax authority, in which case the dividends paid to the Hong Kong subsidiary would be subject to withholding tax at the standard rate of 5%.

If our holding company in the Cayman Islands or any of our subsidiaries outside of China were deemed to be a “resident enterprise” under the PRC Enterprise Income Tax Law, it would be subject to enterprise income tax on its worldwide income at a rate of 25%.

Critical Accounting Policies, Judgments and Estimates

An accounting policy is considered critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time such estimate is made, and if different accounting estimates that reasonably could have been used, or changes in the accounting estimates that are reasonably likely to occur periodically, could materially impact the consolidated financial statements.

We prepare our consolidated financial statements in conformity with U.S. GAAP, which requires us to make judgments, estimates and assumptions. We continually evaluate these estimates and assumptions based on the most recently available information, our own historical experiences and various other assumptions that we believe to be reasonable under the circumstances. Since the use of estimates is an integral component of the financial reporting process, actual results could differ from our expectations as a result of changes in our estimates. Some of our accounting policies require a higher degree of judgment than others in their application and require us to make significant accounting estimates.

The following descriptions of critical accounting policies, judgments and estimates should be read in conjunction with our consolidated financial statements and other disclosures included in this prospectus. When reviewing our consolidated financial statements, you should consider (i) our selection of critical accounting policies, (ii) the judgments and other uncertainties affecting the application of such policies and (iii) the sensitivity of reported results to changes in conditions and assumptions.

Consolidation of Variable Interest Entities

Foreign ownership in companies providing Internet-content is subject to certain restrictions under PRC laws and regulations. To comply with the PRC laws and regulations, we, through our wholly-owned subsidiary, Shanghai Quyun, entered into a set of contractual arrangements with Shanghai Jifen and its shareholders. The contractual arrangements between Shanghai Quyun, Shanghai Jifen and the shareholders of Shanghai Jifen allow us to:

• exercise effective control over Shanghai Jifen whereby having the power to direct Shanghai Jifen’s activities that most significantly drive the economic results of Shanghai Jifen;
• receive substantially all of the economic benefits and residual returns, and absorb substantially all the risks and expected losses from Shanghai Jifen as if it was their sole shareholder; and
• have an exclusive option to purchase all of the equity interests in Shanghai Jifen.

Our consolidated financial statements include the financial statements of our company, our subsidiaries, our consolidated VIE and its subsidiaries for which we are the primary beneficiary. All transactions and balances among our company, our subsidiaries, our consolidated VIE and its VIE’s subsidiaries have been eliminated upon consolidation.
A subsidiary is an entity in which we, directly or indirectly, control more than one half of the voting powers; or has the power to appoint or remove the majority of the members of the board of directors; or to cast a majority of votes at the meeting of directors; or has the power to govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

A consolidated VIE is an entity in which we, or our subsidiaries, through contractual agreements, bears the risks of, and enjoys the rewards normally associated with ownership of the entity. In determining whether we or our subsidiaries are the primary beneficiary, we considered whether it has the power to direct activities that are significant to the consolidated VIE’s economic performance, and also our obligation to absorb losses of the consolidated VIE that could potentially be significant to the consolidated VIE or the right to receive benefits from the consolidated VIE that could potentially be significant to the consolidated VIE. We hold all the variable interests of the consolidated VIE and its subsidiaries, and has been determined to be the primary beneficiary of the consolidated VIE.

In accordance with the contractual agreements among the Shanghai Quyun, Shanghai Jifen and the shareholders of Shanghai Jifen, we have power to direct activities of the consolidated VIE, and can have assets transferred out of the consolidated VIE. Therefore, we consider that there is no asset in the consolidated VIE that can be used only to settle obligations of the consolidated VIE, except for registered capital and PRC statutory reserves of the consolidated VIE and its subsidiaries, as of December 31, 2016 and 2017 and June 30, 2018. As the consolidated VIE was incorporated as limited liability company under the PRC Company Law, the creditors do not have recourse to the general credit of our company for all the liabilities of the consolidated VIE.

As we are conducting our businesses in the PRC through Shanghai Jifen and its subsidiaries, we will, if needed, provide such support on a discretion basis in the future, which could expose us to a loss.

We believe that the contractual arrangements among Shanghai Quyun, Shanghai Jifen and the shareholders of Shanghai Jifen are in compliance with PRC law and are legally enforceable. However, uncertainties in the PRC legal system could limit our ability to enforce these contractual arrangements and if the shareholders of our consolidated VIE were to reduce their interest in us, their interests may diverge from ours and that may potentially increase the risk that they would seek to act contrary to the contractual terms.

Our ability to control the consolidated VIE also depends on the voting rights proxy agreement and our company, through Shanghai Quyun, has to vote on all matters requiring shareholder approval in the consolidated VIE. As noted above, we believe this voting rights proxy agreement is legally enforceable but may not be as effective as direct equity ownership.

Revenue Recognition

Our main services are the provision of advertising services. We derive revenue from performing specified actions, i.e. a CPM or CPC basis. Revenue is recognized on a CPM or CPC basis as impressions or clicks are delivered. We also provide other services and recognizes revenue when the service is rendered. Our revenue is presented either on a gross or net basis which is further discussed below.

We recognize revenue when or as the control of the goods or services is transferred to the customer.

Gross Advertising Revenue

Before February 2018, in the arrangement with a particular advertising agent, the advertising agent served as our sales agent in selling our advertising solutions to other second-tier advertising agents and end advertisers. These second-tier advertising agents and end advertisers are our customers as they select our mobile applications to place their advertisement and our performance obligation is to provide the underlying advertising display services to them. The advertising agent earns a commission of 2% of the advertising revenue in the arrangement
in return for providing bidding system for placement on Qutoutiao, which we recognize as cost of revenues. We control the advertising services as a principal and recognize advertising revenue on a gross basis as impressions or clicks are delivered.

We receive refundable advance payments from advertising customers through this advertising agent and reconcile the advertising revenue with this advertising agent on a weekly basis. If the advance payment deposited in us is not ultimately used for the advertisement on Qutoutiao, we refund the advance payment back to advertising customers through this advertising agent.

In February 2018, we acquired 100% equity interests of this advertising agent. After the acquisition, we effectively provide advertising services to these advertising customers directly and continue to recognize revenue on a gross basis as impressions or clicks are delivered.

We also engaged advertising customers through other third-party advertising agents where revenue was accounted for on a gross basis in 2017. Those arrangements have been terminated as of December 31, 2017.

In addition, we also provide advertising service to advertising customers directly and recognize revenue on a gross basis as impressions or clicks are delivered.

Net Advertising Revenue

We also provide advertising services to third-party advertising platforms. In the arrangement with these advertising platforms, they are our customers and our performance obligation is to provide traffic to these advertising platforms. Therefore, we recognize advertising revenue based on the net amount as impressions or clicks are delivered.

We reconcile and settle the advertising revenue with these advertising platforms on a monthly basis.

Other Revenue

We also provide agent and platform service by facilitating the advertising customers to select third-party advertising platforms to display their advertisements. We recognize revenue from the advertising customers based on the net amount equal to certain agreed percentage of the gross revenue earned by the third-party advertising platforms when impressions or clicks are successfully delivered.

Our Qutoutiao mobile application includes an online marketplace which users can access and purchase merchandise offered by third-party merchandise suppliers. The merchandise suppliers are our customers as these suppliers are the primary obligor to provide goods and delivery service to the users and our performance obligation is to provide matching service for the suppliers. A user pays the purchase price for a merchandise to us. We deduct our commission related to the merchandise and remit the remainder to the relevant merchandise supplier. We act as an agent in this transaction and recognize revenue when the matching service is completed. We settle the payment with suppliers on a monthly basis.

Loyalty Programs

We offer loyalty programs for registered users of our mobile applications Qutoutiao and Quduopai to enhance user engagement and loyalty and incentivize word-of-mouth referrals. Through the programs, we give users loyalty points and in certain cases cash credits for taking specific actions. Such actions primarily include referring new users to register on Qutoutiao or through the viewing or sharing of content, providing valuable comments and encourage inactive users to continue to use Qutoutiao. The cost of users’ loyalty points is recognized as sales and marketing expenses in the consolidated statements of operations and comprehensive loss.
On Qutoutiao, registered users can redeem earned loyalty points, which is in a form of cash credits reflecting the same amount of cash value, upon request. We offer our users the flexibility to choose a number of options to redeem loyalty points. The redemption options include (i) online cash out, when the cash credits balance exceeding a certain cash out threshold or at a lower cash out threshold if users logged onto Qutoutiao for a certain number of consecutive days and (ii) purchasing merchandise through the marketplace on Qutoutiao.

On Quduopai, users can also earn cash credits, reflecting the same amount of cash value, that they may cash out when the cash credits balance exceeds a certain threshold. Before April 9, 2018, users on Quduopai could also earn loyalty points, which could only be exchanged into coupons issued to us by a third-party that can then be used to purchase products or service on that third-party’s group buying website. We do not recognize any expenses or liability for those loyalty points earned on Quduopai since we do not bear any additional cost to settle these loyalty points awarded to users before April 9, 2018. Starting from April 9, 2018, users on Quduopai who are not content providers can earn and redeem earned loyalty points, which is in a form of cash credits reflecting the same amount of cash value, upon request. Users can cash out the loyalty points when the cash credits balance exceeds a certain cash out threshold. All the outstanding loyalty points granted to users on Quduopai were converted to cash credits upon the enacting of the revised loyalty program in April 2018. As a result, we recorded costs of RMB62.4 thousand in sales and marketing expenses in April 2018.

Our experience indicates that a certain portion of loyalty points is never redeemed by our registered users, which refers to as a “breakage.” The liability accrued for the loyalty point is reduced by the estimated breakage that is expected to occur. We estimate breakage based upon analysis of relevant loyalty point history and redemption pattern as well as considering the expiration period of the loyalty points under our user agreements. When assessing breakage, each user’s account is categorized into certain pools based on different ranges of outstanding loyalty points, and then further grouped into certain sub-groups on the basis of inactive days on our platform. The past loyalty point redemption pattern in those sub-groups was used to estimate the respective breakage for the outstanding loyalty points in each sub-group at each period end. For the years ended December 31, 2016 and 2017, total costs related to the users’ loyalty points granted amounted to RMB52.8 million and RMB527.8 million, respectively, and total loyalty points redeemed amounted to RMB13.9 million and RMB244.9 million, respectively. For the six months ended June 30, 2017 and 2018, total costs related to the users’ loyalty points granted amounted to RMB130.9 million and RMB707.1 million, respectively, and total loyalty points redeemed amounted to RMB48.3 million and RMB548.1 million, respectively. We also reversed the cleared rewards of users inactive for 90 consecutive days that amounted to RMB171.8 million in the six months ended June 30, 2018 which were recorded as a reduction of sales and marketing expenses. As of December 31, 2016 and 2017 and June 30, 2018, the total estimated breakage not accrued approximated to RMB13.3 million, RMB113.7 million and RMB22.8 million, respectively, and the decrease (which results in an increase in the overall accrued loyalty liability) was due to the lower cash out threshold and the reversal for the cleared rewards of the users inactive for 90 consecutive days.

Once the accumulated unredeemed loyalty points for an individual user exceeds the cash out threshold, we reclassify the balance into “registered users’ loyalty payable” in consolidated balance sheet as a monetary liability and reverses the amount of breakage originally assumed, if any. The registered users’ loyalty payable is derecognized only if (1) we pay the user and is relieved of our obligation for the liability by paying the users includes delivery of cash or (2) the user legally release us from the liability.

The user’s agreement provides the loyalty points expire after one month. However, we may, at our discretion, provide loyalty points to our users even after one month expiration period. Starting from May 2018, rewards to our users are cleared from their accounts and cannot be redeemed when users are inactive for 90 consecutive days.

**Share-based Compensation and Valuation of Our Ordinary Shares**

We grant share options to eligible employees and account for these share-based awards in accordance with ASC 718 Compensation — Stock Compensation.
Share-based awards are measured at the grant date fair value of the awards and recognized as expenses using straight-line vesting method, net of estimated forfeitures, if any, over the requisite service period, which is the vesting period. We estimate the forfeiture rate based on historical forfeitures of equity awards and adjust the rate to reflect changes in facts and circumstances, if any. We revise our estimated forfeiture rate if actual forfeitures differ from our initial estimates. Grant date fair values of the awards are calculated using the binomial option pricing model with the assistance from an independent appraiser. The binomial option pricing model is used to measure the value of the awards. The determination of the fair value is affected by the share price as well as assumptions regarding a number of complex and subjective variables, including the expected volatility, risk-free interest rates, exercise multiple, expected dividend yield and expected term.

We also granted options under our share incentive plans to the employees of other companies controlled by one of our co-founders. Such companies have provided administrative services to us, and we pay a fee charged at market rate for the services received, so no compensation expense is recognized for these grants. The fair value of these options is recognized as dividends to the co-founder in full at grant date.

In addition, we grant share options to consultants and account for these share-based awards in accordance with ASC 505-50, Equity-Based Payments to Non-Employees. We measure these options based on fair value of the options which are determined by using the binomial option pricing model. These options are measured as of the earlier of the date at which either: (1) commitment for performance by the non-employee has been reached; or (2) the non-employee’s performance is complete. Subsequent to the completion of the performance, the share-based award is assessed in accordance with ASC 815 to determine whether the award meets the definition of a derivative.

The binomial option pricing model is used to determine the fair value of the share options granted to employees and non-employees. The fair values of share options granted during the years ended December 31, 2016 and 2017 and the six months ended June 30, 2018 were estimated using the following assumptions:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
<th>Six Months Ended June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected volatility(1)</td>
<td>53.16% ~ 53.96%</td>
<td>51.61% ~ 52.41%</td>
<td>51.10% ~ 51.25%</td>
</tr>
<tr>
<td>Risk-free interest rate(2)</td>
<td>2.74% ~ 3.02%</td>
<td>3.28% ~ 3.62%</td>
<td>2.85% ~ 3.00%</td>
</tr>
<tr>
<td>Exercise multiple</td>
<td>2.8</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Expected dividend yield(3)</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00%</td>
</tr>
<tr>
<td>Contractual term</td>
<td>10</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Expected forfeiture rate (post-vesting)</td>
<td>0.00%</td>
<td>0.00%</td>
<td>0.00% ~ 20.00%</td>
</tr>
<tr>
<td>Fair value of the common share on the date of option grant (RMB)</td>
<td>0.31 ~ 5.21</td>
<td>8.44 ~ 23.98</td>
<td>122.52 ~ 153.23</td>
</tr>
</tbody>
</table>

(1) Expected volatility is estimated based on the average of historical volatilities of the comparable companies in the same industry as at the valuation dates.
(2) The risk-free interest rate of periods within the contractual life of the share option is based on the market yield of the Chinese sovereign bond/U.S. government bond with a maturity life equal to the expected life to expiration.
(3) We have no history or expectation of paying dividends on our ordinary shares.

Determining the fair value of the share options required us to make complex and subjective judgments, assumptions and estimates, which involved inherent uncertainty. Had we used different assumptions and estimates, the resulting fair value of the share options and the resulting share-based compensation expenses could have been different. Assumptions and estimates will not be necessary to determine the fair value of our ordinary shares upon the listing of our ADSs on the NASDAQ Global Market.
The following table sets forth the fair value of options and ordinary shares estimated at the dates of option grants indicated below with the assistance from an independent valuation firm:

<table>
<thead>
<tr>
<th>Date of Options Grant</th>
<th>Options/Restricted Shares Granted</th>
<th>Exercise Price</th>
<th>Fair Value of Option/Restricted Shares</th>
<th>Fair Value of Ordinary Shares</th>
<th>Discount for Lack of Marketability</th>
<th>Discount Rate</th>
<th>Type of Valuations</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 30, 2016</td>
<td>7,994,923</td>
<td>US$0.0001</td>
<td>US$ 0.0460</td>
<td>US$ 0.0461</td>
<td>27.0%</td>
<td>33.0%</td>
<td>Retrospective</td>
</tr>
<tr>
<td>September 30, 2016</td>
<td>92,168</td>
<td>US$0.0001</td>
<td>US$ 0.2960</td>
<td>US$ 0.2961</td>
<td>25.0%</td>
<td>32.0%</td>
<td>Retrospective</td>
</tr>
<tr>
<td>December 31, 2016</td>
<td>36,418</td>
<td>US$0.0001</td>
<td>US$ 0.7503</td>
<td>US$ 0.7504</td>
<td>24.0%</td>
<td>32.0%</td>
<td>Retrospective</td>
</tr>
<tr>
<td>March 31, 2017</td>
<td>187,837</td>
<td>US$0.0001</td>
<td>US$ 1.2241</td>
<td>US$ 1.2242</td>
<td>20.0%</td>
<td>32.0%</td>
<td>Retrospective</td>
</tr>
<tr>
<td>June 30, 2017</td>
<td>636,277</td>
<td>US$0.0001</td>
<td>US$ 2.1158</td>
<td>US$ 2.1159</td>
<td>17.0%</td>
<td>32.0%</td>
<td>Retrospective</td>
</tr>
<tr>
<td>September 30, 2017</td>
<td>1,052,377</td>
<td>US$0.0001</td>
<td>US$ 3.5987</td>
<td>US$ 3.5988</td>
<td>16.0%</td>
<td>31.0%</td>
<td>Retrospective</td>
</tr>
<tr>
<td>February 28, 2018</td>
<td>2,004,725</td>
<td>US$0.0001</td>
<td>US$ 19.3517</td>
<td>US$ 19.3518</td>
<td>13.5%</td>
<td>23.0%</td>
<td>Contemporaneous</td>
</tr>
<tr>
<td>March 31, 2018</td>
<td>137,685</td>
<td>US$0.0001</td>
<td>US$ 20.3320</td>
<td>US$20.3321</td>
<td>13.0%</td>
<td>23.0%</td>
<td>Contemporaneous</td>
</tr>
<tr>
<td>June 30, 2018</td>
<td>750,610</td>
<td>US$0.0001</td>
<td>US$ 23.1428</td>
<td>US$23.1429</td>
<td>8.0%</td>
<td>22.1%</td>
<td>Contemporaneous</td>
</tr>
</tbody>
</table>

On January 3, 2018, 15,937,500 ordinary shares beneficially owned by certain of our co-founders became restricted shares and will vest over periods from 24 months to 34 months starting from January 2018. Prior to the end of the vesting periods, all the remaining restricted shares shall vest immediately and no longer constitute restricted shares upon a deemed liquidation event or our initial public offering. This transaction has been reflected retrospectively similar to a reverse stock split, with a grant of the 15,937,500 restricted shares recognized in January 2018 at their fair value. The grant was treated as share-based compensation over the vesting periods, and the estimated grant date fair value of the 15,937,500 ordinary shares approximated to RMB818.4 million (US$128.1 million). RMB158.6 million (US$24.8 million) were recorded as share-based compensation expense for the six months ended June 30, 2018. As of June 30, 2018, no restricted shares were vested, and the unrecognized share-based compensation expense of RMB683.5 million (US$103.3 million) was expected to be recognized over a periods from 18 to 28 months. If a deemed liquidation event or our initial public offering happens prior to the end of the vesting periods, the entire remaining unrecognized compensation expenses of RMB683.5 million (US$103.3 million) at June 30, 2018 will be expensed immediately in the quarter when such event or initial public offering happens.

Valuations of our ordinary shares were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants’ Practice Aid, Valuation of Privately-Held Company Equity Securities Issued as Compensation, and with the assistance of an independent appraisal firm from time to time. The assumptions we use in the valuation model are based on future expectations combined with management judgment, with inputs of numerous objective and subjective factors, to determine the fair value of our ordinary shares, including the following factors:

- our operating and financial performance;
- current business conditions and projections;
- our stage of development;
- the prices, rights, preferences and privileges of our convertible preferred shares relative to our ordinary shares;
• the likelihood of occurrence of liquidity event or redemption event;
• any adjustment necessary to recognize a lack of marketability for our ordinary shares; and
• the market performance of industry peers.

In order to determine the fair value of our ordinary shares underlying each share-based award grant, we first determined our business enterprise value, or BEV, and then allocated the BEV to each element of our capital structure (convertible preferred shares and ordinary shares) using a hybrid method comprising the probability-weighted expected return method and the option pricing method. In our case, three scenarios were assumed, namely: (i) the liquidation scenario, in which the option pricing method was adopted to allocate the value between convertible preferred shares and ordinary shares, and (ii) the redemption scenario, in which the option pricing method was adopted to allocate the value between convertible preferred shares and ordinary shares, and (iii) the mandatory conversion scenario, in which equity value was allocated to convertible preferred shares and ordinary shares on an as-if converted basis. Increasing probability was assigned to the mandatory conversion scenario during 2017 and 2018 in light of preparations for our initial public offering.

In determining the fair value of our BEV, we applied the income approach/discounted cash flow, or DCF, analysis based on our projected cash flow using management’s best estimate as of the valuation date. The determination of the fair value of our ordinary shares requires complex and subjective judgments to be made regarding our projected financial and operating results, our unique business risks, the liquidity of our shares and our operating history and prospects at the time of valuation.

Fair value of our ordinary shares increased from US$0.0461 in June 2016 to US$8.0401 in December 2017 primarily due to (i) the organic growth of our business, as measured in terms of MAUs and average DAUs; (ii) a review of our actual financial performance achieved in 2017, which made our projected financials less uncertain and decreased our discount rate from 33.0% in June 2016 to 28.0% in December 2017; (iv) Series A and Series A1 convertible redeemable preferred shares invested by external investors in September 2017 and November 2017, respectively, which improved our financial condition and (vi) the marketability discount decreased from 27.0% in June 2016 to 14.0% in December 2017.

In November 2017, Innotech Group Holdings Ltd. sold certain ordinary shares to several investors at US$7.28 per share. The transaction price was negotiated in reference to the price of the Series A1 convertible redeemable preferred shares, and the investors were willing to pay the same price to purchase ordinary shares. In the first quarter of 2018, Innotech Group Holdings Ltd. and News Optimizer (BV) Ltd. sold certain ordinary shares to several investors at US$23.6 per share on average. The prices of these transactions were negotiated in reference to the prices of Series B financings being contemplated at the time and in each case the seller agreed to repurchase the ordinary shares or cancel the transaction if the Series B financings were not consummated at a certain valuation. Given such circumstances, the prices of these transactions are not representative of the fair value of our company’s ordinary shares at the respective times.

The increase in the fair value of our ordinary shares from US$8.0401 per ordinary share as of January 1, 2018 to US$23.1429 per ordinary share as of June 30, 2018 was primarily attributable to the following factors:

• following Tencent’s investment in us in March 2018, we expect to cooperate with Tencent more closely in various areas which we believe will provide strategic benefits to us, leading to improved growth prospects. In thereby improving our access to capital;
• we recorded strong business growth in the first half of 2018, as evidenced by an increase in the average DAUs to 12.3 million in the second quarter of 2018 from 9.5 million in the fourth quarter of 2017, and a significant increase in our net revenue from the fourth quarter of 2017 to the second quarter of 2018. As the length of our track record in successfully reaching revenue growth targets increased and we progressed further towards this offering in the capital market, we are able to reduce the cost of financing and hence our risk premium. In addition, upon receiving proceeds from this offering, we will
become larger and the size premium component in the discount rate would be further reduced. In light of the foregoing, we further reduced our discount rate from 28.0% as of January 1, 2018 to 22.1% as of June 30, 2018;

• the filing of the registration statement relating to this offering in March 2018 and the subsequent filings reduced the uncertainties associated with this offering, and significantly lowered the discount for lack of marketability from 14.0% as of January 1, 2018 to 8.0% as of June 30, 2018; and

• as we progressed further towards this offering, we increased our estimated probability of a successful offering. As our preferred shares would be converted into ordinary shares upon the completion of this offering, the increase in the estimated probability of this offering’s success results in an allocation of a higher portion of our business enterprise value to ordinary shares.

Valuation of Preferred Shares

The valuations of our preferred shares were determined in accordance with the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation.

Our equity interest comprised of both ordinary shares and preferred shares with different rights and preferences. According to the guidelines outlined in the American Institute of Certified Public Accountants Practice Aid, Valuation of Privately-Held-Company Equity Securities Issued as Compensation, we adopted the equity allocation method, specifically the Option-Pricing Method, to determine the fair value of the preferred shares and has considered the different probability for three scenarios: conversion, redemption and liquidation.

The valuer considered objective and subjective factors and key assumptions to determine the best estimate of the fair value of the preferred shares, including the following:

• exit values of recent issuances of preferred shares adjusted by the specific rights, preferences, and privileges of the preferred shares;
• our performance and market position relative to its competitors or similar publicly traded companies;
• the likelihood of achieving a liquidity event, such as an initial public offering or sale of our company, given internal company and external market conditions;
• expected date of liquidation event;
• probability of different scenarios;
• risk free rate and volatility; and
• our developments and milestones.

On March 4, 2018, we issued 5,420,144 shares of Series B1 convertible redeemable preferred shares at US$19.3722 per share for cash of US$105,000,000 to Image Flag Investment (HK) Limited. The price for Series B1 convertible redeemable preferred shares issued to Image Flag Investment (HK) Limited differed from its issue date fair value of US$22.81 and also differed from the price of US$23.62 for Series B2 convertible redeemable preferred shares issued on March 8, 2018, which was primarily due to the difference in the nature of the investments. Image Flag Investment (HK) Limited is a strategic investor affiliated with Tencent Holdings Limited, or Tencent, and we took into account the long-term value of our strategic cooperation with Image Flag Investment (HK) Limited when determining the issue price for Series B1 convertible redeemable preferred shares. On the other hand, purchasers of Series B2 convertible redeemable preferred shares were financial investors and did not offer similar business opportunities.

Internal Control Over Financial Reporting

Prior to this offering, we have been a private company with limited accounting personnel and other resources with which to address our internal control and procedures and we were never required to evaluate our
internal control within a specified period, and, as a result, we may experience difficulty in meeting these reporting requirements in a timely manner. Our management has not completed an assessment of the effectiveness of our internal control over financial reporting, and our independent registered public accounting firm has not conducted an audit of our internal control over financial reporting. However, in the course of preparing and auditing our consolidated financial statements for the years ended December 31, 2016 and 2017, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting as of December 31, 2017. In accordance with reporting requirements set forth by the SEC, a “material weakness” is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our company’s annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

The material weakness identified relates to the lack of sufficient financial reporting and accounting personnel with appropriate knowledge of U.S. GAAP and SEC reporting requirements to formalize key controls over financial reporting and to prepare consolidated financial statements and related disclosures. Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control under the Sarbanes-Oxley Act for purposes of identifying and reporting any weakness in our internal control over financial reporting. We and they are required to do so only after we become a public company. Had we performed a formal assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional control weaknesses may have been identified.

To remedy our identified material weakness subsequent to December 31, 2017, we plan to undertake steps to strengthen our internal control over financial reporting, including: (i) hiring more qualified resources including financial controller, equipped with relevant U.S. GAAP and SEC reporting experience and qualifications to strengthen the financial reporting function and to set up a financial and system control framework, (ii) implementing regular and continuous U.S. GAAP accounting and financial reporting training programs for our accounting and financial reporting personnel, (iii) establishing effective oversight and clarifying reporting requirements for non-recurring and complex transactions to ensure consolidated financial statements and related disclosures are accurate, complete and in compliance with SEC reporting requirements, and (iv) enhancing an internal audit function as well as engaging an external consulting firm to help us assess our compliance readiness under rule 13a-15 of the Exchange Act and improve overall internal control.

However, we cannot assure you that we will remediate our material weakness in a timely manner. See “Risk Factors — Risks Related to Our Business — If we fail to maintain proper and effective internal control, our ability to produce accurate financial statements on a timely basis could be impaired.”

As a company with less than US$1.07 billion in revenue for our last fiscal year, we qualify as an “emerging growth company” pursuant to the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies. These provisions include exemption from the auditor attestation requirement under Section 404 of the Sarbanes-Oxley Act of 2002, related to the assessment of the effectiveness of the emerging growth company’s internal control over financial reporting.
## Results of Operations

The following table sets forth a summary of our consolidated statements of comprehensive loss, both in absolute amount and as a percentage of our net revenues, for the periods indicated. This information should be read together with our consolidated financial statements and related notes included elsewhere in this prospectus. The operating results in any period are not necessarily indicative of the results that may be expected for any future period.

<table>
<thead>
<tr>
<th>Year Ended December 31</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMB</td>
<td>US$</td>
<td>%</td>
<td>RMB</td>
</tr>
<tr>
<td><strong>Revenues(1):</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising revenue</td>
<td>57,880</td>
<td>8,747</td>
<td>99.9</td>
</tr>
<tr>
<td>Other revenue</td>
<td>74</td>
<td>11</td>
<td>0.1</td>
</tr>
<tr>
<td><strong>Net revenues</strong></td>
<td>57,954</td>
<td>8,758</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating expenses</td>
<td>4,227</td>
<td>669</td>
<td>7.6</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>4,227</td>
<td>669</td>
<td>7.6</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>2,627</td>
<td>397</td>
<td>4.5</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>2,627</td>
<td>397</td>
<td>4.5</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>61,687</td>
<td>9,322</td>
<td>100.4</td>
</tr>
<tr>
<td><strong>Loss from operations(3)</strong></td>
<td>(10,911)</td>
<td>(1,649)</td>
<td>(18.8)</td>
</tr>
<tr>
<td>Interest income</td>
<td>51</td>
<td>8</td>
<td>0.1</td>
</tr>
<tr>
<td>Foreign exchange related gains, net</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Others, net</td>
<td>(2)</td>
<td>(1)</td>
<td>(0.0)</td>
</tr>
<tr>
<td><strong>Loss before income tax expenses</strong></td>
<td>(10,862)</td>
<td>(1,642)</td>
<td>(18.7)</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>(10,862)</td>
<td>(1,642)</td>
<td>(18.7)</td>
</tr>
<tr>
<td><strong>Net loss attributable to Qutoutiao Inc.’s ordinary shareholders</strong></td>
<td>(10,862)</td>
<td>(1,642)</td>
<td>(18.7)</td>
</tr>
<tr>
<td><strong>Other comprehensive income/(loss)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustment, net of nil tax</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Comprehensive loss attributable to Qutoutiao Inc.</strong></td>
<td>(10,862)</td>
<td>(1,642)</td>
<td>(18.7)</td>
</tr>
</tbody>
</table>
(1) Revenue from transactions with related parties are set forth below for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th>Six Months Ended June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 RMB</td>
<td>2017 RMB</td>
<td>2017 RMB</td>
<td>2018 RMB</td>
</tr>
<tr>
<td>Advertising revenue</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other revenue</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td></td>
<td>RMB</td>
<td>US$</td>
<td>(in thousands)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1,183</td>
<td>179</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5,293</td>
<td>800</td>
<td>—</td>
</tr>
</tbody>
</table>

(2) Cost of revenue and operating expenses from transactions with related parties are set forth below for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th></th>
<th>Six Months Ended June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016 RMB</td>
<td>2017 RMB</td>
<td>2017 RMB</td>
<td>2018 RMB</td>
</tr>
<tr>
<td>Cost of revenue</td>
<td>120</td>
<td>484</td>
<td>22</td>
<td>3,368</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>166</td>
<td>220</td>
<td>33</td>
<td>145</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>74</td>
<td>950</td>
<td>144</td>
<td>284</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>2,664</td>
<td>15,134</td>
<td>2,287</td>
<td>6,401</td>
</tr>
<tr>
<td></td>
<td></td>
<td>US$</td>
<td>%</td>
<td>RMB</td>
</tr>
<tr>
<td></td>
<td></td>
<td>18</td>
<td>0.2</td>
<td>73</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>25</td>
<td>0.3</td>
<td>33</td>
<td>0.0</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>11</td>
<td>0.1</td>
<td>144</td>
<td>0.2</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>403</td>
<td>4.6</td>
<td>15,134</td>
<td>2.9</td>
</tr>
</tbody>
</table>

(3) We recognized share-based compensation expenses of RMB0.4 million (US$0.1 million) and RMB3.4 million (US$0.5 million) in 2016 and 2017, respectively.

Non-GAAP Financial Measure

We use adjusted net loss, which is an non-GAAP financial measure, in evaluating our operating results and for financial and operational decision-making purposes. Adjusted net loss represents net loss before share-based compensation expenses. We believe that such non-GAAP financial measure help identify underlying trends in our business that could otherwise be distorted by the effect of such share-based compensation expenses that we include in cost of revenues, total operating expenses and net loss. In particular, share-based compensation expenses in the six months ended June 30, 2018 included RMB158.6 million (US$24.8 million) that relates to certain ordinary shares beneficially owned by certain of our co-founders that became restricted pursuant to share restriction deeds entered into by them in January 2018 and vested in the six months ended June 30, 2018. We believe that such non-GAAP financial measure also provides useful information about our operating results, enhance the overall understanding of our past performance and future prospects and allow for greater visibility with respect to key metrics used by our management in its financial and operational decision-making.

The non-GAAP financial measure is not defined under U.S. GAAP and are not presented in accordance with U.S. GAAP. It should not be considered in isolation or construed as alternatives to net loss or any other measure of performance or as an indicator of our operating performance. Investors are encouraged to review the historical non-GAAP financial measure in light of the most directly comparable GAAP measures, as shown below. The non-GAAP financial measure presented here may not be comparable to similarly titled measures presented by other companies. Other companies may calculate similarly titled measure differently, limiting its usefulness as comparative measures to our data. We encourage investors and others to review our financial information in its entirety and not rely on a single financial measure.
The table below sets forth a reconciliation of the non-GAAP financial measure for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31</th>
<th></th>
<th>Six Months Ended June 30</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss</td>
<td>(10,862) (in thousands)</td>
<td>(1,642)</td>
<td>(94,760) (14,320)</td>
<td>(28,675) (4,334)</td>
</tr>
<tr>
<td>Add: share-based compensation expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>1</td>
<td>0</td>
<td>942</td>
<td>142</td>
</tr>
<tr>
<td>Research and development</td>
<td>149</td>
<td>23</td>
<td>1,317</td>
<td>200</td>
</tr>
<tr>
<td>Sales and marketing</td>
<td>35</td>
<td>5</td>
<td>939</td>
<td>142</td>
</tr>
<tr>
<td>General and administrative</td>
<td>209</td>
<td>32</td>
<td>181</td>
<td>27</td>
</tr>
<tr>
<td>Adjusted net loss</td>
<td>(10,468) (in thousands)</td>
<td>(1,582)</td>
<td>(91,381) (13,809)</td>
<td>(28,318) (4,280)</td>
</tr>
</tbody>
</table>

### Six Months Ended June 30, 2018 Compared to Six Months Ended June 30, 2017

**Revenues.** Our net revenues increased from RMB107.2 million (US$16.2 million) in the six months ended June 30, 2017 to RMB717.8 million (US$108.5 million) in the same period in 2018 primarily due to an increase in our advertising revenue from RMB106.3 million (US$16.1 million) in the six months ended June 30, 2017 to RMB669.9 million (US$101.2 million) in the same period in 2018 and an increase in our other revenue from RMB0.9 million (US$0.1 million) in the six months ended June 30, 2017 to RMB648.0 million (US$7.2 million) in the same period in 2018. Increases in our advertising revenue and other revenue were a result of increases in our MAUs, DAUs and our ability to monetize. This has enabled us to increase clicks on advertisements on our platform from approximately 364.5 million in the six months ended June 30, 2017 to approximately 1,716.2 million in the same period in 2018. Revenue per click, calculated as our advertising revenue divided by clicks on advertisements on our platform, from approximately RMB0.29 (US$0.04) in the six months ended June 30, 2017 to approximately RMB0.39 (US$0.06) in the same period in 2018, primarily due to the higher prices for our advertising services provided through our proprietary programmatic advertising system in 2018 as compared to the prices for the advertising services provided to third-party advertising platforms in 2017 and the overall increase in market prices for mobile traffic.

**Cost of Revenues.** Our cost of revenues increased from RMB10.3 million (US$1.6 million) in the six months ended June 30, 2017 to RMB146.0 million (US$22.1 million) in the same period in 2018 primarily due to the continued growth of our business. Share-based compensation expenses recognized in cost of revenues increased from RMB99.4 thousand (US$15.0 thousand) in the six months ended June 30, 2017 to RMB1.5 million (US$0.2 million) in the same period in 2018. Cost of revenues as a percentage of our net revenues increased from 9.6% in the six months ended June 30, 2017 to 20.3% in the same period in 2018 compared to when we primarily sourced content from publicly available sources in the same period in 2017, (ii) increased salaries and benefits paid associated with an increase in the number of employees responsible for content review and management in the six months ended June 30, 2018 and (iii) increased bandwidth costs due to increase in our MAUs and DAUs as well as our emphasis on short videos which consume more bandwidth than articles.

**Gross Profit.** Our gross profit increased from RMB97.0 million (US$14.7 million) in the six months ended June 30, 2017 to RMB571.8 million (US$86.4 million) in the same period in 2018. Gross margin decreased from 90.4% in the six months ended June 30, 2017 to 79.7% in the same period in 2018.

**Operating Expenses.** Our total operating expenses increased from RMB125.9 million (US$19.0 million) in the six months ended June 30, 2017 to RMB1,093.7 million (US$165.3 million) in the same period in 2018.

- **Research and development expenses.** Our research and development expenses increased from RMB3.0 million (US$0.4 million) in the six months ended June 30, 2017 to RMB62.9 million (US$9.5 million) in the same period in 2018. The increase was primarily due to our increased research and development efforts to enhance the technological capability of our platform that has resulted in the number of our research and development personnel. Share-based compensation expenses recognized in research and development expenses increased from RMB139.5 thousand (US$21.0 thousand) in the six months ended June 30, 2017 to RMB6.7 million (US$1.0 million) in the same period in 2018. Research and
development expenses as a percentage of our net revenues increased from 2.8% in the six months ended June 30, 2017 to 8.8% in the same period in 2018.

- **Sales and marketing expenses.** Our sales and marketing expenses increased from RMB114.1 million (US$17.2 million) in the six months ended June 30, 2017 to RMB836.9 million (US$126.5 million) in the same period in 2018. This was primarily due to increase in cost of users’ loyalty points associated with our user loyalty programs from RMB105.4 million (US$15.9 million) in the six months ended June 30, 2017 to RMB611.9 million (US$92.5 million) in the same period in 2018, representing 98.2% and 85.3% of our net revenues in the six months ended June 30, 2017 and 2018, respectively. Decrease in cost of users’ loyalty points as a percentage of our net revenues was primarily due to enhanced efficiency in acquiring and engaging users through our user loyalty programs, increase in our ability to monetize our user base and the effect of the reversal for the cleared rewards of users inactive for 90 consecutive days amounted to RMB171.8 million (US$26.0 million) in our user loyalty program, which was partially offset by the decrease of breakage amounted to RMB90.9 million (US$13.7 million) due to the lower cash out threshold. Increase in our sales and marketing expenses was also due to increase in advertising and marketing expenses on other channels to acquire users and to promote brand awareness from RMB2.0 million (US$0.3 million) in the six months ended June 30, 2017 to RMB184.4 million (US$27.9 million) in the same period in 2018, representing 1.9% and 25.7% of our net revenues in the six months ended June 30, 2017 and 2018, respectively. Share-based compensation expenses recognized in sales and marketing expenses increased from RMB99.1 thousand (US$15.0 thousand) in the six months ended June 30, 2017 to RMB3.4 million (US$0.5 million) in the same period in 2018. The result of the foregoing contributed to an increase in sales and marketing expenses as a percentage of our net revenues from 106.3% in the six months ended June 30, 2017 to 116.6% in the same period in 2018.

- **General and administrative expenses.** Our general and administrative expenses increased from RMB8.9 million (US$1.3 million) in the six months ended June 30, 2017 to RMB193.9 million (US$29.3 million) in the same period in 2018. This increase was primarily due to increase in share-based compensation expenses recognized from RMB19.1 thousand (US$2.9 thousand) in the six months ended June 30, 2017 to RMB173.8 million (US$26.3 million) in the same period in 2018, which was primarily due to RMB158.6 million (US$24.8 million) in share-based compensation expense recognized in the six months ended June 30, 2018 related to certain ordinary shares beneficially owned by certain of our co-founders that became restricted pursuant to share restriction deeds entered into by them in January 2018. This also primarily led to an increase in general and administrative expenses as a percentage of our net revenues from 8.3% in the six months ended June 30, 2017 to 27.0% in the same period in 2018.

**Interest income.** Our interest income increased from RMB307.4 thousand (US$46.5 thousand) in the six months ended June 30, 2017 to RMB5.4 million (US$0.8 million) in the same period in 2018, primarily due to an increase in the average amount of our cash and cash equivalents as a result of the issuance of Series B1, B2 and B3 convertible redeemable preferred shares in the six months ended June 30, 2018 that increased our cash and cash equivalents.

**Foreign exchange related gains, net.** We recognized foreign exchange related gains, net, of RMB2.1 million (US$0.3 million) in the six months ended June 30, 2018. We did not recognize such gain in the same period in 2017.

**Other losses, net.** Our other losses, net, increased from RMB5.6 thousand (US$0.9 thousand) in the six months ended June 30, 2017 to RMB25.6 thousand (US$3.9 thousand) in the same period in 2018.

**Income tax expenses.** We did not incur any income tax expenses in either of the six months ended June 30, 2017 or 2018 due to tax loss status.

**Net loss.** As a result of the foregoing, our net loss increased from RMB28.7 million (US$4.3 million) in the six months ended June 30, 2017 to RMB514.4 million (US$77.7 million) in the same period in 2018.
Adjusted net loss. Adjusted net loss, which represents net loss before share-based compensation expenses, increased from RMB28.3 million (US$4.3 million) in the six months ended June 30, 2017 to RMB329.1 million (US$49.7 million) in the same period in 2018.

Year Ended December 31, 2017 Compared to Year Ended December 31, 2016

Revenues. Our net revenues increased from RMB58.0 million (US$8.8 million) in 2016 to RMB517.1 million (US$78.1 million) in 2017 primarily due to an increase in our advertising revenue from RMB57.9 million (US$8.8 million) in 2016 to RMB512.9 million (US$77.5 million) in 2017 and an increase in our other revenue from RMB74.0 thousand (US$11.1 thousand) in 2016 to RMB42.2 million (US$0.6 million) in 2017. Increases in our advertising revenue and other revenue were a result of increases in our MAUs, DAUs and our ability to monetize. This has enabled us to increase clicks on advertisements on our platform from approximately 162.9 million in 2016 to approximately 1,506.1 million in 2017. On the other hand, revenue per click, calculated as our advertising revenue divided by clicks on advertisements on our platform, decreased from approximately RMB0.36 (US$0.05) in 2016 to approximately RMB0.34 (US$0.05) in 2017.

Cost of Revenues. Our cost of revenues increased from RMB7.2 million (US$1.1 million) in 2016 to RMB76.5 million (US$11.6 million) in 2017 primarily due to the continued growth of our business. Share-based compensation expenses recognized in cost of revenues increased from RMB1.0 thousand (US$0.2 thousand) in 2016 to RMB0.9 million (US$0.1 million) in 2017. Cost of revenues as a percentage of our net revenues increased from 12.4% in 2016 to 14.8% in 2017 primarily due to (i) increased content procurement costs in 2017 which we did not incur in 2016 as we primarily sourced content from publicly available sources at that time, and (ii) increased salaries and benefits paid associated with an increase in the number of employees responsible for content management in 2017.

Gross Profit. Our gross profit increased from RMB50.8 million (US$7.7 million) in 2016 to RMB440.6 million (US$66.6 million) in 2017. Gross margin decreased from 87.6% in 2016 to 85.2% in 2017.

Operating Expenses. Our total operating expenses increased from RMB61.7 million (US$9.3 million) in 2016 to RMB536.0 million (US$81.0 million) in 2017.

• Research and development expenses. Our research and development expenses increased from RMB2.6 million (US$0.4 million) in 2016 to RMB15.3 million (US$2.3 million) in 2017. The increase was primarily due to the continued growth of our business. Share-based compensation expenses recognized in research and development expenses increased from RMB149.1 thousand (US$22.7 thousand) in 2016 to RMB1.3 million (US$0.2 million) in 2017. Research and development expenses as a percentage of our net revenues decreased from 4.5% in 2016 to 3.0% in 2017.

• Sales and marketing expenses. Our sales and marketing expenses increased from RMB54.6 million (US$8.3 million) in 2016 to RMB494.7 million (US$74.8 million) in 2017. This was primarily due to increase in cost of users’ loyalty points associated with our user loyalty programs from RMB50.9 million (US$7.7 million) in 2016 to RMB419.6 million (US$63.4 million) in 2017, representing 87.8% and 81.2% of our net revenues in 2016 and 2017, respectively. Decrease in cost of users’ loyalty points as a percentage of our net revenues was primarily due to enhanced efficiency in acquiring and engaging users through our user loyalty programs and the increase in our ability to monetize our user base. Increase in our sales and marketing expenses was also due to increase in advertising and marketing expenses to promote brand awareness from RMB171.5 thousand (US$25.9 thousand) in 2016 to RMB41.9 million (US$63.3 million) in 2017, representing 0.3% and 8.1% of our net revenues in 2016 and 2017, respectively. Share-based compensation expenses recognized in sales and marketing expenses increased from RMB35.0 thousand (US$5.3 thousand) in 2016 to RMB0.9 million (US$0.1 million) in 2017. The result of the foregoing contributed to an increase in sales and marketing expenses as a percentage of our net revenues from 94.3% in 2016 to 95.7% in 2017.

• General and administrative expenses. Our general and administrative expenses increased from RMB4.4 million (US$0.7 million) in 2016 to RMB25.9 million (US$3.9 million) in 2017. The increase
was primarily due to continued growth of our business. Share-based compensation expenses recognized in general and administrative expenses decreased from RMB208.9 thousand (US$31.5 thousand) in 2016 to RMB181.3 thousand (US$27.4 thousand) in 2017. General and administrative expenses as a percentage of our net revenues decreased from 7.6% in 2016 to 5.0% in 2017.

**Interest income.** Our interest income increased from RMB50.8 thousand (US$7.7 thousand) in 2016 to RMB0.7 million (US$0.1 million) in 2017, primarily due to an increase in the average amount of our cash and cash equivalents in 2017 as compared to 2016.

**Income tax expenses.** We did not incur any income tax expenses in either of 2016 or 2017 due to tax loss status.

**Net loss.** As a result of the foregoing, our net loss increased from RMB10.9 million (US$1.6 million) in 2016 to RMB94.8 million (US$14.3 million) in 2017.

**Adjusted net loss.** Adjusted net loss, which represents net loss before share-based compensation expenses, increased from RMB10.5 million (US$1.6 million) in 2016 to RMB91.4 million (US$13.8 million) in 2017.

### Selected Quarterly Results of Operations

The following table sets forth our historical unaudited consolidated quarterly results of operations for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues(1):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising revenue</td>
<td>11,154</td>
<td>22,401</td>
<td>36,109</td>
<td>70,239</td>
<td>156,653</td>
<td>249,882</td>
<td>230,664</td>
<td>439,207</td>
</tr>
<tr>
<td>Other revenue</td>
<td>—</td>
<td>74</td>
<td>232</td>
<td>693</td>
<td>907</td>
<td>2,338</td>
<td>5,730</td>
<td>42,234</td>
</tr>
<tr>
<td><strong>Net revenues</strong></td>
<td>11,154</td>
<td>22,475</td>
<td>36,341</td>
<td>70,932</td>
<td>157,560</td>
<td>252,220</td>
<td>236,394</td>
<td>481,441</td>
</tr>
<tr>
<td><strong>Operating expenses(2):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>730</td>
<td>988</td>
<td>927</td>
<td>2,047</td>
<td>3,943</td>
<td>8,400</td>
<td>19,696</td>
<td>43,216</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>14,521</td>
<td>27,153</td>
<td>40,457</td>
<td>73,612</td>
<td>137,531</td>
<td>243,124</td>
<td>362,845</td>
<td>474,096</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>1,029</td>
<td>1,601</td>
<td>4,196</td>
<td>4,689</td>
<td>6,789</td>
<td>10,273</td>
<td>92,343</td>
<td>101,543</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>16,280</td>
<td>29,652</td>
<td>45,580</td>
<td>80,348</td>
<td>148,263</td>
<td>261,797</td>
<td>474,884</td>
<td>618,855</td>
</tr>
<tr>
<td><strong>Loss from Operations</strong></td>
<td>(6,557)</td>
<td>(9,202)</td>
<td>(12,149)</td>
<td>(16,526)</td>
<td>(11,534)</td>
<td>(54,905)</td>
<td>(302,456)</td>
<td>(219,441)</td>
</tr>
<tr>
<td>Interest income</td>
<td>7</td>
<td>16</td>
<td>200</td>
<td>107</td>
<td>7</td>
<td>289</td>
<td>657</td>
<td>4,732</td>
</tr>
<tr>
<td>Foreign exchange related (losses) / gains, net</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(792)</td>
<td>2,890</td>
</tr>
<tr>
<td>Others, net</td>
<td>(0)</td>
<td>(1)</td>
<td>(1)</td>
<td>(4)</td>
<td>(5)</td>
<td>(7)</td>
<td>(14)</td>
<td>(12)</td>
</tr>
<tr>
<td><strong>Loss before income tax expenses</strong></td>
<td>(6,557)</td>
<td>(9,202)</td>
<td>(12,149)</td>
<td>(16,526)</td>
<td>(11,462)</td>
<td>(54,905)</td>
<td>(302,605)</td>
<td>(211,831)</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(1,916)</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>(6,557)</td>
<td>(9,202)</td>
<td>(12,149)</td>
<td>(16,526)</td>
<td>(11,462)</td>
<td>(54,905)</td>
<td>(302,605)</td>
<td>(211,831)</td>
</tr>
<tr>
<td>Accretion to convertible redeemable preferred shares redemption value</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Deemed dividend to preferred shareholders</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(6,012)</td>
<td>(14,960)</td>
<td>(44,004)</td>
</tr>
<tr>
<td><strong>Net loss attributable to Qutoutiao Inc.’s ordinary shareholders</strong></td>
<td>(6,557)</td>
<td>(9,202)</td>
<td>(12,149)</td>
<td>(16,526)</td>
<td>(11,462)</td>
<td>(60,635)</td>
<td>(319,481)</td>
<td>(255,835)</td>
</tr>
</tbody>
</table>
### Table of Contents

#### For the Three Months Ended

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net loss</strong></td>
<td>(6,557)</td>
<td>(9,202)</td>
<td>(12,149)</td>
<td>(16,526)</td>
<td>(11,462)</td>
<td>(54,623)</td>
<td>(302,605)</td>
<td>(211,831)</td>
</tr>
<tr>
<td><strong>Foreign currency translation adjustment, net of nil tax</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>25</td>
<td>1,501</td>
<td>(14,063)</td>
</tr>
<tr>
<td><strong>Comprehensive loss attributable to Qutoutiao Inc.</strong></td>
<td>(6,557)</td>
<td>(9,202)</td>
<td>(12,149)</td>
<td>(16,526)</td>
<td>(11,462)</td>
<td>(54,623)</td>
<td>(301,104)</td>
<td>(225,894)</td>
</tr>
<tr>
<td><strong>Revenue from transactions with related parties</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1,183</td>
<td>—</td>
</tr>
<tr>
<td><strong>Other revenue</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>5,293</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Cost of revenues</strong></td>
<td>31</td>
<td>51</td>
<td>54</td>
<td>91</td>
<td>153</td>
<td>186</td>
<td>844</td>
<td>2,524</td>
</tr>
<tr>
<td><strong>Research and development expenses</strong></td>
<td>43</td>
<td>70</td>
<td>24</td>
<td>42</td>
<td>69</td>
<td>85</td>
<td>—</td>
<td>4,243</td>
</tr>
<tr>
<td><strong>Sales and marketing expenses</strong></td>
<td>19</td>
<td>31</td>
<td>105</td>
<td>179</td>
<td>300</td>
<td>366</td>
<td>675</td>
<td>5,412</td>
</tr>
<tr>
<td><strong>General and administrative expenses</strong></td>
<td>668</td>
<td>704</td>
<td>3,041</td>
<td>3,360</td>
<td>4,125</td>
<td>4,608</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Adjusted net loss</strong></td>
<td>(6,441)</td>
<td>(9,082)</td>
<td>(12,012)</td>
<td>(16,306)</td>
<td>(10,704)</td>
<td>(52,359)</td>
<td>(216,284)</td>
<td>(112,769)</td>
</tr>
</tbody>
</table>

(1) Revenue from transactions with related parties are set forth below for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net loss</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Foreign currency translation adjustment, net of nil tax</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>25</td>
<td>1,501</td>
</tr>
<tr>
<td><strong>Comprehensive loss attributable to Qutoutiao Inc.</strong></td>
<td>(6,557)</td>
<td>(9,202)</td>
<td>(12,149)</td>
<td>(16,526)</td>
<td>(11,462)</td>
<td>(54,623)</td>
<td>(301,104)</td>
<td>(225,894)</td>
</tr>
</tbody>
</table>

(2) Cost of revenues and operating expenses from transactions with related parties are set forth below for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net loss</strong></td>
<td>(6,557)</td>
<td>(9,202)</td>
<td>(12,149)</td>
<td>(16,526)</td>
<td>(11,462)</td>
<td>(54,623)</td>
<td>(302,605)</td>
<td>(211,831)</td>
</tr>
</tbody>
</table>

Add: share-based compensation expenses:

<table>
<thead>
<tr>
<th></th>
<th>Cost of revenues</th>
<th>Research and development</th>
<th>Sales and marketing</th>
<th>General and administrative</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 30, 2016</td>
<td>31</td>
<td>44</td>
<td>10</td>
<td>62</td>
</tr>
<tr>
<td>September 30, 2017</td>
<td>51</td>
<td>46</td>
<td>11</td>
<td>63</td>
</tr>
<tr>
<td>December 31, 2016</td>
<td>54</td>
<td>54</td>
<td>38</td>
<td>7</td>
</tr>
<tr>
<td>December 31, 2017</td>
<td>91</td>
<td>86</td>
<td>61</td>
<td>12</td>
</tr>
<tr>
<td>March 31, 2016</td>
<td>153</td>
<td>295</td>
<td>211</td>
<td>41</td>
</tr>
<tr>
<td>March 31, 2017</td>
<td>186</td>
<td>883</td>
<td>631</td>
<td>121</td>
</tr>
<tr>
<td>June 30, 2016</td>
<td>844</td>
<td>1,308</td>
<td>578</td>
<td>83,208</td>
</tr>
<tr>
<td>June 30, 2017</td>
<td>2,524</td>
<td>5,412</td>
<td>85</td>
<td>90,632</td>
</tr>
</tbody>
</table>

The following table sets forth adjusted net loss, which is an non-GAAP financial measure, for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net loss</strong></td>
<td>(6,557)</td>
<td>(9,202)</td>
<td>(12,149)</td>
<td>(16,526)</td>
<td>(11,462)</td>
<td>(54,623)</td>
<td>(302,605)</td>
<td>(211,831)</td>
</tr>
</tbody>
</table>

Add: share-based compensation expenses:

<table>
<thead>
<tr>
<th></th>
<th>Cost of revenues</th>
<th>Research and development</th>
<th>Sales and marketing</th>
<th>General and administrative</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 30, 2016</td>
<td>—</td>
<td>44</td>
<td>10</td>
<td>62</td>
</tr>
<tr>
<td>September 30, 2017</td>
<td>—</td>
<td>46</td>
<td>11</td>
<td>63</td>
</tr>
<tr>
<td>December 31, 2016</td>
<td>—</td>
<td>54</td>
<td>38</td>
<td>7</td>
</tr>
<tr>
<td>December 31, 2017</td>
<td>—</td>
<td>86</td>
<td>61</td>
<td>12</td>
</tr>
<tr>
<td>March 31, 2016</td>
<td>—</td>
<td>295</td>
<td>211</td>
<td>41</td>
</tr>
<tr>
<td>March 31, 2017</td>
<td>—</td>
<td>883</td>
<td>631</td>
<td>121</td>
</tr>
<tr>
<td>June 30, 2016</td>
<td>—</td>
<td>1,308</td>
<td>578</td>
<td>83,208</td>
</tr>
<tr>
<td>June 30, 2017</td>
<td>—</td>
<td>5,412</td>
<td>85</td>
<td>90,632</td>
</tr>
</tbody>
</table>

**Adjusted net loss** | (6,441) | (9,082) | (12,012) | (16,306) | (10,704) | (52,359) | (216,284) | (112,769) |
The following table sets forth our historical unaudited consolidated quarterly results of operations as a percentage of net revenues for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues(1):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advertising revenue</td>
<td>100.0</td>
<td>99.7</td>
<td>99.4</td>
<td>99.0</td>
<td>99.4</td>
<td>99.1</td>
<td>97.6</td>
<td>91.2</td>
</tr>
<tr>
<td>Other revenue</td>
<td>—</td>
<td>0.3</td>
<td>0.6</td>
<td>1.0</td>
<td>0.6</td>
<td>0.9</td>
<td>2.4</td>
<td>8.8</td>
</tr>
<tr>
<td><strong>Net revenues</strong></td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td><strong>Cost of revenues(2):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>6.6</td>
<td>4.0</td>
<td>2.6</td>
<td>2.9</td>
<td>2.5</td>
<td>3.3</td>
<td>8.3</td>
<td>9.0</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>130.2</td>
<td>120.8</td>
<td>111.3</td>
<td>103.8</td>
<td>87.3</td>
<td>96.4</td>
<td>153.5</td>
<td>98.8</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>9.2</td>
<td>7.1</td>
<td>11.5</td>
<td>6.6</td>
<td>4.3</td>
<td>4.1</td>
<td>39.1</td>
<td>21.1</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>146.0</td>
<td>131.9</td>
<td>125.4</td>
<td>113.3</td>
<td>94.1</td>
<td>103.8</td>
<td>200.9</td>
<td>128.6</td>
</tr>
<tr>
<td><strong>Loss from Operations</strong></td>
<td>(58.9)</td>
<td>(41.0)</td>
<td>(34.0)</td>
<td>(23.5)</td>
<td>(7.3)</td>
<td>(21.8)</td>
<td>(128.0)</td>
<td>(45.6)</td>
</tr>
<tr>
<td>Interest income</td>
<td>0.1</td>
<td>0.1</td>
<td>0.6</td>
<td>0.2</td>
<td>0.0</td>
<td>0.1</td>
<td>0.3</td>
<td>1.0</td>
</tr>
<tr>
<td>Foreign exchange related (losses) / gains, net</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(0.3)</td>
<td>0.6</td>
<td></td>
</tr>
<tr>
<td>Others, net</td>
<td>(0.0)</td>
<td>(0.0)</td>
<td>(0.0)</td>
<td>(0.0)</td>
<td>(0.0)</td>
<td>(0.0)</td>
<td>(0.0)</td>
<td>(0.0)</td>
</tr>
<tr>
<td><strong>Loss before income tax expenses</strong></td>
<td>(58.8)</td>
<td>(40.9)</td>
<td>(33.4)</td>
<td>(23.3)</td>
<td>(7.3)</td>
<td>(21.7)</td>
<td>(128.0)</td>
<td>(44.0)</td>
</tr>
<tr>
<td>Income tax expenses</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>(58.8)</td>
<td>(40.9)</td>
<td>(33.4)</td>
<td>(23.3)</td>
<td>(7.3)</td>
<td>(21.7)</td>
<td>(128.0)</td>
<td>(44.0)</td>
</tr>
<tr>
<td>Accretion to convertible redeemable preferred shares redemption value</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(2.4)</td>
<td>(6.3)</td>
<td>(9.1)</td>
</tr>
<tr>
<td>Deemed dividend to preferred shareholders</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(0.8)</td>
<td></td>
</tr>
<tr>
<td><strong>Net loss attributable to Qutoutiao Inc.’s ordinary shareholders</strong></td>
<td>(58.8)</td>
<td>(40.9)</td>
<td>(33.4)</td>
<td>(23.3)</td>
<td>(7.3)</td>
<td>(24.1)</td>
<td>(135.1)</td>
<td>(53.1)</td>
</tr>
<tr>
<td>Other comprehensive income / (loss)</td>
<td>(58.8)</td>
<td>(40.9)</td>
<td>(33.4)</td>
<td>(23.3)</td>
<td>(7.3)</td>
<td>(21.7)</td>
<td>(128.0)</td>
<td>(44.0)</td>
</tr>
<tr>
<td>Foreign currency translation adjustment, net of nil tax</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>0.0</td>
<td>0.6</td>
</tr>
<tr>
<td><strong>Comprehensive loss attributable to Qutoutiao Inc.</strong></td>
<td>(58.8)</td>
<td>(40.9)</td>
<td>(33.4)</td>
<td>(23.3)</td>
<td>(7.3)</td>
<td>(21.7)</td>
<td>(127.4)</td>
<td>(46.9)</td>
</tr>
</tbody>
</table>
(1) Revenue from transactions with related parties as a percentage of net revenues are set forth below for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>September 30</th>
<th>December 31</th>
<th>March 31</th>
<th>June 30</th>
<th>September 30</th>
<th>December 31</th>
<th>March 31</th>
<th>June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising revenue</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>0.2</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Other revenue</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>1.1</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

(2) Cost of revenues and operating expenses from transactions with related parties as a percentage of net revenues are set forth below for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>September 30</th>
<th>December 31</th>
<th>March 31</th>
<th>June 30</th>
<th>September 30</th>
<th>December 31</th>
<th>March 31</th>
<th>June 30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenues</td>
<td>0.3</td>
<td>0.2</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.4</td>
<td>0.5</td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>0.4</td>
<td>0.3</td>
<td>0.1</td>
<td>0.1</td>
<td>0.0</td>
<td>0.0</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>0.2</td>
<td>0.1</td>
<td>0.3</td>
<td>0.3</td>
<td>0.2</td>
<td>0.1</td>
<td>0.3</td>
<td>0.9</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>6.0</td>
<td>3.1</td>
<td>8.4</td>
<td>4.7</td>
<td>2.6</td>
<td>1.8</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

Our revenues and results of operations normally fluctuate from quarter to quarter as a result of seasonal variations in our business. Historically, advertising spending and user activities on our platform tend to be the lowest in the first quarter of each calendar year due to long holidays around the Lunar New Year, during which users tend to spend more time with family and celebrations offline and less time online, including on our mobile applications. In addition, advertising customers, such as those in the e-commerce industry, may also reduce its advertising spending during the holidays around the Lunar New Year due to reduced consumer spending or reduced or suspended production and logistics activities by manufacturers or other service providers. Based on the foregoing, this seasonality has affected our quarterly results especially our results of operations in the first quarter of each year. For example, our net revenues in the first quarter were lower than those of other quarters, and have experienced slower rate of growth or even declined from the last quarter in the prior year. On the other hand, our cost of revenues and operating expenses as a percentage of our net revenues were higher in the first quarter as compare to other quarters, which has led to lower profit margin.

Liquidity and Capital Resources

Our primary sources of liquidity have been issuance of equity securities and cash provided by operating activities, which have historically been sufficient to meet our working capital and capital expenditure requirements.

In 2016 and 2017, net cash provided by operating activities was RMB12.7 million (US$1.9 million) and RMB132.2 million (US$20.0 million), respectively.

In the six months ended June 30, 2017, net cash provided by operating activities was RMB2.0 million (US$0.3 million). In the same period in 2018, net cash used by operating activities was RMB141.7 million (US$21.4 million).

As of June 30, 2018, we had cash and cash equivalents of approximately RMB1,766.3 million (US$266.9 million), as compared to RMB278.5 million (US$42.1 million) as of December 31, 2017.
Through our user loyalty programs, we give users loyalty points and in certain cases cash credits for taking specific actions. We record registered users’ loyalty payable and accrued liabilities related to users’ loyalty programs on our consolidated balance sheets. For further information, see “— Critical Accounting Policies, Judgments and Estimates — Loyalty Programs.” Registered users’ loyalty payable was RMB1.0 million (US$0.2 million), RMB21.0 million (US$3.2 million) and RMB137.0 million (US$20.7 million) as of December 31, 2016 and 2017 and June 30, 2018, respectively. Accrued liabilities related to users’ loyalty programs were RMB24.5 million (US$3.7 million), RMB187.0 million (US$28.3 million) and RMB149.0 million (US$22.5 million) as of December 31, 2016 and 2017 and June 30, 2018, respectively.

We believe that our existing cash and cash equivalents and anticipated cash flows from operating activities will be sufficient to meet our anticipated working capital requirements, including liabilities related to our user loyalty programs, and capital expenditures in the ordinary course of business for the next 12 months from the completion of this offering. We may, however, need additional cash resources in the future if we experience changes in business condition or other developments, or if we find and wish to pursue opportunities for investments, acquisitions, capital expenditures or similar actions. If we determine that our cash requirements exceed the amount of cash and cash equivalents we have on hand at the time, we may seek to issue equity or debt securities or obtain credit facilities. The issuance and sale of additional equity would result in further dilution to our shareholders. The incurrence of indebtedness would result in increased fixed obligations and could result in operating covenants that would restrict our operations. We cannot assure you that financing will be available in amounts or on terms acceptable to us, if at all.

Our ability to manage our working capital, including receivables and other assets and liabilities and accrued liabilities, may materially affect our financial condition and results of operations.

The following table sets forth a summary of our cash flows for the periods indicated:

<table>
<thead>
<tr>
<th></th>
<th>Year Ended December 31,</th>
<th>Six Months Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
</tr>
<tr>
<td></td>
<td>RMB (in thousands)</td>
<td>US$</td>
</tr>
<tr>
<td>Net cash provided/(used in) operating activities</td>
<td>12,719</td>
<td>1,923</td>
</tr>
<tr>
<td>Net cash (used in)/provided by investing activities</td>
<td>(12,523)</td>
<td>(1,893)</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
<td>196</td>
<td>30</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of the year</td>
<td>73</td>
<td>11</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>269</td>
<td>41</td>
</tr>
</tbody>
</table>

Operating Activities

Net cash used in operating activities was RMB141.7 million (US$21.4 million) in the six months ended June 30, 2018, primarily due to net loss of RMB141.7 million (US$21.4 million), adjusted for (i) share-based compensation of RMB185.4 million (US$28.0 million) and (ii) depreciation of RMB1.5 million (US$0.2 million) and (iii) changes in working capital. Adjustment for changes in working capital primarily consisted of (i) a decrease in accrued liabilities related to user loyalty programs of RMB38.0 million (US$5.7 million) due to
change in the threshold as to when registered users can redeem loyalty points to withdraw cash from his/her accounts, (ii) an increase in prepayment to a related party of RMB27.8 million (US$4.2 million) and (iii) an increase in prepayments and other current assets of RMB116.1 million (US$17.5 million), which was partially offset by (i) an increase in registered users’ loyalty payable of RMB11.8 million (US$1.8 million) due to our continued efforts to increase user acquisition and engagement and change in the threshold as to when registered users can redeem loyalty points to withdraw cash from his/her accounts, (ii) increase in advances from advertising customers of RMB72.5 million (US$11.0 million) due to an increase in advance payment by advertising customers for our advertising solution, (iii) an increase in accrued liabilities and other current liabilities of RMB6.4 million (US$0.9 million), (iv) an increase in tax payable of RMB1.2 million (US$0.2 million) and (v) a decrease in accounts receivables of RMB9.5 million (US$1.4 million).

Net cash provided by operating activities was RMB132.2 million (US$20.0 million) in 2017, primarily due to net loss of RMB94.8 million (US$14.3 million), adjusted for (i) share-based compensation of RMB3.4 million (US$0.5 million) and (ii) depreciation of RMB0.3 million (US$50 thousand) and (iii) changes in working capital. Adjustment for changes in working capital primarily consisted of (i) an increase in accrued liabilities related to user loyalty programs of RMB162.5 million (US$24.6 million) due to our continued efforts to increase user acquisition and engagement, (ii) an increase in advances from advertising customers of RMB39.1 million (US$5.9 million) due to an increase in advance payment by advertising customers for our advertising solution, (iii) an increase in registered users’ loyalty payable of RMB20.0 million (US$3.0 million), (iv) an increase in tax payable of RMB19.9 million (US$3.0 million) and (v) an increase in accrued liabilities and other current liabilities of RMB19.3 million (US$2.9 million), which was partially offset by (i) an increase in accounts receivables of RMB32.1 million (US$4.9 million) relating to the continued growth of our advertising services and (ii) an increase in prepayments and other current assets of RMB13.8 million (US$2.1 million).

Net cash provided by operating activities was RMB12.7 million (US$1.9 million) in 2016, primarily due to net loss of RMB10.9 million (US$1.6 million), adjusted for (i) share-based compensation of RMB0.4 million (US$0.1 million) and (ii) depreciation of RMB21 thousand (US$3 thousand) and (iii) changes in working capital. Adjustment for changes in working capital primarily consisted of (i) an increase in accrued liabilities related to user loyalty programs of RMB24.5 million (US$3.7 million) and (ii) an increase in accounts payable of RMB5.1 million (US$0.8 million), which was partially offset by (i) an increase in accounts receivables of RMB9.7 million (US$1.5 million) and (ii) an increase in prepayment to a related party of RMB5.0 million (US$0.8 million).

**Investing Activities**

Net cash provided by investing activities was RMB70.0 million (US$10.6 million) in the six months ended June 30, 2018, which was primarily attributable to proceeds from maturity of short-term investments of RMB90.6 million (US$134.6 million), which was partially offset by (i) purchase of short-term investments of RMB761.2 million (US$115.0 million), (ii) prepayment made related to the purchase of online audio/video content platform of RMB43.0 million (US$6.5 million), (iii) cash paid for acquisition, net of cash acquired of RMB10.7 million (US$1.6 million) related to our acquisition of Shanghai Dianguan and (iv) purchase of property and equipment of RMB5.8 million (US$0.9 million).

Net cash used in investing activities was RMB121.9 million (US$18.4 million) in 2017, which was primarily attributable to (i) purchase of short-term investments of RMB539.4 million (US$81.5 million) in time deposits and money market funds and (ii) purchase of property and equipment and intangible assets of RMB4.5 million (US$0.7 million), which was partially offset by proceeds from maturity of short-term investments of RMB422.0 million (US$63.8 million).

Net cash used in investing activities was RMB12.5 million (US$1.9 million) in 2016, which was primarily attributable to purchase of short-term investments of RMB45.3 million (US$6.8 million), which was partially offset by proceeds from maturity of short-term investments of RMB32.9 million (US$5.0 million).
Financing Activities

Net cash provided by financing activities was RMB1,501.3 million (US$226.9 million) in the six months ended June 30, 2018, which was primarily attributable to proceeds from the issuance of Series B1, B2 and B3 convertible redeemable preferable shares, net of issuance costs, partially offset by cash paid for initial public offering related costs.

Net cash provided by financing activities was RMB272.1 million (US$41.1 million) in 2017, which was primarily attributable to proceeds from the issuance of Series A and Series A-1 convertible redeemable preferable shares, net of issuance costs.

We did not have any cash provided by or used in financing activities in 2016.

Effect of exchange rate changes on cash and cash equivalents

Effect of exchange rate changes on cash and cash equivalents was RMB58.2 million (US$8.8 million) in the six months ended June 30, 2018, which was primarily attributable to the significant increase in cash and cash equivalents held in U.S. dollar as a result of issuance of Series B1, B2 and B3 convertible redeemable preferred shares in the six months ended June 30, 2018. Due to the depreciation of the value of the Renminbi against the U.S. dollar in the six months ended June 30, 2018, the Renminbi equivalent amount of the U.S. dollar cash balance as of June 30, 2018 increased significantly.

Capital Expenditures

We made capital expenditures of RMB4.8 million (US$0.7 million) and RMB5.8 million (US$0.9 million) in 2017 and the six months ended June 30, 2018, respectively. Our capital expenditures were mainly used for purchases of property and equipment. We will continue to make capital expenditures to meet the expected growth of our business.

Commitments

The following table sets forth our contractual obligations as of June 30, 2018:

<table>
<thead>
<tr>
<th>Payment due by period</th>
<th>Total</th>
<th>Less than 1 Year</th>
<th>1 – 3 Years</th>
<th>3 – 5 Years</th>
<th>More than 5 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>US$</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease commitments</td>
<td>12,213</td>
<td>1,846</td>
<td>4,291</td>
<td>7,922</td>
<td>—</td>
</tr>
<tr>
<td>Purchase of online audio/video content platform</td>
<td>26,982</td>
<td>4,078</td>
<td>26,982</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>39,195</td>
<td>5,924</td>
<td>31,273</td>
<td>7,922</td>
<td>—</td>
</tr>
</tbody>
</table>

Off-balance Sheet Arrangements

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. We have not entered into any derivative contracts that are indexed to our shares and classified as shareholder’s equity, or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or research and development services with us.

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Holding Company Structure

Qutoutiao Inc. is a holding company with no material operations of its own. We conduct our operations through our subsidiaries, consolidated VIE and its subsidiaries in China. As a result, Qutoutiao Inc.’s ability to pay dividends depends upon dividends paid by our PRC subsidiaries. If our existing PRC subsidiaries or any newly formed ones incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us. In addition, our wholly foreign-owned subsidiary in China is permitted to pay dividends to us only out of its retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Under PRC law, each of our subsidiaries, our consolidated VIE and its subsidiaries in China are required to set aside at least 10% of its after-tax profits each year, if any, to fund certain statutory reserve funds until such reserve funds reach 50% of its registered capital. In addition, our wholly foreign-owned subsidiary in China may allocate a portion of its after-tax profits based on PRC accounting standards to enterprise expansion funds and staff bonus and welfare funds at its discretion, and our consolidated VIE and its subsidiaries may allocate a portion of its after-tax profits based on PRC accounting standards to a discretionary surplus fund at their discretion. The statutory reserve funds and the discretionary funds are not distributable as cash dividends. Remittance of dividends by a wholly foreign-owned company out of China is subject to examination by the banks designated by SAFE. Our PRC subsidiaries have not paid dividends and will not be able to pay dividends until they generate accumulated profits and meet the requirements for statutory reserve funds.

Inflation

Since inception, inflation in China has not materially affected our results of operations. According to the National Bureau of Statistics of China, the year-over-year percent changes in the consumer price index for December 2015, December 2016 and September 2017 were increases of 1.6%, 1.9% and 1.6%, respectively. Although we have not been materially affected by inflation in the past, we may be affected if China experiences higher rates of inflation in the future.

Quantitative and Qualitative Disclosures about Market Risk

Foreign Exchange Risk

Substantially all of our revenues and substantially all of our expenses are denominated in Renminbi. The functional currency of our company and our Hong Kong subsidiary is the U.S. dollar. The functional currency of our subsidiaries in the PRC, the consolidated VIE and its subsidiaries is the Renminbi. We use Renminbi as our reporting currency. Monetary assets and liabilities denominated in currencies other than the functional currency are translated into the functional currency at the rates of exchange ruling at the balance sheet date. Transactions in currencies other than the functional currency during the year are converted into functional currency at the applicable rates of exchange prevailing when the transactions occurred. Transaction gains and losses are recognized in the statements of operations. We do not have a foreign currency translation adjustment, net, in 2016 but recorded a gain in foreign currency translation adjustment, net, of RMB25 thousand (US$4 thousand) in 2017.

We do not believe that we currently have any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge exposure to such risk. Although in general our exposure to foreign exchange risks should be limited, the value of your investment in our ADSs will be affected by the exchange rate between the U.S. dollar and the Renminbi because the value of our business is effectively denominated in Renminbi, while our ADSs will be traded in U.S. dollars.

The conversion of Renminbi into foreign currencies, including U.S. dollars, is based on rates set by the PBOC. The PRC government allowed the Renminbi to appreciate by more than 20% against the U.S. dollar between July 2005 and July 2008. Between July 2008 and June 2010, the exchange rate between the Renminbi and the U.S. dollar had been stable and traded within a narrow band. Since June 2010, the Renminbi has
fluctuated against the U.S. dollar, at times significantly and unpredictably. On November 30, 2015, the Executive Board of the International Monetary
Fund (IMF) completed the regular five-year review of the basket of currencies that make up the Special Drawing Right, or the SDR, and decided that
currency, along with the U.S. dollar, the Euro, the Japanese yen and the British pound. In the fourth quarter of 2016, the Renminbi has depreciated significantly
in the backdrop of a surging U.S. dollar and persistent capital outflows of China. With the development of the foreign exchange market and progress
towards interest rate liberalization and Renminbi internationalization, the PRC government may in the future announce further changes to the
exchange rate system, and we cannot assure you that the Renminbi will not appreciate or depreciate significantly in value against the U.S. dollar in the
future. It is difficult to predict how market forces or PRC or U.S. government policy may impact the exchange rate between the Renminbi and the U.S.
dollar in the future.

To the extent that we need to convert U.S. dollars into Renminbi for our operations, appreciation of the Renminbi against the U.S. dollar would
have an adverse effect on the Renminbi amount we receive from the conversion. Conversely, if we decide to convert Renminbi into U.S. dollars for
the purpose of making payments for dividends on our ordinary shares or ADSs or for other business purposes, appreciation of the U.S. dollar against the
Renminbi would have a negative effect on the U.S. dollar amounts available to us.

We estimate that we will receive net proceeds of approximately US$               million from this offering if the underwriters do not exercise their
option to purchase additional ADSs, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us, based
on the initial offering price of US$               per ADS, the mid-point of the estimated range of the initial public offering price. Assuming that we convert
the full amount of the net proceeds from this offering into Renminbi, a 10% appreciation of the U.S. dollar against the Renminbi, from the exchange
rate of RMB               for US$1.00 as of               , 2018 to a rate of RMB               to US$1.00, will result in an increase of RMB               million in our
net proceeds from this offering. Conversely, a 10% depreciation of the U.S. dollar against the Renminbi, from the exchange rate of RMB               for
US$1.00 as of               , 2018 to a rate of RMB               to US$1.00, will result in a decrease of RMB               million in our net proceeds from this
offering.

Interest Rate Risk

We have not been exposed to material risks due to changes in market interest rates, and we have not used any derivative financial instruments to
manage our interest rate exposure. However, we cannot provide assurance that we will not be exposed to material risks due to changes in market
interest rate in the future.

After the completion of this offering, we may invest the net proceeds we receive from the offering in interest-earning instruments. Investments in
both fixed rate and floating rate interest earning instruments carry a degree of interest rate risk. Fixed rate securities may have their fair market value
adversely impacted due to a rise in interest rates, while floating rate securities may produce less income than expected if interest rates fall.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board, or FASB, issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic
606)”, a new standard on revenue which will supersede the revenue recognition requirements in ASC 605. The new standard, as amended, sets forth a
single comprehensive model for recognizing and reporting revenues. The new guidance requires us to recognize revenue to depict the transfer of
promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those
goods or services. The new guidance requires us to apply the following steps: (1) identify the contract with a customer; (2) identify the performance
obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and
(5) recognize revenue when, or as, we satisfy a performance obligation. The standard also
requires additional financial statement disclosures that will enable users to understand the nature, amount, timing and uncertainty of revenues and cash flows relating to customer contracts. The standard is effective for us for fiscal years, and interim periods within those years, beginning on or after January 1, 2018. Early adoption is permitted but not before the original effective date of January 1, 2017. We have adopted the standard using the full retrospective method.

In January 2016, the FASB issued ASU No. 2016-01, “Financial Instruments — Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities” (“ASU 2016-01”). The main objective of this update is to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. ASU 2016-01 changes how entities measure certain equity investments and present changes in the fair value of financial liabilities measured under the fair value option that are attributable to their own credit. The guidance also changes certain disclosure requirements and other aspects of current U.S. GAAP. ASU 2016-01 is effective for annual reporting periods, and interim periods within those years beginning after December 15, 2017. Early adoption by public entities is permitted only for certain provisions. We will adopt ASU 2016-01 in the first quarter of year 2018 and does not believe the adoption will have material impact on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, “Leases” ("ASU 2016-02"). Under the new guidance, lessees will be required to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet. The update also expands the required quantitative and qualitative disclosures surrounding leases. This update is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years, with earlier application permitted. We expect to adopt the new standard in the first quarter of 2019 on a modified retrospective basis and is currently in the process of evaluating the impact of ASU 2016-02 on our consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments — Credit Losses” (“ASU 2016-13”), which introduces new guidance for credit losses on instruments within its scope. The new guidance introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments, including, but not limited to, trade and other receivables, held-to-maturity debt securities, loans and net investments in leases. The new guidance also modifies the impairment model for available-for-sale debt securities and requires the entities to determine whether all or a portion of the unrealized loss on an available-for-sale debt security is a credit loss. The standard also indicates that entities may not use the length of time a security has been in an unrealized loss position as a factor in concluding whether a credit loss exists. The ASU is effective for public companies for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted for all entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. We are in the process of evaluating the impact of ASU 2016-13 on our consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, “Statement of Cash Flows (Topic 230), a consensus of the FASB’s Emerging Issues Task Force” (“ASU 2016-15”). The new guidance is intended to reduce the diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The ASU is effective for public companies for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including interim periods within those fiscal years. An entity that elects early adoption must adopt all of the amendments in the same period. The guidance requires application using a retrospective transition method. We have early adopted ASU 2016-15 in the current year and the adoption had no material impact on our consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, “Statement of Cash Flows” (“ASU 2016-18”). This ASU affects all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This update will become effective for fiscal years beginning after December 15,
2018, and interim periods within fiscal years beginning after December 15, 2019, and early adoption is permitted in any interim or annual period. We have early adopted ASU 2016-18 in the current year and the adoption had no material impact on our consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, “Compensation — Stock compensation (Topic 718): Scope of modification accounting” (“ASU 2017-09”), which clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. ASU 2017-09 is effective prospectively for all companies for annual periods beginning on or after December 15, 2017, and early adoption is permitted. We have early adopted ASU 2017-05 in the current year and the adoption had no material impact on our consolidated financial statements.

In February 2018, the Financial Accounting Standard Board (“FASB”) issued ASU 2018-02. Income Statement — Reporting Comprehensive Income (Topic 220) — Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, to allow entities to reclassify the income tax effects of tax reform legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”) on items within accumulated other comprehensive income to retained earnings. ASU 2018-02 is effective for fiscal years and interim periods within those years beginning after December 15, 2018, and early adoption is permitted. We are currently evaluating the impact ASU 2018-02 will have on our consolidated financial statements and associated disclosures.
INDUSTRY OVERVIEW

Growth of Mobile Internet Market in China

The mobile Internet population in China has experienced substantial growth. According to the Analysys Report, the number of mobile Internet users in China grew from 652.0 million in 2013 to 970.6 million in 2017, representing a CAGR of 10.5%, and is projected to further increase to 1,104.2 million in 2020, representing a CAGR of 4.4%.

Mobile Internet Users in China

According to the Analysys Report, as of December 31, 2017, the number of mobile Internet users in tier-3 and below cities reached 495.8 million, representing 51.1% of the total number of mobile Internet users in China. The number of mobile Internet users in tier-3 and below cities has grown and is expected to continue to grow at a faster rate than those in tier-1 and tier-2 cities. This growth is largely attributable to the relatively low mobile Internet penetration rate in China’s tier-3 and below cities.

Mobile Internet Users by City Tiers in China

The below chart sets forth information as to mobile internet penetration in different tier cities in China. Mobile internet penetration in tier-3 and below cities is significantly lower than that in tier-1 and tier-2 cities, suggesting significant potential for further penetration and user growth. In contrast, populations of tier-1 and tier-2 cities already have 1.3 mobile devices per person on average, suggesting comparatively limited room for further penetration.
According to the Analysys Report, mobile Internet users in tier-3 and below cities tend to have a slower pace of life and spend more time on the Internet given limited offline entertainment venues. Moreover, people in tier-3 and below cities often enjoy rapidly increasing disposable incomes and lower financial pressures due to lower housing prices. These factors contribute to strong demand for mobile entertainment content and present significant opportunities for monetization.

Mobile Content Feed Platform Market in China

As the capabilities of mobile devices and speed of mobile networks have continued to improve, mobile devices have become the primary channel for many in China to access Internet content. However, early mobile content applications were often designed and premised upon personal computer programs or websites, which led to suboptimal experience on mobile devices. The ubiquitous nature of mobile Internet also means users need short content during brief and fragmented moments of personal time when they are otherwise idle. Lastly, the explosion in the volume and diversity of content available on the Internet calls for services that discover and deliver relevant content to users.

Mobile content feed platforms emerged as an answer to these needs. A mobile content feed application typically employs a single-column, “waterfall” like presentation with endless streams of consecutive content. This presentation is particularly suitable for mobile devices because the user interface is intuitive and designed to conveniently access and view short content during brief and fragmented time periods. Mobile content feed platforms often leverage artificial intelligence to recommend content to users based on their profiles and behaviors, fulfilling the need for personalized content.

These features contributed to the rapid growth and popularity of mobile content feed platforms. Formation of the value chain associated with such platforms has also progressed rapidly. Given the need for personalized content, many mobile content feed platforms have developed the ability to analyze and understand users’ behaviors. Such capabilities enable these platforms to provide targeted and effective advertising solutions, creating significant monetization opportunities. On the content supply side, mobile content feed platforms source content from traditional and Internet media outlets, freelancers as well as users, and these content providers are...
compensated based on content views relating to the content they have contributed, forming an inter-dependent relationship.

After years of evolution, mobile content feed platforms can be roughly divided into three main categories: content aggregators, news portals and others.

**Content Aggregators**

As forerunners of the mobile content feed platform market in China, content aggregators utilize content recommendation technology powered by big data and artificial intelligence to deliver personalized content to users. Instead of producing content in-house, content aggregators source content from third parties and distribute such content to users based on their profiles and behaviors. According to the Analysys Report, MAUs and average DAUs of China’s content aggregators increased by 58.4% and 55.4%, respectively, from 194.7 million and 90.5 million in December 2016, respectively, to 308.3 million and 140.6 million in December 2017, respectively. Content aggregators were able to enjoy significant growth due to the overwhelmingly massive amount of content that is available and users’ desire to quickly discover and access content that interests them, especially content that can satisfy their niche interests.

The below table sets forth information as to the competitive landscape of China’s content aggregator market.

<table>
<thead>
<tr>
<th>Content Aggregator</th>
<th>DAU Penetration Rate(1)</th>
<th>Application Launches per DAU per Day(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jan-17</td>
<td>Jul-17</td>
</tr>
<tr>
<td>Jinritoutiao</td>
<td>13.22%</td>
<td>15.10%</td>
</tr>
<tr>
<td>Qutoutiao</td>
<td>0.50%</td>
<td>1.11%</td>
</tr>
<tr>
<td>Kuaibao</td>
<td>4.61%</td>
<td>5.46%</td>
</tr>
<tr>
<td>Yidianzixun</td>
<td>1.20%</td>
<td>1.35%</td>
</tr>
<tr>
<td>Aikan</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

*Source: The Analysys Report*

Notes:
(1) Calculated as the content aggregator’s average DAU as a percentage of overall mobile Internet average DAUs.
(2) For the month ended July 31, 2018.

As China’s mobile aggregator market is new and evolving, information regarding the market, our competitors and their respective market position involves a number of assumptions, estimates and limitations. We have not independently verified the accuracy or incompleteness of the data contained in the table above.

According to the Analysys Report, the current and expected trends and growth drivers in China’s content aggregator market include:

- **Popularity of short videos.** Content aggregators started out by distributing articles and pictures only. Most of them have started to distribute, and increased the proportion of, short videos due to the popularity of such content format among users.
- **Inclination towards user-generated content.** Content aggregators previously shifted their content sources slowly from professional media publishers to freelancers, and now are shifting towards content generated by users. User-generated content has demonstrated ability to enhance stickiness and social connection among users and has become increasingly popular.
- **Demand for entertainment content.** Most content aggregators initially distributed news only, but they have started to distribute an increasing proportion of entertainment content to meet users’ demand for easy-to-digest content during brief and fragmented time periods.
Penetration into tier-3 and below cities. Given saturation of the content aggregator market in tier-1 and tier-2 cities, tier-3 and below cities are becoming an important growth driver.

**News Portals**

News portals are the mobile equivalent to traditional web portals and most such mobile applications originated from web portal companies. News portals originally produced their content in-house, and later supplemented their in-house content with third-party content. Content recommendations on news portals are also increasingly conducted automatically with the aid of algorithms, rather than manually by editors. According to the Analysys Report, MAUs and average DAUs of China’s news portals increased by 33.2% and 10.0%, respectively, from 280.1 million and 125.4 million in December 2016, respectively, to 373.2 million and 138.0 million in December 2017, respectively. According to the Analysys Report, news portals are expected to face continued fierce competitive pressure from content aggregators and short video platforms, and their user growth is expected to lag behind the overall growth rate of the mobile content feed platform market.

The below table sets forth information as to the competitive landscape of China’s news portal market.

<table>
<thead>
<tr>
<th>News Portal</th>
<th>DAU Penetration Rate(1)</th>
<th>Application Launches per DAU per Day(2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tencent News</td>
<td>19.64%</td>
<td>3.8</td>
</tr>
<tr>
<td>NetEase News</td>
<td>3.83%</td>
<td>4.8</td>
</tr>
<tr>
<td>Sohu News</td>
<td>3.23%</td>
<td>5.3</td>
</tr>
<tr>
<td>SINA News</td>
<td>2.76%</td>
<td>6.7</td>
</tr>
<tr>
<td>Phoenix News</td>
<td>2.64%</td>
<td>2.7</td>
</tr>
</tbody>
</table>

Source: The Analysys Report

Note:
(1) In July 2018. Calculated as the content aggregator’s average DAU as a percentage of overall mobile Internet average DAUs.
(2) For the month ended July 31, 2018.

**Other Mobile Content Feed Platforms**

In addition to content aggregators and news portals, many other mobile content feed platforms have emerged, including short video platforms and applications with embedded content feed modules.

Short video platforms focus purely on videos that are less than five minutes in length and require shorter time commitments in creation and consumption. Popularity of short videos among mobile users have increased significantly since 2017, with notable examples such as Kuaishou and Douyin. Since short video platforms have only one content format (video), users generally do not view them as directly competing with content aggregators and news portals, which provide content in multiple formats.

Recognizing the monetization potential of content feeds, many mobile applications have added content feed modules, such as mobile Baidu, UC Browser and Wi-Fi Master. The content feed module in these applications are similar in function to content aggregators and news portals. However, each of Baidu, UC Browser and Wi-Fi Master has a primary function (search engine, web browser and managing wi-fi connections, respectively) apart from its content feed. Users mainly recognize such applications for its primary function, and not for its content feed features.
Monetization Opportunities for Content Aggregators

The size of the mobile Internet advertising market in China grew from RMB13.4 billion in 2013 to RMB247.1 billion in 2017, representing a CAGR of 107.1%, and is projected to further increase to RMB407.8 billion in 2020, representing a CAGR of 18.2%, according to the Analysys Report.

![Mobile Internet Advertising Market Size in China](image1)

Source: The Analysys Report

According to the Analysys Report, the size of the content aggregator market in China grew from RMB0.2 billion in 2013 to RMB26.2 billion in 2017, representing a CAGR of 221.8%, and is projected to further increase to RMB56.5 billion in 2020, representing a CAGR of 29.2%, offering significant opportunity for growth.

![Content Aggregator Market Size in China](image2)

Source: The Analysys Report

In addition to advertising, content aggregators have other significant monetization opportunities, including mobile entertainment. Spending on education, culture and entertainment is growing rapidly in China, and has increased from approximately 10.6% of per capita total consumption expenditure in 2013 to 11.4% in 2017. The size of the mobile entertainment market in China grew from RMB23.7 billion in 2013 to RMB120.6 billion in 2016, representing a CAGR of 71.9%, and is projected to further increase to RMB234.4 billion in 2020,
representing a CAGR of 18.1%, according to the Analysys Report. As content aggregators continue to expand their content offerings, they will be able to leverage on their understanding of users’ behaviors to offer content and other products and services that will capture the entertainment spending of users.
BUSINESS

Our Mission

Bring fun and value to users through content.

Overview

We are the No. 2 mobile content aggregator in China in terms of MAUs and average DAUs in July 2018, according to the Analysys Report. Our flagship mobile application, Qutoutiao, meaning “fun headlines” in Chinese, aggregates articles and short videos from professional media and freelancers and presents customized feeds to users. These feeds are optimized in real time based on each user’s profile, behavior and social relationships through our proprietary AI-powered content recommendation engine. Since its launch in June 2016, Qutoutiao has rapidly gained popularity, reaching MAUs of approximately 48.8 million, average DAUs of approximately 17.1 million and average daily time spent per DAU of approximately 55.6 minutes in July 2018.

We believe we represent a new generation of technology-driven content platforms. Historically, users are accustomed to consume content passively as media dictate content curation. However, as the volume and diversity of content available on the Internet grow exponentially, users demand, at scale, content personalization, which is only achievable through technology. We believe our technology brings relevant information and entertainment to users, stimulates users’ desire to read, and ultimately improves the knowledge exchange in society.

Since our inception, we have strategically targeted users from tier-3 and below cities in China because of the enormous opportunities in this underserved market. As of the end of 2017, tier-3 and below cities had a population of 1,027 million each owning 0.5 mobile device on average (compared to a population of 363 million each owning 1.3 mobile devices on average in tier-1 and 2 cities), suggesting significant potential for further mobile penetration, according to the Analysys Report. Mobile users in tier-3 and below cities tend to have a slower pace of life and spend more time on the Internet given limited offline entertainment venues. Moreover, they often enjoy fast increasing disposable income and lower financial pressures thanks to lower housing prices. These factors contribute to a significant need for mobile entertainment content while also create strong monetization potential. Users from tier-3 and below cities tend to have different interests and preferences than users from tier-1 and tier-2 cities. Qutoutiao’s light entertainment-oriented and easily digestible content is designed to resonate with such users and provides us with a significant advantage to capture this underserved market.

Our rapid growth since the launch of Qutoutiao is in large part due to our innovative user account system and gamified user loyalty program. We believe we are a pioneer in the mobile content industry in applying such a loyalty program. Registered users can earn loyalty points by referring new users to register on Qutoutiao, by consuming content or by engaging on Qutoutiao. Although loyalty points only translate into trivial monetary amounts, we believe they foster users’ loyalty and emotional connection to Qutoutiao as compared to other platforms. The loyalty programs create a strong viral effect, which we believe enables us to enjoy lower user acquisition cost compared to acquiring users through other means. The gamified loyalty point system not only helps us keep users more engaged and enhance user stickiness, but also enables us to track users’ long-term behavior and optimize content recommendation, as almost all of our DAUs are logged-on users.

Covering a broad range of topics, Qutoutiao is focused on humor, stories and other light entertainment content that delight and inspire. Our content is generally sourced from professional media under a licensing arrangement or uploaded by the more than 230,000 freelancers registered on our platform. In June 2018, there were approximately 5.9 million pieces of content added to Qutoutiao, out of which approximately 2.9 million were videos. We also introduced a separate mobile application in May 2017 that allows users to create and upload videos. In addition to articles and short videos, we plan to diversify our content offerings into literature, casual games, live streaming, animations and comics, creating a comprehensive light entertainment content ecosystem.
We currently generate revenue primarily by providing advertising services. We plan to explore additional monetization opportunities as we grow our user base and introduce additional content formats, such as literatures, casual games and live streaming.

Our net revenues have increased rapidly from RMB58.0 million (US$8.8 million) in 2016 to RMB517.1 million (US$78.1 million) in 2017, and further from RMB107.3 million (US$16.2 million) in the six months ended June 30, 2017 to RMB717.8 million (US$108.5 million) in the same period in 2018. As we focused on growing our user base and enhancing our services, we have incurred net losses of RMB10.9 million (US$1.6 million) in 2016, RMB94.8 million (US$14.3 million) in 2017, RMB28.7 million (US$4.3 million) in the six months ended June 30, 2017 and RMB514.4 million (US$77.7 million) in the same period in 2018. Adjusted net losses, which represented net losses before share-based compensation expenses, were RMB10.5 million (US$1.6 million) in 2016, RMB91.4 million (US$13.8 million) in 2017, RMB28.3 million (US$4.3 million) in the six months ended June 30, 2017 and RMB329.1 million (US$49.7 million) in the same period in 2018. Share-based compensation expenses in the six months ended June 30, 2018 included RMB158.6 million (US$24.8 million) that relates to certain ordinary shares beneficially owned by certain of our co-founders that became restricted pursuant to share restriction deeds entered into by them in January 2018 and vested in the six months ended June 30, 2018.

Our Strengths

We believe our success to date is largely attributable to the following key competitive strengths.

Leading Mobile Content Aggregator

We operate a leading mobile platform that intelligently delivers personalized light entertainment content to users in China. We are the No. 2 mobile content aggregator in China in terms of MAUs and average DAUs in July 2018, according to the Analysys Report. As of June 30, 2018, Qutoutiao had approximately 133.0 million total installed users, representing more than 13 times increase from approximately 9.7 million as of December 31, 2016. Average MAUs for Qutoutiao reached approximately 32.1 million in the three months ended June 30, 2018, representing more than eight times increase from average MAUs of approximately 3.9 million in the three months ended December 31, 2016. Average DAUs for Qutoutiao reached approximately 12.3 million in the three months ended June 30, 2018, representing more than eight times increase from the average DAUs of approximately 1.5 million in the three months ended December 31, 2016.

Since our inception, we have strategically targeted users from tier-3 and below cities in China. According to the Analysys Report, the number of mobile Internet users in tier-3 and below cities has grown and is expected to continue to grow at a faster rate than those in tier-1 and tier-2 cities in China. By leveraging our market leadership and our platform’s light entertainment-oriented and easily digestible content, we believe that we are uniquely positioned to capture such opportunity in this enormous yet underserved market.

Social-based User Loyalty Programs Promoting Effective User Acquisition

We believe we are a pioneer in the mobile content feed industry in applying gamified user loyalty programs. Similar programs have proved to be very successful in other industries in enhancing user loyalties, such as in the airline, hospitality and credit card industries in China and around the world. We incentivize our users to voluntarily invite their families and friends to become our registered users by providing both existing and new registered users with loyalty points. Such word-of-mouth referral approach creates a strong viral effect, which we believe enables us to enjoy lower user acquisition cost compared to acquiring users through other means. Amongst our approximately 133.0 million installed users as of June 30, 2018, approximately 75.0% were referred by registered users. As of June 30, 2018, approximately 25 million registered users have successfully referred new users.

We believe as a first mover, we have established highly sophisticated programs refined through extensive experience that are difficult to successfully replicate. Our programs strike a careful balance between its efficacy in user acquisition and impeding those users that are merely registering on and referring our mobile applications to obtain loyalty points. Such programs also serve to imprint increased desire for users to further engage with our mobile applications after they become our registered users. We believe our user acquisition approach has
enabled, and will continue to enable, us to effectively and efficiently strengthen our market presence and attract users.

**Powerful Account System Driving High User Engagement**

We enjoy high user engagement, as represented by average daily time spent per DAU of approximately 55.6 minutes in July 2018, partly thanks to our user account system and gamified user experience. Users can earn loyalty points for viewing and sharing content, posting comments, as well as by engaging in various other activities, such as encouraging inactive users in their social circle to re-engage with Qutoutiao. We also create fun tasks such as daily missions to further enhance user engagement. Since loyalty points can only be earned while logged on, we enjoy high logged-on rate among our users as almost all of our DAUs are logged-on users as compared to other mobile content feed platforms where many users are not registered or not logged on. This gives us the ability to track users’ long-term behaviors overtime and on different devices, as well as users’ profile and social data, based on which we can improve content recommendation and introduce new features and services effectively.

Our user account system also results in users becoming accustomed to spending cash credits in their accounts to purchase merchandise on our online marketplace, as well as linking their mobile payment accounts with Qutoutiao account. We believe such users are more inclined to supplement their spending on our platform with additional funds, creating enhanced monetization opportunities for content and other products and services we aim to provide in the future.

**Differentiated and Extensive Content Offerings**

We primarily focus on providing light entertainment content that will most resonate with our target users, who live in tier-3 and below cities in China. We provide content that covers topics such as entertainment, humor, anecdote, relationship, family, health, food and pets to capture the interests of our users. Such approach contrasts with many other content feed platforms in China that design their content for users from tier-1 and tier-2 cities and concentrate on current affairs such as political and economic news.

Our content is generally sourced from professional media under a licensing arrangement or uploaded by the more than 230,000 freelancers registered on our platform. In addition, the users of Quduopai also upload short videos onto our platform. This enables us to provide an extensive and comprehensive range of content, including long-tail content appealing to various niche interests of users, further spearheading user engagement. Increased user engagement serves to further drive content providers to become even more active in uploading content, including more long-tail content, as well as attract more content providers, creating a virtuous cycle.

**Intelligent Content Delivery Supported by Artificial Intelligence and Data Capabilities**

Our strong data analytics capabilities propelled by robust technology infrastructure have enabled us to effectively and efficiently discover and deliver content to users. Through the collection of an extensive amount of user data as to their profiles, behaviors and social relationships, we can develop a highly pertinent interest and social graphs for each user. Based on our deep understanding of users’ interests, we are able to continuously refine content feeds in real time to deliver content that is most likely of interest to each user, thereby increasing user stickiness. In July 2018, the average daily time spent per DAU was approximately 55.6 minutes. Our content recommendation engine is designed to understand users’ interests and recommend content to advance such interest or for users to discover innate interests that they may not have previously identified, rather than converge recommendation into a repeated static set of content with the same issues or topics based on similar content users already viewed. As our user base grows, increasingly larger volume of data will further augment the accuracy and capability of our content recommendation engine.

**Visionary and Experienced Management Team with Track Record of Success**

Our visionary and experienced management team has been essential in driving the growth of our business. Our co-founder and executive chairman, Mr. Eric Siliang Tan, together with our co-founder, director and chief
executive officer, Mr. Lei Li, are the foundational pillars of our company and have delivered strong business results leveraging their over 20 years of combined Internet industry experience. Other members of our senior management team are also instrumental in growing our business with their proven track record in their areas of expertise. Co-founders and majority of the senior management team members have worked together previously, further enhancing the stability and consistency of our vision.

Our Strategies

Our long-term vision is to create a leading global online content ecosystem. To achieve this vision, we plan to pursue the following growth strategies.

Expand Our User Base

The entertainment needs of users from tier-3 and below cities in China represent enormous yet underserved opportunities, according to the Analysys Report. These users represent the largest yet underpenetrated mobile Internet user base in China with fast increasing disposable income and a high propensity to spend on entertainment. As such, we will continue to enhance our gamified referral-based viral user acquisition strategy focusing on users from tier-3 and below cities to rapidly grow our user base. Furthermore, we will adopt additional channels to acquire users and promote brand awareness, including through offline channels, and develop other measures to complement existing user acquisition efforts to penetrate additional market segments.

Enrich Our Content Offerings

We plan to build a comprehensive light entertainment ecosystem in China to fulfill users’ diversified entertainment needs. We aim to increase our content provider base, refine our content provider incentive system and optimize our content distribution algorithm. We will continue to improve the breadth and quality of short videos on our platform given videos’ increasing popularity among our users. We will also enrich our content offerings by diversifying into literature, casual games, live streaming, animations and comics to further enhance user experience and engagement.

Strengthen Social Features and Promote User Generated Content

Social relationships of users have underpinned the rapid growth of our business and will continue to be critical going forward. Through our user loyalty programs that encourage registered users to refer their friends and families to use our mobile applications, we possess extensive information as to the social relationships of our registered users. We believe this will serve as an invaluable foundation as to the additional social features and functions that we intent to introduce on our platform. For example, we plan to enhance content recommendation based on pages viewed by friends on the platform. We also plan to enhance the commenting and discussion features on our platform. Such efforts will enable us to further engage our users and create stronger social bonding and communications amongst them. Furthermore, we believe increased social feature will make it easier to drive user generated content. At the same time, we aim to promote our users to generate more short videos. This will serve not only as a supplementary content source to further increase content richness, but will also serve to enhance user interactions and stickiness.

Invest in Technology and Innovation

Based on big data analysis of our extensive user information, including users’ social relationships, we will further enhance our content recommendation engine. We will also optimize our advertising solution by improving our real-time predictive click-through rate model and offering superior user targeting. In addition, we will focus on enhancing our content management and delivery capabilities through increased adoption of artificial intelligence based technology and greater level of automation to achieve higher operational efficiency and scalability.
Enhance Monetization Capabilities

We currently generate most of our revenues from advertising. We intend to enhance our advertising solutions by strengthening the performance of our proprietary programmatic advertising system. We believe our strategic move to reduce the utilization of third-party advertising platforms and focus on expanding our advertising customer base and advertising agents directly will further boost our advertising revenue.

We plan to capture additional monetization opportunities by introducing new content formats. These opportunities include paid content such as literature, casual games, animation and comics, as well as content-driven e-commerce and live streaming products. In addition, we intend to increase the number of our paying users by raising their awareness of our paid content and other products and services.

Selectively Pursue Acquisition and Investment Opportunities

We plan to strengthen our platform around our light entertainment theme through selective strategic acquisitions and investments in the future. Such potential opportunities include those involving content, technology and other strategic resources to complement our platform that will provide users with an even greater entertainment experience. Moreover, we will leverage our large user base and the ecosystem surrounding our platform to enable other complementary initiatives and mobile applications to foster our business expansion and enhance our competitiveness.

Our Mobile Applications

We primarily deliver content through Qutoutiao, which is our flagship mobile application and means “fun headlines” in Chinese. Qutoutiao aggregates articles and videos uploaded from content providers and presents real-time customized feeds to users based on each user’s profile, behavior and social relationships.

The table below sets forth key operating metrics relating to the Qutoutiao mobile application.

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<tbody>
<tr>
<td>Installed users as of the end of the period</td>
<td>3.7</td>
<td>9.7</td>
<td>16.3</td>
<td>26.4</td>
<td>46.3</td>
<td>73.1</td>
<td>97.9</td>
<td>133.0</td>
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<tr>
<td>Average MAUs during the period</td>
<td>1.7</td>
<td>3.9</td>
<td>5.7</td>
<td>8.8</td>
<td>16.0</td>
<td>24.2</td>
<td>27.8</td>
<td>32.1</td>
</tr>
<tr>
<td>Average DAUs during the period</td>
<td>0.5</td>
<td>1.5</td>
<td>2.5</td>
<td>3.9</td>
<td>6.4</td>
<td>9.5</td>
<td>11.3</td>
<td>12.3</td>
</tr>
<tr>
<td>Average daily time spent per DAU during the period (minutes)</td>
<td>27.2</td>
<td>29.0</td>
<td>31.3</td>
<td>33.7</td>
<td>34.0</td>
<td>32.3</td>
<td>32.5</td>
<td>47.3</td>
</tr>
</tbody>
</table>

In June 2018, our MAUs were approximately 39.3 million, average DAUs were approximately 14.1 million and average daily time spent per DAU was approximately 56.0 minutes. In July 2018, our MAUs were approximately 48.8 million, average DAUs were approximately 17.1 million and average daily time spent per DAU was approximately 55.6 minutes. As of July 31, 2018, the total installed users was approximately 154.0 million.

Feeds are presented to users on both the main page of Qutoutiao and topic pages. Both the main page and topic pages are customized for each user using our content recommendation engine. Topic pages include, among others, videos, entertainment, humor, anecdote, relationship, family, health, food and pets. A user may also search content or follow specific content providers. Users may save their favorite content pages as well as indicate the content pages that they dislike.
We promote social interaction among users to engage them more closely with the content they have viewed as well as with each other. Users may post comments and engage in discussions with other users by responding to comments. A user can also share content through a variety of means, including emails, messaging applications or social networks.

We also offer Quduopai, which is a separate mobile application from Qutoutiao and allows users to create, upload and view videos. User generated videos can be viewed by other users of Quduopai after being screened by our content management system for quality and appropriateness. We also selectively deliver popular videos from Quduopai through Qutoutiao, which enables such videos to reach a broader audience and further enriches the content offerings on Qutoutiao. In July 2018, approximately 30% of page views and approximately 50% of user’s time spent were on videos.

Furthermore, we launched a mobile application similar to Qutoutiao but targeted towards the Southeast Asia market in late 2017.

Our mobile applications include an online marketplace in which users can purchase merchandise offered by third-party merchandise suppliers. This allows us to enhance user stickiness and benefits users by enabling them to spend cash credits earned in their accounts, while also encourage users to supplement their spending on our platform with additional funds and thus creating additional monetization opportunities for us. We select competitively-priced merchandise that we expect will be of interest to our users based on users’ purchasing power and preferences. Each merchandise supplier is responsible for shipping the merchandise directly to users. Popular offerings on our platform include consumer electronics, home appliances, cosmetics and accessories.

User Account Systems and Loyalty Programs

Our rapid growth since the launch of Qutoutiao was in large part due to our innovative user account system and gamified user loyalty program. Registered users can earn loyalty points and in certain cases cash credits by referring other users to register on Qutoutiao or by engaging in various activities on Qutoutiao while logged on to their accounts.

Loyalty points are automatically exchanged into cash credits at the end of each day based on an exchange rate determined by us. As stated in our user agreement, we have the sole discretion in determining such exchange rate. A user can only withdraw cash credits from the user’s account after the balance exceeds a minimum amount, which is determined at our sole discretion and adjusted by us from time to time. Similar programs have proved to be very successful in other industries in enhancing user loyalty, such as in the airline, hospitality and credit card industries in China and around the world. We believe our loyalty programs serve similar functions as those other programs to foster users’ loyalty and emotional connection to Qutoutiao while using the application and enhance the attractiveness of our platform over others. We believe consuming content, rather than earning loyalty points, is the main purpose for our registered users to use Qutoutiao, similar to how users in airline, hospitality and credit card industries in which earning rewards is not the main purpose as compared to the services they intend to receive in the first place. However, we have nonetheless implemented mechanisms aimed to determine if users actually viewed the relevant content and anti-fraud system to prevent potential abuse.

Referral-based Loyalty Points

Our registered users earn loyalty points when they invite others to download and register on our Qutoutiao mobile application. After an invited user registers with us, the existing registered user is eligible to receive loyalty points or cash credits. Based on our policy in the second quarter of 2018, referral reward generally ranged from RMB3 - RMB8 in terms of cash credits (or equivalent loyalty points) per referral. We are thus able to leverage the embedded social relationships of each user and prompt our users to voluntarily invite their families and friends to become our registered users.
Engagement-based Loyalty Points

A user is eligible to receive loyalty points for engaging in various activities on our Qutoutiao mobile application. Such activities include viewing and sharing content, providing valuable comments and encourage inactive users to continuously re-engage with Qutoutiao. Based on our policy in the second quarter of 2018, a typical loyalty point for viewing content translates into approximately RMB0.002 to RMB0.006 of cash credits per minute spent in viewing content. We also create fun tasks such as daily missions to tap into the competitive reward psyche of users.

User Account System and Loyalty Program for Quduopai

We offer a separate user account system and loyalty program for Quduopai. Users can earn cash credits that they can withdraw after the balance exceeds a minimum amount, which is determined at our sole discretion and adjusted by us from time to time. Users can also earn loyalty points, which can only be exchanged into coupons issued to us by a third-party that can then be used to purchase products or service on that third-party’s e-commerce website.

Our Content

We strive to become the light entertainment content platform of choice for a growing base of users. We believe that light entertainment-oriented and easily digestible content resonates with mobile users, and we primarily deliver content that can be viewed by users during a short period of time. The articles on our platform generally contain both images and short texts and can be read within one minute; and more than half of the videos on our platform run less than two minutes. In July 2018, the average daily time spent per DAU was approximately 55.6 minutes. We aim to deliver quality and relevant content to users, and content sourcing, management and recommendation are among core focuses of our operations.

Content Sourcing

We source content from over 200 professional media outlets under a licensing arrangement and from more than 230,000 freelancers registered on our platform. In June 2018, the average daily pieces of content uploaded was approximately 280,000 and the average daily pieces of content passed screening and presented to users was approximately 200,000. We operate an online content upload system and the Quduopai mobile application for content providers to prepare and upload content. Fees paid to content providers relates to the amount of views associated with such content.

A content provider that is new to our online content upload system is required to go through a registration and approval process. Each content provider is required to sign an agreement electronically in the registration process. The agreement provides, among other things, that (i) we are authorized to deliver content submitted by the content provider free of charge; (ii) the content provider acknowledges that it will not deliver illegal or inappropriate content through our platform; and (iii) we have the right to screen, sort and monitor content, and we may remove any illegal or inappropriate content without notifying the content provider. We have the right to freeze an account for any violations of the rules, such as plagiarism or submission of inappropriate content.

After its registration with us, a content provider can prepare and upload content electronically through the online content upload system. The system also allows each content provider to track its performance on a real-time basis, including information such as the number of views, comments, shares and saves for its content.

In addition, our mobile application Quduopai allows users to create, upload and view video content through their mobile phones. For further information, see “— Our Mobile Applications.”

Content Management

As a gatekeeper for our platform, our content management system is designed to ensure both the quality and appropriateness of information presented to users, which include content and comment postings. Content may be
declined for quality reasons, such as videos or pictures of low resolution or duplicative content. We also decline content and comment postings that appear to violate relevant laws and regulations or are otherwise inappropriate for our platform. We undertake an efficient and thorough screening process that involves both algorithm-based screening and manual review. We have also implemented a complaint procedure that enables us to identify inappropriate content utilizing our users’ feedback.

- **Algorithm-based Screening.** We apply algorithms to screen texts as well as images and videos. Our system screens texts based on pre-set keywords, and we utilize artificial intelligence to identify inappropriate images and videos. The screening system automatically declines content that did not meet the standards of our platform and flags suspicious content for manual review by our content management team.

- **Manual Review.** Our content management team, which consisted of 566 employees as of June 30, 2018, is responsible for monitoring all information before delivery through our platform. The content management team reviews suspicious content identified in the algorithm-based screening process and makes the final decision as to whether to decline such content. Given the complexity and diversity of information submitted to our platform, our content management team also reviews all content that were not earlier flagged in the algorithm-based screening process.

- **Complaint Procedure.** A user may submit a complaint about a specific content through our mobile applications. The user is prompted to identify the basis for the complaint, such as duplication to pre-existing content, violation of law, factual mistake, low quality or plagiarism. The user also needs to provide a written commentary to support the complaint. We remove the relevant content if we conclude that the complaint is valid. In addition, while the complaint is under review, we may also temporarily block the relevant content from being further delivered until we can investigate the complaint and reach a conclusion.

**Content Recommendation**

Our platform intelligently delivers personalized light entertainment content to users. The content recommendation process involves the following components.

- **Content Tagging.** Each content piece is labeled with tags that are associated with its topics. Before submitting an article or video, the content provider may provide up to six tags. Such tags range from general topics such as “entertainment news” to specific topics such as the name of an actor. We utilize both algorithm-based screening and manual review to further refine such tags. Furthermore, our smart video tagging technology uses deep learning that further increases the accuracy of tags. Our technology also automatically selects and displays to users the most appropriate “cover images” for videos. We believe our technology greatly improves the quality and relevance of video content shown to our users, thereby enhancing user experience.

- **Interest and Social Graphs.** Through an automated process, we develop interests and social graphs for each user based on such person’s profile, behavior and social relationships. User profile data are provided by users when registering for an account on our mobile applications. In addition, we are also able to gain a fairly accurate picture of a user’s profile, including age, gender and location, based on the user’s behavior on our platform. User’s behavior also provides us with a granular view of the topics and content characteristics that likely are of interest to the user. In addition, the interest and social graphs take into account the user’s social relationships with other users and such other users’ interests and behaviors.

- **Recommendation.** Our content recommendation engine suggests content based on each user’s interest and social graphs, and continuously receives behavioral data inputs to update and refine its recommendations in real time to identify content that is most likely of interest to each user.
Monetization

We place advertisements on our main pages, topic pages as well as content pages. We believe that our differentiated user base represents an attractive demographic target for businesses.

When we first commenced our business, we collaborated with various third-party advertising platforms to fill advertisement spaces on our mobile applications. We later engaged advertising agents to serve as our sales agents in selling our advertising solutions to other advertising agents and end advertisers. To enhance our platform’s monetization capabilities, we acquired an advertising agent in February 2018 that operates a programmatic advertising system. This system will serve to power our advertising solutions while reducing the use of third-party advertising platforms.

Our programmatic advertising system utilizes a bidding system for advertising customers to bid for the targeted audience on our platform. Our programmatic advertising system considers a wide range of parameters to determine which advertisement to show, including price bid, predicted click-through rate and content relevance, to dynamically maximize our revenue potential. Our advertising technology aims to maximize our revenue potential by rewarding the more relevant advertisement with a more prominent position, despite the potentially lower price bid of such advertisement. We actively monitor the advertisements placed to help ensure their relevance.

Customers for our programmatic advertising system are comprised of advertising agents and end advertisers. We have our own sales personnel who are responsible to support and monitor the performances of advertising agents and to attract advertising customers to use our programmatic advertising system directly. We enter into standard agreements with advertising agents generally for a term of one year. Our advertising agents are responsible for identifying end advertisers, confirming payments and setting up accounts on our programmatic advertising system for advertising customers. We provide ongoing training to advertising agents to familiarize them with the functionalities and capabilities of our programmatic advertising system. These advertising agents are responsible for collecting and submitting the relevant documentation and licenses from advertising customers for our approval to open an account on our programmatic advertising system, and are also liable for any infringement of third-party rights or violation of regulatory requirements caused by advertisements placed by their end advertisers.

Baidu, which is our largest customer and operates a third-party advertising platform, contributed 69.9%, 43.7%, 75.8% and 12.1% of our net revenues in 2016, 2017 and the six months ended June 30, 2017 and 2018, respectively. Baidu also accounted for 92.6%, 59.8% and 30.5% of our accounts receivable as of December 31, 2016 and 2017 and June 30, 2018, respectively. We supply traffic to the customer’s platform through advertisements placed on our mobile applications. We have entered into a membership registration agreement with Baidu, which contains standard terms and conditions generally applicable to companies that utilize Baidu’s advertising platform. Pursuant to the agreement, we are required to comply with the relevant laws and regulations as well as Baidu’s guidelines for its platform participants, including prohibitions on fraudulent clicks and other improper means to generate online traffic. Baidu has the right to terminate the agreement at any time.

Through collaboration with third-party merchandise suppliers, Qutoutiao include an online marketplace which users can access and purchase merchandise offered by third-party merchandise suppliers. We do not carry any inventory, and each merchandise supplier is responsible for shipping the merchandise directly to users. A user pays the purchase price for a merchandise to us. We deduct our commission related to the merchandise and remit the remainder to the relevant merchandise supplier.

Technology

We have focused on and will continue to invest in our technological infrastructure. Our business is supported by the following key technologies.

- **Interest and Social Graphing.** Through an automated process, we develop interests and social graphs for each user based on such person’s profile, behavior and social relationships. We assess the user’s
desired content characteristics through technologies including natural language processing, image analysis, and content tagging. The interest and social graphs take into account the user’s social relationships with other users and such other users’ interests, including their behaviors. We continuously refine each user’s graphs based on the user’s behavior over time through artificial intelligence.

- **Content Recommendation Engine.** Our content recommendation engine recommends content based on user behavior, and continuously receives behavioral data inputs to update and refine its recommendations in real time to identify content that is most likely of interest to each user. Our content recommendation engine is capable of processing large quantities of data, and currently can handle several billion inputs per day. In addition, new content is aggregated and recommended in real time from among millions of new content added, ensuring that our users will not miss content that may interest them when they next update their view in our mobile application.

- **Advertising.** Our advertising technology enables advertising customers to bid for audience and automatically deliver relevant, targeted promotional links to users. Our system rewards more relevant advertisements with more prominent positions, despite the potentially lower priced bids of such advertisements. Our audience segmentation technology helps ensure the relevance of advertisements shown to users by analyzing their interests through browsing activity, viewed content and commenting history. In addition, we have the ability to predict click-through rates for advertisements using logistic regression, gradient boosting decision tree and linear and nonlinear modeling algorithms. Enhanced precision of these click-through rate projections can help maximize the cost effectiveness of customers’ advertising budgets.

- **Content Screening Technology.** Our text screening system screens information based on pre-set keywords. We utilize artificial intelligence to identify inappropriate or objectionable content from images, speeches and videos, significantly increasing efficiency over manual review. We also apply deep learning methods to analyze complex visual content. Through big data and continuous training, our system is able to monitor and identify objectionable visual content with a high degree of accuracy. The screening system automatically declines content that did not meet the standards of our platform and flags suspicious content for manual review by our content management team.

- **Fraud Detection.** Our fraud detection technology focuses on ensuring that our user loyalty programs are not abused by fraudulent users or activities. Our anti-fraud system employs self-encoding and deep learning methods such as convolutional neural networks in analyzing users’ behavior as well as the location of and data from their devices to detect fraud. Our anti-fraud system assigns a fraud score to users based on the inputs it receives, with higher scores signifying a greater suspicion of fraudulent activity. We also utilize artificial intelligence methods including decision trees, random decision forests, naive Bayes classifier, Gaussian mixed model, and logistic regression to maximize the predictive accuracy of our anti-fraud system while minimizing the need for manual review.

**Marketing and Promotion**

We have historically expanded our user base primarily through word-of-mouth referrals by existing users, which is mainly driven by our user loyalty programs, light entertainment-oriented content and content recommendation technology. The loyalty programs create a strong viral effect, which we believe enables us to enjoy lower user acquisition cost compared to acquiring users through online advertising. Amongst our approximately 133.0 million installed users as of June 30, 2018, approximately 71.4% were referred by registered users. For more information on our user loyalty programs, see “— User Account Systems and Loyalty Programs — Referral-based Loyalty Points.” We intend to continue to implement innovative and cost-effective marketing initiatives. We will also explore additional channels to grow our user base, such as through advertisements on mobile channels, and further enhance our brand awareness through offline channels.
Competition

The industry we operate is highly competitive and rapidly changing due to the fast growing market and technological developments. Our ability to compete successfully depends on many factors, including the quality and relevance of our content, the robustness of our technology platform, user experience, brand recognition and reputation, the value of our services to advertising customers and our relationship with content providers.

We compete with other mobile content feed platforms for user traffic. Our primary competitors include content aggregators such as Jinritoutiao, Kuaibao (operated by Tencent) and Yidianzixun (an affiliate of Phoenix News). We are the No. 2 mobile content aggregator in China in terms of MAUs and average DAUs in July 2018, according to the Analysys Report. We believe we have differentiated ourselves from other content aggregators because of our focus on light entertainment content and users from tier-3 and below cities. To a lesser extent, we also compete with mobile news portals such as Tencent News, SINA News, Sohu News, NetEase News and Phoenix News. We believe such mobile news portals tend to concentrate on current affairs such as political and economic news. As such, their content offerings tend to differ from ours.

Employees

As of December 31, 2016 and 2017 and June 30, 2018, we had a total of 41,502 and 1,302 employees, respectively. The following table sets forth the breakdown of our employees as of June 30, 2018 by function:

<table>
<thead>
<tr>
<th>Function</th>
<th>Number of Employees</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Content management</td>
<td>566</td>
<td>43.5</td>
</tr>
<tr>
<td>Technology and product development</td>
<td>562</td>
<td>43.2</td>
</tr>
<tr>
<td>Sales, customer service and marketing</td>
<td>98</td>
<td>7.5</td>
</tr>
<tr>
<td>General administration</td>
<td>76</td>
<td>5.8</td>
</tr>
<tr>
<td>Total</td>
<td>1,302</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Our employees are based in Shanghai, Beijing and Wuhu City in Anhui Province, respectively.

We believe we offer our employees competitive compensation packages and a dynamic work environment that encourages initiative and meritocracy. As a result, we have generally been able to attract and retain qualified personnel and maintain a stable core management team. We plan to hire additional experienced and talented employees in areas such as content management and research and development as we expand our business.

As required by PRC regulations, we participate in various government statutory employee benefit plans, including social insurance funds, namely a pension contribution plan, a medical insurance plan, an unemployment insurance plan, a work-related injury insurance plan and a maternity insurance plan, and a housing provident fund. In addition, we purchased employer’s liability insurance and additional commercial health insurance to increase insurance coverage of our employees. We enter into standard labor, confidentiality and non-compete agreements with our employees. The non-compete restricted period typically expires two years after the termination of employment, and we agree to compensate the employee with a certain percentage of his or her pre-departure salary during the restricted period.

We believe that we maintain a good working relationship with our employees, and we have not experienced any major labor disputes.

Facilities

Our corporate headquarters are located in Shanghai, China, where we lease approximately 4,811 square meters of office space. We also maintain other leased offices in Beijing, Wuhu in Anhui Province and Guangzhou in Guangdong Province totaling approximately 5,960 square meters. We believe that we will be able to obtain adequate facilities, principally by lease, to accommodate our future expansion plans.
Intellectual Property

We regard our intellectual property as critical to our success. Such intellectual properties include trademarks, domain names, copyrights, know-how and proprietary technologies. We currently rely on trademarks, copyrights, trade secret law and confidentiality, invention assignment and non-compete agreements with our employees and others to protect our proprietary rights.

As of June 30, 2018, we have registered 12 trademarks in the PRC. As of June 30, 2018, we have filed 149 trademark applications in the PRC. We have not completed the trademark registration for “Qutoutiao,” the name of our flagship mobile application. After we submitted our application material with the relevant authorities, one of our competitors filed an objection on the ground that “Qutoutiao” is similar to a trademark registered by such competitor. We believe such objection is meritless and we have contested the objection and submitted the written defense to the Trademark Office in February 2018. However, there can be no assurance that we will be able to prevail and register “Qutoutiao” as a trademark. For additional information, see “Risk Factors — Risks Relating to Our Industry and Business — If we do not continue to increase the strength of our brand, we may not be able to maintain current or attract new users and customers for our products and services.”

As of June 30, 2018, we are the registered holder of 106 domain names in the PRC.

As of June 30, 2018, we have been granted 49 software copyrights and nine artwork copyrights.

Insurance

We provide social security insurance including pension insurance, unemployment insurance, work-related injury insurance and medical insurance for our employees. We also purchased employer’s liability insurance and additional commercial health insurance to increase insurance coverage of our employees. We do not maintain property insurance policies covering our equipment and other property that are essential to our business operation to safeguard against risks and unexpected events. We do not maintain business interruption insurance or general third-party liability insurance, nor do we maintain product liability insurance or key-man insurance. We consider our insurance coverage to be sufficient for our business operations in China.

Legal and Other Proceedings

We are currently not a party to any material legal or administrative proceedings. We may from time to time be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management’s time and attention.
This section sets forth a summary of the principal PRC laws and regulations relevant to our business and operations in the PRC.

**Regulations on Value-added Telecommunications Services**

*The Telecommunications Regulations of the PRC,* or the Telecom Regulations, implemented on September 25, 2000 and amended on July 29, 2014 and February 6, 2016, are the primary PRC law governing telecommunication services and set out the general framework for the provision of both “basic telecommunication services” and “value-added telecommunication services” by domestic PRC companies. “value-added telecommunication services” is defined as telecommunications and information services provided through public networks, and, according to the Telecom Regulations, operators of value-added telecommunications services shall obtain operating licenses prior to commencing operations from the Ministry of Industry and Information Technology, or the MIIT, or its provincial level counterparts.

The *Catalogue of Telecommunications Business,* or the Catalogue, which was issued as an attachment to the Telecom Regulations and recently revised and promulgated on December 28, 2015, further identifies information services as value-added telecommunications services. We engage in business activities that are value-added telecommunications services as defined and described by the Telecom Regulations and the Catalogue.

On March 5, 2009, the MIIT issued the *Measures on the Administration of Telecommunications Business Operating Permits,* or the Telecom License Measures, which initially became effective on April 10, 2009 and was amended on July 3, 2017, effective on September 1, 2017, to supplement the Telecom Regulations. The Telecom License Measures provide that there are two types of telecommunications operating licenses, or the ICP Licenses for operators in China, one for basic telecommunications services and one for value-added telecommunications services. A distinction is also made to licenses for value-added telecommunication services as to whether a license is granted for “intra-provincial” or “trans-regional” (inter-provincial) activities. An appendix to each license granted will detail the permitted activities of the enterprise to which it was granted. An approved telecommunication services operator must conduct its business (whether basic or value-added) in accordance with the specifications recorded in its ICP License.

Our business activities include providing information services and content to users through our mobile application *Qutoutiao,* which will be regarded as information services under the Catalogue. Shanghai Jifen and Anhui Zhangduan have been granted the ICP Licenses which authorize relevant companies’ provision of information services via Internet. The ICP Licenses of Shanghai Jifen and Anhui Zhangduan will remain effective until September 25, 2022 and June 20, 2022 respectively, and both of the licenses are also subject to annual inspection.

**Regulations on Foreign Direct Investment in Value-Added Telecommunications Companies**

Foreign direct investment in telecommunications companies in China is governed by the *Provisions on the Administration of Foreign-Invested Telecommunications Enterprises,* or the FITE Regulations, which were issued by the State Council on December 11, 2001, became effective on January 1, 2002 and recently amended and issued on February 6, 2016, and the *Catalogue of Industries for Guiding Foreign Investment,* or the Foreign Investment Catalogue, which was recently revised and promulgated by the National Development and Reform Commission, or the NDRC, and the MOFCOM, on June 28, 2017. Under the aforesaid regulations, foreign invested telecommunications enterprises in the PRC, or FITEs, must be established as Sino-foreign equity joint ventures. The foreign party to a FITE engaging in value-added telecommunications services may hold up to 50% of the equity of the FITE, of which the geographical area it may conduct telecommunications services is provided by the MIIT in accordance with relevant provisions as mentioned above. In addition, the major foreign investor in a value-added telecommunications business in China must satisfy a number of stringent performance and
operational experience requirements, including demonstrating a good track record and experience in operating a value-added telecommunications business. Moreover, approvals from the MIIT and the MOFCOM or their authorized local counterparts must be obtained prior to the operation of the FITe and the MIIT and the MOFCOM retain considerable discretion in granting such approvals.

On June 30, 2016, the MIIT issued an Announcement of the Ministry of Industry and Information Technology on Issues concerning the Provision of Telecommunication Services in Mainland China by Service Providers from Hong Kong and Macau, or the MIIT Announcement, which provides that investors from Hong Kong and Macau may hold no more than 50% of the equity in FITEs engaging in certain specified categories of value-added telecommunications services.

On July 13, 2006, the MIIT issued the Notice of the Ministry of Information Industry on Intensifying the Administration of Foreign Investment in Value-added Telecommunications Services, or the MIIT Notice, which reiterates certain provisions of the FITe Regulations. In addition to the provisions stated in FITe Regulations, the MIIT Notice further provide that a domestic company that holds a license for the provision of Internet information services, or an ICP license, is prohibited from leasing, transferring or selling the ICP license to foreign investors in any form, and from providing any assistance, including providing resources, sites or facilities, to foreign investors to conduct value-added telecommunications businesses illegally in China. The MIIT Notice also requires each ICP license holder to have appropriate facilities for its approved business operations and to maintain such facilities in the regions covered by its license, and specifically, with regard to the domain names and trademarks, the MIIT Notice required that trademarks and domain names that are used in the provision of Internet content services must be owned by the ICP license holder or its shareholders. Our Consolidated VIE, Shanghai Jifen, which holds the ICP license, owns our major domain names, and holds or has applied for registration in the PRC of trademarks related to our business and owns and maintains facilities that we believe are appropriate for our business operations.

In view of these restrictions on foreign direct investment in the value-added telecommunications sector, we established various domestic consolidated affiliated entities which are all subsidiaries to Shanghai Jifen, to engage in value-added telecommunications services. For a detailed discussion of our Consolidated VIE and its subsidiaries, please refer to “Our History and Corporate Structure” of this Prospectus. Due to a lack of interpretative materials from the relevant PRC governmental authorities, there are uncertainties regarding whether PRC governmental authorities would consider our corporate structure and contractual arrangements to constitute foreign ownership of a value-added telecommunications business. For details, please refer to “Risk Factors — Risks Relating to Our Industry and Business — We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of Internet businesses and companies, including limitations on our ability to own key assets such as our mobile applications.” In order to comply with PRC regulatory requirements, we operate a portion of our business through our Consolidated VIE and its subsidiaries, with which we have contractual relationships but in which we do not have an actual ownership interest. If our current ownership structure is found to be in violation of current or future PRC laws, rules or regulations regarding the legality of foreign investment in the PRC Internet sector, we could be subject to severe penalties.

Regulations on the Provision of Internet Content

Regulation on Internet Information Services

The Administrative Measures on Internet Information Services, or the Internet Content Measures, which was promulgated by the State Council on September 25, 2000 and amended on January 8, 2011, set out guidelines on the provision of Internet information services. The Internet Content Measures classifies Internet information services into commercial Internet information services and non-commercial Internet information services, and commercial Internet information services refer to services that provide information or services to Internet users with charge. A provider of commercial Internet information services must obtain an ICP License, and, prior to the application for such ICP License from the MIIT or its local branch at the provincial or municipal level,
entities providing online information services regarding news, publishing, education, medicine, health, pharmaceuticals and medical equipment must procure the consent of the national authorities responsible for such areas. As a provider of commercial Internet information services, Shanghai Jifen and Anhui Zhangduan have been granted the ICP Licenses as mentioned above, which authorize relevant companies’ provision of information services via the Internet.

In addition to the above, the ICP Measures further specifies a list of prohibited content. Internet information providers are prohibited from producing, copying, publishing or distributing information that is humiliating or defamatory to others or that infringes the legal rights of others. Internet information providers that violate such prohibition may face criminal charges or administrative sanctions. Internet information providers must monitor and control the information posted on their websites. If any prohibited content is found, they must remove the content immediately, keep a record of such content and report to the relevant authorities.

Regulation on Internet News Dissemination

Pursuant to the "Provisions for the Administration of Internet News Information Services" promulgated by the Cyberspace Administration of China, or CAOC, which was issued on May 2, 2017 and became effective on June 1, 2017, an Internet news license shall be obtained from CAOC by the service provider for the provision of internet news information services to the public in a variety of ways, including offering platforms for such dissemination. “News information” as mentioned therein includes reports and comments relating to social and public affairs such as politics, economy, military affairs and foreign affairs, as well as relevant reports and comments on social emergencies. The service providers shall meet various qualifications and requirements as listed in such regulation, and further, to provide Internet-based news information services, the service providers are also required to complete formalities for ICP License or filing with the competent telecommunications authorities in accordance with the law. In practice, Internet news information service providers that are not state-owned, such as our company, are subject to the special management stock policy, or the SMS policy, in order to apply for the Internet news license. The essence of the SMS policy is that a state-owned entity must be introduced as a shareholder of a non-state owned service provider. Under the SMS policy, normally a designated state-owned entity holds equity stock in a non-state owned service provider with no preferential rights and does not have general influence over the service provider’s daily operations, but the state-owned entity is expected to be granted the right to have decisive impacts over content censorship and content-management matters of such service provider. Despite the foregoing, recently there have been instances where the designated state-owned entity may hold preferred shares in a non-state owned service provider with preferential rights, privileges, and preferences on parity with or superior to those of any pre-existing preferred shares.

In addition to the above, such regulation also stipulates that no organization may establish Internet-based news information service agencies in the form of Sino-foreign joint ventures, Sino-foreign cooperative ventures or wholly foreign-owned enterprises. Any cooperation involving Internet-based news information services and between Internet-based news information service agencies and foreign-invested enterprises, or FIEs, shall be reported to the national CAOC for security assessment.

We are required to obtain an Internet news license from CAOC for the dissemination of news through our mobile application. We are in the process of preparing an application for an Internet news license. However, there can be no assurance that our application will be accepted or approved by the regulatory authorities. We have not issued shares with special rights to any state-owned entity. However, in the future we may issue shares with special rights to a state-owned entity in order to facilitate our Internet news license application pursuant to the SMS policy. The interests of any state-owned entity in its own capacity as our potential future shareholder may differ from the interests of our company as a whole, as what is in the best interests of our company, including matters such as whether to display certain content on our platform, may not align with the interests of the state-owned entity. For example, the state-owned entity may wish to censor content which our company otherwise would want to display. There can be no assurance that when conflicts of interest arise, a state-owned entity as our potential future shareholder will act in the best interests of our company, or that conflicts of interest
Regulation on Online Transmission of Audio-visual Programs

On December 20, 2007, the General Administration of Press and Publication, Radio, Film and Television, or GAPPRFT, and MIIT jointly issued the Administrative Provisions for the Internet Audio-Video Program Service, or the Audio-visual Program Provisions, which came into effect on January 31, 2008 and was amended on August 28, 2015. The Audio-visual Program Provisions define “Internet audio-visual programs services” as the production, edition and integration of audio-video programs, the supply of audio-video programs to the public via the Internet, and the provision of upload and audio-video programs transmission services to a third party. Entities engaging in Internet audio-visual programs services must obtain an internet audio-visual program transmission license, which will only be issued to state-owned or state-controlled entities. According to the Categories of the Internet Audio-Video Program Services modified by GAPPRFT on March 10, 2017, “aggregation of Internet audio-visual programs”, which means “editing and arranging the Internet audio-visual programs on the same website and providing searching and watching services to public users”, falls into the definition of the aforementioned “Internet audio-visual programs services.”

As of the date of this Prospectus, we do not possess an Internet audio-visual program transmission license and we cannot assure you that we will be able to obtain one. See “Risk Factors — Risks Relating to Our Industry and Business — Our lack of an Internet audio-visual program transmission license may expose us to administrative sanctions, which would materially and adversely affect our business, results of operations and financial condition.”

Regulations on Internet Publishing

On February 4, 2016, the SAPPRFT and MIIT jointly issued the Internet Publishing Rules, which took effect on March 10, 2016. “Online publications” is defined, under the Internet Publishing Rules, as digital works that are edited, produced, or processed to be published and provided to the public through the Internet, including (a) original digital works, such as articles, pictures, maps, games, and comics; (b) digital works with content that is consistent with the type of content that, prior to the Internet age, typically was published in media such as books, newspapers, periodicals, audio-visual products, and electronic publications; (c) digital works in the form of online databases compiled by selecting, arranging, and compiling other types of digital works; and (d) other types of digital works identified by the SAPPRFT. Under the Internet Publishing Rules, Internet operators distributing such online publications through information network are required to obtain an Internet publishing license from SAPPRFT. Wholly foreign-owned enterprises, Sino-foreign equity joint ventures and Sino-foreign cooperative enterprises are prohibited from engaging in the provision of Internet publishing services. In addition, project cooperation between an Internet publishing service provider and a wholly foreign-owned enterprise, Sino-foreign equity joint venture, or Sino-foreign cooperative enterprise within China or an overseas organization or individual involving Internet publishing services shall be subject to examination and approval by the GAPPRFT in advance. A company that fails to comply with these rules may be ordered to close the website or pay fines or be subject to other penalties imposed by relevant authorities.

Uncertainty remains as to the interpretation of the Internet Publishing Rules which may require us to take further actions and/or subject us to penalties. See “Risk Factors — Risks Relating to Our Industry and Business — We may be adversely affected by the complexity, uncertainties and changes in PRC regulation of Internet businesses and companies, including limitations on our ability to own key assets such as our mobile applications.”

Regulations on Online Advertising Services

On April 24, 2015, the Standing Committee of the National People’s Congress, or the SCNPC, enacted the Advertising Law of the PRC, which took effect on September 1, 2015, or the New Advertising Law, to
increase the potential legal liability of providers of advertising services, and to include provisions intended to strengthen identification of false advertising and the power of regulatory authorities. On July 4, 2016, the SAIC issued the Interim Measures of the Administration of Online Advertising, or the SAIC Interim Measures, which took effect on September 1, 2016, to further regulate Internet advertising activities.

The New Advertising Law and the SAIC Interim Measures both provide that advertisements posted or published through the Internet may not affect users’ normal usage of a network, and advertisements published in the form of pop-up windows on the Internet must display a “close” sign prominently and ensure one-key closing of the pop-up windows. The SAIC Interim Measures provide that all online advertisements must be marked “Advertisement” so that viewers can easily identify them as such.

With regard to the content of the advertisement, according to the above laws and regulations, any advertisement that contains false or misleading information to deceive or mislead consumers shall be deemed false advertising. The New Advertisement Law explicitly stipulates detailed requirements for the content of several different kinds of advertisement, including advertisements for medical treatment, pharmaceuticals, medical instruments, health food, alcoholic drinks, education or training, products or services having an expected return on investment, real estate, pesticides, feed and feed additives, and some other agriculture-related advertisement. Also, according to the SAIC Interim Measures, no advertisement of such special products or services which are subject to examination by an advertising examination authority shall be published unless it has passed such examination.

The New Advertising Law and SAIC Interim Measures require us to monitor the advertising content shown on our mobile applications to ensure that such content is true, accurate and in full compliance with applicable laws and regulations. However, we cannot assure you that all of the content contained in such advertisements is true and accurate as required by the advertising laws and regulations. For details, please see “Risk Factors — Risks Relating to Our Industry and Business — Advertisements on our mobile applications may subject us to penalties and other administrative actions.”

**Regulation on Mobile Internet Applications Information Services**

On June 28, 2016, the CAOC issued the Provisions on the Administration of Mobile Internet Applications Information Services, or the APP Provisions, which became effective on August 1, 2016. Under the APP Provisions, mobile application providers and application store service providers are prohibited from engaging in any activity that may endanger national security, disturb the social order, or infringe the legal rights of third parties, and may not produce, copy, issue or disseminate through mobile applications any content prohibited by laws and regulations. The APP Provisions also require application providers to procure relevant approval to provide services through such applications, and shall strictly fulfill their responsibilities of information security management, including (i) verifying real identities with the registered users through mobile phone numbers; (ii) establishing and improving the verification and management mechanism for the information content, adopting proper sanctions and measures such as warning, limiting functions, suspending updates, and closing accounts for releasing illegal information content; (iii) keeping records and report to competent authorities; (iv) protecting and safeguarding users’ “rights to know and rights to choose” during installation or use; (v) protecting intellectual property rights concerned and (vi) keeping records of user log information for 60 days.

**Regulation on Online Cultural Products**

On February 17, 2011, the MOC issued the new Provisional Regulations for the Administration of Online Culture, or the New Online Culture Regulations, which took effect on April 1, 2011 and was recently amended on December 15, 2017, to replace the previous regulations which were issued by MOC on May 10, 2003. The New Online Culture Regulations apply to entities engaging in activities related to “Internet cultural products”, which include those cultural products that are produced specially for Internet use, such as online music and entertainment, online games, online plays, online performances, online works of art and Web animations, and
those cultural products that, through technical means, produce or reproduce music, entertainment, games, plays and other art works for Internet dissemination.

Pursuant to the New Online Culture Regulations, commercial entities are required to apply to the relevant local branch of the MOC for an Online Culture Operating Permit if they engage in any of the following types of activities:

- the production, duplication, importation, release or broadcasting of Internet cultural products;
- the dissemination of online cultural products on the Internet or transmission thereof via Internet or mobile phone networks to users’ terminals such as computers, fixed-line or mobile phones, television sets, gaming consoles and Internet surfing service sites such as Internet cafes for the purpose of browsing, using or downloading such products; or
- the exhibition or holding of contests related to Internet cultural products.

The New Online Culture Regulations further classifies Internet cultural activities into commercial Internet cultural activities and non-commercial Internet cultural activities. Entities engaging in commercial Internet cultural activities must apply to the relevant authorities for a Network Cultural Business Permit, while non-commercial cultural entities are only required to report to related culture administration authorities within 60 days of the establishment of such entity. Our Consolidated VIE, Shanghai Jifen, as well as one of its subsidiary Anhui Zhangduan, have obtained the Network Cultural Business Permits with the business scope of operating game products (including issuance of virtual currencies in online games) and the permits will remain effective until November 2, 2019 and May 21, 2020, respectively.

**Regulation on Information Security and Censorship**

The SCNPC enacted the *Decisions on the Maintenance of Internet Security* on December 28, 2000, which was amended in August 27, 2009. Such decision makes it unlawful to: (i) gain improper entry into a computer or system of strategic importance; (ii) disseminate politically disruptive information; (iii) leak State secrets; (iv) spread false commercial information; or (v) infringe intellectual property rights. The Ministry of Public Security has promulgated measures as below that prohibit the use of the Internet in ways which, among other things, result in a leakage of State secrets or distribution of socially destabilizing content. The Ministry of Public Security has supervision and inspection rights in this regard. If an ICP license holder violates these measures, the PRC government may revoke its ICP license and shut down its websites.

On December 16, 1997, the Ministry of Public Security issued the *Administration Measures on the Security Protection of Computer Information Network with International Connections* which prohibits using the Internet to leak state secrets or to spread socially destabilizing materials. If an ICP license holder violates these measures, the PRC government may revoke its ICP license and shut down its websites. Pursuant to the *Ninth Amendment to the Criminal Law* issued by the SCNPC on August 29, 2015 and becoming effective on November 1, 2015, any ICP provider that fails to fulfill the obligations related to internet information security administration as required by applicable laws and refuses to rectify upon orders, will be subject to criminal liability for (i) any dissemination of illegal information in large scale; (ii) any severe effect due to the leakage of the client’s information; (iii) any serious loss of evidence of criminal activities; or (iv) other severe situations, and any individual or entity that (i) sells or provides personal information to others unlawfully, or (ii) steals or illegally obtains any personal information, will be subject to criminal liability in severe situations.

On November 7, 2016, the SCNPC promulgated the *PRC Cybersecurity Law*, which took effect on June 1, 2017. The PRC Cybersecurity Law applies to the construction, operation, maintenance, and use of networks as well as the supervision and administration of Internet security in the PRC. The PRC Cybersecurity Law defines “networks” as systems that are composed of computers or other information terminals and relevant facilities used for the purpose of collecting, storing, transmitting, exchanging, and processing information in accordance with

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certain rules and procedures. “Network operators,” who are broadly defined as owners and administrator of networks and network service providers, shall meet their cyber security obligations and shall take technical measures and other necessary measures to protect the safety and stability of their networks. Under the Cybersecurity Law, network operators are subject to various security protection-related obligations, including:

- complying with security protection obligations in accordance with tiered requirements with respect to maintenance of the security of Internet systems, which include formulating internal security management rules and developing manuals, appointing personnel who will be responsible for Internet security, adopting technical measures to prevent computer viruses and activities that threaten Internet security, adopting technical measures to monitor and record status of network operations, holding Internet security training events, retaining user logs for at least six months, and adopting measures such as data classification, key data backup, and encryption for the purpose of securing networks from interference, vandalism, or unauthorized visits, and preventing network data from leakage, theft, or tampering;
- verifying users’ identities before signing agreements or providing services such as network access, domain name registration, landline telephone or mobile phone access, information publishing, or real-time communication services;
- clearly indicating the purposes, methods and scope of the information collection, the use of information collection, and obtain the consent of those from whom the information is collected when collecting or using personal information;
- strictly preserving the privacy of user information they collect, and establish and maintain systems to protect user privacy;
- strengthening management of information published by users. When the network operators discover information prohibited by laws and regulations from publication or dissemination, they shall immediately stop dissemination of that information, including taking measures such as deleting the information, preventing the information from spreading, saving relevant records, and reporting to the relevant governmental agencies.

On May 2, 2017, the CAOC issued the *Measures for Security Review of Cyber Products and Services (for Trial Implementation)*, or the Cybersecurity Review Measures, which came into effect on June 1, 2017. Under the Cybersecurity Review Measures, the following cyber products and services will be subject to cybersecurity review:

- important cyber products and services purchased by networks, and information systems related to national security; and
- the purchase of cyber products and services by operators of critical information infrastructure in key industries and fields, such as public communications and information services, energy, transportation, water resources, finance, public service, and electronic administration, and other critical information infrastructure, that may affect national security.

The CAOC is responsible for organizing and implementing cybersecurity reviews, while the competent departments in key industries such as finance, telecommunications, energy, and transport are responsible for organizing and implementing security review of cyber products and services in their respective industries and fields.

To comply with the above PRC laws and regulations, we have adopted internal procedures to monitor content displayed on our website and application. However, due to the large amount of user uploaded content, we may not be able to identify all the content that may violate relevant laws and regulations. See “Risk Factors — Risks Relating to Our Industry and Business — The Chinese government may prevent us from distributing content that it believes is inappropriate and we may be subject to penalties for such content or we may have to interrupt or stop the operation of our platform.”
Regulation on Privacy Protection

On December 28, 2012, the SCNPC enacted the Decision to Enhance the Protection of Network Information, or the Information Protection Decision, to enhance the protection of User Personal Information in electronic form. The Information Protection Decision provides that Internet services providers must expressly inform their users of the purpose, manner and scope of the Internet services providers’ collection and use of User Personal Information, publish the Internet services providers’ standards for their collection and use of User Personal Information, and collect and use User Personal Information only with the consent of the users and only within the scope of such consent. The Information Protection Decision also mandates that Internet services providers and their employees must keep strictly confidential User Personal Information that they collect, and that Internet services providers must take such technical and other measures as are necessary to safeguard the information against disclosure.

On July 16, 2013, the MIIT issued the Order for the Protection of Telecommunication and Internet User Personal Information, or the Order. Most of the requirements under the Order that are relevant to Internet services providers are consistent with the requirements already established under the MIIT provisions discussed above, except that under the Order the requirements are often more strict and have a wider scope. If an Internet services provider wishes to collect or use personal information, it may do so only if such collection is necessary for the services it provides. Further, it must disclose to its users the purpose, method and scope of any such collection or use, and must obtain consent from the users whose information is being collected or used. Internet services providers are also required to establish and publish their protocols relating to personal information collection or use, keep any collected information strictly confidential, and take technological and other measures to maintain the security of such information. Internet services providers are also required to cease any collection or use of the user personal information, and de-register the relevant user account, when a given user stops using the relevant Internet service. Internet services providers are further prohibited from divulging, distorting or destroying any such personal information, or selling or providing such information unlawfully to other parties. The Order states, in broad terms, that violators may face warnings, fines, and disclosure to the public and, in the most severe cases, criminal liability.

On January 5, 2015, the SAIC promulgated the Measures on Punishment for Infringement of Consumer Rights, pursuant to which business operators collecting and using personal information of consumers must comply with the principles of legitimacy, propriety and necessity, specify the purpose, method and scope of collection and use of the information, and obtain the consent of the consumers whose personal information is to be collected. Business operators may not: (i) collect or use personal information of consumers without their consent; (ii) unlawfully divulge, sell or provide personal information of consumers to others; (iii) send commercial information to consumers without their consent or request, or when a consumer has explicitly declined to receive such information.

Regulations Related to Intellectual Property Rights

Trademark

On August 23, 1982, the SCNPC promulgated the Trademark Law of the PRC, or the Trademark Law, which was amended in 1993, 2001 and 2013. On September 15, 2002, the State Council promulgated the Implementation Regulation for the Trademark Law, which was amended on April 29, 2014.

Under the Trademark Law and the implementing regulation, the Trademark Office of the State Administration for Market Regulation, or the Trademark Office, is responsible for the registration and administration of trademarks. The Trademark Office handles trademark registrations. As with patents, China has adopted a “first-to-file” principle for trademark registration. If two or more applicants apply for registration of identical or similar trademarks for the same or similar commodities, the application that was filed first will receive preliminary approval and will be publicly announced. Registered trademarks are valid for ten years from the date the registration is approved. A registrant may apply to renew a registration within twelve months before
the expiration date of the registration. If the registrant fails to apply in a timely manner, a grace period of six additional months may be granted. If the registrant fails to apply before the grace period expires, the registered trademark shall be deregistered. Renewed registrations are valid for ten years.

In addition to the above, the SAIC has established a Trademark Review and Adjudication Board for resolving trademark disputes. According to the Trademark Law, within three months since the date of the announcement of a preliminarily validated trademark, if a titleholder is of the view that is such trademark in application is identical or similar to its registered trademark for the same type of commodities or similar commodities which violates relevant provisions of the Trademark Law, such titleholder may raise an objection to the Trademark Office within the aforesaid period. In such event, the Trademark Office shall consider the facts and grounds submitted by both the dissenting party and the party being challenged and shall decide on whether the registration is allowed within 12 months upon the expiration of the announcement after investigation and verification, and notify the dissenting party and the person challenged in writing.

We have not completed the trademark registration for “Qutoutiao,” the name of our flagship mobile application. After we submitted our application material with the Trademark Office and received the announcement of our preliminarily validated trademarks concerned in June 2017, one of our competitors filed an objection on the ground that “Qutoutiao” is similar to certain trademarks registered by such competitor. We believe such objection is meritless and we have contested the objection and submitted the written defense to the Trademark Office in February 2018. However, there can be no assurance that we will be able to prevail and register “Qutoutiao” as a trademark. See “Risk Factors — Risks Relating to Our Industry and Business — If we do not continue to increase the strength of our brand, we may not be able to maintain current or attract new users and customers for our products and services.”

As of June 30, 2018, we have registered 12 trademarks in the PRC. Including the above mentioned trademark application for “Qutoutiao”, we have filed 149 trademark applications in the PRC as of the same date.

Copyrights

On September 7, 1990, The National People’s Congress promulgated the Copyright Law, which took effect on June 1, 1991 and was amended in 2001 and in 2010. The amended Copyright Law extends copyright protection to Internet activities, products disseminated over the Internet and software products. In addition, there is a voluntary registration system administered by the China Copyright Protection Center.

In order to further implement the Computer Software Protection Regulations, promulgated by the State Council on December 20, 2001 and amended on January 30, 2013, the National Copyright Administration, or the NCA, issued the Computer Software Copyright Registration Procedures on February 20, 2002, which specify detailed procedures and requirements with respect to the registration of software copyrights. The China Copyright Protection Center shall grant registration certificates to the Computer Software Copyrights applicants which meet the requirements of both the Software Copyright Registration Procedures and the Computer Software Protection Regulations.

As of June 30, 2018, we have been granted 49 software copyrights and nine artwork copyrights in the PRC.

Domain Names

The MIIT promulgated the Measures on Administration of Internet Domain Names, or the Domain Name Measures, on August 24, 2017, which took effect on November 1, 2017 and replaced the Administrative Measures on China Internet Domain Name promulgated by MIIT on November 5, 2004. According to the Domain Name Measures, the MIIT is in charge of the administration of PRC Internet domain names. The domain name registration follows a first-to-file principle. Applicants for registration of domain names shall provide the
true, accurate and complete information of their identifications to domain name registration service institutions. The applicants will become the holder of such domain names upon the completion of the registration procedure.

As of June 30, 2018, we are the registered holder of 106 domain names in the PRC.

Regulations on Foreign Exchange

Under the Foreign Currency Administration Rules of the PRC promulgated on January 29, 1996 and most recently amended on August 5, 2008 and various regulations issued by the State Administration of Foreign Exchange, or the SAFE, and other relevant PRC government authorities, Renminbi is convertible into other currencies for current account items, such as trade-related receipts and payments and payment of interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC for capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from the SAFE or its local office. Payments for transactions that take place within the PRC must be made in Renminbi. Unless otherwise approved, PRC companies may not repatriate foreign currency payments received from abroad or retain the same abroad. FIEs may retain foreign exchange in accounts with designated foreign exchange banks under the current account items subject to a cap set by the SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaged in settlement and sale of foreign exchange pursuant to relevant SAFE rules and regulations. For foreign exchange proceeds under the capital accounts, approval from the SAFE is generally required for the retention or sale of such proceeds to a financial institution engaged in settlement and sale of foreign exchange.

Pursuant to the Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment, or the SAFE Circular 59 promulgated by SAFE on November 19, 2012, which became effective on December 17, 2012 and was further amended on May 4, 2015, approval is not required for opening a foreign exchange account and depositing foreign exchange into the accounts relating to the direct investments. SAFE Circular 59 also simplified foreign exchange-related registration required for the foreign investors to acquire the equity interests of PRC companies and further improve the administration on foreign exchange settlement for FIEs.

On February 13, 2015, the SAFE promulgated the Circular on Simplifying and Improving the Foreign Currency Management Policy on Direct Investment, or the SAFE Circular 13, effective from June 1, 2015, which cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment. In addition, SAFE Circular 13 simplifies the procedure of foreign exchange-related registration, under which investors shall register with banks for direct domestic investment and direct overseas investment.

Regulations on Dividend Distribution

The principal laws and regulations regulating the dividend distribution of dividends by FIEs in the PRC include the Company Law of the PRC, as recently amended in 2013, the Wholly Foreign-owned Enterprise Law promulgated recently amended in 2016 and its implementation regulations, the Equity Joint Venture Law of the PRC recently amended in 2016 and its implementation regulations, and the Cooperative Joint Venture Law of the PRC recently amended in 2017 and its implementation regulations.

Under the current regulatory regime in the PRC, FIEs in the PRC may pay dividends only out of their retained earnings, if any, determined in accordance with PRC accounting standards and regulations. A PRC company is required to set aside as statutory reserve funds at least 10% of its after-tax profit, until the cumulative amount of such reserve funds reaches 50% of its registered capital unless laws regarding foreign investment provide otherwise. A PRC company shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year.
As of June 30, 2018, our wholly foreign-owned subsidiary, Shanghai Quyun, has not made any profits and will not be able to pay dividends to our offshore entities until they generate accumulated profits and meet the requirements for statutory reserve funds.

Regulations on Taxation

Enterprise Income Tax

On March 16, 2007, the SCNPC promulgated the Law of the PRC on Enterprise Income Tax which was amended on February 24, 2017 and on December 6, 2007, the State Council enacted the Regulations for the Implementation of the Law on Enterprise Income Tax (collectively, the “EIT Law”). Under the EIT Law, both resident enterprises and non-resident enterprises are subject to tax in the PRC. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries but are actually or in effect controlled from within the PRC. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries and whose actual management is conducted outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from inside the PRC. Under the EIT Law and relevant implementing regulations, a uniform corporate income tax rate of 25% is applied. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 20% with respect to their income sourced from inside the PRC.

Value-added Tax

The Provisional Regulations of the PRC on Value-added Tax, or the VAT Regulations, were promulgated by the State Council on December 13, 1993 and were most recently amended on November 19, 2017. The Detailed Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (Revised in 2011) were promulgated by the Ministry of Finance on December 25, 1993 which was recently amended on October 28, 2011 (collectively with the VAT Regulations, the “VAT Law”). According to the VAT Law, all enterprises and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC must pay value-added tax. For taxpayers selling or importing goods other than those specifically listed in the VAT Law, the value-added tax rate is 17%.

On November 16, 2011, the Ministry of Finance, or the MOF, and the State Administration of Taxation, or the SAT, promulgated the Pilot Plan for Imposition of Value-Added Tax to Replace Business Tax, to lay out main content of the pilot scheme for the reform of levying value-added tax in place of business tax. Further on March 23, 2016, the MOF and the SAT jointly promulgated the Notice on Fully Promoting the Pilot Plan for Replacing Business Tax by Value-Added Tax, which became effective on May 1, 2016. Pursuant to the above mentioned notices, VAT is generally imposed in lieu of business tax in the modern service industries, including the VATS, on a nationwide basis. VAT of a rate of 6% applies to revenue derived from the provision of some modern services. Unlike business tax, a taxpayer is allowed to offset the qualified input VAT paid on taxable purchases against the output VAT chargeable on the modern services provided.

On November 19, 2017, the State Council promulgated the Decision of State Council on Abolition of the Provisional Regulations of the PRC on Business Tax and Revision of the Provisional Regulations of the PRC on Value-added Tax, which took effective on the same date, to formally abolish the Provisional Regulations of the People’s Republic of China on Business Tax and amend the VAT Regulations accordingly.

As of June 30, 2018, our PRC subsidiaries, consolidated VIE and its subsidiaries are generally subject to the VAT rates of 6%.
Withholding Tax

The EIT Law provides that since January 1, 2008, an income tax rate of 10% will normally be applicable to dividends declared to non-PRC resident investors which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends are derived from sources within the PRC.

Pursuant to an Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes, or the Double Tax Avoidance Arrangement, and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, or the SAT Circular 81, issued on February 20, 2009 by the SAT, if the relevant PRC tax authorities determine, in their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment.

Regulations on Employment

Labor Contract Law

The Labor Contract Law of the PRC, or the Labor Contract Law, which was promulgated on January 1, 2008 and amended on December 28, 2012, is primarily regulating rights and obligations of employer and employee relationships, including the establishment, performance and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts shall be concluded in writing if labor relationships are to be or have been established between employers and the employees. Employers are prohibited from forcing employees to work above certain time limit and employers shall pay employees for overtime work in accordance to national regulations. In addition, employee wages shall be no lower than local standards on minimum wages and shall be paid to employees timely.

Regulations on Social Insurance and Housing Fund

Under the Social Insurance Law of the PRC that was promulgated by the SCNPC on October 28, 2010 and came into force as of July 1, 2011 and the Interim Regulations on the Collection and Payment of Social Insurance Premiums that was promulgated by the State Council on and came into force as of January 22, 1999, employers are required to pay basic endowment insurance, unemployment insurance, basic medical insurance, employment injury insurance, maternity insurance and other social insurance for its employees at specified percentages of the salaries of the employees, up to a maximum amount specified by the local government regulations from time to time. Where an employer fails to fully pay social insurance premiums, relevant social insurance collection agency shall order it to make up for any shortfall within a prescribed time limit, and may impose a late payment fee at the rate of 0.05% per day of the outstanding amount from the due date. If such employer still fails to make up for the shortfalls within the prescribed time limit, the relevant administrative authorities shall impose a fine of 1 to 3 times the outstanding amount upon such employer.

In accordance with the Regulations on the Management of Housing Fund which was promulgated by the State Council in 1999 and amended in 2002, employers must register at the designated administrative centers and open bank accounts for depositing employees’ housing funds. Employer and employee are also required to pay and deposit housing funds, with an amount no less than 5% of the monthly average salary of the employee in the preceding year in full and on time.
Regulations on Employee Share Incentive Plans

Pursuant to the Notice of Issues Related to the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Listed Company, or SAFE Circular 7, which was issued by the SAFE on February 15, 2012, employees, directors, supervisors, and other senior management participating in any share incentive plan of an overseas publicly-listed company who are PRC citizens or who are non-PRC citizens residing in China for a continuous period of not less than one year, subject to a few exceptions, are required to register with SAFE through a domestic agency as regulated in SAFE Circular 7.

In addition, the SAT has issued certain circulars concerning employee stock options and restricted shares, including the Circular on Issues Concerning the Individual Income Tax on Share-option Incentives, or the Circular 461, which was promulgated and took effective on August 24, 2009. Under Circular 461 and other relevant laws and regulations, employees working in the PRC who exercise stock options or are granted restricted shares will be subject to PRC individual income tax. The PRC subsidiaries of an overseas listed company are required to file documents related to employee stock options and restricted shares with relevant tax authorities and to withhold individual income taxes of employees who exercise their stock option or purchase restricted shares. If the employees fail to pay or the PRC subsidiaries fail to withhold income tax in accordance with relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC governmental authorities.

Regulations Related to Mergers and Acquisitions and Overseas Listings

M&A Rules

On August 8, 2006, six PRC governmental and regulatory agencies, including MOFCOM and the China Securities Regulatory Commission, or the CSRC, promulgated the Rules on Acquisition of Domestic Enterprises by Foreign Investors, or the M&A Rules, governing the mergers and acquisitions of domestic enterprises by foreign investors that became effective on September 8, 2006 and was revised on June 22, 2009. The M&A Rules, among other things, requires that offshore special purpose vehicles that are controlled by PRC companies or individuals and that have been formed for overseas listing purposes through acquisitions of PRC domestic interest held by such PRC companies or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

In our case, the CSRC approval is considered not required in the context of this offering because (i) our wholly-owned PRC subsidiary, Shanghai Quyun, was incorporated as a foreign-invested enterprise by means of foreign direct investments rather than by merger with or acquisition of any PRC domestic companies as defined under the M&A Rules, and (ii) there is no statutory provision that clearly classifies the contractual arrangement among Shanghai Quyun and our consolidated VIE and its shareholders as transactions regulated by the M&A Rules. However, there can be no assurance that the relevant PRC government agencies, including the CSRC, would reach the same conclusion. See “Risk Factors — Risks Relating to Our Industry and Business — The approval of the China Securities Regulatory Commission, or the CSRC, may be required in connection with this offering under a PRC regulation. The regulation also establishes more complex procedures for acquisitions conducted by foreign investors that could make it more difficult for us to grow through acquisitions.”

SAFE Circular 37

Under the Circular of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles, or the SAFE Circular 37, issued by the SAFE and effective on July 4, 2014, PRC residents are required to register with the local SAFE branch prior to the establishment or control of an offshore special purpose vehicle, or the SPV, which is defined as offshore enterprises directly established or indirectly controlled by PRC residents for offshore equity financing of the enterprise assets or interests they hold in China. An amendment to registration or subsequent filing with the local SAFE branch by such PRC resident is
also required if there is any change in basic information of the offshore company or any material change with respect to the capital of the offshore company. At the same time, the SAFE has issued the Operation Guidance for the Issues Concerning Foreign Exchange Administration over Round-trip Investment regarding the procedures for SAFE registration under the SAFE Circular 37, which became effective on July 4, 2014 as an attachment of Circular 37.

Under the relevant rules, failure to comply with the registration procedures set forth in the SAFE Circular 37 may result in bans on the foreign exchange activities of the relevant onshore company, including the payment of dividends and other distributions to its offshore parent or affiliates, and may also subject relevant PRC residents to penalties under PRC foreign exchange administration regulations.

Mr. Eric Siliang Tan and Mr. Lei Li have completed the SAFE registration pursuant to SAFE Circular 37 in 2017, with Innotech Group Holdings Ltd. and News Optimizer (BV) Ltd. being separately registered as the respective “special purpose vehicle.” After transferring all shares in Innotech Group Holdings Ltd. to the trust of which himself is also a beneficiary, Mr. Eric Siliang Tan, as well as all the other beneficiaries of the trust who are PRC residents are required to complete relevant registrations pursuant to SAFE Circular 37. We have notified substantial beneficial owners of our ordinary shares and the beneficiaries of the trust who we know are PRC residents of their filing obligation, including the obligation to make updates under SAFE Circular 37, and the beneficial owners have undertaken to complete relevant registrations as soon as such registration is practical with local SAFE. Nevertheless, we may not be aware of the identities of all of our beneficial owners who are PRC residents, and we do not have control over our beneficial owners and there can be no assurance that all of our PRC-resident beneficial owners will comply with SAFE Circular 37 and subsequent implementation rules, and there is no assurance that the registration under SAFE Circular 37 and any amendment will be completed in a timely manner, or will be completed at all. See “Risk Factors — Risks Relating to Our Industry and Business — PRC regulations relating to investments in offshore companies by PRC residents may subject our PRC-resident beneficial owners or our PRC subsidiaries to liability or penalties, limit our ability to inject capital into our PRC subsidiaries or limit our PRC subsidiaries’ ability to increase their registered capital or distribute profits.”
**MANAGEMENT**

**Directors and Executive Officers**

The following table sets forth certain information relating to our directors and executive officers upon closing of this offering.

<table>
<thead>
<tr>
<th>Name</th>
<th>Age</th>
<th>Position/Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eric Siliang Tan</td>
<td>38</td>
<td>Co-founder and executive chairman</td>
</tr>
<tr>
<td>Lei Li</td>
<td>35</td>
<td>Co-founder, director and chief executive officer</td>
</tr>
<tr>
<td>Zhiliang Wang</td>
<td>34</td>
<td>Co-founder and chief technology officer</td>
</tr>
<tr>
<td>Sihui Chen</td>
<td>33</td>
<td>Co-founder and chief operating officer</td>
</tr>
<tr>
<td>Shaoqing Jiang</td>
<td>44</td>
<td>Director</td>
</tr>
<tr>
<td>James Jun Peng*</td>
<td>44</td>
<td>Independent director appointee</td>
</tr>
<tr>
<td>Feng Li*</td>
<td>42</td>
<td>Independent director appointee</td>
</tr>
<tr>
<td>Jianfei Dong</td>
<td>37</td>
<td>Director and co-president</td>
</tr>
<tr>
<td>Guangqiang Feng</td>
<td>30</td>
<td>Co-president</td>
</tr>
<tr>
<td>Jingbo Wang</td>
<td>37</td>
<td>Director and chief financial officer</td>
</tr>
<tr>
<td>Oliver Yucheng Chen</td>
<td>39</td>
<td>Director and chief strategy officer</td>
</tr>
<tr>
<td>Binjie Zhu</td>
<td>33</td>
<td>Vice president</td>
</tr>
</tbody>
</table>

*Has accepted appointment as our independent director, effective upon the SEC’s declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part.

**Mr. Eric Siliang Tan** is our co-founder and executive chairman of board of directors. Mr. Tan has more than 12 years of experience in the Internet industry and serial entrepreneurship experiences. Mr. Tan concurrently serves as chief executive officer of AdIn Media (Shanghai) Co., Ltd., an advertising technology company he founded in 2013, which was acquired in 2015 by Wutong Holding Group Co., Ltd., a company listed on Shenzhen Stock Exchange. Prior to that, Mr. Tan was head of advertising solutions of Shanghai Shengyue Advertising Co., Ltd., a subsidiary of SNDA Interactive Entertainment Limited from 2010 to 2013, in charge of developing open Internet advertising platform. Previously, Mr. Tan served at Wealink.com, an Internet recruiting company, as chief technology officer from 2008 to 2009, and at 51.com, an online game company, as engineering manager in 2008. Mr. Tan worked at Yahoo! China, with his last position as senior engineer, from 2006 to 2008. Mr. Tan graduated from Tsinghua University with a bachelor of engineering degree in automation in 2002. Mr. Tan graduated from Chinese Academy of Sciences with master of engineering degree in artificial intelligence in 2006.

**Mr. Lei Li** is our co-founder, director and chief executive officer. Mr. Li has over ten years of product experience in the Internet industry. Prior to co-founding our company, Mr. Li worked at Anhui Aoding Information Technology Co., Ltd., a subsidiary of AdIn Media (Shanghai) Co., Ltd., from 2013 to 2015, with his last position as director of product engineering. Prior to that, Mr. Li served as director of advertising solutions of Shanghai Shengyue Advertising Co., Ltd., a subsidiary of SNDA Interactive Entertainment Limited from 2010 to 2013. Previously, Mr. Li worked at 51.com, an online game company, from 2007 to 2010, with his last position as manager of research and development. Mr. Li graduated from Open University of China with an associate degree in law in 2014 and a bachelor degree in law in 2017.

**Mr. Zhiliang Wang** is our co-founder and chief technology officer. Prior to joining our company in March 2016, Mr. Wang had over ten years of experience in the Internet industry focusing on advertising and mobile applications. He worked at Baidu, Inc. as an engineering manager responsible for the mobile browser division from 2013 to 2015. Previously, Mr. Wang was a senior manager of programmatic advertising platform solutions at Shanghai Shengyue Advertising Co., Ltd., a subsidiary of SNDA Interactive Entertainment Limited from 2010 to 2013. Prior to that, Mr. Wang worked at PPLive, an online video company, as a research and development supervisor of online video from 2007 to 2010. Mr. Wang graduated from Southwestern University with a bachelor degree in information management and information systems in 2007.
Ms. Sihui Chen is our co-founder and chief operating officer. Prior to joining our company in January 2016, Ms. Chen worked at Shanghai Qingyuan Lvwang Co., Ltd., an Internet gaming company, as head of project management responsible for product development. Previously, Ms. Chen held several positions at SNDA Interactive Entertainment Limited, including executive assistant to the chief executive officer of literature division from 2012 to 2014, and corporate human resource business partner from 2007 to 2012. Ms. Chen graduated from Zhongnan University of Economics and Law with a bachelor degree in management and a bachelor degree in finance in 2007.

Mr. Shaoqing Jiang is an operational director of Chengwei Capital. Prior to joining Chengwei Capital, Mr. Jiang served at Renaissance Environmental Investment as a director from 2007 to 2012. Previously, Mr. Jiang worked at Walden International as an investment director and Cummings-Goldman Capital Partners as a vice president from 2006 to 2007. Prior to that, Mr. Jiang worked at Chengwei Ventures as an associate from 1999 to 2003. Mr. Jiang holds a bachelor degree in English from Fudan University and a master of business administration degree from Leonard Stern School of Business, New York University.

Mr. James Jun Peng will serve as our independent director upon the SEC’s declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Mr. Peng is the co-founder and CEO of Pony.ai Inc. Prior to co-founding Pony.ai Inc. in 2016, Mr. Peng served as a chief architect of the autonomous driving division, leading the overall strategy and development of Baidu’s autonomous vehicle from 2011 to 2016. Mr. Peng began his career as a software engineer at Google in 2005, specializing in backend and frontend advertising systems. Mr. Peng obtained a bachelor of civil engineering degree from Tsinghua University in 1996, a master of civil engineering degree from SUNY-Buffalo in 1998 and a doctor of philosophy degree from Stanford University in 2002.

Mr. Feng Li will serve as our independent director upon the SEC’s declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. Mr. Li has approximately 19 years of experience in business management and financial education. At the University of Michigan Stephen M. Ross School of Business, he was an Assistant Professor from July 2004 to July 2011 and the Harry Jones Associate Professor with tenure from July 2011 to June 2015. Since July 2015, Mr. Li has been a professor of accounting at Shanghai Advanced Institute of Finance of Shanghai Jiao Tong University, where he served as the Faculty Director of the Finance MBA Program and Deputy Dean for Non-Executive Programs. Mr. Li has also been an independent director and the audit committee financial expert for Sungy Mobile Limited, a company listed on the NASDAQ (NASDAQ: GOMO) and Yintech Investment Holdings Limited, a company listed on the NASDAQ (NASDAQ: YIN). Mr. Li is a member of the American Accounting Association and received the Distinguished Contribution to the Accounting Literature Award from the Association in 2018. Mr. Li graduated from Fudan University with a bachelor degree in economics in July 1996 and a master degree in economics in July 1998. He received his master degree in business administration from the University of Chicago in June 2004 and obtained a doctor of philosophy degree in accounting from the University of Chicago in June 2005.

Mr. Jianfei Dong is our director and co-president. Prior to joining our company in May 2018, Mr. Dong served as the co-chief operating officer of Inke, a mobile live streaming platform, from 2017 to 2018. Prior to that, he served as the director of technology and general manager of the mobile applications development department of Baidu from 2008 to 2017. Previously, Mr. Dong worked as a senior research and development engineer on Internet search engine at Kuxun, a travel services and search website, from 2007 to 2008. Mr. Dong graduated from Tsinghua University with a bachelor degree in control science and engineering in automation in 2005 and a master degree in control science and engineering in automation in 2007.

Mr. Guanqiang Feng is our co-president. Prior to joining our company in February 2018, he worked at a subsidiary of Reatch, an advertising technology company listed on the National Equities Exchange and Quotations in China, as the vice president of product from 2014 to 2017. Previously, Mr. Feng was a senior product manager of mobile advertising solutions at Baidu from 2012 to 2014. Mr. Feng graduated from Tongji University with a master degree in software engineering in 2013, and he graduated from Wuhan University with a bachelor degree in software engineering and economics in 2010.
Mr. Jingbo Wang is our director and chief financial officer. Prior to joining our company in February 2018, Mr. Wang served as the chief financial officer of Yintech Investment Holdings Limited since October 2014, a company listed on NASDAQ since April 2016. Prior to that, Mr. Wang worked at Deutsche Bank from 2009 to 2014, with his last position being vice president in the Corporate Finance Division. Mr. Wang graduated from Tsinghua University with a bachelor degree of engineering in automation in 2003. Mr. Wang graduated from the University of Hong Kong with a master of philosophy degree in computer science in 2005 and was awarded a doctor of philosophy degree in management studies from Said Business School, University of Oxford, in 2010.

Mr. Oliver Yucheng Chen is our director and chief strategy officer. Prior to joining our company in February 2018, Mr. Chen was a co-founding partner of Innotech Capitals from 2015 to 2018. Prior to that he was chief financial officer at AdIn Media (Shanghai) Co., Ltd. from 2014 to 2015, SNDA Interactive Entertainment Limited SDO division from 2012 to 2014 and Sohu.com video division from 2011 to 2012. Previously, Mr. Chen worked as Asia audit director of PepsiCo from 2009 to 2011. He also worked in the U.S. from 2001 to 2009 at KPMG and at Deloitte. Mr. Chen graduated from University of Michigan with a bachelor degree in economics and a master degree in accounting in 2001. He is a U.S. certified public accountant with inactive status.

Mr. Binjie Zhu is our vice president. Prior to joining our company in August 2017, Mr. Zhu was the president of VivaVideo, a leading global short video platform from 2016 to 2017. Prior to that, Mr. Zhu founded a financial technology start-up in 2015. Mr. Zhu worked at Deutsche Bank from 2010 to 2015, with his last position being vice president in the Technology, Media and Telecommunication Investment Banking Division. Mr. Zhu graduated from Tsinghua University with a bachelor degree in electronic engineering in 2007.

Board of Directors

Our board of directors will consist of eight directors upon the SEC’s declaration of effectiveness of our registration statement on Form F-1, of which this prospectus is a part. A director is not required to hold any shares in our company to qualify to serve as a director. A director may vote with respect to any contract or any proposed contract or arrangement in which he is interested, and if he does so his vote shall be counted and he may be counted in the quorum at any meeting of our directors at which any such contract or proposed contract or arrangement is considered, provided (a) such director has declared the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first considered if he knows his interest then exists, or in any other case at the first meeting of the board after he knows he is or has become so interested, either specifically or by way of a general notice and (b) if such contract or arrangement is a transaction with a related party, such transaction has been approved by the audit committee. The directors may exercise all the powers of the company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to issue debentures or other securities whenever money is borrowed or as security for any debt, liability or obligation of the company or of any third party. None of our non-executive directors has a service contract with us that provides for benefits upon termination of service.

Duties of Directors

Under Cayman Islands law, our directors have a fiduciary duty to act honestly in good faith with a view to our best interests. Our directors also have a duty to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our amended and restated memorandum and articles of association. A shareholder has the right to seek damages if a duty owed by our directors is breached.

The functions and powers of our board of directors include, among others:

- conducting and managing the business of our company;
- representing our company in contracts and deals;
- appointing attorneys for our company;
- select senior management;
- providing employee benefits and pension;
- managing our company’s finance and bank accounts;
Terms of Directors and Executive Officers

Our directors may be elected by a resolution of our board of directors, or by an ordinary resolution of our shareholders, pursuant to our amended and restated memorandum and articles of association. Each of our directors will hold office until his or her successor takes office or until his or her earlier death, resignation or removal or the expiration of his or her term as provided in the written agreement with our company, if any. A director will cease to be a director if, among other things, the director (i) dies, or becomes bankrupt or makes any arrangement or composition with his creditors; (ii) is found to be or becomes of unsound mind, (iii) resigns his office by notice in writing to the company, or (iv) without special leave of absence from our board, is absent from three consecutive board meetings and our directors resolve that his office be vacated. Our officers are elected by and serve at the discretion of the board of directors.

Pursuant to our shareholder’s agreement dated November 14, 2017 and our second amended and restated memorandum and articles of associations dated November 14, 2017, we have granted CW_toutiao Limited the right to elect, remove and replace one director on our board of directors, or the board representation rights. The shareholder’s agreement and the board presentation rights are expected to be terminated upon completion of this offering. We also expect to adopt our amended and restated memorandum and articles of associations upon the completion of this offering.

Board Committees

Our board of directors has established an audit committee, a compensation committee and a nominating and corporate governance committee. We will adopt a charter for each of the committees. Each committee’s members and functions are described below.

Audit Committee

Our audit committee will initially consist of Mr. Shaoqing Jiang, Mr. James Jun Peng and Mr. Feng Li. Mr. Feng Li will be the chairperson of our audit committee. Mr. Feng Li satisfy the criteria of an audit committee financial expert as set forth under the applicable rules of the SEC. Each of Mr. James Jun Peng and Mr. Feng Li satisfies the requirements for an “independent director” within the meaning of Rule 5605(a)(2) of the Listing Rules of the NASDAQ Global Market and will meet the criteria for independence set forth in Rule 10A-3 of the United States Securities Exchange Act of 1934, as amended, or the Exchange Act. Our audit committee will consist solely of independent directors within one year of this offering.

The audit committee oversees our accounting and financial reporting processes and the audits of our financial statements. Our audit committee is responsible for, among other things:

- selecting the independent auditor;
- pre-approving auditing and non-auditing services permitted to be performed by the independent auditor;
- annually reviewing the independent auditor’s report describing the auditing firm’s internal quality control procedures, any material issues raised by the most recent internal quality control review, or peer review, of the independent auditors and all relationships between the independent auditor and our company;
- setting clear hiring policies for employees and former employees of the independent auditors;
reviewing with the independent auditor any audit problems or difficulties and management’s response;
reviewing and, if material, approving all related party transactions on an ongoing basis;
reviewing and discussing the annual audited financial statements with management and the independent auditor;
reviewing and discussing with management and the independent auditors major issues regarding accounting principles and financial statement presentations;
reviewing reports prepared by management or the independent auditors relating to significant financial reporting issues and judgments;
reviewing reports prepared by management or the independent auditors relating to significant financial reporting issues and judgments;
discussing earnings press releases with management, as well as financial information and earnings guidance provided to analysts and rating agencies;
reviewing with management and the independent auditors the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on our financial statements;
discussing policies with respect to risk assessment and risk management with management, internal auditors and the independent auditor;
timely reviewing reports from the independent auditor regarding all critical accounting policies and practices to be used by our company, all alternative treatments of financial information within U.S. GAAP that have been discussed with management and all other material written communications between the independent auditor and management;
establishing procedures for the receipt, retention and treatment of complaints received from our employees regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by our employees of concerns regarding questionable accounting or auditing matters;
annually reviewing and reassessing the adequacy of our audit committee charter;
such other matters that are specifically delegated to our audit committee by our board of directors from time to time;
meeting separately, periodically, with management, internal auditors and the independent auditor; and
reporting regularly to the full board of directors.

Compensation Committee

Our compensation committee will initially consist of Mr. Shaoqing Jiang, Mr. James Jun Peng and Mr. Feng Li. Mr. James Jun Peng will be the chairperson of our compensation committee. Each of Mr. James Jun Peng and Mr. Feng Li satisfies the requirements for an “independent director” within the meaning of Rule 5605(a)(2) of the Listing Rules of the NASDAQ Global Market.

Our compensation committee is responsible for, among other things:
reviewing, evaluating and, if necessary, revising our overall compensation policies;
reviewing and evaluating the performance of our directors and senior officers and determining the compensation of our senior officers;
reviewing and approving our senior officers’ employment agreements with us;
setting performance targets for our senior officers with respect to our incentive—compensation plan and equity-based compensation plans;
• administering our equity-based compensation plans in accordance with the terms thereof; and such other matters that are specifically delegated to the remuneration committee by our board of directors from time to time.

Nominating and Corporate Governance Committee

Our nominating and corporate governance committee will initially consist of Mr. Eric Siliang Tan, Mr. James Jun Peng and Mr. Feng Li. Mr. Eric Siliang Tan will be the chairperson of our nominating and corporate governance committee. Each of Mr. James Jun Peng and Mr. Feng Li satisfies the requirements for an “independent director” within the meaning of Rule 5605 (a)(2) of the Listing Rules of the NASDAQ Global Market. The nominating and corporate governance committee will assist the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee will be responsible for, among other things:

• selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
• reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
• making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
• advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Compensation of Directors and Executive Officers

In 2017, we paid aggregate cash compensation of approximately RMB1.0 million (US$0.2 million) to our directors and executive officers as a group. We did not pay any other cash compensation or benefits in kind to our directors and executive officers. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers. Our PRC subsidiaries and consolidated VIE are required by law to make contributions equal to certain percentages of each employee’s salary for his or her pension insurance, medical insurance, unemployment insurance and other statutory benefits and a housing provident fund. Our board of directors may determine compensation to be paid to the directors and the executive officers. The compensation committee will assist the directors in reviewing and approving the compensation structure for the directors and the executive officers.

For information regarding share awards granted to our directors and executive officers, see “— Equity Incentive Plans.”

Employment Agreements and Indemnification Agreements

We have entered into employment agreements with each of our executive officers. Under these agreements, each of our executive officers is employed for a specified time period. We may terminate employment for cause, at any time, without advance notice, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, willful misconduct or gross negligence to our detriment, or serious breach of duty of loyalty to us. We may also terminate an executive officer’s employment without cause upon three-month advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as expressly required by applicable law of the jurisdiction where the executive officer is based. The executive officer may resign at any time with a three-month advance written notice.
Each executive officer has agreed to hold, both during and within two years after the termination or expiry of his or her employment agreement, in strict confidence and not to use, except as required in the performance of his or her duties in connection with the employment or pursuant to applicable law, any of our confidential information or trade secrets, any confidential information or trade secrets of our business partners, or the confidential or proprietary information of any third party received by us and for which we have confidential obligations. The executive officers have also agreed to disclose in confidence to us all inventions, designs and trade secrets which they conceive, develop or reduce to practice during the executive officer’s employment with us and to assign all right, title and interest in them to us, and assist us in obtaining and enforcing patents, copyrights and other legal rights for these inventions, designs and trade secrets.

In addition, each executive officer has agreed to be bound by non-competition and non-solicitation restrictions during the term of his or her employment and typically for one year following the last date of employment. Specifically, each executive officer has agreed not to (i) approach financial institutions, dealers or other persons or entities introduced to the executive officer in his or her capacity as a representative of us for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors, without our express consent; or (iii) seek directly or indirectly, to solicit the services of any of our employees who is employed by us on or after the date of the executive officer’s termination, or in the year preceding such termination, without our express consent.

We intend to enter into indemnification agreements with each of our directors and executive officers. Under these agreements, we may agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being a director or officer of our company.

**Equity Incentive Plans**

**2017 Equity Incentive Plan**

After our company was incorporated in July 2017, we agreed to assume obligations and duties under pre-existing share options that were granted by Shanghai Jifen from 2016 to 2017, and we determined to do so pursuant to an equity incentive plan in order to preserve the interests of the holders of such existing options. For this purpose, our board of directors adopted our 2017 equity incentive plan in February 2018. The purpose of the 2017 equity incentive plan is to attract and retain the services of key personnel and to provide means for directors, officers, employees, consultants and other service providers to acquire and maintain an interest in us, which interest may be measured by reference to the value of ordinary shares.

The 2017 equity incentive plan provides for an aggregate amount of no more than 10,000,000 ordinary shares to be issued pursuant to share options granted under the plan. No more than 10,000,000 ordinary shares may be issued upon the exercise of incentive stock options. Generally, if any share option (or portion thereof) under the 2017 equity incentive plan terminates, expires, lapses or is canceled for any reason without being vested or exercised, or is settled in cash or other property, as applicable, the ordinary shares subject to such share option will again be available for future grant, unless the plan has expired.

As of the date of this prospectus, options to purchase all the 10,000,000 ordinary shares have been granted under the 2017 equity incentive plan.

**Administration**

The 2017 equity incentive plan will be administered by our board of directors or any other committee of board of directors or any member(s) of the board of directors or officer(s) who have been delegated any authority...
pursuant to the 2017 equity incentive plan. The plan administrator is authorized to interpret the plan and to determine the provisions of each share option including the number of shares covered, the exercise price, and the vesting schedule. In addition, the plan administrator may (i) select the recipients of share options, (ii) prescribe the forms of share option agreements and amend any share option agreement (subject to certain limitations), (iii) allow a participant to satisfy minimum tax withholding obligations by withholding shares to be issued pursuant to a share option and (iv) make other decisions and determinations as provided in the 2017 equity incentive plan.

Types of Awards

The 2017 equity incentive plan permits awards of options.

Change in Control

In the event of a change in control, the plan administrator may, in its sole discretion, (i) adjust the number and kind of shares and prices subject to share options then held by a participant in the 2017 equity incentive plan to provide the assumption or substitution of any share option or provide for the assumption, conversion or replacement of any option with other rights (including cash) or property (as the plan administrator selects or determines to be reasonable, equitable and appropriate) (ii) accelerate the vesting, in whole or in part, of any share option, or (iii) purchase any share option for an amount of cash or shares (in accordance with the terms of the 2017 equity incentive plan). In the event a successor or surviving company refuses to assume, convert or replace a share option, then the outstanding share options shall fully vest. A “change of control” under the 2017 equity incentive plan is defined as (i) an amalgamation, arrangement, merger, consolidation or scheme of arrangement in which our company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which our company is incorporated or which following such transaction the holders of our company’s voting shares immediately prior to such transaction own more than fifty percent (50%) of the voting shares of the surviving entity; (ii) the sale, transfer or other disposition of all or substantially all of the assets of our company (other than to one of our subsidiaries); (iii) the completion of a voluntary or insolvent liquidation or dissolution of our company; (iv) any takeover, reverse takeover, scheme of arrangement, or series of related transactions culminating in a reverse takeover or scheme of arrangement (including, but not limited to, a tender offer followed by a takeover or reverse takeover) in which our company survives but (A) the shares of our company outstanding immediately prior to such transaction are converted or exchanged by virtue of the transaction into other property, whether in the form of shares, securities, cash or otherwise, or (B) the shares carrying more than 50% of the total combined voting power of our company’s then issued and outstanding shares are transferred to a person or persons different from those who held such shares immediately prior to such transaction culminating in such takeover, reverse takeover or scheme of arrangement, or (C) our company issues new voting shares in connection with any such transaction such that holders of the our company’s voting shares immediately prior to the transaction no longer hold more than 50% of the voting shares of our company after the transaction; or (v) the acquisition in a single or series of related transactions by any person or related group of persons (other than employees of our company, our subsidiaries or any other person in or of which our company or subsidiaries holds a substantial economic interest or possesses the power to direct or cause the direction of the management policies or entities established for the benefit of the employees of our company, our subsidiaries or any other person in or of which our company or subsidiaries holds a substantial economic interest or possesses the power to direct or cause the direction of the management policies) of (A) control of our board of directors or the ability to appoint a majority of the members of our board of directors, or (B) beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of shares carrying more than 50% of the total combined voting power of the our company’s then issued and outstanding shares.

Term

Unless terminated earlier, the 2017 equity incentive plan will expire ten years from the date the 2017 equity incentive plan becomes effective. Options granted or issued under the 2017 equity incentive plan on or prior to
the date of its termination will continue in effect subject to the terms of the 2017 equity incentive plan and the applicable option agreement.

**Vesting Schedule**

In general, the plan administrator determines the vesting schedule of each share option as evidenced by an option agreement. The plan administrator may accelerate the vesting of any share option.

**Amendment and Termination of Plan**

Our board of directors, in its sole discretion, may at any time amend, alter or discontinue the 2017 equity incentive plan, subject to certain exceptions.

**Granted Options**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Ordinary Shares Underlying Options Awarded</th>
<th>Option Exercise Price</th>
<th>Grant Date</th>
<th>Option Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zhiliang Wang</td>
<td>Chief technology officer</td>
<td>2,372,965</td>
<td>US$ 0.0001</td>
<td>June 30, 2016</td>
<td>June 30, 2026</td>
</tr>
<tr>
<td>Sihui Chen</td>
<td>Chief operating officer</td>
<td>957,655</td>
<td>US$ 0.0001</td>
<td>June 30, 2016</td>
<td>June 30, 2026</td>
</tr>
<tr>
<td>Binjie Zhu</td>
<td>Vice president of growth</td>
<td>*</td>
<td>US$ 0.0001</td>
<td>September 30, 2017</td>
<td>September 30, 2027</td>
</tr>
</tbody>
</table>

* Less than 1% of our outstanding shares assuming conversion of all convertible redeemable preferred shares into ordinary shares.

**Share Restriction Deeds**

On January 3, 2018, entities respectively controlled by our co-founders Mr. Eric Siliang Tan and Mr. Lei Li entered into share restriction deeds with us, pursuant to which a total of 15,937,500 ordinary shares beneficially owned by such co-founders became restricted shares. 12,187,500 of such restricted shares are beneficially owned by Mr. Eric Siliang Tan and will be vested in a period over 34 months. 3,750,000 of such restricted shares are beneficially owned by Mr. Lei Li and will be vested in a period over 24 months. At the end of the vesting periods, all such shares will have vested and will no longer constitute restricted shares. In the event that a co-founder voluntarily and unilaterally terminates his employment or service relationship with us or his employment or service relationship is terminated by us for cause as specified in the applicable deed, the entity controlled by such co-founder is obligated to sell to us all of the restricted shares (but excluding vested shares as of such time) held by it at a price of US$0.0001 per share. These share restriction deeds will be terminated, and any remaining restricted shares will be vested, upon the completion of this offering. For accounting purposes, this transaction has been reflected retrospectively similar to a reverse stock split, with a grant of 15,937,500 restricted shares to be recognized in January 2018 at their then fair value of approximately US$128.1 million and recognized as compensation expense over the vesting periods.

**2018 Equity Incentive Plan**

In February 2018, our board of directors adopted our 2018 equity incentive plan pursuant to which equity-based awards may be granted to eligible participants. The purpose of the 2018 equity incentive plan is to attract and retain the services of key personnel by providing additional incentive to promote the business of our company.
The 2018 equity incentive plan provides for an aggregate amount of no more than 2,964,141 ordinary shares to be issued pursuant to equity-based awards granted under the plan. No more than 2,964,141 ordinary shares may be issued upon the exercise of incentive stock options. Generally, if any award (or portion thereof) under the 2018 equity incentive plan terminates, expires, lapses, is canceled for any reason without being vested or exercised, or is settled in cash or other property, as applicable, the ordinary shares subject to such award will again be available for future grant.

As of the date of this prospectus, equity-based awards with respect to 2,873,598 ordinary shares have been granted under the 2018 equity incentive plan.

Administration

The 2018 equity incentive plan will be administered by our board of directors or any other committee of board of directors or any member(s) of the board of directors or officer(s) who have been delegated any authority pursuant to the 2018 equity incentive plan. The plan administrator is authorized to interpret the plan and to determine the provisions of each award including the number of shares covered, the type of award, the exercise price, if applicable, and the vesting schedule. In addition, the plan administrator may (i) select the recipients of awards, (ii) prescribe the forms of award agreements and amend any award agreement (subject to certain limitations), (iii) allow a participant to satisfy minimum tax withholding obligations by withholding shares to be issued pursuant to an award and (iv) make other decisions and determinations as provided in the 2018 equity incentive plan.

Types of Awards

The 2018 equity incentive plan permits awards of, among others, options, restricted shares and restricted share units.

Change in Control

In the event of a change in control, the plan administrator may, in its sole discretion, (i) adjust the number and kind of shares and prices subject to awards then held by a participant in the 2018 equity incentive plan to provide the assumption or substitution of any award or provide for the assumption, conversion or replacement of any option with other rights (including cash) or property (as the plan administrator selects or determines to be reasonable, equitable and appropriate) (ii) accelerate the vesting, in whole or in part, of any award, or (iii) purchase any award for an amount of cash or shares (in accordance with the terms of the 2018 equity incentive plan). In the event a successor or surviving company refuses to assume, convert or replace an award, then the outstanding awards shall fully vest. A “change of control” under the 2018 equity incentive plan is defined as (i) an amalgamation, arrangement, merger, consolidation or scheme of arrangement in which our company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which our company is incorporated or which following such transaction the holders of our company’s voting shares immediately prior to such transaction own more than fifty percent (50%) of the voting shares of the surviving entity; (ii) the sale, transfer or other disposition of all or substantially all of the assets of our company (other than to one of our subsidiaries); (iii) the completion of a voluntary or insolvent liquidation or dissolution of our company; (iv) any takeover, reverse takeover, scheme of arrangement, or series of related transactions culminating in a reverse takeover or scheme of arrangement (including, but not limited to, a tender offer followed by a takeover or reverse takeover) in which our company survives but (A) the shares of our company outstanding immediately prior to such transaction are converted or exchanged by virtue of the transaction into other property, whether in the form of shares, securities, cash or otherwise, or (B) the shares carrying more than 50% of the total combined voting power of our company’s then issued and outstanding shares are transferred to a person or persons different from those who held such shares immediately prior to such transaction culminating in such takeover, reverse takeover or scheme of arrangement, or (C) our company issues
new voting shares in connection with any such transaction such that holders of the our company’s voting shares immediately prior to the transaction no longer hold more than 50% of the voting shares of our company after the transaction; or (v) the acquisition in a single or series of related transactions by any person or related group of persons (other than employees of our company, our subsidiaries or any other person in or of which our company or subsidiaries holds a substantial economic interest or possesses the power to direct or cause the direction of the management policies or entities established for the benefit of the employees of our company, our subsidiaries or any other person in or of which our company or subsidiaries holds a substantial economic interest or possesses the power to direct or cause the direction of the management policies) of (A) control of our board of directors or the ability to appoint a majority of the members of our board of directors, or (B) beneficial ownership (within the meaning of Rule 13d-3 under the Exchange Act) of shares carrying more than 50% of the total combined voting power of the our company’s then issued and outstanding shares.

**Term**

Unless terminated earlier, the 2018 equity incentive plan will expire ten years from the date the 2018 equity incentive plan becomes effective. Awards made under the 2018 equity incentive plan on or prior to the date of its termination will continue in effect subject to the terms of the 2018 equity incentive plan and the applicable award agreement.

**Vesting Schedule**

In general, the plan administrator determines the vesting schedule of each award as evidenced by an award agreement. The plan administrator may accelerate the vesting of any award.

**Amendment and Termination of Plan**

Our board of directors, in its sole discretion, may at any time amend, alter or discontinue the 2018 equity incentive plan, subject to certain exceptions.

**Granted Options**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
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<th>Option Exercise Price</th>
<th>Grant Date</th>
<th>Option Expiration Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jianfei Dong</td>
<td>Director and co-president</td>
<td>*</td>
<td>US$ 0.0001</td>
<td>June 30, 2018</td>
<td>June 30, 2028</td>
</tr>
<tr>
<td>Guangqiang Feng</td>
<td>Co-president</td>
<td>*</td>
<td>US$ 0.0001</td>
<td>February 28, 2018</td>
<td>February 28, 2028</td>
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<tr>
<td>Jingbo Wang</td>
<td>Director and chief financial officer</td>
<td>*</td>
<td>US$ 0.0001</td>
<td>February 28, 2018</td>
<td>February 28, 2028</td>
</tr>
</tbody>
</table>

* Less than 1% of our outstanding shares assuming conversion of all convertible redeemable preferred shares into ordinary shares.

As of the date of this prospectus, aside from grants of options, no other awards have been granted under our 2018 equity incentive plan.

**Equity Incentive Trust**

An equity incentive trust was established pursuant to a deed dated February 26, 2018 among us, The Core Trust Company Limited, as the trustee, and Qu World Limited, as a nominee. Through such trust, our ordinary shares underlying equity awards granted pursuant to our 2017 and 2018 equity incentive plans may be provided to certain of recipients of such equity awards. As of the date hereof, Qu World Limited holds 9,500,000 ordinary shares pursuant to our 2017 equity incentive plan. As of the date hereof, 4,477,377 of such ordinary shares are underlying shares of vested options, and 4,946,301 of such ordinary shares are underlying shares of unvested
options. Upon satisfaction of vesting conditions and exercise by a grant recipient, the trustee will transfer the ordinary shares underlying the relevant equity awards to such grant recipient.

The trust deed provides that the trustee shall not have any voting power in relation to the 9,500,000 ordinary shares held by Qu World Limited.
PRINCIPAL SHAREHOLDERS

The following table sets forth information as of the date of this prospectus with respect to the beneficial ownership of our ordinary shares by:

- each of our directors and executive officers; and
- each person known to us to own beneficially 5.0% or more of our ordinary shares.

Beneficial ownership is determined in accordance with the rules of the SEC and includes voting or investment power with respect to, or the power to receive the economic benefit of ownership of, the securities. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included shares that the person has the right to acquire within 60 days, including through the exercise of any option or other right or the conversion of any other security.

The total number of ordinary shares issued and outstanding as of the date of this prospectus is 67,386,092, including (i) 9,500,000 ordinary shares held by a nominee of our equity incentive trust, of which 4,477,377 are underlying shares of vested options as of the date hereof and (ii) 15,937,500 ordinary shares which are restricted shares beneficially owned by certain of our co-founders and are expected to be fully vested upon the completion of this offering, and assuming conversion of all convertible redeemable preferred shares into ordinary shares.
For the purpose of the table below that sets forth information as to the beneficial ownership of our ordinary shares, the total number of ordinary shares issued and outstanding after completion of this offering will be 34,248,442, comprising 27,123,442 Class A ordinary shares and 7,125,000 Class B ordinary shares, which is based upon (i) the designation of all ordinary shares held by Innotech Group Holdings Ltd. and News Optimizer (BV) Ltd. into 27,123,442 Class B ordinary shares and 7,125,000 Class B ordinary shares, respectively, on a one-for-one basis upon the completion of this offering; (ii) the designation of all of the remaining outstanding ordinary shares (including the 9,500,000 ordinary shares held by a nominee of our equity incentive trust, of which 4,477,377 are underlying shares of vested options as of the date hereof) and the automatic conversion of all issued and outstanding convertible preferred shares into Class A ordinary shares on an one-for-one basis upon the completion of this offering; (iii) automatic conversion of Series C1 preferred shares issuable to a group of investors into 2,175,780 Class A ordinary shares; and (iv) 90,543 Class A ordinary shares issued in connection with this offering (assuming the underwriters do not exercise their option to purchase additional ADSs), but excludes (i) 2,873,598 ordinary shares issuable upon the exercise of outstanding share options under our 2018 equity incentive plan; and (ii) 90,543 ordinary shares reserved for future issuance under our 2018 equity incentive plan. The underwriters may choose to exercise the over-allotment option in full, in part or not at all.

<table>
<thead>
<tr>
<th>Ordinary Shares Beneficially Owned Prior to This Offering</th>
<th>Ordinary Shares Beneficially Owned After This Offering</th>
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<tr>
<td></td>
<td>Percentage of total ordinary shares on an as-converted basis</td>
</tr>
<tr>
<td>Directors and Executive Officers:*</td>
<td>Number</td>
</tr>
<tr>
<td>Eric Siliang Tan(1)</td>
<td>27,123,442</td>
</tr>
<tr>
<td>Lei Li(2)</td>
<td>7,125,000</td>
</tr>
<tr>
<td>Zhiliang Wang</td>
<td>—</td>
</tr>
<tr>
<td>Sihui Chen</td>
<td>—</td>
</tr>
<tr>
<td>Shaoqing Jiang</td>
<td>—</td>
</tr>
<tr>
<td>James Jun Peng</td>
<td>—</td>
</tr>
<tr>
<td>Feng Li</td>
<td>—</td>
</tr>
<tr>
<td>Jianfei Dong</td>
<td>—</td>
</tr>
<tr>
<td>Guanqiang Feng</td>
<td>—</td>
</tr>
<tr>
<td>Jingbo Wang</td>
<td>—</td>
</tr>
<tr>
<td>Oliver Yucheng Chen</td>
<td>—</td>
</tr>
<tr>
<td>Binjie Zhu</td>
<td>—</td>
</tr>
<tr>
<td>Directors and Executive Officers as a Group</td>
<td>34,248,442</td>
</tr>
<tr>
<td>Principal Shareholders</td>
<td></td>
</tr>
<tr>
<td>Innotech Group Holdings Ltd.(1)</td>
<td>27,123,442</td>
</tr>
<tr>
<td>Qu World Limited(3)</td>
<td>9,500,000</td>
</tr>
<tr>
<td>News Optimizer (BV) Ltd.(2)</td>
<td>7,125,000</td>
</tr>
<tr>
<td>Image Flag Investment (HK) Limited(4)</td>
<td>5,420,144</td>
</tr>
</tbody>
</table>

* The business address for our directors and executive officers is 11/F, Block 3, XingChuang Technology Center, Shen Jiang Road 5005, Pudong New Area, Shanghai 200120, People’s Republic of China.

** For each person and group included in this column, the percentage of voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Class A and Class B ordinary shares as a single class. In respect of all matters upon which the ordinary shares are entitled to vote, each Class A ordinary share is entitled to one vote, and each Class B ordinary share is entitled to ten (10) votes, voting together as one class. Each Class B ordinary share is convertible into one Class A ordinary share at any time by the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances.
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(1) Represents 27,123,442 ordinary shares that are held by Innotech Group Holdings Ltd., a limited liability company established in the Cayman Islands. All such ordinary shares will be designated into Class B ordinary shares on a one-for-one basis upon the completion of this offering. Innotech Group Holdings Ltd. is indirectly wholly owned by a trust of which Mr. Eric Siliang Tan and his family are beneficiaries. The registered address of Innotech Group Holdings Ltd. is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

In January 2018, Innotech Group Holdings Ltd. entered into a share restriction deed with us, pursuant to which 12,187,500 of ordinary shares held by Innotech Group Holdings Ltd. became restricted shares. Innotech Group Holdings Ltd. holds voting power associated with such restricted shares, and the restricted shares are included in the total number of ordinary shares held by Innotech Group Holdings Ltd. For further information, see “Management — Equity Incentive Plans — Share Restriction Deeds.”

(2) Represents 7,125,000 ordinary shares that are held by News Optimizer (BV) Ltd., a limited liability company established in the British Virgin Islands that is wholly owned by Mr. Lei Li. All such ordinary shares will be designated into Class B ordinary shares on a one-for-one basis upon the completion of this offering. The registered address of News Optimizer (BV) Ltd. is OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands.

In January 2018, News Optimizer (BV) Ltd. entered into a share restriction deed with us, pursuant to which 3,750,000 of ordinary shares held by News Optimizer (BV) Ltd. became restricted shares. News Optimizer (BV) Ltd. holds voting power associated with such restricted shares, and the restricted shares are included in the total number of ordinary shares held by News Optimizer (BV) Ltd. For further information, see “Management — Equity Incentive Plans — Share Restriction Deeds.”

(3) Represents 9,500,000 ordinary shares held by Qu World Limited, a limited liability company established in the British Virgin Islands, as a nominee of our equity incentive trust. All such ordinary shares will be designated into Class A ordinary shares on a one-for-one basis upon the completion of this offering. Qu World Limited is wholly owned by The Core Trust Company Limited, a trust company established in Hong Kong that acts as the trustee of our equity incentive trust. Registered address of Qu World Limited is Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

The trust deed for our equity incentive trust provides that the trustee shall not have any voting power in relation to the 9,500,000 ordinary shares held by Qu World Limited.

(4) Represents 5,420,144 Class A ordinary shares upon conversion of 5,420,144 Series B1 convertible redeemable preferred shares held by Image Flag Investment (HK) Limited, a limited liability company incorporated in Hong Kong. Image Flag Investment (HK) Limited is wholly owned by Tencent, a company incorporated in the Cayman Islands and listed on the Hong Kong Stock Exchange. The registered address of Image Flag Investment (HK) Limited is 29/F., Three Pacific Place, No. 1 Queen’s Road East, Wanchai, Hong Kong. The registered address of Tencent is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The trustee of our equity incentive trust does not have any voting power in relation to the 9,500,000 ordinary shares held by Qu World Limited. As such, 57,886,092 of the 67,386,092 ordinary shares issued and outstanding as of the date of this prospectus have voting power.

Pursuant to power of attorney by several shareholders, Innotech Group Holdings Ltd. has the right to exercise the voting power associated with 1,931,265 ordinary shares held by such shareholders. As a result, Innotech Group Holdings Ltd. has the voting power over 29,054,707 ordinary shares, or 50.2% of the aggregate voting power of our issued and outstanding share capital as of the date of this prospectus. The power of attorney will be terminated upon the completion of this offering, and the table above assumes such termination.

As of the date of this prospectus, none of our outstanding ordinary shares or convertible redeemable preferred shares is held by record holders in the United States. We are not aware of any of our shareholders being affiliated with a registered broker-dealer or being in the business of underwriting securities.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.
Historical Changes in Our Shareholding

See “Description of Share Capital — History of Securities Issuances” for historical changes in our shareholding.
RELATED PARTY TRANSACTIONS

Transactions with Companies Controlled by or Affiliated with Mr. Tan

In 2016, we paid RMB5.0 million (US$0.8 million) to Youxuan Information Technology (Shanghai) Co., Ltd., a company controlled by Mr. Eric Siliang Tan, our co-founder and executive chairman, to cooperate on a potential business project. Such project was subsequently canceled and the entire amount was refunded back to us in 2017.

We paid Shanghai Yinnuo Management Consulting Co., Ltd., or Yinuo Management, a company controlled by Mr. Eric Siliang Tan, service fees in the amount of RMB3.0 million (US$0.5 million), RMB16.8 million (US$2.5 million) and RMB6.9 million (US$1.0 million) in 2016, 2017 and the six months ended June 30, 2017, respectively. Such service fees relate to costs charged by Yinuo Management to provide us with financial accounting support, office space and certain other administrative support. Amounts due to Yinuo Management in connection with these service fees as of December 31, 2016 was RMB3.0 million (US$0.5 million). No amount was due to Yinuo Management in connection with these service fees as of December 31, 2017. We have since developed all relevant functions internally and leased office space for our operations that were previously provided by Yinuo Management and we currently do not expect to pay service fees to Yinuo Management for such functions or office space in the future.

We received RMB5.3 million (US$0.8 million) in service fees from AdIn Media (Shanghai) Co., Ltd., or AdIn Media, a company in which Mr. Eric Siliang Tan indirectly owns a minority interest and in which he is a key management personnel, in the six months ended June 30, 2018. Such fees related to agent and platform service provided to AdIn Media by facilitating advertising customers to display advertisements with AdIn Media. As of June 30, 2018, an amount of RMB6.7 million (US$1.0 million) was due to AdIn Media in connection with such services provided, which represent the service fee collected from advertising customers but not yet paid to AdIn Media.

We also received RMB1.2 million (US$0.2 million) in service fees from AdIn Media in the six months ended June 30, 2018 relating to advertising services provided by us to AdIn Media. As of June 30, 2018, the remaining balance of such service fees was RMB0.9 million (US$0.1 million).

Transaction with Tencent

We entered into a cooperation agreement with an affiliate of Tencent in March 2018 to promote our mobile application and such agreement required us to prepay a total service fee of RMB31.5 million (US$4.8 million). In the six months ended June 30, 2018, we paid RMB2.8 million (US$0.4 million) of the total service fees. As of June 30, 2018, the remaining balance of such service fees was RMB26.9 million (US$4.1 million).

In the six months ended June 30, 2018, we paid an affiliate of Tencent RMB5.5 million (US$0.8 million) for cloud computing services and short messaging services. As of June 30, 2018, the remaining payable balance was RMB0.9 million (US$0.1 million).

Contractual Arrangements with Our Consolidated VIE and Its Shareholders

PRC laws and regulations place certain restrictions on foreign investment in and ownership of internet-based businesses. Accordingly, we conduct our operations mainly through our consolidated VIE and its subsidiaries. We effectively control the consolidated VIE through a series of contractual arrangements with the consolidated VIE, its shareholders and Shanghai Quyun. As a result, we operate our relevant business through contractual arrangements among Shanghai Quyun, our wholly-owned PRC subsidiary, Shanghai Jifen, our consolidated VIE, and its shareholders. For a description of these contractual arrangements, see "Our History and Corporate Structure — Contractual Arrangements among Shanghai Quyun and Shanghai Jifen and its Shareholders."
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Private Placements
   See “Description of Share Capital — History of Securities Issuances.”

Shareholders Agreement
   See “Description of Share Capital — Registration Rights.”

Employment Agreements and Indemnification Agreements
   See “Management — Employment Agreements and Indemnification Agreements.”

Equity Incentive Plans
   See “Management — Equity Incentive Plans.”
DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands exempted company with limited liability and our affairs are governed by our memorandum and articles of association, the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised), as amended, of the Cayman Islands, which is referred to as the Companies Law below, and the common law of the Cayman Islands.

As of the date of this prospectus, our authorized share capital was US$50,000 divided into (i) 482,613,908 ordinary shares of par value US$0.0001 each, (ii) 4,945,055 Series A convertible redeemable preferred shares of par value US$0.0001 each, (iii) 1,373,626 Series A1 convertible redeemable preferred shares of par value US$0.0001 each, (iv) 5,420,144 Series B1 convertible redeemable preferred shares of par value US$0.0001 each, (v) 3,895,728 Series B2 convertible redeemable preferred shares of par value US$0.0001 each and (vi) 1,751,539 Series B3 convertible redeemable preferred shares of par value US$0.0001 each.

As of the date of this prospectus, there were 50,000,000 ordinary shares and 17,386,092 convertible redeemable preferred shares issued and outstanding. On August 17, 2018, we have entered into two share purchase agreements for the issuance of 2,175,780 Series C1 preferred shares, par value US$0.0001 per share.

Upon the closing of this offering (assuming the issuance of the Series C1 preferred shares prior to the closing of this offering), we will have Class A ordinary shares and Class B ordinary shares issued and outstanding (or Class A ordinary shares and Class B ordinary shares if the underwriters exercise in full the over-allotment option), including 9,500,000 Class A ordinary shares held by a nominee of our equity incentive trust, of which 4,477,377 are underlying shares of vested options as of the date hereof but excluding (a) 2,873,578 ordinary shares issuable upon the exercise of outstanding options under our 2018 equity incentive plan and (b) 90,543 ordinary shares reserved for future issuance under our 2018 equity incentive plan as of the closing of this offering. All of our ordinary shares issued and outstanding prior to the completion of the offering are and will be fully paid, and all of our Class A ordinary shares to be issued in the offering will be issued as fully paid. Our authorized share capital post-offering will be US$ divided into Class A ordinary shares and Class B ordinary shares with a par value of US$0.0001 each.

Our amended and restated memorandum and articles of association will become effective upon completion of this offering. The following are summaries of material provisions of our amended and restated memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our Class A and Class B ordinary shares.

Ordinary Shares

General

All of our outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. Our shareholders who are non-residents of the Cayman Islands may freely hold and vote their ordinary shares.

Dividends

The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors subject to the Companies Law, our articles of association and the common law of the Cayman Islands.

Voting Rights

In respect of all matters upon which the ordinary shares are entitled to vote, each ordinary share is entitled to one vote, and each Class B ordinary share is entitled to ten (10) votes, voting together as one class. Voting at any meeting of shareholders is by show of hands unless a poll is demanded.
An ordinary resolution to be passed by the shareholders requires the affirmative vote of a simple majority of votes attached to the ordinary shares cast in a general meeting, while a special resolution requires the affirmative vote of no less than two-thirds of votes cast attached to the ordinary shares. A special resolution will be required for important matters such as a change of name or making changes to our amended and restated memorandum and articles of association.

**Conversion**

Each Class B ordinary share is convertible into one Class A ordinary share at any time at the option of the holder thereof. Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Upon any transfer of Class B ordinary shares by a holder to any person or entity which is not an affiliate of such holder, each of such Class B ordinary shares shall be converted into one Class A ordinary share in accordance with our amended and restated memorandum and articles of association.

**Transfer of Ordinary Shares**

Subject to the restrictions contained in our amended and restated articles of association, as applicable, ordinary shares in our company are subject to transfer restrictions as set forth in the right of first refusal and co-sale agreement by and among our company and certain of our shareholders. Our company will only register transfers of ordinary shares that are made in accordance with such agreement and will not register transfers of ordinary shares that are made in violation of such agreement. The right of first refusal and co-sale agreement will terminate upon the closing of this offering.

**Liquidation**

On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), assets available for distribution among the holders of ordinary shares shall be distributed among the holders of the ordinary shares on a pro rata basis. If our assets available for distribution are insufficient to repay all of the paid-up capital, the assets will be distributed so that the losses are borne by our shareholders proportionately.

**Calls on Ordinary Shares and Forfeiture of Ordinary Shares**

Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their ordinary shares. The ordinary shares that have been called upon and remain unpaid are subject to forfeiture.

**Redemption of Ordinary Shares**

Subject to the provisions of the Companies Law and other applicable law, we may issue shares on terms that are subject to redemption, at our option or at the option of the holders, on such terms and in such manner, including out of capital, as may be determined by the board of directors.

**Variations of Rights of Shares**

If at any time, our share capital is divided into different classes of shares, the rights attached to any class of shares may, subject to the provisions of the Companies Law, be varied with the consent in writing of the holders of not less than two-thirds of the shares of that class, or the sanction of a resolution passed at a general meeting of the holders of the shares of that class by a majority of two-thirds of the votes cast at such a meeting. Consequently, the rights of any class of shares cannot be detrimentally altered without a simple majority of the vote of all of the shares in that class. The rights conferred upon the holders of the shares or any class of shares shall not, unless otherwise expressly provided by the terms of issue of such shares, be deemed to be varied by the creation, redesignation, or issue of shares ranking pari passu with such shares.
General Meetings of Shareholders

Shareholders’ meetings may be convened by a majority of our board of directors. Advance notice of at least seven calendar days is required for the convening of our annual general shareholders’ meeting and any other general meeting of our shareholders. A quorum required for a meeting of shareholders consists of the holders of a not less than one-third of all shares in issue present in person or by proxy.

Inspection of Books and Records

Holders of our ordinary shares will have a general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. See “Where You Can Find More Information.”

Changes in Capital

We may from time to time by ordinary resolution:

• increase our share capital by such sum as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as we in general meeting may determine;
• consolidate and divide all or any of our share capital into shares of a larger amount than our existing shares;
• by subdivision of its existing shares or any of them divide the whole or any part of our share capital into shares of smaller amount than is fixed by our amended and restated memorandum of association; or
• cancel any shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any person.

We may by special resolution reduce our share capital or any capital redemption reserve fund in any manner permitted by law.

Exempted Company

We are an exempted company with limited liability incorporated under the Companies Law. The Companies Law in the Cayman Islands distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except for the exemptions and privileges listed below:

• an exempted company does not have to file an annual return of its shareholders with the Registrar of Companies;
• an exempted company’s register of members is not open to inspection;
• an exempted company does not have to hold an annual general meeting;
• an exempted company may issue no par value;
• an exempted company may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
• an exempted company may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
• an exempted company may register as a limited duration company; and
• an exempted company may register as a segregated portfolio company.
Limited liability” means that the liability of each shareholder is limited to the amount unpaid by the shareholder on the shares of the company. Upon the closing of this offering, we will be subject to reporting and other informational requirements of the Exchange Act, as applicable to foreign private issuers. We currently intend to comply with the NASDAQ Global Market rules in lieu of following home country practice after the closing of this offering. The NASDAQ Global Market rules require that every company listed on the NASDAQ Global Market hold an annual general meeting of shareholders. In addition, our amended and restated memorandum and articles of association allow directors to call extraordinary general meeting of shareholders pursuant to the procedures set forth in our articles.

Differences in Corporate Law

The Companies Law is modeled after that of England and Wales but does not follow recent statutory enactments in England. In addition, the Companies Law differs from laws applicable to United States corporations and their shareholders. Set forth below is a summary of the significant differences between the provisions of the Companies Law applicable to us and the laws applicable to companies incorporated in the State of Delaware.

Mergers and Similar Arrangements

A merger of two or more constituent companies under Cayman Islands law requires a plan of merger or consolidation to be approved by the directors of each constituent company and authorization by a special resolution of the members of each constituent company.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders. For this purpose a subsidiary is a company of which at least ninety percent (90%) of the issued shares entitled to vote are owned by the parent company.

The consent of each holder of a fixed or floating security interest over a constituent company is required unless this requirement is waived by a court in the Cayman Islands.

Save in certain circumstances, a dissentient shareholder of a Cayman constituent company is entitled to payment of the fair value of his shares upon dissenting to a merger or consolidation. The exercise of appraisal rights will preclude the exercise of any other rights save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

In addition, there are statutory provisions that facilitate the reconstruction and amalgamation of companies, provided that the arrangement is approved by a majority in number of each class of shareholders and creditors with whom the arrangement is to be made, and who must, in addition, represent three-fourths in value of each such class of shareholders or creditors, as the case may be, that are present and voting either in person or by proxy at a meeting, or meetings, convened for that purpose. The convening of the meetings and subsequently the arrangement must be sanctioned by the Grand Court of the Cayman Islands. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Law.
When a takeover offer is made and accepted by holders of 90% of the shares within four months, the offeror may, within a two-month period commencing on the expiration of such four month period, require the holders of the remaining shares to transfer such shares on the terms of the offer. An objection can be made to the Grand Court of the Cayman Islands but this is unlikely to succeed in the case of an offer which has been so approved unless there is evidence of fraud, bad faith or collusion.

If an arrangement and reconstruction is thus approved, the dissenting shareholder would have no rights comparable to appraisal rights, which would otherwise ordinarily be available to dissenting shareholders of Delaware corporations, providing rights to receive payment in cash for the judicially determined value of the shares.

Shareholders' Suits

In principle, we will normally be the proper plaintiff and as a general rule a derivative action may not be brought by a minority shareholder. However, based on English authorities, which would in all likelihood be of persuasive authority in the Cayman Islands, there are exceptions to the foregoing principle, including when:

- a company acts or proposes to act illegally or ultra vires;
- the act complained of, although not ultra vires, could only be effected duly if authorized by more than a simple majority vote that has not been obtained; and
- those who control the company are perpetrating a “fraud on the minority.”

Indemnification of Directors and Executive Officers and Limitation of Liability

Cayman Islands law does not limit the extent to which a company’s articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to public policy, such as to provide indemnification against civil fraud or the consequences of committing a crime. Our amended and restated memorandum and articles of association permit indemnification of officers and directors for all actions, proceedings, charges, liabilities losses, damages, costs and expenses incurred in their capacities as such unless such losses or damages arise from dishonesty, wilful default or fraud which may attach to such directors or officers as determined by a court of competent jurisdiction. This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation. In addition, we intend to enter into indemnification agreements with our directors and senior executive officers that will provide such persons with additional indemnification beyond that provided in our amended and restated memorandum and articles of association. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to our directors, officers or persons controlling us under the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Anti-Takeover Provisions in the Memorandum and Articles of Association

Some provisions of our amended and restated memorandum and articles of association may discourage, delay or prevent a change in control of our company or management that shareholders may consider favorable, including provisions that authorize our board of directors to issue preferred shares in one or more series and to designate the price, rights, preferences, privileges and restrictions of such preferred shares without any further vote or action by our shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our amended and restated memorandum and articles of association, as amended and restated from time to time, for what they believe in good faith to be in the best interests of our company.
Directors’ Fiduciary Duties

Under Delaware corporate law, a director of a Delaware corporation has a fiduciary duty to the corporation and its shareholders. This duty has two components: the duty of care and the duty of loyalty. The duty of care requires that a director act in good faith, with the care that an ordinarily prudent person would exercise under similar circumstances. Under this duty, a director must inform himself of, and disclose to shareholders, all material information reasonably available regarding a significant transaction. The duty of loyalty requires that a director act in a manner he or she reasonably believes to be in the best interests of the corporation. He or she must not use his or her corporate position for personal gain or advantage. This duty prohibits self-dealing by a director and mandates that the best interest of the corporation and its shareholders take precedence over any interest possessed by a director, officer or controlling shareholder and not shared by the shareholders generally. In general, actions of a director are presumed to have been made on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the corporation. However, this presumption may be rebutted by evidence of a breach of one of the fiduciary duties. Should such evidence be presented concerning a transaction by a director, a director must prove the procedural fairness of the transaction, and that the transaction was of fair value to the corporation.

As a matter of Cayman Islands law, a director of a Cayman Islands company is in the position of a fiduciary with respect to the company and therefore it is considered that he owes the following duties to the company — a duty to act bona fide in the best interests of the company, a duty not to make a profit based on his or her position as director (unless the company permits him to do so) and a duty not to put himself in a position where the interests of the company conflict with his or her personal interest or his or her duty to a third party. A director of a Cayman Islands company owes to the company a duty to act with skill and care. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands.

Shareholder Action by Written Consent

Under the Delaware General Corporation Law, a corporation may eliminate the right of shareholders to act by written consent by amendment to its certificate of incorporation. Cayman Islands law and our amended and restated memorandum and articles of association provide that shareholders may approve corporate matters by way of a unanimous written resolution signed by or on behalf of each shareholder who would have been entitled to vote on such matter at a general meeting without a meeting being held.

Shareholder Proposals

Under the Delaware General Corporation Law, a shareholder has the right to put any proposal before the annual meeting of shareholders, provided it complies with the notice provisions in the governing documents. A special meeting may be called by the board of directors or any other person authorized to do so in the governing documents, but shareholders may be precluded from calling special meetings.

The Cayman Islands law does not allow our shareholders to requisition a shareholders’ meeting. However, under our amended and restated memorandum and articles of association, members holding not less than one third of the paid-up capital may requisition a meeting. As an exempted Cayman Islands company, we are not obliged by law to call shareholders’ annual general meetings.

Cumulative Voting

Under the Delaware General Corporation Law, cumulative voting for elections of directors is not permitted unless the corporation’s certificate of incorporation specifically provides for it. Cumulative voting potentially
facilitates the representation of minority shareholders on a board of directors since it permits the minority shareholder to cast all the votes to which the shareholder is entitled on a single director, which increases the shareholder’s voting power with respect to electing such director. Our amended and restated memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

**Removal of Directors**

Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our amended and restated memorandum and articles of association, directors may be removed by ordinary resolution.

**Transactions with Interested Shareholders**

The Delaware General Corporation Law contains a business combination statute applicable to Delaware corporations whereby, unless the corporation has specifically elected not to be governed by such statute by amendment to its certificate of incorporation, it is prohibited from engaging in certain business combinations with an “interested shareholder” for three years following the date that such person becomes an interested shareholder. An interested shareholder generally is a person or a group who or which owns or owned 15% or more of the target’s outstanding voting stock within the past three years. This has the effect of limiting the ability of a potential acquirer to make a two-tiered bid for the target in which all shareholders would not be treated equally. The statute does not apply if, among other things, prior to the date on which such shareholder becomes an interested shareholder, the board of directors approves either the business combination or the transaction which resulted in the person becoming an interested shareholder. This encourages any potential acquirer of a Delaware corporation to negotiate the terms of any acquisition transaction with the target’s board of directors.

Cayman Islands law has no comparable statute. As a result, we cannot avail ourselves of the types of protections afforded by the Delaware business combination statute. However, although Cayman Islands law does not regulate transactions between a company and its significant shareholders, it does provide that such transactions must be entered into *bona fide* in the best interests of the company and for a proper corporate purpose and not with the effect of constituting a fraud on the minority shareholders.

**Dissolution; Winding Up**

Under the Delaware General Corporation Law, unless the board of directors approves the proposal to dissolve, dissolution must be approved by shareholders holding 100% of the total voting power of the corporation. Only if the dissolution is initiated by the board of directors may it be approved by a simple majority of the corporation’s outstanding shares. Delaware law allows a Delaware corporation to include in its certificate of incorporation a supermajority voting requirement in connection with dissolutions initiated by the board. Under Cayman Islands law, a company may be wound up by either an order of the courts of the Cayman Islands or by a special resolution of its members or, if the company is unable to pay its debts as they fall due, by an ordinary resolution of its members. The court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the court, just and equitable to do so.

Under the Companies Law of the Cayman Islands and our amended and restated memorandum and articles of association, our company may be dissolved,liquidated or wound up by the vote of holders of two-thirds of our shares voting at a meeting or the unanimous written resolution of all shareholders.

**Variation of Rights of Shares**

Under the Delaware General Corporation Law, a corporation may vary the rights of a class of shares with the approval of a majority of the outstanding shares of such class, unless the certificate of incorporation provides...
otherwise. Under Cayman Islands law and our amended and restated memorandum and articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class only with the sanction of a special resolution passed at a general meeting of the holders of the shares of that class.

Amendment of Governing Documents

Under the Delaware General Corporation Law, a corporation’s governing documents may be amended with the approval of a majority of the outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. As permitted by Cayman Islands law, our amended and restated memorandum and articles of association may only be amended by special resolution or the unanimous written resolution of all shareholders.

Rights of Non-Resident or Foreign Shareholders

There are no limitations imposed by our amended and restated memorandum and articles of association on the rights of non-resident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

Directors’ Power to Issue Shares

Subject to applicable law, our board of directors is empowered to issue or allot shares or grant options and warrants with or without preferred, deferred, qualified or other special rights or restrictions.

History of Securities Issuances

The following is a summary of our securities issuances since our inception. None of transactions set forth below involved any underwriters’ underwriting discounts or commissions, or any public offering. We believe that each of the following transactions was exempt from registration under the Securities Act in reliance on Regulation S or Rule 701 under the Securities Act or pursuant to Section 4(2) of the Securities Act regarding transactions not involving a public offering.

Ordinary Shares

We were incorporated in the Cayman Islands as an exempted limited liability company on July 17, 2017. We issued one ordinary share to the incorporation agent, which was transferred on the same day to Innotech Group Holdings Ltd., a company ultimately controlled by Mr. Eric Siliang Tan, our co-founder and executive chairman.

On July 17, 2017, we issued (i) 42,499 ordinary shares, par value US$1 per share, to Innotech Group Holdings Ltd., for the consideration of US$42,499 and (ii) 7,500 ordinary shares, par value US$1 per share, to News Optimizer (BVI) Ltd., a company wholly owned by Mr. Lei Li, our co-founder, director and chief executive officer, for the consideration of US$7,500. We subsequently effected a share split in September 2017 in which each of the previously issued ordinary shares was split into 10,000 ordinary shares.

In January 2018, entities respectively controlled by our co-founders Mr. Eric Siliang Tan and Mr. Lei Li entered into share restriction deeds with us, pursuant to which a total of 15,937,500 ordinary shares beneficially owned by such co-founders became restricted shares. 12,187,500 of such restricted shares are beneficially owned by Mr. Eric Siliang Tan and will be vested in a period over 34 months. 3,750,000 of such restricted shares are beneficially owned by Mr. Lei Li and will be vested in a period over 24 months. At the end of the vesting periods, all such shares will have vested and will no longer constitute restricted shares. In the event that a co-founder voluntarily and unilaterally terminates his employment or service contract with us or his employment or service relationship is terminated by us for cause as specified in the applicable deed, the entity controlled by such
co-founder is obligated to sell to us all of the restricted shares (but excluding vested shares as of such time) held by it at a price of US$0.0001 per share. These share restriction deeds will be terminated, and any remaining restricted shares will be vested, upon the completion of this offering.

Preferred Shares

On September 29, 2017, we issued a total of 4,945,055 Series A convertible redeemable preferred shares, par value US$0.0001 per share, of which (i) 3,296,703 Series A convertible redeemable preferred shares were issued to CW_toutiao Limited for the consideration of US$21,600,000, (ii) 1,539,560 Series A convertible redeemable preferred shares were issued to ACE Redpoint Ventures China I, L.P. for the consideration of US$10,087,200, (iii) 87,363 Series A convertible redeemable preferred shares were issued to ACE Redpoint Associates China I, L.P. for the consideration of US$572,400 and (iv) 21,429 Series A convertible redeemable preferred shares were issued to ACE Redpoint China Strategic I, L.P., for US$140,400.

On November 14, 2017, we issued a total of 1,373,626 Series A1 convertible redeemable preferred shares, par value US$0.0001 per share, to CMC Queen Holdings Limited, for the consideration of US$10,000,000.

On March 8, 2018, we issued a total of 5,420,144 Series B1 convertible redeemable preferred shares, par value US$0.0001 per share, to Image Flag Investment (HK) Limited, for the consideration of US$105,000,000.

On March 12, 2018, we issued a total of 3,684,004 Series B2 convertible redeemable preferred shares, par value US$0.0001 per share, of which (i) 1,371,974 Series B2 convertible redeemable preferred shares were issued to Long Range L.P. for the consideration of US$32,400,000, (ii) 342,993 Series B2 convertible redeemable preferred shares were issued to People Better Limited for the consideration of US$8,100,000, (iii) 342,993 Series B2 convertible redeemable preferred shares were issued to Shunwei Growth III Limited for the consideration of US$16,912,196, (iv) 127,035 Series B2 convertible redeemable preferred shares were issued to Lighthouse Capital International Inc. for the consideration of US$3,000,000, (v) 423,449 Series B2 convertible redeemable preferred shares were issued to CMC Queen Holdings Limited for the consideration of US$10,000,000, (vi) 335,693 Series B2 convertible redeemable preferred shares were issued to ACE Redpoint Ventures China I, L.P. for the consideration of US$7,927,605, (vii) 19,049 Series B2 convertible redeemable preferred shares were issued to ACE Redpoint Associates China I, L.P. for the consideration of US$449,855 and (viii) 211,724 Series B2 convertible redeemable preferred shares were issued to ACE Redpoint China Strategic I, L.P. for the consideration of US$5,000,000.

On April 27, 2018, we issued a total of 1,751,539 Series B3 convertible redeemable preferred shares, par value US$0.0001 per share, of which (i) 962,384 Series B3 convertible redeemable preferred shares were issued to Hundreds TWC Fund Limited Partnership for the consideration of US$25,000,000, (ii) 654,421 Series B3 convertible redeemable preferred shares were issued to Harvest Ceres Fund, L.P for the consideration of US$17,000,000 and (iii) 134,734 Series B3 convertible redeemable preferred shares were issued to Vision Global Capital Limited for the consideration of US$3,500,000.

On August 17, 2018, we entered into a share purchase agreement with a fund managed by an affiliate of a leading real estate company in China, pursuant to which we will issue 1,450,520 Series C1 preferred shares for cash consideration of US$50,000,000. On the same date, we also entered into a cooperation agreement with an affiliate of such investor that we will provide advertising service with a maximum contract amount of RMB70 million. On the same date, we entered into a share purchase agreement with an indirect subsidiary of People.cn Co. Ltd., pursuant to which we will issue 725,260 Series C1 preferred shares to a fund under its management for cash consideration of US$27,000,000.
Registration Rights

Pursuant to our shareholders agreement entered into in November 14, 2017, we have granted certain registration rights to holders of our registrable securities. Set forth below is a description of the registration rights under this agreement.

Demand Registration Rights

At any time or from time to time after the earlier of (i) the date that is six (6) months after the closing of this offering or (ii) the date when the lock-up by underwriters is partially or wholly released, holders of no less than twenty percent (20%) of the voting power of the registrable securities then outstanding have the right to demand that we effect a registration under the Securities Act covering the registration of all or part of their registrable securities, so long as the anticipated proceeds, net of underwriting discounts and commissions of the securities to be sold under the registration statement, exceeds US$10,000,000. We, however, are not obligated to effect a demand registration if we have already effected two demand registrations, unless less than all of the registrable securities sought to be included in the demand registration were sold.

Form F-3/S-3 Demand Registration Rights

When eligible for use of form F-3/S-3, any holder of the registrable securities then outstanding have the right to demand that we effect a registration on Form F-3/S-3. We, however, are not obligated to effect a registration on Form F-3/S-3 if, among other things, we have already effected two registrations within any twelve-month period preceding the date of the registration request, unless less than all of the registrable securities sought to be included in the Form F-3/S-3 registration were sold for any reason other than solely due to the action or inaction of their holder.

Piggyback Registration Rights

If we propose to file a registration statement in connection with a public offering of securities of our company other than relating to an employee share plan, corporate reorganization or transaction under Rule 145 of the Securities Act, then we must offer each holder of the registrable securities the opportunity to include their shares in the registration statement. Registration pursuant to piggyback registration rights is not deemed to be a demand registration, and there is no limit on the number of times the holders may exercise their piggyback registration rights.

Expenses of Registration

We will pay all expenses, including the underwriting discounts and selling commissions applicable to the sale of the registrable securities, as well as all registration, filing and qualification fees, printers' and accounting fees, fees and disbursements of counsel for our company and reasonable fees and disbursement of counsel for all selling holders, incurred in connection with any piggyback registration or demand registration, whether or not on Form F-3/S-3. We will not, however, be required to pay for any expenses of any registration proceeding begun pursuant to demand registration rights, whether or not on Form F-3/S-3, if the registration request is subsequently withdrawn by the holders of no less than a majority of the voting power of the registrable securities requested to be registered, subject to certain exceptions.

Termination of Registration Rights

The registration rights discussed above shall terminate on the earlier of (i) the date that is three years from the date of closing of this offering, and (ii) with respect to any holder, the date on which such holder no longer holders any registrable securities.
DESCRIPTION OF AMERICAN DEPOSITARY SHARES

American Depositary Shares

The Bank of New York Mellon, as depositary, will register and deliver American Depositary Shares, also referred to as ADSs. Each ADS will represent Class A ordinary shares (or a right to receive Class A ordinary shares) deposited with The Hongkong and Shanghai Banking Corporation Limited, as custodian for the depositary in Hong Kong. Each ADS will also represent any other securities, cash or other property which may be held by the depositary. The deposited shares together with any other securities, cash or other property held by the depositary are referred to as the deposited securities. The depositary’s office at which the ADSs will be administered is located at 101 Barclay Street, New York, New York 10286. The Bank of New York Mellon’s principal executive office is located at 225 Liberty Street, New York, New York 10286.

You may hold ADSs either (A) directly (i) by having an American Depositary Receipt, also referred to as an ADR, which is a certificate evidencing a specific number of ADSs, registered in your name, or (ii) by having uncertificated ADSs registered in your name, or (B) indirectly by holding a security entitlement in ADSs through your broker or other financial institution that is a direct or indirect participant in The Depository Trust Company, also called DTC. If you hold ADSs directly, you are a registered ADS holder, also referred to as an ADS holder. If you hold the ADSs indirectly, you must rely on the procedures of your broker or other financial institution to assert the rights of ADS holders described in this section. You should consult with your broker or financial institution to find out what those procedures are.

Registered holders of uncertificated ADSs will receive statements from the depositary confirming their holdings.

As an ADS holder, we will not treat you as one of our shareholders and you will not have shareholder rights. Cayman Islands law governs shareholder rights. The depositary will be the holder of the shares underlying your ADSs. As a registered holder of ADSs, you will have ADS holder rights. A deposit agreement among us, the depositary, ADS holders and all other persons indirectly or beneficially holding ADSs sets out ADS holder rights as well as the rights and obligations of the depositary. New York law governs the deposit agreement and the ADSs.

The following is a summary of the material provisions of the deposit agreement. For more complete information, you should read the entire deposit agreement and the form of ADR. Please see “Where You Can Find More Information” as to directions on how to obtain copies of those documents.

Dividends and Other Distributions

How will you receive dividends and other distributions on the shares?

The depositary has agreed to pay or distribute to ADS holders the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, upon payment or deduction of its fees and expenses. You will receive these distributions in proportion to the number of shares your ADSs represent.

Cash. The depositary will convert any cash dividend or other cash distribution we pay on the shares into U.S. dollars, if it can do so on a reasonable basis and can transfer the U.S. dollars to the United States. If that is not possible or if any government approval is needed and cannot be obtained, the deposit agreement allows the depositary to distribute the foreign currency only to those ADS holders to whom it is possible to do so. It will hold the foreign currency it cannot convert for the account of the ADS holders who have not been paid. It will not invest the foreign currency and it will not be liable for any interest.

Before making a distribution, any withholding taxes, or other governmental charges that must be paid will be deducted. See “Taxation.” The depositary will distribute only whole U.S. dollars and cents and will round fractional cents to the nearest whole cent. If the exchange rates fluctuate during a time when the depositary cannot convert the foreign currency, you may lose some of the value of the distribution.
Shares. The depositary may distribute additional ADSs representing any shares we distribute as a dividend or free distribution. The depositary will only distribute whole ADSs. It will sell shares which would require it to deliver a fraction of an ADS (or ADSs representing those shares) and distribute the net proceeds in the same way as it does with cash. If the depositary does not distribute additional ADSs, the outstanding ADSs will also represent the new shares. The depositary may sell a portion of the distributed shares (or ADSs representing those shares) sufficient to pay its fees and expenses in connection with that distribution.

Rights to purchase additional shares. If we offer holders of our securities any rights to subscribe for additional shares or any other rights, the depositary may (i) exercise those rights on behalf of ADS holders, (ii) distribute those rights to ADS holders or (iii) sell those rights and distribute the net proceeds to ADS holders, in each case after deduction or upon payment of its fees and expenses. To the extent the depositary does not do any of those things, it will allow the rights to lapse. In that case, you will receive no value for them. The depositary will exercise or distribute rights only if we ask it to and provide satisfactory assurances to the depositary that it is legal to do so. If the depositary will exercise rights, it will purchase the securities to which the rights relate and distribute those securities or, in the case of shares, new ADSs representing the new shares, to subscribing ADS holders, but only if ADS holders have paid the exercise price to the depositary. U.S. securities laws may restrict the ability of the depositary to distribute rights or ADSs or other securities issued on exercise of rights to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

Other Distributions. The depositary will send to ADS holders anything else we distribute on deposited securities by any means it thinks is legal, fair and practical. If it cannot make the distribution in that way, the depositary has a choice. It may decide to sell what we distributed and distribute the net proceeds, in the same way as it does with cash. Or, it may decide to hold what we distributed, in which case ADSs will also represent the newly distributed property. However, the depositary is not required to distribute any securities (other than ADSs) to ADS holders unless it receives satisfactory evidence from us that it is legal to make that distribution. The depositary may sell a portion of the distributed securities or property sufficient to pay its fees and expenses in connection with that distribution. U.S. securities laws may restrict the ability of the depositary to distribute securities to all or certain ADS holders, and the securities distributed may be subject to restrictions on transfer.

The depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any ADS holders. We have no obligation to register ADSs, shares, rights or other securities under the Securities Act. We also have no obligation to take any other action to permit the distribution of ADSs, shares, rights or anything else to ADS holders. This means that you may not receive the distributions we make on our shares or any value for them if it is illegal or impractical for us to make them available to you.

Deposit, Withdrawal and Cancellation

How are ADSs issued?

The depositary will deliver ADSs if you or your broker deposits shares or evidence of rights to receive shares with the custodian. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will register the appropriate number of ADSs in the names you request and will deliver the ADSs to or upon the order of the person or persons that made the deposit.

How can ADS holders withdraw the deposited securities?

You may surrender your ADSs to the depositary for the purpose of withdrawal. Upon payment of its fees and expenses and of any taxes or charges, such as stamp taxes or stock transfer taxes or fees, the depositary will deliver the shares and any other deposited securities underlying the ADSs to the ADS holder or a person the ADS holder designates at the office of the custodian. Or, at your request, risk and expense, the depositary will deliver the deposited securities at its office, if feasible. However, the depositary is not required to accept surrender of ADSs to the extent it would require delivery of a fraction of a deposited share or other security. The depositary may charge you a fee and its expenses for instructing the custodian regarding delivery of deposited securities.
How do ADS holders interchange between certificated ADSs and uncertificated ADSs?

You may surrender your ADR to the depositary for the purpose of exchanging your ADR for uncertificated ADSs. The depositary will cancel that ADR and send to the ADS holder a statement confirming that the ADS holder is the registered holder of uncertificated ADSs. Upon receipt by the depositary of a proper instruction from a registered holder of uncertificated ADSs requesting the exchange of uncertificated ADSs for certificated ADSs, the depositary will execute and deliver to the ADS holder an ADR evidencing those ADSs.

Voting Rights

How do you vote?

ADS holders may instruct the depositary how to vote the number of deposited shares their ADSs represent. If we request the depositary to solicit your voting instructions (and we are not required to do so), the depositary will notify you of a shareholders’ meeting and send or make voting materials available to you. Those materials will describe the matters to be voted on and explain how ADS holders may instruct the depositary how to vote. For instructions to be valid, they must reach the depositary by a date set by the depositary. The depositary will try, as far as practical, subject to the laws of the Cayman Islands and the provisions of our amended and restated memorandum and articles of association or similar documents, to vote or to have its agents vote the shares or other deposited securities as instructed by ADS holders. If we do not request the depositary to solicit your voting instructions, you can still send voting instructions, and, in that case, the depositary may try to vote as you instruct, but it is not required to do so.

Except by instructing the depositary as described above, you won’t be able to exercise voting rights unless you surrender your ADSs and withdraw the shares. However, you may not know about the meeting enough in advance to withdraw the shares. In any event, the depositary will not exercise any discretion in voting deposited securities and it will only vote or attempt to vote as instructed.

We cannot assure you that you will receive the voting materials in time to ensure that you can instruct the depositary to vote your shares. In addition, the depositary and its agents are not responsible for failing to carry out voting instructions or for the manner of carrying out voting instructions. This means that you may not be able to exercise voting rights and there may be nothing you can do if your shares are not voted as you requested.

In order to give you a reasonable opportunity to instruct the depositary as to the exercise of voting rights relating to Deposited Securities, if we request the Depositary to act, we agree to give the depositary notice of any such meeting and details concerning the matters to be voted upon at least 45 days in advance of the meeting date.

Fees and Expenses

<table>
<thead>
<tr>
<th>Persons depositing or withdrawing shares or ADS holders must pay:</th>
<th>For:</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$5.00 (or less) per 100 ADSs (or portion of 100 ADSs)</td>
<td>Issuance of ADSs, including issuances resulting from a distribution of shares or rights or other property</td>
</tr>
<tr>
<td>US$0.05 (or less) per ADS</td>
<td>Cancellation of ADSs for the purpose of withdrawal, including if the deposit agreement terminates</td>
</tr>
<tr>
<td>A fee equivalent to the fee that would be payable if securities distributed to you had been shares and the shares had been deposited for issuance of ADSs</td>
<td>Any cash distribution to ADS holders</td>
</tr>
<tr>
<td>US$0.05 (or less) per ADS per calendar year</td>
<td>Distribution of securities distributed to holders of deposited securities (including rights) that are distributed by the depositary to ADS holders</td>
</tr>
</tbody>
</table>

Depositary services
<table>
<thead>
<tr>
<th>Persons depositing or withdrawing shares or ADS holders must pay:</th>
<th>For:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration or transfer fees</td>
<td>Transfer and registration of shares on our share register to or from the name of the depositary or its agent when you deposit or withdraw shares</td>
</tr>
<tr>
<td>Expenses of the depositary</td>
<td>Cable and facsimile transmissions (when expressly provided in the deposit agreement)</td>
</tr>
<tr>
<td>Taxes and other governmental charges the depositary or the custodian has to pay on any ADSs or shares underlying ADSs, such as stock transfer taxes, stamp duty or withholding taxes</td>
<td>Converting foreign currency to U.S. dollars</td>
</tr>
<tr>
<td>Any charges incurred by the depositary or its agents for servicing the deposited securities</td>
<td>As necessary</td>
</tr>
</tbody>
</table>

The depositary collects its fees for delivery and surrender of ADSs directly from investors depositing shares or surrendering ADSs for the purpose of withdrawal or from intermediaries acting for them. The depositary collects fees for making distributions to investors by deducting those fees from the amounts distributed or by selling a portion of distributable property to pay the fees. The depositary may collect its annual fee for depositary services by deduction from cash distributions or by directly billing investors or by charging the book-entry system accounts of participants acting for them. The depositary may collect any of its fees by deduction from any cash distribution payable (or by selling a portion of securities or other property distributable) to ADS holders that are obligated to pay those fees. The depositary may generally refuse to provide fee-attracting services until its fees for those services are paid.

From time to time, the depositary may make payments to us to reimburse us for costs and expenses generally arising out of establishment and maintenance of the ADS program, waive fees and expenses for services provided to us by the depositary or share revenue from the fees collected from ADS holders. In performing its duties under the deposit agreement, the depositary may use brokers, dealers, foreign currency dealers or other service providers that are owned by or affiliated with the depositary and that may earn or share fees, spreads or commissions.

The depositary may convert currency itself or through any of its affiliates and, in those cases, acts as principal for its own account and not as agent, advisor, broker or fiduciary on behalf of any other person and earns revenue, including, without limitation, transaction spreads, that it will retain for its own account. The revenue is based on, among other things, the difference between the exchange rate assigned to the currency conversion made under the deposit agreement and the rate that the depositary or its affiliate receives when buying or selling foreign currency for its own account. The depositary makes no representation that the exchange rate used or obtained in any currency conversion under the deposit agreement will be the most favorable rate that could be obtained at the time or that the method by which that rate will be determined will be the most favorable to ADS holders, subject to the depositary’s obligations under the deposit agreement. The methodology used to determine exchange rates used in currency conversions is available upon request.

**Payment of Taxes**

You will be responsible for any taxes or other governmental charges payable on your ADSs or on the deposited securities represented by any of your ADSs. The depositary may refuse to register any transfer of your ADSs or allow you to withdraw the deposited securities represented by your ADSs until those taxes or other charges are paid. It may apply payments owed to you or sell deposited securities represented by your American Depositary Shares to pay any taxes owed and you will remain liable for any deficiency. If the depositary sells...
deposited securities, it will, if appropriate, reduce the number of ADSs to reflect the sale and pay to ADS holders any proceeds, or send to ADS holders any property, remaining after it has paid the taxes.

Tender and Exchange Offers; Redemption, Replacement or Cancellation of Deposited Securities

The depositary will not tender deposited securities in any voluntary tender or exchange offer unless instructed to do so by an ADS holder surrendering ADSs and subject to any conditions or procedures the depositary may establish.

If deposited securities are redeemed for cash in a transaction that is mandatory for the depositary as a holder of deposited securities, the depositary will call for surrender of a corresponding number of ADSs and distribute the net redemption money to the holders of called ADSs upon surrender of those ADSs.

If there is any change in the deposited securities such as a subdivision, combination or other reclassification, or any merger, consolidation, recapitalization or reorganization affecting the issuer of deposited securities in which the depositary receives new securities in exchange for or in lieu of the old deposited securities, the depositary will hold those replacement securities as deposited securities under the deposit agreement. However, if the depositary decides it would not be lawful and practical to hold the replacement securities because those securities could not be distributed to ADS holders or for any other reason, the depositary may instead sell the replacement securities and distribute the net proceeds upon surrender of the ADSs.

If there is a replacement of the deposited securities and the depositary will continue to hold the replacement securities, the depositary may distribute new ADSs representing the new deposited securities or ask you to surrender your outstanding ADRs in exchange for new ADRs identifying the new deposited securities.

If there are no deposited securities underlying ADSs, including if the deposited securities are cancelled, or if the deposited securities underlying ADSs have become apparently worthless, the depositary may call for surrender or of those ADSs or cancel those ADSs upon notice to the ADS holders.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADRs without your consent for any reason. If an amendment adds or increases fees or charges, except for taxes and other governmental charges or expenses of the depositary for registration fees, facsimile costs, delivery charges or similar items, or prejudices a substantial right of ADS holders, it will not become effective for outstanding ADSs until 30 days after the depositary notifies ADS holders of the amendment. At the time an amendment becomes effective, you are considered, by continuing to hold your ADSs, to agree to the amendment and to be bound by the ADRs and the deposit agreement as amended.

How may the deposit agreement be terminated?

The depositary will initiate termination of the deposit agreement if we instruct it to do so. The depositary may initiate termination of the deposit agreement if

- 60 days have passed since the depositary told us it wants to resign but a successor depositary has not been appointed and accepted its appointment;
- we delist the ADSs from an exchange on which they were listed and do not list the ADSs on another exchange;
- we appear to be insolvent or enter insolvency proceedings.
• all or substantially all the value of the deposited securities has been distributed either in cash or in the form of securities;
• there are no deposited securities underlying the ADSs or the underlying deposited securities have become apparently worthless; or
• there has been a replacement of deposited securities.

If the deposit agreement will terminate, the depositary will notify ADS holders at least 90 days before the termination date. At any time after the termination date, the depositary may sell the deposited securities. After that, the depositary will hold the money it received on the sale, as well as any other cash it is holding under the deposit agreement, unsegregated and without liability for interest, for the pro rata benefit of the ADS holders that have not surrendered their ADSs. Normally, the depositary will sell as soon as practicable after the termination date.

After the termination date and before the depositary sells, ADS holders can still surrender their ADSs and receive delivery of deposited securities, except that the depositary may refuse to accept a surrender for the purpose of withdrawing deposited securities or reverse previously accepted surrenders of that kind if it would interfere with the selling process. The depositary may refuse to accept a surrender for the purpose of withdrawing sale proceeds until all the deposited securities have been sold. The depositary will continue to collect distributions on deposited securities, but, after the termination date, the depositary is not required to register any transfer of ADSs or distribute any dividends or other distributions on deposited securities to the ADSs holder (until they surrender their ADSs) or give any notices or perform any other duties under the deposit agreement except as described in this paragraph.

Limitations on Obligations and Liability

Limits on our Obligations and the Obligations of the Depositary; Limits on Liability to Holders of ADSs

The deposit agreement expressly limits our obligations and the obligations of the depositary. It also limits our liability and the liability of the depositary. We and the depositary:

• are only obligated to take the actions specifically set forth in the deposit agreement without negligence or bad faith, and the depositary will not be a fiduciary or have any fiduciary duty to holders of ADSs;
• are not liable if we are or it is prevented or delayed by law or by events or circumstances beyond our or its ability to prevent or counteract with reasonable care or effort from performing our or its obligations under the deposit agreement;
• are not liable if we or it exercises discretion permitted under the deposit agreement;
• are not liable for the inability of any holder of ADSs to benefit from any distribution on deposited securities that is not made available to holders of ADSs under the terms of the deposit agreement, or for any special, consequential or punitive damages for any breach of the terms of the deposit agreement, or for any;
• have no obligation to become involved in a lawsuit or other proceeding related to the ADSs or the deposit agreement on your behalf or on behalf of any other person;
• may rely upon any documents we believe or it believes in good faith to be genuine and to have been signed or presented by the proper person;
• are not liable for the acts or omissions of any securities depository, clearing agency or settlement system; and
• the depositary has no duty to make any determination or provide any information as to our tax status, or any liability for any tax consequences that may be incurred by ADS holders as a result of owning or
holding ADSs or be liable for the inability or failure of an ADS holder to obtain the benefit of a foreign tax credit, reduced rate of withholding or refund of amounts withheld in respect of tax or any other tax benefit.

In the deposit agreement, we and the depositary agree to indemnify each other under certain circumstances.

Requirements for Depositary Actions

Before the depositary will deliver or register a transfer of ADSs, make a distribution on ADSs, or permit withdrawal of shares, the depositary may require:

- payment of stock transfer or other taxes or other governmental charges and transfer or registration fees charged by third parties for the transfer of any shares or other deposited securities;
- satisfactory proof of the identity and genuineness of any signature or other information it deems necessary; and
- compliance with regulations it may establish, from time to time, consistent with the deposit agreement, including presentation of transfer documents.

The depositary may refuse to deliver ADSs or register transfers of ADSs when the transfer books of the depositary or our transfer books are closed or at any time if the depositary or we think it advisable to do so.

Your Right to Receive the Shares Underlying your ADSs

ADS holders have the right to cancel their ADSs and withdraw the underlying shares at any time except:

- when temporary delays arise because: (i) the depositary has closed its transfer books or we have closed our transfer books; (ii) the transfer of shares is blocked to permit voting at a shareholders’ meeting; or (iii) we are paying a dividend on our shares;
- when you owe money to pay fees, taxes and similar charges; or
- when it is necessary to prohibit withdrawals in order to comply with any laws or governmental regulations that apply to ADSs or to the withdrawal of shares or other deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Pre-release of ADSs

The deposit agreement permits the depositary to deliver ADSs before deposit of the underlying shares. This is called a pre-release of the ADSs. The depositary may also deliver shares upon cancellation of pre-released ADSs (even if the ADSs are canceled before the pre-release transaction has been closed out). A pre-release is closed out as soon as the underlying shares are delivered to the depositary. The depositary may receive ADSs instead of shares to close out a pre-release. The depositary may pre-release ADSs only under the following conditions: (1) before or at the time of the pre-release, the person to whom the pre-release is being made represents to the depositary in writing that it or its customer owns the shares or ADSs to be deposited; (2) the pre-release is fully collateralized with cash or other collateral that the depositary considers appropriate; and (3) the depositary must be able to close out the pre-release on not more than five business days’ notice. In addition, the depositary will limit the number of ADSs that may be outstanding at any time as a result of pre-release, although the depositary may disregard the limit from time to time if it thinks it is appropriate to do so.

Direct Registration System

In the deposit agreement, all parties to the deposit agreement acknowledge that the Direct Registration System, also referred to as DRS, and Profile Modification System, also referred to as Profile, will apply to the
ADSs. DRS is a system administered by DTC that facilitates interchange between registered holding of uncertificated ADSs and holding of security entitlements in ADSs through DTC and a DTC participant. Profile is feature of DRS that allows a DTC participant, claiming to act on behalf of a registered holder of uncertificated ADSs, to direct the depositary to register a transfer of those ADSs to DTC or its nominee and to deliver those ADSs to the DTC account of that DTC participant without receipt by the depositary of prior authorization from the ADS holder to register that transfer.

In connection with and in accordance with the arrangements and procedures relating to DRS/Profile, the parties to the deposit agreement understand that the depositary will not determine whether the DTC participant that is claiming to be acting on behalf of an ADS holder in requesting registration of transfer and delivery as described in the paragraph above has the actual authority to act on behalf of the ADS holder (notwithstanding any requirements under the Uniform Commercial Code). In the deposit agreement, the parties agree that the depositary’s reliance on and compliance with instructions received by the depositary through the DRS/Profile system and in accordance with the deposit agreement will not constitute negligence or bad faith on the part of the depositary.

Shareholder communications; inspection of register of holders of ADSs

The depositary will make available for your inspection at its office all communications that it receives from us as a holder of deposited securities that we make generally available to holders of deposited securities. The depositary will send you copies of those communications or otherwise make those communications available to you if we ask it to. You have a right to inspect the register of holders of ADSs, but not for the purpose of contacting those holders about a matter unrelated to our business or the ADSs.
SHARES ELIGIBLE FOR FUTURE SALE

Upon closing of this offering, we will have ADSs outstanding representing approximately X% of our ordinary shares (or ADS outstanding representing approximately Y% of our ordinary shares if the underwriters exercise in full the over-allotment option). In addition, options to purchase an aggregate of approximately Z ordinary shares will be outstanding as of the closing of this offering. Of these options, W will have vested at or prior to the closing of this offering and approximately V will vest over the next N years.

All of the ADSs sold in this offering and the Class A ordinary shares they represent will be freely transferable by persons other than our “affiliates” without restriction or further registration under the Securities Act. Rule 144 of the Securities Act defines an “affiliate” of a company as a person that, directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, our company. All outstanding ordinary shares prior to this offering are “restricted securities” as that term is defined in Rule 144 because they were issued in a transaction or series of transactions not involving a public offering. Restricted securities, including restricted ordinary shares represented by ADSs, may be sold only if they are the subject of an effective registration statement under the Securities Act or if they are sold pursuant to an exemption from the registration requirement of the Securities Act such as those provided for in Rules 144 or 701 promulgated under the Securities Act, which rules are summarized below. Restricted ordinary shares may also be sold outside of the United States to non-U.S. persons in accordance with Rule 904 of Regulation S under the Act. This prospectus may not be used in connection with any resale of ADSs acquired in this offering by our affiliates.

Pursuant to Rule 144, ordinary shares will be eligible for sale at various times after the date of this prospectus, subject to the lock-up agreements.

Sales of substantial amounts of ADSs in the public market could adversely affect prevailing market prices of the ADSs. Prior to this offering, there has been no public market for our Class A ordinary shares or the ADSs, and while our application has been made to list the ADSs on the NASDAQ Global Market, we cannot assure you that a regular trading market will develop in the ADSs. We do not expect that a trading market will develop for our ordinary shares not represented by ADSs.

Lock-up Agreements

We, our officers and directors and our existing shareholders have agreed with the underwriters not to sell, transfer or dispose of any ADSs, ordinary shares or similar securities, in the form of ADSs or otherwise, or any securities convertible into or exchangeable or exercisable for our ordinary shares, in the form of ADSs or otherwise, for a period of 180 days after the date this prospectus, subject to certain exceptions. After the expiration of the 180-day period, the ordinary shares or ADSs held by our directors, officers or existing shareholders may be sold subject to the restrictions under Rule 144 under the Securities Act or by means of registered public offerings.

Rule 144

In general, under Rule 144 as currently in effect, a person who has beneficially owned our restricted securities for at least six months is entitled to sell the restricted securities without registration under the Securities Act, subject to certain restrictions. Persons who are our affiliates (including persons beneficially owning 10% or more of our outstanding shares) may sell within any three-month period a number of restricted securities that does not exceed the greater of the following:

• 1% of the number of our ordinary shares then outstanding, including ordinary shares represented by ADSs, which will equal approximately Z, ordinary shares immediately after this offering; and
the average weekly trading volume of our ADSs on the NASDAQ Global Market during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Such sales are also subject to manner-of-sale provisions, notice requirements and the availability of current public information about us. The manner-of-sale provisions require the securities to be sold either in “brokers’ transactions” as such term is defined under the Securities Act, through transactions directly with a market maker as such term is defined under the Exchange Act or through a riskless principal transaction as described in Rule 144. In addition, the manner-of-sale provisions require the person selling the securities not to solicit or arrange for the solicitation of orders to buy the securities in anticipation of or in connection with such transaction or make any payment in connection with the offer or sale of the securities to any person other than the broker or dealer who executes the order to sell the securities. If the amount of securities to be sold in reliance upon Rule 144 during any period of three months exceeds 5,000 shares or other units or has an aggregate sale price in excess of US$50,000, three copies of a notice on Form 144 should be filed with the SEC. If such securities are admitted to trading on any national securities exchange, one copy of such notice also must be transmitted to the principal exchange on which such securities are admitted. The Form 144 should be signed by the person for whose account the securities are to be sold and should be transmitted for filing concurrently with either the placing with a broker of an order to execute a sale of securities or the execution directly with a market maker of such a sale.

Persons who are not our affiliates and have beneficially owned our restricted securities for more than six months but not more than one year may sell the restricted securities without registration under the Securities Act subject to the availability of current public information about us. Persons who are not our affiliates and have beneficially owned our restricted securities for more than one year may freely sell the restricted securities without registration under the Securities Act.

Rule 701

Beginning 90 days after the date of this prospectus, persons other than affiliates who purchased ordinary shares under a written compensatory plan or contract may be entitled to sell such shares in the United States in reliance on Rule 701 under the Securities Act, or Rule 701. Rule 701 permits affiliates to sell their Rule 701 shares under Rule 144 without complying with the holding period requirements of Rule 144. Rule 701 further provides that non-affiliates may sell these shares in reliance on Rule 144 subject only to its manner-of-sale requirements. However, the Rule 701 shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.

Registration Rights

Upon closing of this offering, the holders of of our Class A ordinary shares or their transferees (or the holders of our ordinary shares or their transferees if the underwriters exercise in full the over-allotment option) will be entitled to request that we register their ordinary shares under the Securities Act, following the expiration of the lock-up agreements described above. See “Description of Share Capital — Registration Rights.”
TAXATION

The following is a general summary of certain Cayman Islands, People’s Republic of China and United States federal income tax consequences relevant to an investment in ADSs and Class A ordinary shares. To the extent that the discussion below relates to matters of Cayman Islands tax law, it is the opinion of Walkers, our Cayman Islands counsel. To the extent that the discussion below relates to matters of PRC tax law, it is the opinion of King & Wood Mallesons, our PRC counsel. To the extent that the discussion below relates to matters of United States federal income tax law, it is the opinion of Simpson Thacher & Bartlett LLP, our United States counsel. The discussion is not intended to be, nor should it be construed as, legal or tax advice to any particular prospective purchaser. The discussion is based on laws and relevant interpretations thereof in effect as of the date of this prospectus, all of which are subject to change or different interpretations, possibly with retroactive effect. The discussion does not address U.S. state or local tax laws, or tax laws of jurisdictions other than the Cayman Islands, the People’s Republic of China and the United States. You should consult your own tax advisors with respect to the consequences of acquisition, ownership and disposition of ADSs and Class A ordinary shares.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty or withholding tax applicable to us or to any holder of ADSs and Class A ordinary shares. Stamp duties may be applicable on instruments executed in, or after execution brought within the jurisdiction of, the Cayman Islands. No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands. The Cayman Islands is a party to a double tax treaty entered with the United Kingdom in 2010 but is otherwise not party to any double tax treaties. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Pursuant to Section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, we have obtained an undertaking from the Financial Secretary:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to us or our operations; and
(2) that no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(a) on or in respect of the shares, debentures or other obligations of the Company; or
(b) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011
Revision).

The undertaking for us is for a period of twenty years from November 29, 2016.

People’s Republic of China Taxation

In February 2017, the National People’s Congress of China enacted the modified Enterprise Income Tax Law, which became effective on February 24, 2017. The modified Enterprise Income Tax Law provides that enterprises organized under the laws of jurisdictions outside China with their “de facto management bodies” located within China may be considered PRC resident enterprises and therefore subject to PRC enterprise income tax at the rate of 25% on their worldwide income. The implementing rules of the Enterprise Income Tax Law further define the term “de facto management body” as the management body that exercises substantial and overall management and control over the business, personnel, accounts and properties of an enterprise. While we do not currently consider our company or any of our overseas subsidiaries to be a PRC resident enterprise, there is a risk that the PRC tax authorities may deem our company or any of our overseas subsidiaries as a PRC resident enterprise since a substantial majority of the members of our management team as well as the
management team of some of our overseas subsidiaries are located in China, in which case we or the overseas subsidiaries, as the case may be, would be subject to the PRC enterprise income tax at the rate of 25% on worldwide income. If the PRC tax authorities determine that our Cayman Islands holding company is a “resident enterprise” for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. One example is a 10% withholding tax would be imposed on dividends we pay to our non-PRC enterprise shareholders and with respect to gains derived by our non-PRC enterprise shareholders from transferring our shares or ADSs. Furthermore, dividends payable to individual investors who are non-PRC residents and any gain realized on the transfer of ADSs or ordinary shares by such investors may be subject to PRC tax at a current rate of 20%, subject to any reduction or exemption set forth in applicable tax treaties or under applicable tax arrangements between jurisdictions. It is unclear whether, if we are considered a PRC resident enterprise, holders of our shares or ADSs would be able to claim the benefit of income tax treaties or agreements entered into between China and other countries or areas.

Certain United States Federal Income Tax Considerations

The following discussion describes certain United States federal income tax consequences of the ownership and disposition of our ADSs and Class A ordinary shares as of the date hereof. This discussion deals only with ADSs and Class A ordinary shares that are held as capital assets by a United States Holder (as defined below).

As used herein, the term “United States Holder” means a beneficial owner of our ADSs or Class A ordinary shares that is, for United States federal income tax purposes, any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

This discussion is based upon provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and regulations, rulings and judicial decisions thereunder as of the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in United States federal income tax consequences different from those summarized below. In addition, this discussion is based, in part, upon representations made by the depositary to us and assumes that the deposit agreement, and all other related agreements, will be performed in accordance with their terms.

This discussion does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
If a partnership (or other entity treated as a partnership for United States federal income tax purposes) holds our ADSs or Class A ordinary shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our ADSs or Class A ordinary shares, you should consult your tax advisors.

This discussion does not contain a detailed description of all the United States federal income tax consequences to you in light of your particular circumstances and does not address the Medicare tax on net investment income or the effects of any state, local or non-United States tax laws. If you are considering the purchase of our ADSs or Class A ordinary shares, you should consult your own tax advisors concerning the particular United States federal income tax consequences to you of the ownership and disposition of our ADSs or Class A ordinary shares, as well as the consequences to you arising under other United States federal tax laws and the laws of any other taxing jurisdiction.

ADSs

If you hold ADSs, for United States federal income tax purposes, you generally will be treated as the owner of the underlying Class A ordinary shares that are represented by such ADSs. Accordingly, deposits in or withdrawals from our ADS facility as such will not be subject to United States federal income tax.

Taxation of Dividends

Subject to the discussion under “— Passive Foreign Investment Company” below, the gross amount of distributions on the ADSs or Class A ordinary shares (including any amounts withheld to reflect potential PRC withholding taxes, as discussed above under “— People’s Republic of China Taxation”) will be taxable as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, the distribution will first be treated as a tax-free return of capital, causing a reduction in the tax basis of the ADSs or Class A ordinary shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain recognized on a sale or exchange. We do not, however, expect to determine earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will generally be treated as a dividend.

Any dividends that you receive (including any withheld taxes) will be includable in your gross income as ordinary income on the day actually or constructively received by you, in the case of Class A ordinary shares, or by the depositary, in the case of ADSs. Such dividends will not be eligible for the dividends received deduction allowed to corporations under the Code.
With respect to non-corporate United States investors, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A foreign corporation is treated as a qualified foreign corporation with respect to dividends received from that corporation on shares (or ADSs backed by such shares) that are readily tradable on an established securities market in the United States. United States Treasury Department guidance indicates that our ADSs (which we will apply to list on the NASDAQ Global Market will be readily tradable on an established securities market in the United States once they are so listed. Thus, we believe that dividends we pay on our ADSs will meet the conditions required for these reduced tax rates. Since we do not expect that our Class A ordinary shares will be listed on an established securities market in the United States, we do not believe that dividends that we pay on our Class A ordinary shares that are not represented by ADSs currently meet the conditions required for these reduced tax rates. There can be no assurance, however, that our ADSs will be considered readily tradable on an established securities market in later years. A qualified foreign corporation also includes a foreign corporation that is eligible for the benefits of certain income tax treaties with the United States. In the event that we are deemed to be a PRC resident enterprise under the Enterprise Income Tax Law, we may be eligible for the benefits of the income tax treaty between the United States and PRC, or the Treaty, and if we are eligible for such benefits, dividends we pay on our Class A ordinary shares, regardless of whether such shares are represented by ADSs, would be eligible for reduced rates of taxation. See “Taxation — People’s Republic of China Taxation.” Non-corporate holders that do not meet a minimum holding period requirement during which they are not protected from the risk of loss or that elect to treat the dividend income as “investment income” pursuant to Section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of our status as a qualified foreign corporation. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. You should consult your own tax advisors regarding the application of these rules given your particular circumstances.

Non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a passive foreign investment company (a “PFIC”) in the taxable year in which such dividends are paid or in the preceding taxable year (see “— Passive Foreign Investment Company” below).

Subject to certain conditions and limitations (including a minimum holding period requirement), any PRC withholding taxes on dividends may be treated as foreign taxes eligible for credit against your United States federal income tax liability. For purposes of calculating the foreign tax credit, dividends paid on the ADSs or Class A ordinary shares will be treated as income from sources outside the United States and will generally constitute passive category income. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

Distributions of ADSs, Class A ordinary shares or rights to subscribe for ADSs or Class A ordinary shares that are received as part of a pro rata distribution to all of our shareholders generally will not be subject to United States federal income tax.

Passive Foreign Investment Company

Based on the past and projected composition of our income and assets, and the valuation of our assets, including goodwill, we do not believe we were a PFIC for our most recent taxable year, and we do not expect to become a PFIC in the current taxable year or the foreseeable future, although there can be no assurance in this regard.

In general, we will be a PFIC for any taxable year in which:

- at least 75% of our gross income is passive income, or
- at least 50% of the value (determined based on a quarterly average) of our assets is attributable to assets that produce or are held for the production of passive income.
For this purpose, passive income generally includes dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person), and cash, including cash from this offering, is treated as an asset that produces passive income. If we own at least 25% (by value) of the stock of another corporation, for purposes of determining whether we are a PFIC, we will be treated as owning our proportionate share of the other corporation’s assets and receiving our proportionate share of the other corporation’s income. However, there is uncertainty as to the treatment of our corporate structure and ownership of our consolidated VIE for United States federal income tax purposes. For United States federal income tax purposes, we consider ourselves to own the equity of our consolidated VIE. If it is determined, contrary to our view, that we do not own the equity of our consolidated VIE for United States federal income tax purposes (for instance, because the relevant PRC authorities do not respect these arrangements), we may be treated as a PFIC.

The determination of whether we are a PFIC is made annually. Accordingly, it is possible that we may become a PFIC in the current or any future taxable year due to changes in our asset or income composition. Because we have calculated the value of our goodwill by taking into account the market value of our ADSs, a decrease in the price of our ADSs may also result in our becoming a PFIC. If we are a PFIC for any taxable year during which you hold our ADSs or Class A ordinary shares, you will be subject to special tax rules discussed below.

If we are a PFIC for any taxable year during which you hold our ADSs or Class A ordinary shares and you do not make a timely mark-to-market election, as described below, you will be subject to special tax rules with respect to any “excess distribution” received and any gain realized from a sale or other disposition, including a pledge, of ADSs or Class A ordinary shares. Distributions received in a taxable year will be treated as excess distributions to the extent that they are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or your holding period for the ADSs or Class A ordinary shares. Under these special tax rules:

• the excess distribution or gain will be allocated ratably over your holding period for the ADSs or Class A ordinary shares,
• the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income, and
• the amount allocated to each other year will be subject to tax at the highest tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

Although the determination of whether we are a PFIC is made annually, if we are a PFIC for any taxable year in which you hold our ADSs or Class A ordinary shares, you will generally be subject to the special tax rules described above for that year and for each subsequent year in which you hold the ADSs or Class A ordinary shares (even if we do not qualify as a PFIC in such subsequent years). However, if we cease to be a PFIC, you can avoid the continuing impact of the PFIC rules by making a special election to recognize gain as if your ADSs or Class A ordinary shares had been sold on the last day of the last taxable year during which we were a PFIC. You are urged to consult your own tax advisor about this election.

In lieu of being subject to the special tax rules discussed above, you may make a mark-to-market election with respect to your ADSs or Class A ordinary shares, provided such ADSs or Class A ordinary shares are treated as “marketable stock.” The ADSs or Class A ordinary shares generally will be treated as marketable stock if the ADSs or Class A ordinary shares are regularly traded on a “qualified exchange or other market” (within the meaning of the applicable Treasury regulations). Under current law, the mark-to-market election may be available to holders of ADSs once the ADSs are listed on the NASDAQ Global Market, which constitutes a qualified exchange, although there can be no assurance that the ADSs will be “regularly traded” for purposes of the mark-to-market election. It should also be noted that it is intended that only the ADSs and not the Class A
ordinary shares will be listed on the NASDAQ Global Market. Consequently, if you are a holder of Class A ordinary shares that are not represented by ADSs, you generally will not be eligible to make a mark-to-market election.

If you make an effective mark-to-market election, for each taxable year that we are a PFIC you will include as ordinary income the excess of the fair market value of your ADSs at the end of the year over your adjusted tax basis in the ADSs. You will be entitled to deduct as an ordinary loss in each such year the excess of your adjusted tax basis in the ADSs over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. Your adjusted tax basis in the ADSs will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. In addition, upon the sale or other disposition of your ADSs in a year that we are a PFIC, any gain will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount of previously included income as a result of the mark-to-market election. Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, if you make a mark-to-market election with respect to our ADSs, you may continue to be subject to the general PFIC rules with respect to your indirect interest in any of our non-United States subsidiaries that is classified as a PFIC (as discussed below).

If you make a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the ADSs are no longer regularly traded on a qualified exchange or other market, or the Internal Revenue Service consents to the revocation of the election. You are urged to consult your tax advisor about the availability of the mark-to-market election, and whether making the election would be advisable in your particular circumstances.

Alternatively, you can sometimes avoid the special tax rules described above by electing to treat a PFIC as a “qualified electing fund” under Section 1295 of the Code. However, this option is not available to you because we do not intend to comply with the requirements necessary to permit you to make this election.

If we are a PFIC for any taxable year during which you hold our ADSs or Class A ordinary shares and any of our non-United States subsidiaries is also a PFIC, you will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of the PFIC rules. You are urged to consult your tax advisors about the application of the PFIC rules to any of our subsidiaries.

You will generally be required to file Internal Revenue Service Form 8621 if you hold our ADSs or Class A ordinary shares in any year in which we are classified as a PFIC. You are urged to consult your tax advisors concerning the United States federal income tax consequences of holding ADSs or Class A ordinary shares if we are considered a PFIC in any taxable year.

Taxation of Capital Gains

For United States federal income tax purposes, you will recognize taxable gain or loss on any sale or exchange of the ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized for the ADSs or Class A ordinary shares and your tax basis in the ADSs or Class A ordinary shares. Subject to the discussion under “— Passive Foreign Investment Company” above, such gain or loss will generally be capital gain or loss and will generally be long-term capital gain or loss if you have held the ADSs or Class A ordinary shares for more than one year. Long-term capital gains of non-corporate United States Holders (including individuals) are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by you will generally be treated as United States source gain or loss. However, if we are treated as a PRC resident enterprise for PRC tax purposes and PRC tax were imposed on any gain, and if you are eligible for the benefits of the Treaty, you may be able to elect to treat such gain as PRC source gain under the Treaty. If you are not eligible for the benefits of the Treaty or if you fail to make the election to treat any gain as PRC source, then you generally would not be able to use the foreign tax credit arising from any PRC tax imposed on the disposition of ADSs or Class A ordinary shares unless such credit can be applied (subject to applicable limitations) against tax due on other income derived from foreign sources.
Information Reporting and Backup Withholding

You may be required to report information to the Internal Revenue Service relating to an interest in “specified foreign financial assets,” including our ADSs or Class A ordinary shares, subject to certain asset value thresholds and subject to certain exceptions (including an exception for shares held in a custodial account maintained with a United States financial institution). You may also be subject to penalties if you are required to submit information to the Internal Revenue Service and fail to do so.

In general, information reporting will apply to dividends in respect of our ADSs or Class A ordinary shares and the proceeds from the sale, exchange or other disposition of our ADSs or Class A ordinary shares that are paid to you within the United States (and in certain cases, outside the United States), unless you are an exempt recipient. A backup withholding tax may apply to such payments if you fail to provide a taxpayer identification number or certification of exempt status or fail to report in full dividend and interest income.

Backup withholding is not an additional tax and any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.
UNDERWRITING

We and the underwriters named below [have] entered into an underwriting agreement with respect to the ADSs being offered. Under the terms and subject to the conditions contained in the underwriting agreement, each underwriter has severally agreed to purchase the number of ADSs indicated in the following table. Citigroup Global Markets Inc., Deutsche Bank Securities Inc., China Merchants Securities (HK) Co., Ltd. and UBS Securities LLC are the representatives of the underwriters.

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<th>Underwriters</th>
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The underwriters and the representatives of the underwriters are collectively referred to as the “underwriters” and the “representatives,” respectively. The underwriters are offering the ADSs subject to their acceptance of the ADSs from us and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ADSs offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions, including the absence of any material adverse change in our business and the receipt of certain certificates, opinions and letters from us, our counsel and the independent registered public accounting firm. The underwriters are obligated, severally and not jointly, to take and pay for all of the ADSs offered by this prospectus if any such ADSs are taken, other than the ADSs covered by the underwriters’ option to purchase additional ADSs described below. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated. The underwriters reserve the right to withdraw, cancel or modify offers to the public and reject orders in whole or in part.

The underwriters initially propose to offer part of the ADSs directly to the public at the public offering price listed on the cover page of this prospectus and part of the ADSs to certain dealers at a price that represents a concession not in excess of US$ per ADS from the initial public offering price. After the initial offering of the ADSs, the offering price and other selling terms may from time to time be varied by the representatives.

Certain of the underwriters are expected to make offers and sales both inside and outside the United States through their respective selling agents. Any offers or sales in the United States will be conducted by broker-dealers registered with the SEC. China Merchants Securities (HK) Co., Ltd. is not an SEC-registered dealer-broker and does not intend to make any offers or sales of the ADSs within the United States or to any U.S. persons.

The address of Citigroup Global Markets Inc. is 388 Greenwich Street, New York, NY 10013, United States. The address of Deutsche Bank Securities Inc. is 60 Wall Street, New York, NY 10005, United States. The address of China Merchants Securities (HK) Co., Ltd. is 48/F, One Exchange Square, Central, Hong Kong. The address of UBS Securities LLC is 1285 Avenue of the Americas, New York, NY, 10019. The address of KeyBanc Capital Markets Inc. is 127 Public Square, 4th Floor Cleveland, OH, 44114.

Option to Purchase Additional ADSs

We [have] granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of additional ADSs at the public offering price listed on the cover page of

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this prospectus, less underwriters discounts and commissions. The underwriters may exercise this option for the purpose of [covering over-allotments], if any, made in connection with the offering of the ADSs offered by this prospectus. To the extent the option is exercised, each underwriter will become severally obligated, subject to certain conditions, to purchase additional ADSs approximately proportionate to each underwriter’s initial amount reflected in the table above. If the underwriters’ option is exercised in full, the total price to the public would be US$ , the total underwriters’ discounts and commissions would be US$ and the total proceeds to us (before expenses) would be US$ .

Commissions and Expenses

Total underwriting discounts and commissions to be paid to the underwriters represent % of the total amount of the offering. The following table shows the per ADS and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters’ option to purchase additional ADSs.

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<th>Per ADS</th>
<th>No Exercise</th>
<th>Full Exercise</th>
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<tr>
<td>Public offering price</td>
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Discounts and commissions paid by us

The estimated offering expenses payable by us, exclusive of the underwriting discounts and commissions, are approximately US$ million, which includes legal, accounting, and printing costs and various other fees associated with the registration of our Class A ordinary shares.

Lock-Up Agreements

We have agreed that, without the prior written consent of the representatives, subject to certain exceptions, we will not, for a period of 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs;
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares or ADSs; or
- file any registration statement with the SEC relating to the offering of any ordinary shares, ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs (other than a registration statement on Form S-8),

whether any such transaction described above is to be settled by delivery of ordinary shares, ADSs or such other securities, in cash or otherwise.

Our officers and directors, our existing shareholders have agreed that, without the prior written consent of the representatives, such parties, subject to certain exceptions, will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any ordinary shares or ADSs or any securities convertible into or exercisable or exchangeable for ordinary shares or ADSs; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares or ADSs,
whether any such transaction described above is to be settled by delivery of ordinary shares, ADSs, or such other securities, in cash or otherwise. In addition, we and each such person agree that, without the prior written consent of the representatives on behalf of the underwriters, we or such other person will not, during the restricted period, make any demand for, or exercise any right with respect to, the registration of any ordinary shares, ADSs or any security convertible into or exercisable or exchangeable for ordinary shares or ADSs.

The restrictions described in the preceding paragraphs do not apply to:

- [the sale of shares to the underwriters;]
- the issuance by us of ordinary shares upon the exercise of an option or a warrant or the conversion of a security outstanding on the date of this prospectus of which the underwriters have been advised in writing;
- transactions by any person other than us relating to our ordinary shares or other securities acquired in open market transactions after the completion of the offering of the shares; provided that no filing under Section 16(a) of the Exchange Act is required or voluntarily made in connection with subsequent sales of such ordinary shares or other securities acquired in such open market transactions; or
- the establishment of a trading plan pursuant to Rule 10b5-1 under the Exchange Act for the transfer of our ordinary shares, provided that (1) such plan does not provide for the transfer of our ordinary shares during the restricted period and (2) to the extent a public announcement or filing under the Exchange Act, if any, is required or voluntarily made regarding the establishment of such plan, such announcement or filing shall include a statement to the effect that no transfer of our ordinary shares may be made under such plan during the restricted period.]

Immediately after the completion of this offering, a total of ordinary shares (representing approximately % of our ordinary shares then issued and outstanding) will be subject to the lock-up agreements or other restrictions on transfer, assuming the underwriters do not exercise their option to purchase additional ADSs. See “Shares Eligible for Future Sale.”

Subject to compliance with the notification requirements under FINRA Rule 5131 applicable to lock-up agreements with our directors or officers, if acting on behalf of the representatives, with our prior consent, agree(s) to release or waive the restrictions set forth in a lock-up agreement with one of our directors or officers and provide(s) us with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, we agree to announce the impending release or waiver by a press release through a major news service at least two business days before the effective date of the release or waiver. Currently, there are no agreements, understandings or intentions, tacit or explicit, to release any of the securities from the lock-up agreements prior to the expiration of the corresponding period.

Listing

We will apply to list the ADSs on the NASDAQ Global Market under the symbol “QTT.” [In order to meet the requirements for listing on that exchange, the underwriters have undertaken to sell a minimum number of ADSs to a minimum number of beneficial owners as required by that exchange.]

Stabilization, Short Positions and Penalty Bids

To facilitate this offering of the ADSs, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the ADSs. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of ADSs than they are required to purchase in the offering. “Covered” short sales are sales made in an amount not greater than the underwriters’ option to purchase additional ADSs in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional ADSs or
purchasing ADSs in the open market. In determining the source of ADSs to close out the covered short position, the underwriters will consider, among other things, the price of ADSs available for purchase in the open market as compared to the price at which they may purchase additional ADSs pursuant to the option granted to them. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in the offering.

Stabilizing transactions consist of various bids for, or purchases of, ADSs made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased ADSs sold by, or for the account of, such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the ADSs, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the ADSs. As a result, the price of the ADSs may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities. If these activities are commenced, they are required to be conducted in accordance with applicable laws and regulations, and they may be discontinued at any time. These transactions may be effected on the NASDAQ Global Market, the over-the-counter market or otherwise.

Electronic Distribution

A prospectus in electronic format will be made available on the websites maintained by one or more of the underwriters or one or more securities dealers. One or more of the underwriters may distribute prospectuses electronically. The representatives may agree to allocate a number of ADSs for sale to their online brokerage account holders. ADSs to be sold pursuant to an Internet distribution will be allocated on the same basis as other allocations. In addition, ADSs may be sold by the underwriters to securities dealers who resell ADSs to online brokerage account holders. Other than the prospectus in electronic format, the information on any underwriter’s or securities dealer’s website and any information contained in any other website maintained by any underwriter or securities dealer is not part of the prospectus or the registration statement of which the prospectus forms a part, has not been approved and/or endorsed by us or any underwriter or securities dealer and should not be relied upon by investors.

Directed Share Program

At our request, the underwriters have reserved up to % of the ADSs being offered by this prospectus (assuming exercise in full by the underwriters of their option to purchase additional ADSs) for sale at the initial public offering price to certain of our directors, executive officers, employees, business associates and members of their families. [If purchased by these persons, these ADSs will be subject to 180-day lock-up restriction. We will pay all fees and disbursement of counsel incurred by the underwriters in connection with offering the ADSs to such persons.] The directed share program will be administered by with respect to ADSs offered through the directed share program in the U.S. and by with respect to ADSs offered through the directed share program outside of the U.S. We do not know if these individuals will choose to purchase all or any portion of these reserved ADSs, but any purchases they do make will reduce the number of ADSs that are available to the general public. Any reserved ADSs that are not so purchased will be offered by the underwriters to the general public on the same terms as the other ADSs offered by this prospectus.]
Discretionary Sales

The underwriters have informed us that they do not intend sales to discretionary accounts to exceed 5% of the total number of ADSs offered by them. [In addition and in accordance with Rule 5121 of FINRA, may not make sales in this offering to any discretionary account without the prior approval of the customer.]

Indemnification

We [have] agreed to indemnify the several underwriters against certain liabilities, including liabilities under the Securities Act [and liabilities in connection with the directed share program referred to above]. If we are unable to provide this indemnification, we will contribute to payments that the underwriters may be required to make for these liabilities.

Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include the sales and trading of securities, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, financing, brokerage and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates may have, from time to time, performed, and may in the future perform, a variety of such activities and services for us and for persons or entities with relationships with us for which they received or will receive customary fees, commissions and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, directors, officers and employees may at any time purchase, sell or hold a broad array of investments, and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to the assets, securities and/or instruments of us (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments. In addition, the underwriters and their respective affiliates may at any time hold, or recommend to clients that they should acquire, long and short positions in such assets, securities and instruments.

Pricing of the Offering

Prior to this offering, there has been no public market for our Class A ordinary shares or the ADSs. The initial public offering price was determined by negotiations between us and the representatives. Among the factors considered in determining the initial public offering price of the ADSs, in addition to prevailing market conditions, were our historical performance, estimates of our business potential and earnings prospects, an assessment of our management and the consideration of the above factors in relation to market valuation of companies in related businesses. Neither we nor the underwriters can assure investors that an active trading market will develop for the ADSs, or that the ADSs will trade in the public market at or above the initial public offering price.

Selling Restrictions

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the ADSs, or the possession, circulation or distribution of this prospectus or any other material relating to us or the ADSs in any jurisdiction where action for that purpose is required. Accordingly, the ADSs may not be offered or sold, directly or indirectly, and neither this prospectus nor any other material or advertisements in connection with the ADSs may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable laws, rules and regulations of any such country or jurisdiction.
Australia

This document has not been lodged with the Australian Securities & Investments Commission and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

(a) you confirm and warrant that you are either:
   (i) “sophisticated investor” under section 708(8)(a) or (b) of the Corporations Act 2001 (Cth) of Australia, or the Corporations Act;
   (ii) “sophisticated investor” under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant’s certificate to the company which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;
   (iii) person associated with the company under section 708(12) of the Corporations Act; or
   (iv) “professional investor” within the meaning of section 708(11)(a) or (b) of the Corporations Act;

and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act, any offer made to you under this document is void and incapable of acceptance;

(b) you warrant and agree that you will not offer any of the ADSs issued to you pursuant to this document for resale in Australia within 12 months of those ADSs being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

Canada

The ADSs may be sold in Canada only to purchasers resident or located in the Provinces of Ontario, Québec, Alberta and British Columbia, purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the ADSs must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts, or NI 33-105, the underwriters are not required to comply with the prospectus requirements of applicable securities laws.

Cayman Islands

This prospectus does not constitute an invitation or offer to the public in the Cayman Islands of the ADSs, whether by way of sale or subscription. The underwriters have not offered or sold, and will not offer or sell, directly or indirectly, any ADSs in the Cayman Islands.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “Relevant Member State”) an offer to the public of any shares which are the subject of the
offering contemplated by this prospectus may not be made in that Relevant Member State unless the prospectus has been approved by the competent authority in such Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, in accordance with the Prospectus Directive, except that an offer to the public in that Relevant Member State of any shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- by the underwriters to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than “qualified investors” as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of shares shall result in a requirement for the publication by us or any representative of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Any person making or intending to make any offer of shares within the EEA should only do so in circumstances in which no obligation arises for us or any of the underwriters to produce a prospectus for such offer. Neither we nor the underwriters have authorized, nor do they authorize, the making of any offer of shares through any financial intermediary, other than offers made by the underwriters which constitute the final offering of shares contemplated in this prospectus.

For the purposes of this provision, and your representation below, the expression an “offer to the public” in relation to any shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any shares to be offered so as to enable an investor to decide to purchase any shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC (including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State) and includes any relevant implementing measure in each Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

Each person in a Relevant Member State who receives any communication in respect of, or who acquires any shares under, the offer of shares contemplated by this prospectus will be deemed to have represented, warranted and agreed to and with us and each underwriter that:

- it is a “qualified investor” within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive; and
- in the case of any shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, (1) the shares acquired by it in the offering have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than “qualified investors” (as defined in the Prospectus Directive), or in circumstances in which the prior consent of the representatives has been given to the offer or resale; or (2) where shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those shares to it is not treated under the Prospectus Directive as having been made to such persons.
In addition, in the United Kingdom, this document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are “qualified investors” (as defined in the Prospectus Directive) (i) who have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or the Order, and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as “relevant persons”). This document must not be acted on or relied on in the United Kingdom by persons who are not relevant persons. In the United Kingdom, any investment or investment activity to which this document relates is only available to, and will be engaged in with, relevant persons.

Switzerland

The ADSs may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or the SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the ADSs or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this prospectus nor any other offering or marketing material relating to the offering, the issuer, the ADSs have been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus will not be filed with, and the offer of ADSs will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA, or the FINMA, and the offer of ADSs has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes, or the CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of ADSs.

Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority, or the DFSA. This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for this prospectus. The ADSs to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the ADSs offered should conduct their own due diligence on the ADSs. If you do not understand the contents of this prospectus you should consult an authorized financial advisor.

Hong Kong

The ADSs may not be offered or sold in Hong Kong by means of any document other than (1) in circumstances which do not constitute an offer to the public within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong), or (2) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (3) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the ADSs may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to ADSs which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder.
Japan

The ADSs have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, and ADSs will not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to any exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

People's Republic of China

This prospectus has not been and will not be circulated or distributed in the PRC, and ADSs may not be offered or sold, and will not be offered or sold to any person for re-offering or resale, directly or indirectly, to any resident of the PRC except pursuant to applicable laws and regulations of the PRC.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of our ADSs may not be circulated or distributed, nor may our ADSs be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or SFA, (2) to a relevant person or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where our ADSs are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor as defined in Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor; shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the ADSs under Section 275 of the SFA, except: (1) to an institutional investor (for corporations under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

United Kingdom

Each underwriter has represented and agreed that: (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, or the FSMA, received by it in connection with the issue or sale of the ADSs in circumstances in which Section 21(1) of the FSMA does not apply to us; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the ADSs in, from or otherwise involving the United Kingdom.
Korea
The ADSs may not be offered, sold and delivered directly or indirectly, or offered or sold to any person for reoffering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the Korea Securities and Exchange Act and the Foreign Exchange Transaction Law and the decrees and regulations thereunder. The ADSs have not been registered with the Financial Services Commission of Korea for public offering in Korea. Furthermore, the ADSs may not be resold to Korean residents unless the purchaser of the ADSs complies with all applicable regulatory requirements (including but not limited to government approval requirements under the Foreign Exchange Transaction Law and its subordinate decrees and regulations) in connection with the purchase of the ADSs.

Malaysia
No prospectus or other offering material or document in connection with the offer and sale of the securities has been or will be registered with the Securities Commission of Malaysia, or Commission, for the Commission’s approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services License; (iii) a person who acquires the securities as principal, if the offer is on terms that the securities may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in each of the preceding categories (i) to (xi), the distribution of the securities is made by a holder of a Capital Markets Services License who carries on the business of dealing in securities. The distribution in Malaysia of this prospectus is subject to Malaysian laws. This prospectus does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

Mexico
None of the ADSs or the ordinary shares have been or will be registered with the National Securities Registry (Registro Nacional de Valores) maintained by the Mexican National Banking and Securities Commission (Comisión Nacional Bancaria y de Valores) of Mexico and, as a result, may not be offered or sold publicly in Mexico. The ADSs and the ordinary shares may only be sold to Mexican institutional and qualified investors, pursuant to the private placement exemption set forth in the Mexican Securities Market Law (Ley del Mercado de Valores).

Taiwan
The ADSs have not been and will not be registered or filed with, or approved by, the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be offered or sold in
Taiwan through a public offering or in circumstances which constitute an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations that require a registration, filing or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer or sell the ADSs in Taiwan.

United Arab Emirates

This prospectus is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates, or the UAE. The ADSs have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities Market or with any other UAE exchange.

The offering, the ADSs and interests therein have not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities in the UAE, and do not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

In relation to its use in the UAE, this prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the ADSs may not be offered or sold directly or indirectly to the public in the UAE.

Qatar

In the State of Qatar, the offer contained herein is made on an exclusive basis to the specifically intended recipient thereof, upon that person’s request and initiative, for personal use only and shall in no way be construed as a general offer for the sale of securities to the public or an attempt to do business as a bank, an investment company or otherwise in the State of Qatar. This prospectus and the underlying securities have not been approved or licensed by the Qatar Central Bank or the Qatar Financial Centre Regulatory Authority or any other regulator in the State of Qatar. The information contained in this prospectus shall only be shared with any third parties in Qatar on a need to know basis for the purpose of evaluating the contained offer. Any distribution of this prospectus by the recipient to third parties in Qatar beyond the terms hereof is not permitted and shall be at the liability of such recipient.

Kuwait

Unless all necessary approvals from the Kuwait Ministry of Commerce and Industry required by Law No. 31/1990 “Regulating the Negotiation of Securities and Establishment of Investment Funds,” its Executive Regulations and the various Ministerial Orders issued pursuant thereto or in connection therewith, have been given in relation to the marketing and sale of the ADSs, these may not be marketed, offered for sale, nor sold in the State of Kuwait. Neither this prospectus (including any related document), nor any of the information contained therein is intended to lead to the conclusion of any contract of whatsoever nature within Kuwait.
EXPENSES RELATED TO THIS OFFERING

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, which are expected to be incurred in connection with the offer and sale of the ADSs by us. With the exception of the SEC registration fee and the Financial Industry Regulatory Authority filing fee, all amounts are estimates.

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEC registration fee</td>
<td></td>
</tr>
<tr>
<td>NASDAQ Global Market listing fee</td>
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<tr>
<td>Financial Industry Regulatory Authority filing fee</td>
<td></td>
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<tr>
<td>Printing and engraving expenses</td>
<td></td>
</tr>
<tr>
<td>Legal fees and expenses</td>
<td></td>
</tr>
<tr>
<td>Accounting fees and expenses</td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
</tr>
</tbody>
</table>

These expenses will be borne by us, except for underwriting discounts and commissions, which will be borne by us in proportion to the numbers of ADSs sold in the offering by us, respectively.
LEGAL MATTERS

We are being represented by Simpson Thacher & Bartlett LLP with respect to certain legal matters of United States federal securities and New York state law. The underwriters are being represented by Wilson Sonsini Goodrich & Rosati with respect to certain legal matters as to United States. The validity of the Class A ordinary shares represented by the ADSs offered in this offering and legal matters as to Cayman Islands law will be passed upon for us by Walkers. Certain legal matters as to PRC law will be passed upon for us by King & Wood Mallesons and for the underwriters by Jingtian & Gongcheng. Simpson Thacher & Bartlett LLP and Walkers may rely upon King & Wood Mallesons with respect to matters governed by PRC law. Wilson Sonsini Goodrich & Rosati may rely upon Jingtian & Gongcheng with respect to matters governed by PRC law.
EXPERTS

The financial statements as of December 31, 2016 and 2017, and for each of the two years in the period ended December 31, 2017 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers Zhong Tian LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

The office of PricewaterhouseCoopers Zhong Tian LLP is located at 11/F, PricewaterhouseCoopers Center, 2 Corporate Avenue, 202 Hu Bin Road, Huangpu District, Shanghai 200021, the People’s Republic of China.
WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form F-1, including relevant exhibits and schedules under the Securities Act with respect to underlying Class A ordinary shares represented by the ADSs, to be sold in this offering. A related registration statement on F-6 will be filed with the SEC to register the ADSs. This prospectus, which constitutes a part of the registration statement, does not contain all of the information contained in the registration statement. You should read the registration statement and its exhibits and schedules for further information with respect to us and our ADSs.

Immediately upon closing of this offering, we will become subject to periodic reporting and other informational requirements of the Exchange Act as applicable to foreign private issuers. Accordingly, we will be required to file reports, including annual reports on Form 20-F, and other information with the SEC. All information filed with the SEC can be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of these documents upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. Additional information may also be obtained over the Internet at the SEC’s web site at www.sec.gov.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated combined financial statements prepared in conformity with U.S. GAAP, and all notices of shareholders’ meeting and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and will mail to all record holders of ADSs the information contained in any notice of a shareholders’ meeting received by the depositary from us.
**INDEX TO CONSOLIDATED FINANCIAL STATEMENTS**

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<td>Consolidated Statements of Comprehensive Loss for the years ended</td>
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<tr>
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<tr>
<td>years ended December 31, 2016 and 2017</td>
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<td>Consolidated Statements of Cash Flows for the years ended December</td>
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<td>Unaudited Interim Condensed Consolidated Balance Sheets as of December</td>
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<td>Unaudited Interim Condensed Statements of Comprehensive Loss for</td>
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<tr>
<td>six months ended June 30, 2017 and 2018</td>
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</tr>
<tr>
<td>Unaudited Interim Condensed Statements of Changes in Shareholders'</td>
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<tr>
<td>Deficit for six months ended June 30, 2017 and 2018</td>
<td></td>
</tr>
<tr>
<td>Unaudited Interim Condensed Statements of Cash Flows for six months</td>
<td>F-56</td>
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<tr>
<td>ended June 30, 2017 and 2018</td>
<td></td>
</tr>
<tr>
<td>Notes to Unaudited Interim Condensed Consolidated Financial Statements</td>
<td>F-58</td>
</tr>
</tbody>
</table>

F-1
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the board of directors and shareholders of Qutoutiao Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Qutoutiao Inc. and its subsidiaries as of December 31, 2017 and 2016, and the related consolidated statements of comprehensive loss, of changes in shareholders’ deficit and of cash flows for the years then ended, including the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (“PCAOB”) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers Zhong Tian LLP
Shanghai, the People's Republic of China

March 9, 2018

We have served as the Company’s auditor since 2017.
QUTOUTIAO INC.
CONSOLIDATED BALANCE SHEETS
As of December 31, 2016 and 2017
(RMB, except share data and per share data, or otherwise noted)

<table>
<thead>
<tr>
<th>Note</th>
<th>2016</th>
<th>2017</th>
<th>US$ (Note 2(e))</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td></td>
</tr>
</tbody>
</table>

### ASSETS

**Current assets:**

- Cash and cash equivalents: 4
- Short-term investments: 2(h)
- Accounts receivable, net: 5
  - Amount due from a related party: 15
  - Prepayments and other current assets: 6

**Total current assets:**

- 2016: 29,758,060
- 2017: 466,207,742
- 2017-2016: 71,654,818

**Non-current assets:**

- Property and equipment, net: 7
- Other non-current assets: 6

**Total non-current assets:**

- 2016: 138,120
- 2017: 10,373,008
- 2017-2016: 1,594,302

**Total assets:**

- 2016: 29,896,180
- 2017: 476,580,750
- 2017-2016: 73,249,120

### LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT

**Current liabilities:**

- Accounts payable: 8
- Amount due to a related party (including amount due to a related party of the consolidated variable interest entity (“VIE”) and VIE’s subsidiaries without recourse to the Company of RMB 3,024,000 as of December 31, 2016): 15
- Registered users’ loyalty payable: 2(r)
- Advance from advertising customers: 729,004
- Salary and welfare payable: 556,782
- Tax payable: 556,782
- Accrued liabilities related to users’ loyalty programs: 8
- Accrued liabilities and other current liabilities: 9

**Total current liabilities:**

- 2016: 41,087,197
- 2017: 311,246,070
- 2017-2016: 47,837,645

**Total liabilities:**

- 2016: 41,087,197
- 2017: 311,246,070
- 2017-2016: 47,837,645

F-3
QUTOUTIAO INC.
CONSOLIDATED BALANCE SHEETS (Continued)
As of December 31, 2016 and 2017
(RMB, except share data and per share data, or otherwise noted)

<table>
<thead>
<tr>
<th>Note</th>
<th>2016</th>
<th>2017</th>
<th>US$ (Note 2(e))</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td></td>
</tr>
<tr>
<td>Commitments and contingencies (Notes 17)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mezzanine equity:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A convertible redeemable preferred shares (US$0.0001 par value; 4,945,055 shares authorized, issued and outstanding as of December 31, 2017; redemption amount of RMB 375,151,726 as of December 31, 2017)</td>
<td>10</td>
<td>—</td>
<td>210,478,110</td>
</tr>
<tr>
<td>Series A1 convertible redeemable preferred shares (US$0.0001 par value; 1,373,626 shares authorized, issued and outstanding as of December 31, 2017; redemption amount of RMB 115,787,570 as of December 31, 2017)</td>
<td>10</td>
<td>—</td>
<td>63,416,581</td>
</tr>
<tr>
<td>Total mezzanine equity</td>
<td>—</td>
<td>—</td>
<td>273,894,691</td>
</tr>
<tr>
<td>Shareholders’ deficit:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares (US$0.0001 par value; 493,681,319 shares authorized, 34,062,500 shares issued as of December 31, 2016 and 2017, respectively, 24,062,500 shares outstanding as of December 31, 2016 and 2017, respectively)</td>
<td>11</td>
<td>15,723</td>
<td>15,723</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>1,118,808</td>
<td>8,856,316</td>
<td>1,361,190</td>
</tr>
<tr>
<td>Treasury stock (US$0.0001 par value; 10,000,000 shares as of December 31, 2016 and 2017, respectively)</td>
<td>11</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>—</td>
<td>24,651</td>
<td>3,789</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(12,325,248)</td>
<td>(117,456,701)</td>
<td>(18,052,764)</td>
</tr>
<tr>
<td>Total shareholders’ deficit</td>
<td>(11,191,017)</td>
<td>(108,560,011)</td>
<td>(16,685,368)</td>
</tr>
<tr>
<td>Total liabilities, mezzanine equity and shareholders’ deficit</td>
<td>29,896,180</td>
<td>476,580,750</td>
<td>73,249,120</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
QUTOUTIAO INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
For the Years Ended December 31, 2016 and 2017
(RMB, except share data and per share data, or otherwise noted)

<table>
<thead>
<tr>
<th>Note</th>
<th>For the years ended December 31, 2016</th>
<th></th>
<th>For the years ended December 31, 2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td>US$(Note 2(e))</td>
<td></td>
</tr>
<tr>
<td>Advertising revenue</td>
<td>57,880,338</td>
<td>512,882,481</td>
<td>78,828,594</td>
<td></td>
</tr>
<tr>
<td>Other revenue</td>
<td>73,974</td>
<td>4,170,469</td>
<td>640,989</td>
<td></td>
</tr>
<tr>
<td><strong>Net revenues</strong></td>
<td>57,954,312</td>
<td>517,052,950</td>
<td>79,469,583</td>
<td></td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>(7,058,321)</td>
<td>(75,996,476)</td>
<td>(11,680,445)</td>
<td></td>
</tr>
<tr>
<td>Cost of revenues-related party</td>
<td>(120,000)</td>
<td>(484,019)</td>
<td>(74,392)</td>
<td></td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>50,775,991</td>
<td>440,572,455</td>
<td>67,714,746</td>
<td></td>
</tr>
<tr>
<td><strong>Operating expenses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>(2,460,972)</td>
<td>(15,096,815)</td>
<td>(2,320,338)</td>
<td></td>
</tr>
<tr>
<td>Research and development expenses-related party</td>
<td>(166,000)</td>
<td>(220,189)</td>
<td>(33,842)</td>
<td></td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>(54,558,811)</td>
<td>(493,775,027)</td>
<td>(75,891,832)</td>
<td></td>
</tr>
<tr>
<td>Sales and marketing expenses-related party</td>
<td>(74,000)</td>
<td>(950,185)</td>
<td>(1,661,908)</td>
<td></td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(1,765,219)</td>
<td>(10,812,869)</td>
<td>(75,891,832)</td>
<td></td>
</tr>
<tr>
<td>General and administrative expenses-related party</td>
<td>(2,664,000)</td>
<td>(15,133,767)</td>
<td>(2,326,017)</td>
<td></td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>(61,687,002)</td>
<td>(535,988,852)</td>
<td>(82,379,978)</td>
<td></td>
</tr>
<tr>
<td><strong>Loss from operations</strong></td>
<td>(10,862,379)</td>
<td>(94,759,689)</td>
<td>(14,564,298)</td>
<td></td>
</tr>
<tr>
<td>Interest income</td>
<td>50,840</td>
<td>673,858</td>
<td>103,570</td>
<td></td>
</tr>
<tr>
<td>Others, net</td>
<td>(2,208)</td>
<td>(1,150)</td>
<td>(2,636)</td>
<td></td>
</tr>
<tr>
<td><strong>Loss before income tax expenses</strong></td>
<td>(10,862,379)</td>
<td>(94,759,689)</td>
<td>(14,564,298)</td>
<td></td>
</tr>
<tr>
<td>Income tax expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>(10,862,379)</td>
<td>(94,759,689)</td>
<td>(14,564,298)</td>
<td></td>
</tr>
<tr>
<td>Accretion to convertible redeemable preferred shares redemption value</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss attributable to Qutoutiao Inc.’s ordinary shareholders</td>
<td>(10,862,379)</td>
<td>(100,772,472)</td>
<td>(15,488,446)</td>
<td></td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>(10,862,379)</td>
<td>(94,759,689)</td>
<td>(14,564,298)</td>
<td></td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustment, net of nil tax</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Comprehensive loss attributable to Qutoutiao Inc.</strong></td>
<td>(10,862,379)</td>
<td>(94,735,038)</td>
<td>(14,560,509)</td>
<td></td>
</tr>
<tr>
<td><strong>Net loss per share attributable to Qutoutiao Inc.</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>— Basic and diluted</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Weighted average number of ordinary shares used in per share calculation:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>— Basic and Diluted</td>
<td>24,062,500</td>
<td>24,062,500</td>
<td>24,062,500</td>
<td></td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
QUTOUTIAO INC.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ DEFICIT
For the Years Ended December 31, 2016 and 2017
(RMB, except share data and per share data, or otherwise noted)

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<thead>
<tr>
<th>Outstanding ordinary shares</th>
<th>Additional paid-in capital</th>
<th>Treasury stocks</th>
<th>Accumulated other comprehensive income</th>
<th>Accumulated deficit</th>
<th>Statutory reserves</th>
<th>Total shareholders’ deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Shares</td>
<td>Amount</td>
<td>Number of Shares</td>
<td>Amount</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance as of January 1, 2016</td>
<td>24,062,500</td>
<td>15,723</td>
<td>84,277</td>
<td>10,000,000</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Share-based compensation expense (Note 12)</td>
<td>—</td>
<td>—</td>
<td>393,766</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Distribution to the founder (Note 12)</td>
<td>—</td>
<td>—</td>
<td>640,765</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net loss for the year</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Balance as of December 31, 2016</td>
<td>24,062,500</td>
<td>15,723</td>
<td>1,118,808</td>
<td>10,000,000</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Share-based compensation expense (Note 12)</td>
<td>—</td>
<td>—</td>
<td>3,378,827</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Distribution to the founder (Note 12)</td>
<td>—</td>
<td>—</td>
<td>4,358,681</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accretion on Series A convertible redeemable preferred shares to redemption value</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accretion on Series A1 convertible redeemable preferred shares to redemption value</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net loss for the year</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>24,651</td>
</tr>
<tr>
<td>Balance as of December 31, 2017</td>
<td>24,062,500</td>
<td>15,723</td>
<td>8,856,316</td>
<td>10,000,000</td>
<td>—</td>
<td>24,651</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements

F-6
QUTOUTIAO INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2016 and 2017
(RMB, except share data and per share data, or otherwise noted)

<table>
<thead>
<tr>
<th>For the Years Ended December 31,</th>
<th>2016</th>
<th>2017</th>
<th>US$ (Note 2(e))</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td></td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>(10,862,379)</td>
<td>(94,759,689)</td>
<td>(14,564,298)</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of property and equipment</td>
<td>21,360</td>
<td>330,238</td>
<td>50,756</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>393,766</td>
<td>3,378,827</td>
<td>519,316</td>
</tr>
<tr>
<td>Changes in assets and liabilities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(9,654,384)</td>
<td>(32,099,995)</td>
<td>(4,933,679)</td>
</tr>
<tr>
<td>Amount due from a related party</td>
<td>(5,000,000)</td>
<td>(5,000,000)</td>
<td>768,486</td>
</tr>
<tr>
<td>Prepayments and other current assets</td>
<td>10,445</td>
<td>(13,759,902)</td>
<td>(2,114,858)</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>(5,758,946)</td>
<td>(885,134)</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>5,077,380</td>
<td>7,050,837</td>
<td>1,083,694</td>
</tr>
<tr>
<td>Amount due to a related party</td>
<td>3,024,000</td>
<td>(3,024,000)</td>
<td>(464,780)</td>
</tr>
<tr>
<td>Registered users' loyalty payable</td>
<td>1,023,230</td>
<td>19,953,908</td>
<td>3,066,860</td>
</tr>
<tr>
<td>Salary and welfare payable</td>
<td>556,782</td>
<td>5,086,102</td>
<td>781,720</td>
</tr>
<tr>
<td>Tax payable</td>
<td>3,439,291</td>
<td>19,901,230</td>
<td>3,058,763</td>
</tr>
<tr>
<td>Accrued liabilities related to users' loyalty programs</td>
<td>24,508,556</td>
<td>162,494,913</td>
<td>24,975,011</td>
</tr>
<tr>
<td>Accrued liabilities and other current liabilities</td>
<td>(547,761)</td>
<td>19,297,288</td>
<td>2,965,939</td>
</tr>
<tr>
<td>Advances from advertising customers</td>
<td>729,004</td>
<td>39,135,595</td>
<td>6,015,031</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>12,719,290</td>
<td>132,226,406</td>
<td>20,322,827</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of short-term investments</td>
<td>(45,250,000)</td>
<td>(539,360,549)</td>
<td>(82,898,199)</td>
</tr>
<tr>
<td>Proceeds from maturity of short-term investments</td>
<td>32,880,000</td>
<td>421,985,200</td>
<td>64,857,938</td>
</tr>
<tr>
<td>Purchase of property and equipment</td>
<td>(153,274)</td>
<td>(4,543,180)</td>
<td>(698,274)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(12,523,274)</td>
<td>(121,918,529)</td>
<td>(18,738,535)</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from issuance of Series A Convertible redeemable Preferred Shares, net of issuance costs</td>
<td>—</td>
<td>208,490,509</td>
<td>32,044,405</td>
</tr>
<tr>
<td>Proceeds from issuance of Series A1 Convertible redeemable Preferred Shares, net of issuance costs</td>
<td>—</td>
<td>63,630,530</td>
<td>9,779,833</td>
</tr>
<tr>
<td><strong>Net cash provided by financing activities</strong></td>
<td>—</td>
<td>272,121,039</td>
<td>41,824,238</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>196,016</td>
<td>282,428,916</td>
<td>43,408,530</td>
</tr>
<tr>
<td>Cash and cash equivalents at the beginning of year</td>
<td>72,612</td>
<td>268,628</td>
<td>41,287</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at the end of year</strong></td>
<td>268,628</td>
<td>278,458,413</td>
<td>42,798,274</td>
</tr>
<tr>
<td><strong>Supplemental disclosure of cash flow information:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable related to the purchase of property and equipment</td>
<td>—</td>
<td>263,000</td>
<td>40,422</td>
</tr>
<tr>
<td>Accretion to Series A preferred shares redemption value</td>
<td>5,213,802</td>
<td>801,347</td>
<td></td>
</tr>
<tr>
<td>Accretion to Series A1 preferred shares redemption value</td>
<td>—</td>
<td>798,981</td>
<td>122,801</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these consolidated financial statements.
1. Organization and Principal Activities

(a) Principal activities

Qutoutiao Inc. (the “Company”), an exempted company with limited liability incorporated in the Cayman Islands, (i) its various equity-owned consolidated subsidiaries, (ii) its controlled affiliate Shanghai Jifen Culture Communications Co., Ltd. (“Jifen” or Jifen “VIE”), and (iii) the subsidiaries of its controlled affiliate are collectively referred to as the “Group”. The Group’s principal activity is to operate mobile platforms Qutoutiao (“QTT”) and Quduopai (QDP) for the distribution, consumption and sharing of light entertainment content. The Group generates revenue primarily by providing cost-effective and targeted advertising solutions through the mobile platforms in the People’s Republic of China (“PRC”), through Jifen and its wholly-owned subsidiaries thereof. Jifen and its wholly-owned subsidiaries are collectively referred to as the “Affiliated Entities”.

As of December 31, 2017, the Company’s principal subsidiaries and consolidated Affiliated Entities are as follows:

<table>
<thead>
<tr>
<th>Name of subsidiaries and VIE</th>
<th>Date of establishment/acquisition</th>
<th>Place of incorporation</th>
<th>Percentage of direct or indirect economic ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Wholly owned subsidiaries of the Company:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>InfoUniversal Limited(“InfoUniversal”)</td>
<td>Established on August 15, 2017</td>
<td>Hong Kong</td>
<td>100%</td>
</tr>
<tr>
<td>Shanghai Quyun Internet Technology Co., Ltd. (“Quyun WFOE”)</td>
<td>Established on October 13, 2017</td>
<td>PRC</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Variable Interest Entity (“VIE”)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shanghai Jifen Culture Communications Co., Ltd. (“Jifen or Jifen VIE”)</td>
<td>Established on January 10, 2012</td>
<td>PRC</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Subsidiaries of Variable Interest Entity (“VIE subsidiaries”)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shanghai Xike Information Technology Service Co., Ltd. (“Xike”)</td>
<td>Established on July 14, 2016</td>
<td>PRC</td>
<td>100%</td>
</tr>
<tr>
<td>Shanghai Tuile Information Technology Service Co., Ltd. (“Tuile”)</td>
<td>Established on July 14, 2016</td>
<td>PRC</td>
<td>100%</td>
</tr>
<tr>
<td>Anhui Zhangduan Internet Technology Co., Ltd. (“Zhangduan”)</td>
<td>Established on March 31, 2017</td>
<td>PRC</td>
<td>100%</td>
</tr>
<tr>
<td>Beijing Qukandian Internet Technology Co., Ltd (“Qukandian”)</td>
<td>Established on April 13, 2017</td>
<td>PRC</td>
<td>100%</td>
</tr>
</tbody>
</table>

(b) Reorganization

Jifen was incorporated in the PRC in 2012 with insignificant operations from 2012 to 2015. The Company’s current owners acquired 100% equity interests in Jifen in 2015 for a total consideration of RMB 199,000. Jifen started the operation of the mobile platforms for distribution, consumption and sharing of light entertainment content (the “principal business”) from 2016.
1. Organization and Principal Activities (Continued)

(b) Reorganization (Continued)

To facilitate offshore financing, an offshore corporate structure was formed in July 2017 (the “Reorganization”), which was carried out as follows:

1) On July 17, 2017, the Company was incorporated in the Cayman Islands by the founders.
2) On August 15, 2017, InfoUniversal was incorporated in Hong Kong with 100% ownership by the Company.
3) October 13, 2017, Quyun WFOE was incorporated in the PRC with 100% ownership by InfoUniversal.
4) On October 13, 2017, the Group entered into various arrangements (“VIE Agreements”) as related to its Affiliated Entities or its shareholders in order to comply with PRC laws and regulations on internet business.

By entering the VIE Agreements, Jifen became a VIE whose primary beneficiary is Quyun WFOE and the shareholders of Jifen became the “Nominee Shareholders” of Jifen. Reorganization is accounted for as a common control transaction under the pooling of interest method. Accordingly, the accompanying consolidated financial statements have been prepared as if the current corporate structure had been in existence throughout the periods.

Jifen VIE

The Group has entered into various agreements as related to its Affiliated Entities or its shareholders as follows:

Exclusive Technology Support and Consulting Services Agreement

Under the exclusive technology support and consulting services agreement entered on October 13, 2017 between Jifen VIE and Quyun WFOE, Quyun WFOE has the exclusive right to provide to Jifen technology support, business management consulting, marketing consultation, products research and development and technology services related to all technologies, and business operations needed for its business. Quyun WFOE owns the exclusive intellectual property rights created because of the performance of this agreement. The service fee payable by Jifen to Quyun WFOE is determined by Quyun WFOE based on its services provided including various factors such as Quyun WFOE’s incurred technology support and consulting services fees, performance data and Jifen VIE’s revenues. The term of this agreement will expire in 10 years and may be extended at Quyun WFOE’s request prior to the expiration date. Quyun WFOE is entitled to terminate the agreement at any time by providing 30 days’ prior written notice to Jifen VIE. There was no service fee paid and payable from Jifen VIE to Quyun WFOE for the year ended December 31, 2017 as Jifen, in aggregated, has been incurring losses.

Exclusive Option Agreement

The parties to the exclusive option agreement entered on October 13, 2017 are Jifen VIE, Quyun WFOE and each of the shareholders of Jifen VIE. Under the exclusive option agreement, each of the shareholders of Jifen VIE irrevocably granted Quyun WFOE or its designated representative(s) an exclusive option to purchase, to the extent permitted under PRC law, all or part of his or its equity interests in Jifen VIE and all or part of assets of Jifen VIE. Quyun WFOE or its designated representative(s) have sole discretion as to
1. Organization and Principal Activities (Continued)
   
   (b) Reorganization (Continued)

   Exclusive Option Agreement (Continued)

   when to exercise such options, either in part or in full. The exercise price shall be the lowest allowable share purchase amount permitted by the PRC law for the 100% equity interest (or pro-rata if Quyun WFOE decides to purchase part of the equity interest). Additionally, the share purchase amount paid by WFOE to the shareholders should be used to settle the outstanding loan amounts under the loan agreement and/or refund back to Quyun WFOE through the method permitted by the PRC law once received. Without Quyun WFOE’s prior written consent, Jifen VIE’s shareholders shall not sell, transfer, mortgage or otherwise dispose their equity interests in Jifen VIE. The agreement expires upon transfer of all shares or assets of Jifen VIE to Quyun WFOE or its designated representative(s). The term of this agreement will expire in 10 years and may be extended at Quyun WFOE’s request prior to the expiration date. Quyun WFOE is entitled to terminate the agreement at any time by providing 30 days’ prior written notice to Jifen VIE.

Voting Rights Proxy Agreement

The parties to the exclusive option agreement entered on October 13, 2017 are Jifen VIE, Quyun WFOE and each of the shareholders of Jifen VIE. Under the agreement, each of the shareholders of Jifen VIE irrevocably granted Quyun WFOE or its designated representative(s) the right to exercise his/her rights as a shareholder of Jifen VIE including hosting board of directors meeting, terminate and nominate board members and senior management of Jifen VIE and other shareholders’ voting rights. During the period that each of Shanghai Quyun and Shanghai Jifen remain in operation, the voting rights proxy agreement shall be irrevocable and continuously effective and valid for ten years from the execution date unless otherwise agreed to by all parties. Upon the expiration of the original term or any renewal term of the voting rights proxy agreement, the agreement shall be automatically renewed for an additional one year period unless, at least 30 days prior to the expiration date, Shanghai Quyun provides notice to the other parties to the voting rights proxy agreement not to renew the agreement.

Loan Agreement

Quyun WFOE has entered into an interest-free loan agreement with Jifen VIE, which may only be used for the purpose of business operations and development of Jifen VIE. Under the terms of the agreement, Quyun WFOE is going to provide unconditional financial support to Jifen VIE and the amount would be agreed between Quyun WFOE and Jifen VIE. Jifen VIE along with its subsidiaries pledge all its shares equity for the outstanding loan. Also, the maturity date of the loan is the earlier of 10 years, the end of Quyun WFOE’s operation period or the end of Jifen VIE’s operation period. Upon maturity, Quyun WFOE or its designated third party may purchase the equity interests in the Jifen VIE at a price equal to the lowest allowable amount for a similar transaction per PRC laws, rules and regulations. Quyun WFOE can also accelerate the payment terms of Jifen VIE to repay the loan using its shares/equity. Additionally, Quyun WFOE should provide unconditional capital support to Jifen VIE.

Equity Interest Pledge Agreement

Pursuant to the equity interest pledge agreement between Quyun WFOE and the shareholders of Jifen VIE, the shareholders of Jifen VIE has pledged all of their equity interests in Jifen VIE to Quyun WFOE to guarantee the performance by Jifen VIE and its shareholders’ performance of their respective obligations.

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1. Organization and Principal Activities (Continued)

   (b) Reorganization (Continued)

   Equity Interest Pledge Agreement (Continued)

   under the exclusive option agreement, exclusive technology support and business services agreement, voting rights proxy agreement and loan agreement. If Jifen VIE and/or its shareholders breach their contractual obligations under those agreements, Quyun WFOE, as pledgee, will be entitled to certain rights, including the right to sell the pledged equity interests.

   Jifen, under Generally Accepted Accounting Principles in the United States (“US GAAP”), is considered to be a consolidated VIE in which the Company, or its subsidiaries, through contractual arrangements, bears the risks of, and enjoys the rewards normally associated with, ownership of the entity, and therefore the Company or one of its subsidiaries is the primary beneficiary of the entity. Through the aforementioned contractual agreements, the Company has the ability to:

   • exercise effective control over Jifen whereby having the power to direct Jifen’s activities that most significantly drive the economic results of Jifen;
   • receive substantially all of the economic benefits and residual returns, and absorb substantially all the risks and expected losses from the Jifen as if it was their sole shareholder; and
   • have an exclusive option to purchase all of the equity interests in Jifen.

   Management evaluated the relationships among the Company, Quyun WFOE and Jifen VIE, and concluded that Quyun WFOE is the primary beneficiary of Jifen VIE. As a result, Jifen’s results of operations, assets and liabilities have been included in the Group’s consolidated financial statements for all the presented periods.
1. Organization and Principal Activities (Continued)
   (b) Reorganization (Continued)

Share Pledge Agreement

The following table sets forth the assets, liabilities, results of operations and cash flows of Jifen and its subsidiaries are included in the Group’s consolidated financial statements. Transactions between the VIE and its subsidiaries are eliminated in the balances presented below:

<table>
<thead>
<tr>
<th></th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>268,628</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>12,370,000</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>11,150,600</td>
</tr>
<tr>
<td>Amount due from a related party</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Prepayments and other current assets</td>
<td>968,832</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>29,758,060</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>138,120</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>138,120</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>29,896,180</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>7,678,904</td>
</tr>
<tr>
<td>Amount due to a related party</td>
<td>3,024,000</td>
</tr>
<tr>
<td>Registered users’ loyalty payable</td>
<td>1,023,230</td>
</tr>
<tr>
<td>Advance from advertising customers</td>
<td>729,004</td>
</tr>
<tr>
<td>Salary and welfare payable</td>
<td>556,782</td>
</tr>
<tr>
<td>Tax payable</td>
<td>1,442,370</td>
</tr>
<tr>
<td>Accrued liabilities related to users’ loyalty programs</td>
<td>24,508,556</td>
</tr>
<tr>
<td>Accrued liabilities and other current liabilities</td>
<td>2,124,351</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>41,087,197</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>41,087,197</td>
</tr>
</tbody>
</table>

|                      | 2016              | 2017              |
| Net revenues         | 57,954,312        | 517,052,950       |
| Net loss             | (10,862,379)      | (90,843,873)      |

For the year ended December 31, 2016, 2017

|                      | 2016              | 2017              |
| Net cash provided by operating activities | 12,719,290        | 132,992,222       |
| Net cash used in investing activities    | (12,523,274)      | (121,943,180)     |
| Net increase in cash and cash equivalents | 196,016           | 11,049,042        |
1. Organization and Principal Activities (Continued)
   (b) Reorganization (Continued)

   Share Pledge Agreement (Continued)

   In accordance with the aforementioned agreements, the Company has power to direct activities of the Jifen VIE, and can have assets transferred out of Jifen VIE. Therefore the Company considers that there is no asset in Jifen VIE that can be used only to settle obligations of the Jifen VIE, except for registered capital, as of December 31, 2016 and 2017. As Jifen VIE and its subsidiary were incorporated as limited liability Company under the PRC Company Law, the creditors do not have recourse to the general credit of the Company for all the liabilities of Jifen VIE.

   There were no pledges or collateralization of the Affiliated Entities’ assets. As the Company is conducting its business mainly through the Affiliated Entities, the Company may provide such support on a discretionary basis in the future, which could expose the Company to a loss.

   There is no VIE where the Company has variable interest but is not the primary beneficiary.

   The Group believes that the contractual arrangements among its shareholders and Quyun WFOE comply with PRC law and are legally enforceable. However, uncertainties in the PRC legal system could limit the Company’s ability to enforce these contractual arrangements and if the shareholders of Jifen VIE were to reduce their interest in the Company, their interests may diverge from that of the Company and that may potentially increase the risk that they would seek to act contrary to the contractual terms.

   The Company’s ability to control the Jifen VIE also depends on the voting rights proxy and the effect of the share pledge under the Share Pledge Agreement and Quyun WFOE has to vote on all matters requiring shareholder approval in Jifen VIE. As noted above, the Company believes this voting right proxy is legally enforceable but may not be as effective as direct equity ownership.

2. Principal Accounting Policies
   (a) Basis of preparation

   The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“US GAAP”).

   The Reorganization is accounted for as a common control transaction under the pooling of interest method. Accordingly, the accompanying consolidated financial statements have been prepared as if the current corporate structure had been in existence throughout the periods.

   Significant accounting policies followed by the Company in the preparation of the accompanying consolidated financial statements are summarized below.

   (b) Use of estimates

   The preparation of the Group’s consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from such estimates.
2. Principal Accounting Policies (Continued)

(b) Use of estimates (Continued)

The Company believes that revenue recognition, liabilities related to loyalty programs, consolidation of VIE, determination of share-based compensation and impairment assessment of long-lived assets that reflect more significant judgments and estimates used in the preparation of its consolidated financial statements.

Management bases the estimates on historical experience and on various other assumptions as discussed elsewhere to the consolidated financial statements that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could materially differ from these estimates.

(c) Consolidation

The Group’s consolidated financial statements include the financial statements of the Company, its subsidiaries, its VIE and a VIE’s subsidiaries for which the Company or its subsidiary is the primary beneficiary. All transactions and balances among the Company, its subsidiaries, its VIEs have been eliminated upon consolidation.

A subsidiary is an entity in which the Company, directly or indirectly, controls more than one half of the voting powers; or has the power to appoint or remove the majority of the members of the board of directors; or to cast a majority of votes at the meeting of directors; or has the power to govern the financial and operating policies of the investee under a statute or agreement among the shareholders or equity holders.

A VIE is an entity in which the Company, or its subsidiary, through contractual agreements, bears the risks of, and enjoys the rewards normally associated with ownership of the entity. In determining whether the Company or its subsidiaries are the primary beneficiary, the Company considered whether it has the power to direct activities that are significant to the VIE’s economic performance, and also the Group’s obligation to absorb losses of the VIE that could potentially be significant to the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. Qiyun WFOE and ultimately the Company hold all the variable interests of the VIE and its subsidiary, and has been determined to be the primary beneficiary of the VIE.

(d) Functional Currency and Foreign Currency Translation

The Group uses Renminbi (“RMB”) as its reporting currency. The functional currency of the Company and its subsidiaries incorporated outside of PRC is the United States dollar (“US$”), while the functional currency of the PRC entities in the Group is RMB as determined based on the criteria of ASC 830, Foreign Currency Matters.

Transactions denominated in other than the functional currencies are re-measured into the functional currency of the entity at the exchange rates prevailing on the transaction dates. Financial assets and liabilities denominated in other than the functional currency are re-measured at the balance sheet date exchange rate. The resulting exchange differences are included in the consolidated statements of comprehensive loss as foreign exchange related gains / loss.

The financial statements of the Group are translated from the functional currency to the reporting currency, RMB. Assets and liabilities of the Company and its subsidiaries incorporated outside of PRC are translated into RMB at fiscal year-end exchange rates, Income and expense items are translated at average exchange rates prevailing during the fiscal year, representing the index rates stipulated by the People’s Bank of China.
2. Principal Accounting Policies (Continued)
   (d) Functional Currency and Foreign Currency Translation (Continued)

Translation adjustments arising from these are reported as foreign currency translation adjustments and are shown as a separate component of
shareholders’ deficit on the consolidated financial statement. The exchange rates used for translation on December 31, 2016 and 2017 were
US$1.00=RMB 6.9370 and RMB 6.5342, respectively, representing the index rates stipulated by the People’s Bank of China.

(e) Convenience Translation

The unaudited United States dollar (“US$”) amounts disclosed in the accompanying financial statements are presented solely for the
convenience of the readers. Translations of amounts from RMB into US$ for the convenience of the reader were calculated at the rate of US$1 =
RMB6.5063 on December 29, 2017, representing the noon buying rate in The City of New York for cable transfers of RMB as certified for
customs purposes by the Federal Reserve Board. No representation is made that the RMB amounts could have been, or could be, converted into
US$ at that rate on December 31, 2017, or at any other rate.

(f) Fair value of financial instruments

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market
participants at the measurement date. When determining the fair value measurements for assets and liabilities required or permitted to be recorded
at fair value, the Group considers the principal or most advantageous market in which it would transact and it considers assumptions that market
participants would use when pricing the asset or liability.

The established fair value hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs
when measuring fair value. A financial instrument’s categorization within the fair value hierarchy is based upon the lowest level of input that is
significant to the fair value measurement.

The three levels of inputs that may be used to measure fair value include:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Observable, market-based inputs, other than quoted prices, in active markets for identical assets or liabilities.
Level 3: Unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

Accounting guidance also describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income
approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving
identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value
amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based
on the amount that would currently be required to replace an asset.

The Group does not have any non-financial assets or liabilities that are recognized or disclosed at fair value in the financial statements on a
recurring basis.
2. Principal Accounting Policies (Continued)

(f) Fair value of financial instruments (Continued)

The Group’s financial instruments consist principally of cash and cash equivalents, short-term investments, accounts receivable, accounts payable, advance from advertising customers, registered users’ loyalty payable and other liabilities.

As of December 31, 2016 and 2017, the carrying values of cash and cash equivalents, accounts receivable, accounts payable, advance from customers, registered users’ loyalty payable and other liabilities approximated their fair values reported in the consolidated balance sheets due to the short term maturities of these instruments.

On a recurring basis, the Group measures its short-term investments at fair value.

The following table sets forth the Group’s assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

<table>
<thead>
<tr>
<th>As of December 2016</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Balance at fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term investments — Wealth management products</td>
<td></td>
<td>12,370,000</td>
<td></td>
<td>12,370,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>As of December 2017</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Balance at fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term investments — Wealth management products</td>
<td></td>
<td>129,770,000</td>
<td></td>
<td>129,770,000</td>
</tr>
</tbody>
</table>

The Group values its investments in wealth management products issued by certain banks using quoted subscription/redemption prices published by these banks, and accordingly, the Group classifies the valuation techniques that use these inputs as Level 2.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash in bank and time deposits placed with banks or other financial institutions, which have original maturities of three months or less at the time of purchase and are readily convertible to known amounts of cash.

(h) Short-term investments

Short-term investments include investments in wealth management products issued by certain banks which are redeemable by the Company at any time. The wealth management products are unsecured with variable interest rates and primarily invested in debt securities issued by the PRC government, corporate debt securities and central bank bills. The Company measures the short-term investments at fair value using the quoted subscription or redemption prices published by these banks. The change in fair value is recorded as interest income amounted to RMB 49,354 and RMB 666,233 in the consolidated statements of comprehensive loss for the years ended 2016 and 2017, respectively.

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2. Principal Accounting Policies (Continued)

(i) Accounts receivable, net
Accounts receivable are presented net of allowance for doubtful accounts. The Group uses specific identification in providing for bad debts when facts and circumstances indicate that collection is doubtful and based on factors listed in the following paragraph. If the financial conditions of its customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required.

The Company maintains an allowance for doubtful accounts which reflects its best estimate of amounts that potentially will not be collected. The Company determines the allowance for doubtful accounts on general basis taking into consideration various factors including but not limited to historical collection experience and credit-worthiness of the customers as well as the age of the individual receivables balance. Additionally, the Company makes specific bad debt provisions based on any specific knowledge the Company has acquired that might indicate that an account is uncollectible. The facts and circumstances of each account may require the Company to use substantial judgment in assessing its collectability.

(j) Property and equipment, net
Property and equipment are stated at historical cost less accumulated depreciation and impairment loss, if any. Depreciation is calculated using the straight-line method over their estimated useful lives. The estimated useful lives are as follows:

<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leasehold improvements</td>
<td>Over the shorter of lease term or 2 – 5 years</td>
</tr>
<tr>
<td>Office equipment</td>
<td>3 – 5 years</td>
</tr>
</tbody>
</table>

Expenditures for maintenance and repairs are expensed as incurred. The gain or loss on the disposal of property and equipment is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognized in the consolidated statements of comprehensive loss.

(k) Impairment of long-lived assets
For other long-lived assets including property and equipment and other non-current assets, the Group evaluates for impairment whenever events or changes (triggering events) indicate that the carrying amount of an asset may no longer be recoverable. The Group assesses the recoverability of the long-lived assets by comparing the carrying value of the long-lived assets to the estimated undiscounted future cash flows expected to receive from use of the assets and their eventual disposition. Such assets are considered to be impaired if the sum of the expected undiscounted cash flows is less than the carrying amount of the assets. The impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

(l) Advances from advertising customers
Certain third party advertising customers pay in advance to purchase advertising services. Cash proceeds received from customers are initially recorded as advances from advertising customers and are recognized as revenues when revenue recognition criteria are met.
2. Principal Accounting Policies (Continued)

(m) Revenue recognition

A. Significant accounting policy

The Group has adopted the new revenue standard, ASC 606, by applying the full retrospective method. See Section (ac) “Recently issued accounting pronouncements.” Revenues are recognized when or as the control of a good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group’s performance:

• provides all of the benefits received and consumed simultaneously by the customer;
• creates and enhances an asset that the customer controls as the Group performs; or
• does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group’s performance in satisfying the performance obligation:

• direct measurements of the value transferred by the Group to the customer; or
• the Group’s efforts or inputs to the satisfaction of the performance obligation.

B. Nature of services

The following is a description of principal activities of the Group from which the Group generates its revenue.

(i) Advertising

The Group’s main revenue generating activity is the provision of online advertising services. The Group generates revenue from performing specified actions, i.e. a Cost Per thousand impressions (“CPM”), Cost Per Click (“CPC”) basis. Revenue is recognized on a CPM or CPC basis as impressions or clicks are delivered.

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transaction. In determining whether the Group acts as the principal or an agent, the Group follows the accounting guidance for principal-agent considerations. Such determination involves judgement and is based on evaluation of the terms of each arrangement.

a. Advertising services provided to advertising customers

(i) The Group currently engages certain advertising customers through a third-party advertising agent (“advertising agent”). In the arrangement with this advertising agent, it served as the Group’s sales agent in selling the Group’s advertising solutions to other second-tier advertising agents. The end advertisers are the customers of the Group as they specifically select Qutoutiao to display its advertisement and the performance obligation of the Group is to provide the underlying advertising display services. The
2. Principal Accounting Policies (Continued)

(m) Revenue recognition (Continued)

advertising agent earns a commission of 2% of the advertising revenue in the arrangement in return for providing bidding system for placement on Qutoutiao. The Group provides advertising services to advertising customers and recognizes advertising revenue on a gross basis as clicks are delivered.

The Group receives refundable advance payments from advertising customers through this advertising agent and reconciles the advertising revenue with this advertising agent on a weekly basis. If the advance payment deposited in the Group is not ultimately used for the advertisement on Qutoutiao, the Group refunds the advance payment back to advertising customers through this advertising agent.

In February 2018, the Group acquired 100% equity interests of this advertising agent with a total consideration of RMB15 million (Note 18). The Group also engaged advertising customers through other third party advertising agents where revenue was accounted for on a gross basis during the year end December 31, 2017. Those arrangements have been terminated as of December 31, 2017.

(ii) The Group also provides advertising service to advertising customers directly. The Group recognizes revenue on a gross basis as impressions are delivered.

b. Advertising services provided to advertising platforms

The Group also provides advertising services to other third-party advertising platforms. In the arrangement with these advertising platforms, these advertising platforms are the customers of the Group and the performance obligation of the Group is to provide traffic service to these advertising platforms. Therefore, the Group recognizes revenue based on the net amount as impressions or clicks are delivered.

The Group reconciles and settles the advertising revenue with these advertising platforms on a monthly basis.

(ii) Other services

The Group operates an online marketplace which users can access merchandise offered by third-party merchandise suppliers. The suppliers are the customers of the Group as these suppliers are the primary obligor to provide goods and delivery service to the users and the performance obligation of the Group is to provide matching service for the suppliers. The Group acts as an agent in this transaction and recognize revenue when the matching service is completed. The Group settles the payment with suppliers on a monthly basis.
2. Principal Accounting Policies (Continued)

(m) Revenue recognition (Continued)

C. Disaggregation of revenue

In the following table, revenue is disaggregated by major service line and gross vs net recognition.

<table>
<thead>
<tr>
<th>Major service line</th>
<th>2016</th>
<th>2017</th>
<th>US$ (Note 2(e))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising service provided to advertising customers, recorded gross</td>
<td>16,938,996</td>
<td>264,471,551</td>
<td>40,648,533</td>
</tr>
<tr>
<td>Advertising service provided to advertising platforms, recorded net</td>
<td>40,941,342</td>
<td>248,410,930</td>
<td>38,180,061</td>
</tr>
<tr>
<td>Other service</td>
<td>73,974</td>
<td>4,170,469</td>
<td>640,989</td>
</tr>
<tr>
<td>Total</td>
<td>57,954,312</td>
<td>517,052,950</td>
<td>79,469,583</td>
</tr>
</tbody>
</table>

(n) Cost of revenues

The Group’s cost of revenues consists primarily of (i) agent fees retained by the third party advertising agents which are recognized as cost of revenue for revenue recorded on gross basis, (ii) content procurement costs paid to third-party professional media companies or freelancers, (iii) direct cost related to in-house content editing cost, rental cost, depreciation and other miscellaneous costs, (iv) bandwidth cost and (v) cultural development fee and surcharges. The cultural development fee and surcharges in cost of revenues for the years ended December 31, 2016 and 2017 were RMB 1,950,498 and RMB 17,019,711, respectively. The Group is subject to a cultural development fee on the provision of advertising services in the PRC. The applicable tax rate is 3% of the net advertising revenues.

(o) Research and development expenses

Research and development expenses consist primarily of (i) salary and welfare for research and development personnel, (ii) office rental expenses and (iii) depreciation of office premise and servers utilized by research and development personnel. Costs incurred during the research stage are expensed as incurred. Costs incurred in the development stage, prior to the establishment of technological feasibility, which is when a working model is available, are expensed when incurred.

The Company accounts for internal use software development costs in accordance with guidance on intangible assets and internal use software. This requires capitalization of qualifying costs incurred during the software’s application development stage and to expense costs as they are incurred during the preliminary project and post implementation/operation stages. For the years ended December 31, 2016 and 2017, the Company has not capitalized any costs related to internal use software because the inception of the Group software development costs qualified for capitalization have been insignificant.

(p) Sales and marketing expenses

Sales and marketing expenses consist primarily of (i) reward payable to registered users related to loyalty programs, (ii) advertising and marketing expenses, (iii) charges for short mobile message service to registered users and (iv) salary and welfare for sales and marketing personnel. The advertising and
2. Principal Accounting Policies (Continued)

   (p) Sales and marketing expenses (Continued)

   Sales and marketing expenses amounted to RMB 171,496 and RMB 41,909,059 during the years ended December 31, 2016 and 2017, respectively.

   (q) General and administrative expenses

   General and administrative expenses consist primarily of (i) salary and welfare for general and administrative personnel, (ii) office expense and (iii) professional service fees.

   (r) User loyalty programs

   The Group has loyalty programs for its registered users in its mobile platforms Qutoutiao and Quduopai to enhance user stickiness and incentivize word-of-mouth referrals. The Group offers rewards mainly for signing up as a new-registered user as well as rewards to existing registered users for referring new users to become the Group’s registered users, and also rewards for participating in various activities held in platforms including uploading videos on Quduopai. The cost of users’ rewards are recognized as sales and marketing expenses in the consolidated statements of comprehensive loss.

   On Qutoutiao, the Group’s users can redeem earned rewards, which is in a form of cash credits reflecting the same amount of cash value, upon request. The Group offers its users the flexibility to choose a number of rewards payment options, including (i) online cash out, when the cash credits balance exceeding a certain cash out threshold, (ii) purchasing products mainly through online marketplace.

   On Quduopai, the Group’s users can also earn cash credits (reflecting the same amount of cash value) that they may cash out when the cash credits balance exceeding a certain threshold. Additionally the Group’s users on the Quduopai can earn loyalty points, which can only be exchanged for coupons issued to the Group by a third-party, which can be used to purchase goods or service on that third-party’s group buying website. The Group does not recognize any expenses or liability for those loyalty points earned on Quduopai since the Group does not bear any additional cost to settle these loyalty points awarded to its users.

   The Group’s experience indicates that a certain portion of rewards is never redeemed by its users, which the Group refers to as a “breakage”. The liability accrued for the reward is reduced by the estimated breakage that is expected to occur. The Group estimates breakage based upon its analysis of relevant reward history and redemption pattern as well as considering the expiration period of the rewards under the users agreement.

   In the assessment of breakage, each individual user’s account is categorized into certain pools of different range of outstanding rewards, and then further grouped into certain sub-groups on the basis of inactivity days. The past reward redemption pattern in those sub-groups was used to estimate the respective breakage for the outstanding rewards in each sub-group at each period end. For the years ended December 31, 2016 and 2017, total costs related to the users’ rewards granted amounted to RMB53 million and RMB528 million, and total rewards redeemed amounted to RMB14 million and RMB245 million, respectively. As of December 31, 2016 and 2017, the total estimated breakage not accrued approximated to RMB 13 million and RMB 113 million, respectively.

   Once the accumulated unredeemed rewards for individual user with amount exceeding the cash out threshold is reached, the Group reclassifies the balance into “registered users’ payable” in consolidated balance sheet as a monetary liability and reverses the amount of breakage originally assumed. The registered user payable is derecognized only if (1) the Group pays the user and is relieved of its obligation for the liability by paying the users includes delivery of cash or (2) the Group is legally released from the liability.
QUTOUTIAO INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(RMB, except share data and per share data, or otherwise noted)

2. Principal Accounting Policies (Continued)

(r) User loyalty programs (Continued)

The user’s agreement provides that rewards expire after one month. However, the Group may, at its discretion, provide rewards to its users even after one month expiration period.

The actual cost to settle the estimated liability may differ from the estimated liability recorded. As of December 31, 2016 and 2017, users' reward recorded in “Registered users’ loyalty payable” are RMB 1,023,230 and RMB 20,977,138, respectively. Estimated users’ rewards recorded in “Accrued liabilities related to users’ loyalty programs” are RMB 24,508,556 and RMB 187,003,469, respectively.

(s) Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Payments made under operating leases are charged to the consolidated statements of operations on a straight-line basis over the lease periods. The Group had no capital leases for the years ended December 31, 2016 and 2017.

(t) Employee social security and welfare benefits

Employees of the Group in the PRC are entitled to staff welfare benefits including pension, work-related injury benefits, maternity insurance, medical insurance, unemployment benefit and housing fund plans through a PRC government-mandated multi-employer defined contribution plan. The Group is required to contribute to the plan based on certain percentages of the employees’ salaries, up to a maximum amount specified by the local government.

The PRC government is responsible for the medical benefits and the pension liability to be paid to these employees and the Group’s obligations are limited to the amounts contributed and no legal obligation beyond the contributions made.

(u) Income taxes

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions.

Deferred income taxes are accounted for using an asset and liability method. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purpose. The effect on deferred taxes of a change in tax rates is recognized in the consolidated statements of comprehensive loss in the period of change. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion of, or all of the deferred tax assets will not be realized.

Uncertain tax positions

The guidance on accounting for uncertainties in income taxes prescribes a more likely than not threshold for financial statements recognition and measurement of a tax position taken or expected to be taken in a tax
2. Principal Accounting Policies (Continued)

   (u) Income taxes (Continued)

   Uncertain tax positions (Continued)

   Guidance was also provided on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods, and income tax disclosures. Significant judgment is required in evaluating the Group’s uncertain tax positions and determining its provision for income taxes. The Group recognizes interests and penalties, if any, under accrued expenses and other current liabilities on its consolidated balance sheets and under other expenses in its statements of operations and comprehensive loss. The Group did not recognize any significant interest and penalties associated with uncertain tax positions for the years ended December 31, 2016 and 2017. As of December 31, 2016 and 2017, the Group did not have any significant unrecognized uncertain tax positions.

   (v) Share-based compensation

   Share-based compensation costs are measured at the grant date. The share-based compensation expenses have been categorized as either cost of revenue, general and administrative expenses, selling and marketing expenses or research and development expenses, depending on the job functions of the grantees.

   Option granted to employees

   For the options granted to employees, the compensation expense is recognized using the straight-line method over the requisite service period. Forfeitures are estimated at the time of grant, with such estimate updated periodically and with actual forfeitures recognized currently to the extent they differ from the estimate. In determining the fair value of the Company’s share options, the binomial option pricing model has been applied.

   Option granted to non-employee

   For share-based awards granted to non-employees, the Group accounts for the related share-based compensation expenses in accordance with ASC subtopic, 505-50 (“ASC 505-50”), Equity-Based Payments to Non-Employees. Under the provision of ASC 505-50, options of the Company issued to non-employees are measured based on fair value of the options which are determined by using the binomial option pricing model. These options are measured as of the earlier of the date at which either: (1) commitment for performance by the non-employee has been reached; or (2) the non-employee’s performance is complete. Subsequent to the completion of the performance, the share-based award is assessed in accordance with ASC 815 to determine whether the award meets the definition of a derivative.

   Restricted shares

   In January 2018, the founders entered into Share Restriction Deeds with the Company such that a total of 15,937,500 ordinary shares of the Company held by the founders became restricted and will be vested in periods from 24 months to 34 months. Prior to the end of the vesting periods, all the remaining restricted shares shall vest immediately and no longer constitute restricted shares upon a Deemed Liquidation Event or IPO of the Company. In the event that the founder voluntarily and unilaterally terminates his employment/service contract with any applicable Group entities or his employment or service relationship is terminated
2. Principal Accounting Policies (Continued)
   (v) Share-based compensation (Continued)
   Restricted shares (Continued)
   by any applicable Group entities for cause as stated in the Deed, the related founder shall sell to the Company, and the Company shall repurchase from the founder, all of the restricted shares (not vested shares) at a price of US$0.0001 per share. For accounting purposes, this transaction has been reflected retrospectively similar to a reverse stock split, with a grant of the 15,937,500 restricted shares to be recognized in January 2018 at their then fair value and recognized as compensation expense over the vesting periods.

   (w) Statutory reserves
   The Group’s subsidiaries, consolidated VIE and its subsidiaries incorporated in the PRC are required on an annual basis to make appropriations of retained earnings set at certain percentage of after-tax profit determined in accordance with PRC accounting standards and regulations (“PRC GAAP”).
   Appropriation to the statutory general reserve should be at least 10% of the after tax net income determined in accordance with the legal requirements in the PRC until the reserve is equal to 50% of the entities’ registered capital. The Group is not required to make appropriation to other reserve funds and the Group does not have any intentions to make appropriations to any other reserve funds.
   The general reserve fund can only be used for specific purposes, such as setting off the accumulated losses, enterprise expansion or increasing the registered capital. Appropriations to the general reserve funds are classified in the consolidated balance sheets as statutory reserves.
   There are no legal requirements in the PRC to fund these reserves by transfer of cash to restricted accounts, and the Group was not done so.
   Relevant laws and regulations permit payments of dividends by the PRC subsidiaries and affiliated companies only out of their retained earnings, if any, as determined in accordance with respective accounting standards and regulations. Accordingly, the above balances are not allowed to be transferred to the Company in terms of cash dividends, loans or advances.

   (x) Related parties
   Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or significant influence, such as a family member or relative, shareholder, or a related corporation.

   (y) Dividends
   Dividends are recognized when declared. No dividends were declared for the years ended December 31, 2016 and 2017, respectively. The Group does not have any present plan to pay any dividends on ordinary shares in the foreseeable future. The Group currently intends to retain the available funds and any future earnings to operate and expand its business.
2. Principal Accounting Policies (Continued)

(z) Loss per share
Basic loss per share is computed by dividing net loss attributable to holders of ordinary shares by the weighted average number of ordinary shares outstanding during the year using the two class method. Using the two class method, net loss is allocated between ordinary shares and other participating securities (i.e. preferred shares) based on their participating rights.

Diluted loss per share is calculated by dividing net loss attributable to ordinary shareholders as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalents shares outstanding during the year. Dilutive equivalent shares are excluded from the computation of diluted loss per share if their effects would be anti-dilutive. Ordinary share equivalents consist of the ordinary shares issuable in connection with the Group’s convertible redeemable preferred shares using the if-converted method, and ordinary shares issuable upon the conversion of the stock options, using the treasury stock method.

(aa) Comprehensive loss
Comprehensive loss is defined as the change in shareholders’ deficit of the Company during a period arising from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders.

Comprehensive loss is reported in the consolidated statements of comprehensive loss. Accumulated other comprehensive losses of the Group include the foreign currency translation adjustments.

(ab) Segment reporting
Operating segments are defined as components of an enterprise engaging in businesses activities for which separate financial information is available that is regularly evaluated by the Group’s chief operating decision makers in deciding how to allocate resources and assess performance. The Group’s chief operating decision maker has been identified as the Chief Executive Officer, who reviews consolidated results including revenue, gross profit and operating profit at a consolidated level only. The Group does not distinguish between markets for the purpose of making decisions about resources allocation and performance assessment. Hence, the Group has only one operating segment and one reportable segment.

(ac) Recently issued accounting pronouncements
In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606),” a new standard on revenue which will supersede the revenue recognition requirements in ASC 605. The new standard, as amended, sets forth a single comprehensive model for recognizing and reporting revenues. The new guidance requires the Company to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance requires the Company to apply the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the Company satisfies a performance obligation. The standard also requires additional financial statement disclosures that will enable users to understand the nature, amount, timing and uncertainty of revenues and cash flows relating to customer contracts. The standard is effective for us for fiscal years, and interim
2. Principal Accounting Policies (Continued)

\textit{(ac)} Recently issued accounting pronouncements (Continued)

periods within those years, beginning on or after January 1, 2018. Early adoption is permitted but not before the original effective date of January 1, 2017. The Company has adopted the standard using the full retrospective method.

In January 2016, the FASB issued ASU No. 2016-01, “Financial Instruments — Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities” (“ASU 2016-01”). The main objective of this update is to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. ASU 2016-01 changes how entities measure certain equity investments and present changes in the fair value of financial liabilities measured under the fair value option that are attributable to their own credit. The guidance also changes certain disclosure requirements and other aspects of current U.S. GAAP. ASU 2016-01 is effective for annual reporting periods, and interim periods within those years beginning after December 15, 2017. Early adoption by public entities is permitted only for certain provisions. The Company will adopt ASU 2016-01 in the first quarter of year 2018 and does not believe the adoption will have material impact on the Company’s consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, “Leases” (“ASU 2016-02”). Under the new guidance, lessees will be required to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet. The update also expands the required quantitative and qualitative disclosures surrounding leases. This update is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years, with earlier application permitted. The Company expects to adopt the new standard in the first quarter of 2019 on a modified retrospective basis and is currently in the process of evaluating the impact of ASU 2016-02 on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments — Credit Losses” (“ASU 2016-13”), which introduces new guidance for credit losses on instruments within its scope. The new guidance introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments, including, but not limited to, trade and other receivables, held-to-maturity debt securities, loans and net investments in leases. The new guidance also modifies the impairment model for available-for-sale debt securities and requires the entities to determine whether all or a portion of the unrealized loss on an available-for-sale debt security is a credit loss. The standard also indicates that entities may not use the length of time a security has been in an unrealized loss position as a factor in concluding whether a credit loss exists. The ASU is effective for public companies for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted for all entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is in the process of evaluating the impact of ASU 2016-13 on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, “Statement of Cash Flows (Topic 230), a consensus of the FASB’s Emerging Issues Task Force” (“ASU 2016-15”). The new guidance is intended to reduce the diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The ASU is effective for public companies for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including interim periods within those fiscal years. An entity that elects early adoption must adopt all of the amendments in the same period. The guidance requires application using a retrospective transition method.
2. Principal Accounting Policies (Continued)

(ac) Recently issued accounting pronouncements (Continued)

The Company has early adopted ASU 2016-15 in the current year and the adoption had no material impact on the Company’s consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, “Statement of Cash Flows” (“ASU 2016-18”). This ASU affects all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This update will become effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019, and early adoption is permitted in any interim or annual period. Company has early adopted ASU 2016-18 in the current year and the adoption had no material impact on the Company’s consolidated financial statements.

In May 2017, the FASB issued ASU No. 2017-09, “Compensation — Stock compensation (Topic 718): Scope of modification accounting” (“ASU 2017-09”), which clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. ASU 2017-09 is effective prospectively for all companies for annual periods beginning on or after December 15, 2017, and early adoption is permitted. The Company has early adopted ASU 2017-05 in the current year and the adoption had no material impact on the Company’s consolidated financial statements.

3. Risks and Concentration

(a) PRC regulations

(1) Jifen VIE

Though the PRC has, since 1978, implemented a wide range of market-oriented economic reforms, continued reforms and progress towards a full market-oriented economy are uncertain. In addition, the telecommunication, information, and media industries remain highly regulated. Restrictions are currently in place and are unclear with respect to which segments of these industries foreign owned entities, like the Company, may operate. The Chinese government may issue from time to time new laws or new interpretations on existing laws to regulate areas such as telecommunication, information and media. Regulatory risk also encompasses the interpretation by the tax authorities of current tax laws, and the Group’s legal structure and scope of operations in the PRC, which could be subject to further restrictions resulting in limitations on the Company’s ability to conduct business in the PRC. There are uncertainties regarding the interpretation and application of current and future PRC laws, rules and regulations, including but not limited to the laws, rules and regulations governing the validity and enforcement of the contractual arrangements with consolidated VIE. The Company believes that the structure for operating its business in China (including the ownership structure and the contractual arrangements with the consolidated VIE) is in compliance with all applicable existing PRC laws, rules and regulations, and does not violate, breach, contravene or otherwise conflict with any applicable PRC laws, rules or regulations. However, the Company cannot assure that the PRC regulatory authorities will not adopt any new regulation to restrict or prohibit foreign investments in the online marketing business through contractual arrangements in the future or that it will not determine that the ownership structure and contractual arrangements violate PRC laws, rules or regulations. If the Company and its consolidated VIE are found to be in violation of any existing or future PRC laws or regulations, or fail to obtain or maintain any of the required permits or approvals, the relevant PRC regulatory authorities would have broad discretion in dealing with such violations, including:

• revoking the business licenses of such entities;
3. Risks and Concentration (Continued)

(a) PRC regulations (Continued)

- discontinuing or restricting the conduct of any transactions between the Company’s PRC subsidiaries and the Jiên VIE;
- imposing fines, confiscating the income of the Jiên VIE or the Company’s PRC subsidiaries, or imposing other requirements with which the Company or its PRC subsidiaries and consolidated VIEs may not be able to comply;
- requiring the Company to restructure its ownership structure or operations, including terminating the contractual arrangements with Jiên VIE and deregistering the equity pledges of Jiên VIE, which in turn would affect its ability to consolidate, derive economic interests from, or exert effective control over Jiên VIE; or
- restricting or prohibiting its use of the proceeds of any offering to finance its business and operations in China.

If the imposition of any of these penalties precludes the Company from operating its business, it would no longer be in a position to generate revenue or cash from it. If the imposition of any of these penalties causes the Company to lose its rights to direct the activities of its consolidated VIEs or its rights to receive its economic benefits, the Company would no longer be able to consolidate these entities, and its financial statements would no longer reflect the results of operations from the business conducted by VIEs except to the extent that the Company receives payments from VIEs under the contractual arrangements. Either of these results, or any other significant penalties that might be imposed on the Company in this event, would have a material adverse effect on its financial condition and results of operations. Nevertheless, the laws and regulations that imposed restrictions on foreign ownership in advertising companies, including the Administrative Provisions on Foreign-Invested Advertising Enterprises were abolished in June 2015. To the extent any current or future business of Jiên VIE can be directly operated by the Company’s wholly owned subsidiaries under PRC law, the Company expect to transfer such business to the Company’s wholly owned subsidiaries. When permissible by the PRC laws and regulations, the Company expects that Qyun WFOE will replace Jiên VIE and its subsidiary as contracting party for their business that are operated by Jiên VIE and its subsidiary.

On January 19, 2015, the Ministry of Commerce of the PRC, or (the “MOFCOM”) released on its Website for public comment a proposed PRC law (the “Draft FIE Law”) that appears to include VIEs within the scope of entities that could be considered to be foreign invested enterprises (or “FIEs”) that would be subject to restrictions under existing PRC law on foreign investment in certain categories of industry. Specifically, the Draft FIE Law introduces the concept of “actual control” for determining whether an entity is considered to be an FIE. In addition to control through direct or indirect ownership or equity, the Draft FIE Law includes control through contractual arrangements within the definition of “actual control”. If the Draft FIE Law is passed by the People’s Congress of the PRC and goes into effect in its current form, these provisions regarding control through contractual arrangements could be construed to reach the Group’s VIE arrangement, and as a result the Group’s VIE could become explicitly subject to the current restrictions on foreign investment in certain categories of industry. The Draft FIE Law includes provisions that would exempt from the definition of foreign invested enterprises entities where the ultimate controlling shareholders are either entities organized under PRC law or individuals who are PRC citizens.

The Draft FIE Law does not make clear how “control” would be determined for such purpose, and is silent as to what type of enforcement action might be taken against existing VIEs that operate in restricted industries and are not controlled by entities organized under PRC law or individuals who are PRC citizens.
3. Risks and Concentration (Continued)

(a) PRC regulations (Continued)

If a finding were made by PRC authorities under the Draft FIE Law if it becomes effective, that the Company’s operation of certain of its operations and businesses through VIE violates the Draft FIE Law, regulatory authorities with jurisdiction over the licensing and operation of such operations and businesses may require the Company to take various actions as discussed in the paragraph above. The Group’s management considers the possibility of such a finding by PRC regulatory authorities under the Draft VIE law, if it becomes effective, to be remote.

Jifen VIE holds assets that are important to the operation of the Group’s business, including patents for proprietary technology and trademarks. If Jifen VIE falls into bankruptcy and all or part of its assets become subject to liens or rights of third-party creditors, the Group may be unable to conduct major part of its business activities in China, which could have a material adverse effect on the Group’s future financial position, results of operations or cash flows. However, the Group believes this is a normal business risk many companies face. The Group will continue to closely monitor the financial conditions of Jifen VIE.

Jifen VIE’s assets comprise both recognized and unrecognized revenue-producing assets. The recognized revenue-producing assets include leasehold improvements, computers and network equipment and self-developed computer software which are recognized in the Company’s consolidated balance sheet. The unrecognized revenue-producing assets mainly consist of patents, trademarks and assembled workforce which are not recorded in the financial statements of Jifen VIE as it did not meet the recognition criteria set in ASC 350-30-25.

In accordance with the VIE arrangements, the Group has power to direct activities of the Jifen VIE, and can have assets transferred out of the Jifen VIE. Therefore, the Group considers that there is no assets of the Jifen VIE can be used only to settle their obligations.

(2) Lack of Internet audio-visual program transmission license

Pursuant to the Administrative Provisions on Internet Audio-visual Program Service, or the Audio-visual Program Provisions, which was issued by the State Administration of Radio, Film and Television (the predecessor of GAPPRFT), or SARFT, and MIIT on December 20, 2007 and came into effect on January 31, 2008 and was amended on August 28, 2015, online transmission of audio and video programs requires an Internet audio-visual program transmission license and online audio-visual service providers must be either wholly state-owned or state-controlled. In a press conference jointly held by SARFT and MIIT to answer questions with respect to the Audio-visual Program Provisions in February 2008, SARFT and MIIT clarified that online audio-visual service providers that had already been operating lawfully prior to the issuance of the Audiovisual Program Provisions may re-register and continue to operate without becoming state-owned or controlled, provided that such providers have not engaged in any unlawful activities. This exemption will not be granted to online audio/video service providers established after the Audio-visual Program Provisions was issued.

The Group currently does not possess an Internet audio-visual program transmission license. As a result, the relevant regulatory authorities may find the Group’s operations to be in violation of the applicable laws and regulations. The Group may receive a warning and be ordered to pay a fine of not more than RMB30,000. In the case of severe contravention, the Group may be ordered to cease transmission of audio and video programs, be subject to a penalty equal to one to two times our total investment in the affected business and the devices the Group used for such operation may be confiscated. Furthermore, according to the Audio-visual Program Provisions, the telecommunications administrative authorities may, based on written
3. Risks and Concentration (Continued)

(a) PRC regulations (Continued)

Opinions of the State Administration of Radio and Television, or the SART, and in accordance with the relevant laws and regulations on supervision of telecommunications and Internet, close the Group’s mobile platform, revoke the license for the provision of Internet information services, or the ICP license, and order the relevant network operation entity which provides the Group signal access services to stop such provision of services.

The Group believes that the risks of material loss related to discontinuing transmission of audio and video business due to lack of Internet audio-visual program transmission license and fines or penalties are remote.

(b) Foreign exchange risk

The Group’s sales, purchase and expense transactions are generally denominated in RMB and a significant portion of the Group’s liabilities are denominated in RMB. RMB is not freely convertible into foreign currencies.

In the PRC, foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People’s Bank of China. In addition, the Group’s cash denominated in US$ subject the Group to risks associated with changes in the exchange rate of RMB against US$ and may affect the Group’s results of operations going forward.
3. Risks and Concentration (Continued)

(c) Credit and Concentration risk

The Group’s credit risk arises from cash and cash equivalents, short-term investments, prepayments and other current assets, and accounts receivable. The carrying amounts of these financial instruments represent the maximum amount of loss due to credit risk.

The Group expects that there is no significant credit risk associated with the cash and cash equivalents and short-term investments which are held by reputable financial institutions in the jurisdictions where the Company, its subsidiaries and the Affiliated Entities are located. The Group believes that it is not exposed to unusual risks as these financial institutions have high credit quality.

The Group has no significant concentrations of credit risk with respect to its prepayments.

Accounts receivable are typically unsecured and are derived from revenue earned through third party advertising platforms and customers. The risk with respect to accounts receivable is mitigated by credit evaluations performed on them.

(i) Concentration of revenues

For the years ended December 31, 2016 and 2017, Customer A contributed 70% and 44% of total net revenue of the Group, respectively. For the year ended December 31, 2017, the Company, as a principal, earned net revenue, representing 13% of total revenue, through a third party advertising agent D. The arrangement with advertising agent D has been terminated as of December 31, 2017. For the year ended December 31, 2017, the Company, as a principal, earned net revenue, representing 26% of total revenue, through a third party advertising agent E. In February 2018, the Group acquired 100% equity interests of this advertising agent E with a total consideration of RMB15 million (Note 18).

(ii) Concentration of accounts receivable

The Group has not experienced any significant recoverability issue with respect to its accounts receivable. The Group conducts credit evaluations on its platforms and customers and generally does not require collateral or other security from such platforms and customers.

The Group periodically evaluates the creditworthiness of the existing platforms in determining an allowance for doubtful accounts primarily based upon the age of the receivables and factors surrounding the credit risk of specific customers.

The following table summarized customers with greater than 10% of the accounts receivables:

<table>
<thead>
<tr>
<th></th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>Customer A — advertising platform</td>
<td>90%</td>
</tr>
<tr>
<td>Customer B — advertising platform</td>
<td>*</td>
</tr>
<tr>
<td>Customer C — advertising customer</td>
<td>*</td>
</tr>
</tbody>
</table>

* Less than 10%
4. Cash and cash equivalents

Cash and cash equivalents represent cash on hand and demand deposits placed with banks or other financial institutions, which are unrestricted as to withdrawal or use. The following table sets forth a breakdown of cash and cash equivalents by currency denomination and jurisdiction as of December 31, 2016 and 2017:

<table>
<thead>
<tr>
<th></th>
<th>Overseas</th>
<th>China</th>
<th>RMB equivalent (US$)</th>
<th>RMB Equivalent (HK$)</th>
<th>Total in RMB</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Non VIE</td>
<td>VIE</td>
<td>Non VIE</td>
<td>Non VIE</td>
<td>VIE</td>
</tr>
<tr>
<td>December 31, 2016</td>
<td>—</td>
<td>268,628</td>
<td>—</td>
<td>—</td>
<td>268,628</td>
</tr>
<tr>
<td>December 31, 2017</td>
<td>—</td>
<td>11,317,670</td>
<td>267,125,417</td>
<td>—</td>
<td>15,326</td>
</tr>
</tbody>
</table>

5. Accounts receivable, net

As of December 31, 2016 and 2017, the accounts receivable, net are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts receivable, gross</td>
<td>11,150,600</td>
<td>43,250,595</td>
</tr>
<tr>
<td>Less: allowance for doubtful accounts</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>11,150,600</td>
<td>43,250,595</td>
</tr>
</tbody>
</table>

6. Other assets

The other assets consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayment and other current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepayments of advertisement fee(1)</td>
<td>100,000</td>
<td>6,732,410</td>
</tr>
<tr>
<td>Prepayment to third-party payment service providers(2)</td>
<td>733,290</td>
<td>3,334,983</td>
</tr>
<tr>
<td>Prepayments of IT service fee</td>
<td>52,156</td>
<td>2,081,844</td>
</tr>
<tr>
<td>Value-added tax receivable</td>
<td>2,131</td>
<td>1,103,742</td>
</tr>
<tr>
<td>Prepayments of rental fee</td>
<td>—</td>
<td>573,638</td>
</tr>
<tr>
<td>Cash advanced to employees</td>
<td>14,219</td>
<td>133,689</td>
</tr>
<tr>
<td>Deposits</td>
<td>—</td>
<td>58,000</td>
</tr>
<tr>
<td>Others</td>
<td>67,036</td>
<td>710,428</td>
</tr>
<tr>
<td></td>
<td>968,832</td>
<td>14,728,734</td>
</tr>
<tr>
<td>Non-current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long-term prepaid server fee</td>
<td>—</td>
<td>4,073,114</td>
</tr>
<tr>
<td>Long-term lease deposits</td>
<td>—</td>
<td>1,685,832</td>
</tr>
<tr>
<td></td>
<td></td>
<td>5,758,946</td>
</tr>
</tbody>
</table>

(1) Prepayments of advertisement fee represent prepayments made to service providers for future services to promote the Company’s mobile applications through online advertising. Such service providers charge monthly expenses based on activities during the month, and once confirmed by the Company, the monthly expenses will be deducted from the prepayments already made by the Company.
6. Other assets (Continued)

Prepayments of advertising fee is recorded when prepayments are made to service providers and are expensed as incurred.

(2) Prepayment to third party payment service providers represent cash prepaid to the Group’s third party on-line payment service providers, which will be used to settle the Group’s obligation for outstanding user loyalty payable or content procurement fee to professional third party media companies and freelancers. As of December 31, 2016 and 2017, no allowance for doubtful accounts was provided for the prepayment.

7. Property and equipment, net

Property and equipment consist of the following:

<table>
<thead>
<tr>
<th></th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td><strong>Cost:</strong></td>
<td></td>
</tr>
<tr>
<td>Office equipment</td>
<td>174,860</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total cost</strong></td>
<td>174,860</td>
</tr>
<tr>
<td><strong>Less: Accumulated depreciation</strong></td>
<td>(36,740)</td>
</tr>
<tr>
<td><strong>Property and equipment, net</strong></td>
<td>138,120</td>
</tr>
</tbody>
</table>

Depreciation expense recognized for the years ended December 31, 2016 and 2017 are summarized as follows:

<table>
<thead>
<tr>
<th></th>
<th>For the years ended December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>4,389</td>
</tr>
<tr>
<td>Research and development</td>
<td>6,071</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>2,707</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>8,193</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>21,360</td>
</tr>
</tbody>
</table>

8. Tax payable

<table>
<thead>
<tr>
<th></th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>Value added tax</td>
<td>1,329,181</td>
</tr>
<tr>
<td>Individual income tax withholding</td>
<td>84,078</td>
</tr>
<tr>
<td>Urban maintenance and construction tax</td>
<td>29,111</td>
</tr>
<tr>
<td>Stamp duty</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,442,370</td>
</tr>
</tbody>
</table>

The Group’s revenues are subject to value-added tax at a rate of approximately 6%.
9. Accrued liabilities and other current liabilities

<table>
<thead>
<tr>
<th></th>
<th>As of December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>Cultural development fee and other tax surcharges</td>
<td>1,773,395</td>
</tr>
<tr>
<td>Accrued professional fees</td>
<td>350,000</td>
</tr>
<tr>
<td>Accrued marketing and operation expense</td>
<td>—</td>
</tr>
<tr>
<td>Others</td>
<td>956</td>
</tr>
<tr>
<td>Total</td>
<td>2,124,351</td>
</tr>
</tbody>
</table>

The Group is subject to a cultural development fee on the provision of advertising services in the PRC. The applicable tax rate is 3% of the net advertising revenues.

10. Convertible redeemable preferred shares

On September 29, 2017, the Company issued 4,945,055 shares of Series A convertible redeemable preferred shares (the “Series A Shares”) for US$6.5520 per share for cash of US$32,400,000. On November 14, 2017, the Company issued 1,373,626 shares of Series A1 convertible redeemable preferred shares (the “Series A1 Shares”) for US$7.2800 per share for cash of US$10,000,000. The Series A and Series A1 shares are collectively referred to as the Preferred Shares.

The key terms of the Series A and A1 preferred shares are as follows:

Conversion rights

Each Preferred Share shall be convertible into such number of ordinary shares at the Preferred Share-to-Ordinary Share conversion ratio equal to Preferred Share Purchase Price for such Preferred Share divided by the then-effective Conversion Price (as defined below) for such Preferred Share. The “Conversion Price” for such Preferred Share shall initially be the Preferred Share Purchase Price for such Preferred Share, resulting in an initial conversion ratio for the Preferred Shares of 1:1, and shall be subject to adjustment and readjustment from time to time, including but not limited to additional equity securities issuance, share dividends, distribution, subdivisions, redemptions, combinations, or consolidation of ordinary shares. The conversion price is also subject to adjustment in the event the Company issues additional ordinary shares at a price per share that is less than such conversion price. In such case, the conversion price shall be reduced to adjust for dilution on a weighted average basis.

Each Preferred Share may, at the option of the holder thereof, be converted at any time after the date of issuance of such Preferred Shares into Ordinary Shares based on the then-effective Conversion Price.

In addition, each share of the Series A, A1 preferred shares would automatically be converted into ordinary shares of the Company (i) upon the closing of an initial public offering of the Company’s shares or (ii) upon the date specified by written consent or agreement of its shareholders.

The Company determined that there were no beneficial conversion features identified for any of the Preferred Shares during any of the periods. In making this determination, the Company compared the fair value of the ordinary shares into which the Preferred Shares are convertible with the respective effective conversion price at the issuance date. In all instances, the effective conversion price was greater than the fair value of the ordinary shares. To the extent a conversion price adjustment occurs, as described above, the Company will re-evaluate whether or not a beneficial conversion feature should be recognized.
10. Convertible redeemable preferred shares (Continued)

Dividend rights

The Preferred Shareholders shall be entitled to receive, in preference to any dividend on the ordinary shares, non-cumulative dividends for each Preferred Share at the rate equal to 8% of, as the case may be, the Series A Preferred Share Purchase Price and the Series A1 Preferred Share Purchase Price, for each respective preferred shareholder. Except the Exempted Dividends (as defined below), no dividend, whether in cash, in property, in shares in the Company or otherwise may be declared or paid on any other class or series of shares unless and until the Preferred Dividends are first paid in full.

Exempted Dividends means (1) a dividend payable solely in Ordinary Shares and to all shareholders of the Company on a pro rata basis, (2) the purchase, repurchase or redemption of Ordinary Shares by the Company at no more than cost from terminated employees, officers or consultants in accordance with the ESOP, or pursuant to written contractual arrangements with the Company approved by the Board (so long as such approval includes the approval of the Series A Director), (3) the purchase, repurchase or redemption of Preferred Shares (including in connection with the conversion of such Preferred Shares into Ordinary Shares), and (4) the payment of dividends to the holders of Preferred Shares.

Voting rights

The holders of the Series A, and A1 preferred shares shall be entitled to such number of votes equal to the whole number of ordinary shares into which such Series A and A1 preferred shares are convertible.

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, all assets and funds of the Company legally available for distribution to the shareholders shall, by reason of the shareholders’ ownership of the shares, be distributed as follows:

First, the holders of the Series A Preferred Shares and Series A1 Preferred Shares shall be entitled to receive for each such Preferred Share held by such holder, on par with each other and prior and in preference to any distribution of any of the assets or funds of the Company to the holders of the Ordinary Shares by reason of their ownership of such shares, the amount equal to one hundred percent (100%) of the applicable Series A and A1 Issue Price, plus all accrued but unpaid dividends on such Preferred Shares. If the assets and funds available for distribution among the Preferred Shareholders shall be insufficient to permit the payment to such holders of the full amount, then the entire remaining assets and funds of the Company legally available for distribution to such shareholders shall be distributed ratably among the shareholders in proportion.

Second, if there are any assets or funds remaining after the aggregate amount have been distributed or paid in full to the applicable holders of Series A Preferred Shares and Series A1 Preferred Shares, the remaining assets and funds of the Company available for distribution shall be distributed ratably among all shareholders according to the relative number of Ordinary Shares held by such holders on an as if converted basis.

A Deemed Liquidation Event shall be deemed to be any change of control event such as a liquidation, dissolution or winding up, merger and acquisition, reorganization of the Company, a sale, transfer, lease or other disposition of all or substantially all of the assets of any Group Company or the exclusive, irrevocable licensing of all or substantially all of any Group Company’s intellectual property to a third party. Any proceeds, whether in cash or properties, resulting from a Deemed Liquidation Event shall be distributed in accordance with the liquidation preference above.
10. Convertible redeemable preferred shares (Continued)

Redemption right

For Series A or Series A1 shares, at the written request of any Series A or Series A1 Shareholder(s) who individually or in the aggregate hold(s) at least fifty one percent (51%) of all the issued and outstanding Series A or Series A1 Shares (“Initial Redemption Notice”), the Company shall redeem all or portion of the outstanding Series A or Series A1 Shares respectively held by such Series A or Series A1 Shareholder(s) upon the following redemption event: (i) the Company’s failure to complete a Qualified IPO within six (6) years following the issue date of Series A or Series A1 Shares; (ii) any material breach by any Warrantor (as defined in the Series A or Series A1 Purchase Agreement) in the Transaction Documents (as defined in the Series A or Series A1 Purchase Agreement, including those duly amended and restated versions from time to time) which causes a Material Adverse Effect (as defined in the Series A or Series A1 Purchase Agreement) on the business of the Group Companies or any holder of the Series A or Series A1 Preferred Shares, or in the event any Warrantor gives any material misrepresentation or engages in wilful or fraudulent misconducts, which causes a Material Adverse Effect on the business of the Group Companies or any holder of the Series A or Series A1 Preferred Shares.

In addition, the Company shall (1) promptly thereafter provide all of the other holders of Preferred Shares notice of the Initial Redemption Notice and of their right to participate in such redemption, which right is exercisable by each such holder in their own discretion by delivering a written notice (each, a “Redemption Notice”) by hand or letter mail or courier service to the Company at its principal executive offices within fifteen (15) days of the giving of such notice by the Company, requesting and specifying redemption of all or part of their Preferred Shares, and (2) pay to each holder (each, a “Redeeming Preferred Shareholder”) of a Preferred Share for which an Initial Redemption Notice or a Redemption Notice has been timely submitted (each, a “Redeeming Preferred Share”).

The redemption price for each Series A or Series A1 Shares shall be determined in accordance with the following formula:

\[ IP \times (110\%) \times \frac{N}{365} + D \]

where

- \( IP \) = Series A or Series A1 Issue Price;
- \( N \) = a fraction the numerator of which is the number of calendar days between date the Series A or Series A1 Issue Date and the date on which the Redemption Price is paid and the denominator of which is 365;
- \( D \) = all declared but unpaid dividends on each Series A or Series A1 Preferred Share up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers

The Company classified the Preferred Shares in the mezzanine section of the consolidated balance sheets because they were convertible at the holders’ option any time after the date of issuance of such shares and were contingently redeemable upon the occurrence of certain liquidation events outside of the Company’s control, that being the Company’s failure to complete a Qualified IPO within six years following the issue date of each series of Preferred Shares. A Qualified IPO is defined as a firm commitment underwritten public offering of the Ordinary Shares of the Company (or depositary receipts or depositary shares therefor) in the United States pursuant to an effective registration statement under the United States Securities Act of 1933, as amended, with a pre-offering price per share (net of underwriting commissions and expenses) that equals at least five (5) times the Series A1 Issue Price (as adjusted for share splits, share dividends, combinations, recapitalizations and similar events) and that results in minimum gross proceeds to the Company of the greater of (i) US$180,000,000 and (ii) ten percent (10%) of the pre-offering implied valuation of the Company, or in a public offering of the Ordinary Shares of the Company in another jurisdiction which results in the Ordinary Shares trading publicly on a recognized international securities market.
10. Convertible redeemable preferred shares (Continued)

Redemption right (Continued)

exchange approved by the Majority Preferred Holders, so long as the offering price per share (net of underwriting commissions and expenses) equals at least five (5) times the Series A1 Issue Price (as adjusted for share splits, share dividends, combinations, recapitalizations and similar events) and results in gross proceeds to the Company of at least the greater of (i) US$180,000,000 and (ii) ten percent (10%) of the pre-offering implied valuation of the Company. The Preferred Shares are recorded initially at fair value, net of issuance costs.

For the year ended December 31, 2017, the issuance costs incurred were RMB 9,168,171.

The Qualified Public Offering deadline for Series A and Series A1 shareholders is six years following the issue date of Series A preferred shares and Series A1 preferred shares, respectively. As such, the failure to complete a Qualified Public Offering by September 28, 2023 for Series A and November 13, 2023 for Series A1, which is the date after six years following the issue date of Series A and Series A1 Preferred Shares respectively, would be considered the earliest redemption date for such shares.

The Company recognized accretion to the respective redemption value of the Preferred Shares over the period starting from issuance date to the earliest redemption date according to the redemption price calculation described above.

The Company’s convertible redeemable preferred shares activities for the year ended December 31, 2017 are summarized below:

<table>
<thead>
<tr>
<th>Series A Shares</th>
<th></th>
<th>Series A1 Shares</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of shares</td>
<td>Amount (RMB)</td>
<td>Number of shares</td>
<td>Amount (RMB)</td>
</tr>
<tr>
<td>4,945,055</td>
<td>208,490,509</td>
<td>1,373,626</td>
<td>63,630,530</td>
</tr>
<tr>
<td>Foreign exchange impacts</td>
<td>(3,226,201)</td>
<td>—</td>
<td>(1,012,930)</td>
</tr>
<tr>
<td>Accretion on convertible redeemable preferred shares to redemption value</td>
<td>5,213,802</td>
<td>—</td>
<td>798,981</td>
</tr>
</tbody>
</table>

Balances as of December 31, 2017

11. Ordinary Share

On July 17, 2017, Qutoutiao Inc. was incorporated as Limited Liability Company with authorized share capital of US$50,000 divided into 50,000 shares with par value US$1.00 each. On September 1, 2017, the authorized share capital of US$50,000, which represented 50,000 issued shares, was subdivided into 500,000,000 shares. As of December 31, 2017, the authorized ordinary shares are 493,681,319 shares, of which 50,000,000 shares were issued and 40,000,000 shares were outstanding, and the authorized, issued and outstanding Series A and A1 convertible redeemable preferred shares are 4,945,055 shares and 1,373,626 shares respectively.

In November 2017, a shareholder of the Company sold certain ordinary shares to third party investors at US$7.28 per share. The sale of ordinary shares is a transaction amongst shareholders and did not impact the Group’s consolidated financial statements.
11. Ordinary Share (Continued)

In January 2018, the founders entered into Share Restriction Deeds with the Company such that a total of 15,937,500 ordinary shares of the Company held by the founders became restricted and will be vested in periods from 24 months to 34 months. Prior to the end of the vesting periods, all the remaining restricted shares shall vest immediately and no longer constitute restricted shares upon a Deemed Liquidation Event or IPO of the Company. In the event that the founder voluntarily and unilaterally terminates his employment/service contract with any applicable Group entities or his employment or service relationship is terminated by any applicable Group entities for cause as stated in the Deed, the related founder shall sell to the Company, and the Company shall repurchase from the founder, all of the restricted shares (not vested shares) at a price of US$0.0001 per share. For accounting purposes, this transaction has been reflected retrospectively similar to a reverse stock split and presented in the balance sheet and statement of shareholders’ equity as a reduction of the numbers of issued and outstanding ordinary shares.

In February 2018, the Company established a trust to hold 10,000,000 of the Company’s issued shares. These ordinary shares were contributed by the founder and held in trust for the benefit of the employees who are under the 2017 Plan (Note 12) to be issued based on the discretion of the board of directors of the Company. The ordinary shares issued to the trust are accounted for as treasury shares of the Company and presented as such for all periods presented. The trust does not hold any other assets or liabilities as at December 31, 2016 and 2017, nor earn any income nor incur any expenses for the years ended December 31, 2016 and 2017.

12. Share-based compensation

In 2016, Jifen’s controlling shareholder authorized grants of incentive awards owned by him to the employees, non-employee directors, officers and consultants. The incentive awards provide for the issuance of up to 20% of the equity interests in Jifen, or equivalent to 10,000,000 ordinary shares of the Company (after adjustment to give effect to the recapitalization described below to reflect the exchange of two Jifen shares for one ordinary share of the Company).

In 2016 and 2017, Jifen granted options to the employees of Jifen and its subsidiaries to purchase 5,969,427 and 1,642,745 shares, respectively (after adjustment to give effect to the recapitalization described below to reflect the exchange of two Jifen shares for one ordinary share of the Company). The options can be exercised within 10 years from the grant date. These options granted are vested upon satisfaction of service condition, which is generally satisfied over four years.

In 2016 and 2017, Jifen granted options to the employees of companies under common control of the founder to purchase 1,654,082 and 233,746 shares, respectively (after adjustment to give effect to the recapitalization described below to reflect the exchange of two Jifen shares for one ordinary share of the Company). The options can be exercised within 10 years from the grant date. The fair value of these options are recognized as dividends to founder in full at grant date. Note that the companies under common control of the founder are providing administrative services to Jifen and Jifen pays a fee charged at market rates for the services received, so no compensation expense is reflected for these grants.

In 2016, Jifen granted options to third party consultants to purchase 500,000 shares (after adjustment to give effect to the recapitalization described below to reflect the exchange of two Jifen shares for one ordinary share of the Company). The options were vested immediately upon the grant as the related services have been completed upon the grant dates.

As part of the restructuring in 2017, in February 2018, the Board of Directors of the Company approved the 2017 Equity Incentive Plan, which assumed Jifen’s obligations and duties under the options granted by Jifen.

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12. Share-based compensation (Continued)

From 2016 to 2017. As a result, the options granted by Jifen were replaced with options of the Company. Such new options replaced the options granted under Jifen’s existing options in its entirety by exchanging of two options granted by Jifen for one option of the Company while maintaining their respective terms and vesting schedules unchanged. This replacement represents a modification of the awards under the accounting guidance, but no incremental compensation cost is required to be recognized because there was no change in fair value of the awards as measured immediately before and after the modification.

Share-based compensation expense related to the option awards granted to the employees amounted to approximately RMB 235,606 and RMB 3,378,827 for the years ended December 31, 2016 and 2017.

Share-based compensation expense related to the option awards granted to the third party consultants amounted to approximately RMB 158,160 for the year ended December 31, 2016.

Share-based awards related to the option awards granted to the employees of companies under common control of the founder were measured at fair value at the grant dates and amounts of RMB 640,765 and RMB 4,358,681 was recognized as dividends distributed to the founder in 2016 and in 2017, respectively.

The following table summarizes the share option activity for the years ended December 31, 2016 and 2017 and all option amounts and exercise prices have been adjusted for the 2017 restructure:

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of options</th>
<th>Weighted Average Exercise Price</th>
<th>Weighted Average Remaining Contractual Life</th>
<th>Aggregate Intrinsic Value</th>
<th>Weighted Average Grant Date Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at January 1, 2016</td>
<td>8,123,509</td>
<td>0.0007</td>
<td>9.5</td>
<td>130,190</td>
<td>0.30</td>
</tr>
<tr>
<td>Outstanding at December 31, 2016</td>
<td>10,000,000</td>
<td>0.0007</td>
<td>8.7</td>
<td>525,086</td>
<td>3.89</td>
</tr>
</tbody>
</table>

The aggregate intrinsic value is calculated as the difference between the exercise price of the options and the estimated fair value of the underlying shares of RMB5.21 and RMB52.51 at December 31, 2016 and 2017.

The total fair value of share options vested during the years ended December 31, 2016 and 2017 was RMB 152,863 and RMB 680,725 respectively.

As of December 31, 2017, there were RMB 30,190,435 of unrecognized share-based compensation expenses related to share options granted by Jifen to the employees, which were expected to be recognized over a weighted-average vesting period of 2.5 and 4 years, respectively. To the extent the actual forfeiture rate is different from the Company’s estimate, the actual share-based compensation related to these awards may be different from the expectation.
12. Share-based compensation (Continued)

The binomial option pricing model is used to determine the fair value of the share options granted to employees and non-employees. The fair values of share options granted during the years ended December 31, 2016 and 2017.

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected volatility</td>
<td>53.16%~53.96%</td>
<td>51.61%~52.41%</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>2.74%~3.02%</td>
<td>3.28%~3.62%</td>
</tr>
<tr>
<td>Exercise multiple</td>
<td>2.8</td>
<td>2.8</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Contractual term</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Expected forfeiture rate (post-vesting)</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Fair value of the common share on the date of option grant (RMB)</td>
<td>0.31~5.21</td>
<td>8.44~23.98</td>
</tr>
</tbody>
</table>

Notes:
(i) The risk-free interest rate of periods within the contractual life of the share option is based on the market yield of the Chinese sovereign bond with a maturity life equal to the expected life to expiration.
(ii) The Company has no history or expectation of paying dividends on its ordinary shares.
(iii) Expected volatility is estimated based on the average of historical volatilities of the comparable companies in the same industry as at the valuation dates.

13. Employee benefits

The full-time employees of the Company’s subsidiaries and VIEs that are incorporated in the PRC are entitled to staff welfare benefits including medical insurance, basic pensions, unemployment insurance, work injury insurance, maternity insurance and housing funds. These companies are required to contribute to these benefits based on certain percentages of the employees’ salaries in accordance with the relevant regulations and charge the amount contributed to these benefits to the consolidated statements of comprehensive loss. The total amounts charged to the consolidated statements of comprehensive loss for such employee benefits amounted to RMB 945,742 and RMB 7,386,320 for the years ended December 31, 2016 and 2017, respectively. The PRC government is responsible for the welfare and medical benefits and ultimate pension liability to these employees.

14. Income Taxes

(a) Cayman Islands

Under the current tax laws of Cayman Islands, the Company is not subject to income, corporation or capital gains tax, and no withholding tax is imposed upon the payment of dividends.

(b) Hong Kong Profits Tax

One of the Company’s subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax rate of 16.5% on its estimated assessable profit for the years ended December 31, 2016 and 2017. Dividends income received from subsidiaries in China are not subject to Hong Kong profits tax.

(c) PRC Enterprise Income Tax (“EIT”)

On March 16, 2007, the National People’s Congress of the PRC enacted an Enterprise Income Tax Law (“EIT Law”), under which Foreign Investment Enterprises (“FIEs”) and domestic companies would be subject to EIT at a uniform rate of 25%. The EIT law became effective on January 1, 2008.

The EIT Law also provides that an enterprise established under the laws of a foreign country or region but whose “de facto management body” is located in the PRC be treated as a resident enterprise for PRC tax purposes and consequently be subject to the PRC income tax at the rate of 25% for its global income. The implementing Rules of the EIT Law merely define the location of the “de facto management body” as “the place where the exercising, in substance, of the overall management and control of the production and business operation, personnel, accounting, properties, etc., of a non-PRC company is located.”

The EIT Law also imposes a withholding income tax of 10% on dividends distributed by a FIE to its immediate holding company outside of China, if such immediate holding company is considered a non-resident enterprise without any establishment or place within China or if the received dividends have no connection with the establishment or place of such immediate holding company within China, unless such holding company’s jurisdiction of incorporation has a tax treaty with China that provides for a different withholding arrangement. The Cayman Islands, where the Company incorporated, does not have such tax treaty with China. According to the arrangement between Mainland China and Hong Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion in August 2006, dividends paid by a FIE in China to its immediate holding company in Hong Kong will be subject to withholding tax at a rate of no more than 5% if the immediate holding company in Hong Kong owns directly at least 25% of the shares of the FIE and could be recognized as a Beneficial Owner of the dividend from PRC tax perspective.

Jifen obtained in 2016 its HNTE certificate with a valid period of three years. Therefore, Jifen is eligible to enjoy a preferential tax rate of 15% from 2016 to 2018 to the extent it has taxable income under the EIT Law, as long as it maintains the HNTE qualification and duly conducts relevant EIT filing procedures with the relevant tax authority. Jifen also obtained a software company certificate in 2017. Pursuant to such certificate, Jifen qualifies for a tax holiday during which it is entitled to an exemption from enterprise income tax for two years commencing from its first profit-making year of operation and a 50% reduction of enterprise income tax for the following three years. However Jifen has not yet enjoyed the above-mentioned preferential tax treatments due to its loss position and as such there is no impact of these tax holidays on earnings or earnings per share.

A reconciliation between the effective income tax rate and the PRC statutory income tax rate is as follows:

<table>
<thead>
<tr>
<th>For the Years Ended December 31,</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRC Statutory income tax rates</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Change in valuation allowance</td>
<td>(29.5%)</td>
<td>(25.6%)</td>
</tr>
<tr>
<td>Permanent book — tax difference</td>
<td>4.5%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Difference in EIT rates of certain subsidiaries</td>
<td>0%</td>
<td>(1%)</td>
</tr>
<tr>
<td>Effect of tax holiday</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Total</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

(c) PRC Enterprise Income Tax (“EIT”) (Continued)

Composition of income tax expense

The current and deferred portions of income tax expense included in the consolidated statements of comprehensive loss are as follows:

<table>
<thead>
<tr>
<th></th>
<th>As of December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>Current income tax expense</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Deferred tax benefits</td>
<td>(3,204,212)</td>
<td>(24,279,679)</td>
<td></td>
</tr>
<tr>
<td>Valuation allowance</td>
<td>3,204,212</td>
<td>24,279,679</td>
<td></td>
</tr>
<tr>
<td>Income tax (benefit)/expense</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
</tbody>
</table>

Deferred tax assets and liabilities

Deferred taxes were measured using the enacted tax rates for the periods in which they are expected to be reversed. The tax effects of temporary differences that give rise to the deferred tax asset balances as of December 31, 2016 and 2017 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>As of December 31,</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
<td>2017</td>
<td></td>
</tr>
<tr>
<td>Deferred tax assets — current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accruals and others</td>
<td>1,621,503</td>
<td>4,725,654</td>
<td></td>
</tr>
<tr>
<td>Less: Valuation allowance</td>
<td>(1,621,503)</td>
<td>(4,725,654)</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Deferred tax assets — non-current</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax losses carried forward</td>
<td>1,875,261</td>
<td>23,050,789</td>
<td></td>
</tr>
<tr>
<td>Less: Valuation allowance</td>
<td>(1,875,261)</td>
<td>(23,050,789)</td>
<td></td>
</tr>
<tr>
<td>Subtotal</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Total of deferred tax assets</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As of December 31, 2016 and 2017, the PRC entities of the Group had tax loss carryforwards of approximately RMB 7,501,043 and RMB 92,203,154 respectively, which can be carried forward to offset taxable income. The carryforwards period for net operating losses under the EIT Law is five years. The net operating loss carry forward of the Group will start to expire in 2019 for the amount of RMB 170,350 if not utilized. The remaining net operating loss carryforwards will expire in varying amounts between 2020 and 2023. Other than the expiration, there are no other limitations or restrictions upon the Group’s ability to use these operating loss carryforwards. There is no expiration for the advertising expenses carryforwards.

Valuation allowance is provided against deferred tax assets when the Group determines that it is more likely than not that the deferred tax assets will not be utilized in the future. In making such determination, the Group considered factors including future taxable income exclusive of reversing temporary differences and tax loss carry forwards. Valuation allowance was provided for net operating loss carry forward because it was more likely than not that such deferred tax assets will not be realized due to lack of profitable history to

(c) PRC Enterprise Income Tax (“EIT”) (Continued)

Deferred tax assets and liabilities (Continued)

support the Group’s estimate of its future taxable income. If events occur in the future that allow the Group to realize part or all of its deferred income tax, an adjustment to the valuation allowances will result in a decrease in tax expense when those events occur.

As of December 31, 2016 and 2017, valuation allowances of RMB 3,496,764 and RMB 27,776,443 were provided because it was more likely than not that the Group will not be able to utilize certain tax losses carry forwards and other deferred tax assets generated by its subsidiaries and Affiliated Entities. If events occur in the future that allow the Group to realize more of its deferred tax assets than the presently recorded amount, an adjustment to the valuation allowances will increase income when those events occur.

Movement of valuation allowance is as follows:

<table>
<thead>
<tr>
<th></th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>Beginning balance</td>
<td>292,552</td>
</tr>
<tr>
<td>Additions</td>
<td>3,204,212</td>
</tr>
<tr>
<td>Ending balance</td>
<td>3,496,764</td>
</tr>
</tbody>
</table>

15. Related Party transactions

As of December 31, 2016 and 2017, the transaction and balance amount due to a related party was as follows:

<table>
<thead>
<tr>
<th>Transaction amount with a related party</th>
<th>December 31,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2016</td>
</tr>
<tr>
<td>Prepaid to a related party(^1)</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Received from a related party(^1)</td>
<td>—</td>
</tr>
<tr>
<td>Service fee charged from a related party(^2)</td>
<td>3,024,000</td>
</tr>
</tbody>
</table>

| Balance amount with a related party                         | December 31,       |
|                                                           | 2016               | 2017               |
| Amount due from a related party\(^1\)                       | 5,000,000          | —                  |
| Account due to a related party\(^2\)                        | 3,024,000          | —                  |

1. Amount due from a related party represented cash prepaid to a company under common control of the founder for a cooperation of a potential business project. However, as the project was canceled, the money was refunded to the Company in 2017.

2. The service fee charged from a related party represented the costs charged from a company under common control of the founder which provided the Group with financial accounting, office space sharing and other IT and administrative support services.
16. Basic and diluted net loss per share

(a) Basic and diluted net loss per share

Basic loss per share and diluted loss per share have been calculated in accordance with ASC 260 on computation of earnings per share for the years ended December 31, 2016 and 2017 as follows:

<table>
<thead>
<tr>
<th>Numerator:</th>
<th>Year Ended December 31, 2016</th>
<th>Year Ended December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss</td>
<td>(10,862,379)</td>
<td>(94,759,689)</td>
</tr>
<tr>
<td>Accretion on Series A convertible redeemable preferred shares redemption value</td>
<td>—</td>
<td>(5,213,802)</td>
</tr>
<tr>
<td>Accretion on Series A1 convertible redeemable preferred shares redemption value</td>
<td>—</td>
<td>(798,981)</td>
</tr>
<tr>
<td>Net loss attributable to ordinary shareholders-Basic and diluted</td>
<td>(10,862,379)</td>
<td>(100,772,472)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Denominator:</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted-average ordinary shares outstanding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>24,062,500</td>
<td>24,062,500</td>
</tr>
<tr>
<td>Basic and diluted loss per share</td>
<td>(0.45)</td>
<td>(4.19)</td>
</tr>
</tbody>
</table>

Note: As disclosed in Note 18, in January 2018, the founders entered into Share Restriction Deeds with the Company such that a total of 15,937,500 ordinary shares of the Company held by the founders became restricted and will be vested in periods from 24 months to 34 months. Prior to the end of the vesting periods, all the remaining restricted shares shall vest immediately and no longer constitute restricted shares upon a Deemed Liquidation Event or IPO of the Company. For accounting purposes, this transaction has been reflected retrospectively similar to a reverse stock split, with a grant of the 15,937,500 restricted shares to be recognized in January 2018 at their then fair value. As a result, a total of 15,937,500 ordinary shares subject to the restriction are excluded from the issued and outstanding shares at the respective balance sheet dates, and are likewise excluded from the weighted average outstanding ordinary shares for basic loss per share calculation.

For the years ended December 31, 2016 and 2017, assumed conversion of the Preferred Shares have not been reflected in the dilutive calculations pursuant to ASC 260, “Earnings Per Share,” due to the anti-dilutive effect as a result of the Group’s net loss. The effects of all outstanding share options have also been excluded from the computation of diluted loss per share for the years ended December 31, 2016 and 2017 due to their anti-dilutive effect.

The following ordinary shares equivalent were excluded from the computation of diluted net loss per ordinary share for the periods presented because including them would have had an anti-dilutive effect:

<table>
<thead>
<tr>
<th>Shares Excluded</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preferred shares — weighted average</td>
<td></td>
<td>1,425,137</td>
</tr>
<tr>
<td>Share options — weighted average</td>
<td>7,444,973</td>
<td>8,496,225</td>
</tr>
</tbody>
</table>

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17. Commitments and contingencies

(a) Operating lease commitments
The Group leases facilities under non-cancellable operating leases expiring on different dates. The terms of substantially all of these leases are two years or less. Payments under operating leases are expensed on a straight-line basis over the periods of the respective leases.

Total office rental expenses under all operating leases was RMB 464,000 and RMB 3,687,694 for the year ended December 31, 2016 and 2017 respectively.

As of December 31, 2017, future minimum payments under non-cancellable operating leases for office rental consist of the following:

<table>
<thead>
<tr>
<th>Years Ending December 31,</th>
<th>RMB</th>
<th>US$ (Note 2(e))</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>8,581,837</td>
<td>1,319,004</td>
</tr>
<tr>
<td>2019</td>
<td>7,179,393</td>
<td>1,103,452</td>
</tr>
<tr>
<td>2020</td>
<td>743,016</td>
<td>114,200</td>
</tr>
<tr>
<td>2021</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2022 and thereafter</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Total</td>
<td>16,504,246</td>
<td>2,536,656</td>
</tr>
</tbody>
</table>

(b) Purchase commitments
As of December 31, 2016 and 2017, no purchase commitments was related to the content procurement from third party profession media.

(c) Capital Commitments
As of December 31, 2017, no capital commitments was related to leasehold improvement and purchase of equipment.

(d) Litigation
In the ordinary course of the business, the Group is subject to periodic legal or administrative proceedings. As of December 31, 2016 and 2017, the Group is not a party to any legal or administrative proceedings which will have a material adverse effect on the Group’s business, financial position, results of operations and cash flows.

18. Subsequent events
The Group evaluated subsequent events through March 9, 2018, the date on which these financial statements were issued.

On January 3, 2018, the founders entered into Share Restriction Deeds with the Company for a total of 15,937,500 ordinary shares of the Company held by the founders that became restricted and will be vested in periods from 24 months to 34 months starting from January 2018. Prior to the end of the vesting periods, all the remaining restricted shares shall vest immediately and no longer constitute restricted shares upon a
18. Subsequent events (Continued)

Deemed Liquidation Event or IPO of the Company. In the event that the founder voluntarily and unilaterally terminates his employment/service contract with any applicable Group entities or his employment or service relationship is terminated by any applicable Group entities for cause as stated in the Deed, the related founder shall sell to the Company, and the Company shall repurchase from the founder, all of the restricted shares (not vested shares) at a price of US$0.0001 per share. For accounting purpose, this transaction has been reflected retroactively similar to a reverse stock split, with a new grant of the 15,937,500 restricted shares to be recognized in January 2018 at the fair value. The grant will be treated as share-based compensation over the vesting periods, and the estimated grant date fair value of the 15,937,500 ordinary shares approximated to US$128 million. Upon a Deemed Liquidation Event or IPO happens prior to the end of the vesting periods, the entire remaining unrecognized compensation expenses out of US$128 million will be expensed immediately in the quarter when such event or IPO happens.

In the first quarter of 2018, shareholders of the Company sold certain ordinary shares to various external investors at US$23.6 per share on average. The founders also granted these investors repurchase right that if the Company’s series B financing do not achieve at certain valuation, the investors have the right to request the founders to repurchase the shares at the same prices.

In February 2018, the Group acquired 100% equity interests of an advertising agent with a total consideration of RMB15 million. For the year ended December 31, 2017, the Company, as a principal, earned net revenue, representing 26% of total revenue, through this advertising agent (Note 3).

In March 2018, the Company entered into a Series B1 Preferred Share Purchase Agreement with an external investor to issue 5,420,144 shares of Series B1 convertible redeemable preferred shares for cash of US$105 million. Subsequent to the share purchase agreement, the investor, who is a leading provider of Internet Value-added Services, and the Company’s PRC entities entered into an cooperation agreement that the investor will promote the Company’s mobile application and will charge the Company a service fee.

In March 2018, the Company entered into a Series B2 Preferred Share Purchase Agreement with certain external investors to issue 3,684,004 shares of Series B2 convertible redeemable preferred shares for cash of US$87 million. In addition, an investor has obtained a warrant to purchase 211,724 Series B2 convertible redeemable preferred shares for a consideration of US$5 million.

In February 2018, the board of the directors of the Company approved a 2018 incentive plan. Under this plan, the Company is authorized to issue 2,964,141 ordinary shares of the Company. As of the financial statement issuance date, options to purchase 2,004,725 ordinary shares have been granted under this plan.

19. Restricted net assets

Relevant PRC laws and regulations permit payments of dividends by the Group’s subsidiary and the VIE incorporated in the PRC only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. In addition, the Group’s subsidiary and the VIE in the PRC are required to annually appropriate 10% of their net after-tax income to the statutory general reserve fund prior to payment of any dividends, unless such reserve funds have reached 50% of their respective registered capital. As a result of these and other restrictions under PRC laws and regulations, the Group’s subsidiary and the VIE subsidiary incorporated in the PRC are restricted in their ability to transfer a portion of their net assets to the Company either in the form of dividends, loans or advances. There are no significant differences between US GAAP and PRC accounting standards in connection with the reported net assets of the legally owned subsidiary in the PRC and the VIE. Even though the Company currently does not require any such dividends, loans or advances from the PRC entities for working capital and other funding.

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19. **Restricted net assets (Continued)**

purposes, the Company may in the future require additional cash resources from them due to changes in business conditions, to fund future acquisitions and development, or merely to declare and pay dividends or distributions to our shareholders. Except for the above, there is no other restriction on use of proceeds generated by the Group’s subsidiary and the VIE to satisfy any obligations of the Company.

As of December 31, 2016 and 2017, the total restricted net assets of the Company’s subsidiaries, Jifen VIE and its subsidiary incorporated in PRC and subjected to restriction amounted to approximately RMB 100,000 and RMB 13,120,000, respectively. Even though the Company currently does not require any such dividends, loans or advances from the PRC entities for working capital and other funding purposes, the Company may in the future require additional cash resources from them due to changes in business conditions, to fund future acquisitions and development, or merely to declare and pay dividends or distributions to its shareholders. There is no other restriction on the use of proceeds generated by the Company’s subsidiaries, VIEs and VIE subsidiaries to satisfy any obligations of the Company.
ADDITIONAL INFORMATION: CONDENSED FINANCIAL STATEMENTS OF PARENT COMPANY

Rules 12-04(a) and 4-08(e)(3) of Regulation S-X require condensed financial information as to the financial position, cash flows and results of operations of a parent company as of and for the same periods for which the audited consolidated financial statements have been presented when the restricted net assets of the consolidated and unconsolidated subsidiaries together exceed 25% of consolidated net assets as of the end of the most recently completed fiscal year.

The following condensed financial statements of the Parent Company have been prepared using the same accounting policies as set out in the Company’s consolidated financial statements except that the Parent Company used the equity method to account for its investment in its subsidiaries and VIEs. Such investment is presented on the separate condensed balance sheets of the Parent Company as “Payables to subsidiaries and VIEs”. The Parent Company, its subsidiaries and VIEs were included in the consolidated financial statements whereby the inter-company balances and transactions were eliminated upon consolidation. The Parent Company’s share of income from its subsidiaries and VIEs is reported as share of income from subsidiaries and VIEs in the condensed financial statements.

The Parent Company is a Cayman Islands company and, therefore, is not subjected to income taxes for all years presented. The footnote disclosures contain supplemental information relating to the operations of the Company and, as such, these statements should be read in conjunction with the notes to the consolidated financial statements of the Company. Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. GAAP have been condensed or omitted.

As of December 31, 2017, there were no material commitments or contingencies, significant provisions for long-term obligations or guarantees of the Company, except for those which have been separately disclosed in the consolidated financial statements, if any.

As the Group’s business was operated through Jifen VIE prior to the Parent Company being incorporated in 2017, no Parent Company financial information of 2016 is presented. The consolidated financial statements have been prepared as if the equity structure of the Parent Company had been in existence throughout the periods, but 100% of consolidated net assets and all of results of operations for the year ended December 31, 2016 were restricted.

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Condensed Financial Information of the Parent Company

BALANCE SHEETS

<table>
<thead>
<tr>
<th></th>
<th>December 31, 2017</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>US$ (Note2(e))</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>267,125,417</td>
<td>41,056,425</td>
</tr>
<tr>
<td>Amounts due from related parties</td>
<td>25,168</td>
<td>3,868</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>267,150,585</td>
<td>41,060,293</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>267,150,585</td>
<td>41,060,293</td>
</tr>
<tr>
<td><strong>LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS’ DEFICIT</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrued expenses and other current liabilities</td>
<td>3,150,000</td>
<td>484,146</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>101,815,905</td>
<td>15,648,818</td>
</tr>
<tr>
<td>Non-current liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payables to subsidiaries and VIEs</td>
<td>98,665,905</td>
<td>15,164,672</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>101,815,905</td>
<td>15,648,818</td>
</tr>
<tr>
<td>Commitments and contingencies (Note 17)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mezzanine equity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Series A convertible redeemable preferred shares (US$0.0001 par value; 4,945,055 shares authorized, issued and outstanding as of December 31, 2017; redemption amount of RMB 375,151,726 as of December 31, 2017)</td>
<td>210,478,110</td>
<td>32,349,893</td>
</tr>
<tr>
<td>Series A1 convertible redeemable preferred shares (US$0.0001 par value; 1,373,626 shares authorized, issued and outstanding as of December 31, 2017; redemption amount of RMB 115,787,570 as of December 31, 2017)</td>
<td>63,416,581</td>
<td>9,746,950</td>
</tr>
<tr>
<td><strong>Total of mezzanine equity</strong></td>
<td>273,894,691</td>
<td>42,096,843</td>
</tr>
<tr>
<td>Shareholders’ deficit:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares (US$0.0001 par value; 493,681,319 shares authorized, 34,062,500 shares issued as of December 31, 2016 and 2017, respectively, 24,062,500 shares outstanding as of December 31, 2016 and 2017, respectively)</td>
<td>15,723</td>
<td>2,417</td>
</tr>
<tr>
<td>Treasury stock (US$0.0001 par value; 10,000,000 shares as of December 31, 2016 and 2017, respectively)</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>24,651</td>
<td>3,789</td>
</tr>
<tr>
<td>Accumulated deficit</td>
<td>(108,600,385)</td>
<td>(16,691,574)</td>
</tr>
<tr>
<td><strong>Total shareholders’ deficit</strong></td>
<td>(108,560,011)</td>
<td>(16,685,368)</td>
</tr>
<tr>
<td>Total liabilities, mezzanine equity and shareholders’ deficit</td>
<td>267,150,585</td>
<td>41,060,293</td>
</tr>
</tbody>
</table>
QUTOUTIAO INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
(RMB, except share data and per share data, or otherwise noted)

Condensed Financial Information of the Parent Company (Continued)

STATEMENTS OF COMPREHENSIVE LOSS

<table>
<thead>
<tr>
<th>Operating expenses:</th>
<th>For the period from the inception to December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>General and administrative</td>
<td>(3,933,590)</td>
</tr>
<tr>
<td>Total operating expenses</td>
<td>(3,933,590)</td>
</tr>
<tr>
<td>Loss from operations</td>
<td>(3,933,590)</td>
</tr>
<tr>
<td>Investment income</td>
<td>36,082</td>
</tr>
<tr>
<td>Interest income</td>
<td>471</td>
</tr>
<tr>
<td>Loss from subsidiaries and VIEs</td>
<td>(47,242,850)</td>
</tr>
<tr>
<td>Loss before provision for income taxes</td>
<td>(51,139,887)</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>—</td>
</tr>
<tr>
<td>Net loss</td>
<td>(51,139,887)</td>
</tr>
<tr>
<td>Preferred share redemption value accretion</td>
<td>(6,012,783)</td>
</tr>
<tr>
<td>Net loss attributable to ordinary shareholders</td>
<td>(57,152,670)</td>
</tr>
<tr>
<td>Net loss</td>
<td>(51,139,887)</td>
</tr>
<tr>
<td>Foreign currency translation adjustment, net of nil tax</td>
<td>24,651</td>
</tr>
<tr>
<td>Comprehensive loss</td>
<td>(51,115,236)</td>
</tr>
</tbody>
</table>

STATEMENTS OF CASH FLOWS

<table>
<thead>
<tr>
<th>For the Years Ended December 31, 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows used in operating activities</td>
</tr>
<tr>
<td>Cash flows used in investing activities</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash</td>
</tr>
<tr>
<td>Net increase in cash and cash equivalents</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of year</td>
</tr>
</tbody>
</table>
### QUTOUTIAO INC.

**UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS**

As of December 31, 2017 and June 30, 2018
(RMB, except share data and per share data, or otherwise noted)

<table>
<thead>
<tr>
<th>Note</th>
<th>As of December 31, 2017</th>
<th>As of June 30, 2018</th>
<th>As of June 30, 2018 Pro-forma</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td>RMB</td>
</tr>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>5</td>
<td>278,458,413</td>
<td>1,766,298,861</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>2(g)</td>
<td>129,770,000</td>
<td>10,300,000</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>6</td>
<td>43,250,595</td>
<td>33,752,823</td>
</tr>
<tr>
<td>Prepayment to a related party</td>
<td>15</td>
<td>—</td>
<td>27,792,710</td>
</tr>
<tr>
<td>Prepayments and other current assets</td>
<td>7</td>
<td>14,728,734</td>
<td>34,406,255</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td>466,207,742</td>
<td>1,873,050,649</td>
</tr>
<tr>
<td><strong>Non-current assets:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>8</td>
<td>4,614,062</td>
<td>8,701,036</td>
</tr>
<tr>
<td>Goodwill</td>
<td>4</td>
<td>—</td>
<td>7,268,330</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>7</td>
<td>5,758,946</td>
<td>53,796,269</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td>10,373,008</td>
<td>69,765,635</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>476,580,750</td>
<td>1,942,816,284</td>
</tr>
<tr>
<td><strong>LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS’ (DEFICIT)/EQUITY</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable (including accounts payable of the consolidated variable interest entity (“VIE”) and VIE’s subsidiaries without recourse to the Company of RMB 14,992,741 and RMB 22,460,205 as of December 31, 2017 and June 30, 2018, respectively)</td>
<td></td>
<td>14,992,741</td>
<td>22,460,205</td>
</tr>
<tr>
<td>Amount due to a related party (including amount due to a related party of the consolidated variable interest entity (“VIE”) and VIE’s subsidiaries without recourse to the Company of RMB 7,570,862 as of June 30, 2018)</td>
<td></td>
<td>5,750,862</td>
<td>7,570,862</td>
</tr>
<tr>
<td>Registered users’ loyalty payable (including registered users’ loyalty payable of the consolidated variable interest entity (“VIE”) and VIE’s subsidiaries without recourse to the Company of RMB 20,977,138 and RMB 137,038,048 as of December 31, 2017 and June 30, 2018, respectively)</td>
<td></td>
<td>20,977,138</td>
<td>137,038,048</td>
</tr>
<tr>
<td>Advance from advertising customers (including advance from advertising customers of the consolidated variable interest entity (“VIE”) and VIE’s subsidiaries without recourse to the Company of RMB 39,864,599 and RMB 1,378,295 as of December 31, 2017 and June 30, 2018, respectively)</td>
<td></td>
<td>39,864,599</td>
<td>114,540,639</td>
</tr>
<tr>
<td>Salary and welfare payable (including salary and welfare payable of the consolidated variable interest entity (“VIE”) and VIE’s subsidiaries without recourse to the Company of RMB 5,642,884 and RMB 13,991,551 as of December 31, 2017 and June 30, 2018, respectively)</td>
<td></td>
<td>5,642,884</td>
<td>13,991,551</td>
</tr>
</tbody>
</table>

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QUTOUTIAO INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
As of December 31, 2017 and June 30, 2018
(RMB, except share data and per share data, or otherwise noted)

<table>
<thead>
<tr>
<th>Note</th>
<th>As of December 31 2017</th>
<th>As of June 30, 2018 US$ (Note 2(e))</th>
<th>As of June 30, 2018 Pro-forma RMB (Note 18)</th>
<th>(Note 2(e))</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax payable (including tax payable of the consolidated variable interest entity (“VIE”) and VIE’s subsidiaries without recourse to the Company of RMB 21,343,600 and RMB 26,910,157 as of December 31, 2017 and June 30, 2018, respectively)</td>
<td>21,343,600</td>
<td>32,508,491</td>
<td>4,912,800</td>
<td>32,508,491</td>
</tr>
<tr>
<td>Accrued liabilities related to users’ loyalty programs (including Accrued liabilities related to users’ loyalty program of the consolidated variable interest entity (“VIE”) and VIE’s subsidiaries without recourse to the Company of RMB 187,003,469 and RMB 149,011,030 as of December 31, 2017 and June 30, 2018, respectively)</td>
<td>187,003,469</td>
<td>149,011,030</td>
<td>22,519,084</td>
<td>149,011,030</td>
</tr>
<tr>
<td>Accrued liabilities and other current liabilities (including Accrued liabilities and other current liabilities of the consolidated variable interest entity (“VIE”) and VIE’s subsidiaries without recourse to the Company of RMB 18,271,639 and RMB 61,908,511 as of December 31, 2017 and June 30, 2018, respectively)</td>
<td>9</td>
<td>21,421,639</td>
<td>67,906,968</td>
<td>10,262,346</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td></td>
<td>311,246,070</td>
<td>545,027,794</td>
<td>82,366,565</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>311,246,070</td>
<td>545,027,794</td>
<td>82,366,565</td>
</tr>
</tbody>
</table>

Commitments and contingencies (Notes 17)

Mezzanine equity:
Series A convertible redeemable preferred shares (US$0.0001 par value; 4,945,055 shares authorized, issued and outstanding as of December 31, 2017 and June 30, 2018; none outstanding on a pro-forma basis as of June 30, 2018; redemption amount of RMB 375,151,726 and RMB 359,706,132 as of December 31, 2017 and June 30, 2018, respectively) | 10 | 210,478,110 | 223,855,431 | 33,829,840 | — | — |
Series A1 convertible redeemable preferred shares (US$0.0001 par value; 1,373,626 shares authorized, issued and outstanding as of December 31, 2017 and June 30, 2018; none outstanding on a pro-forma basis as of June 30, 2018; redemption amount of RMB 115,787,570 and RMB 109,694,845 as of December 31, 2017 and June 30, 2018, respectively) | 10 | 63,416,581 | 67,541,688 | 10,207,143 | — | — |
Series B1 convertible redeemable preferred shares (US$0.0001 par value; 5,420,144 shares authorized, issued and outstanding as of June 30, 2018; none outstanding on a pro-forma basis as of June 30, 2018; redemption amount of RMB 1,072,640,728 as of June 30, 2018) | 10 | — | 701,411,911 | 105,999,896 | — | — |

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### QUTOUTIAO INC.
#### UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
**As of December 31, 2017 and June 30, 2018**
(RMB, except share data and per share data, or otherwise noted)

<table>
<thead>
<tr>
<th>Note</th>
<th>As of December 31 2017</th>
<th>As of June 30, 2018</th>
<th>As of June 30, 2018 Pro-forma</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>RMB (Note 2(e))</td>
<td>US$ (Note 18)</td>
</tr>
<tr>
<td>Series B2 convertible redeemable preferred shares (US$0.0001 par value; 3,895,728 shares authorized, issued and outstanding as of June 30, 2018; none outstanding on a pro-forma basis as of June 30, 2018; redemption amount of RMB 936,259,060 as of June 30, 2018)</td>
<td>10</td>
<td>—</td>
<td>613,917,689</td>
</tr>
<tr>
<td>Series B3 convertible redeemable preferred shares (US$0.0001 par value; 1,751,539 shares authorized, issued and outstanding as of June 30, 2018; none outstanding on a pro-forma basis as of June 30, 2018; redemption amount of RMB 455,043,064 as of June 30, 2018)</td>
<td>10</td>
<td>—</td>
<td>300,199,176</td>
</tr>
<tr>
<td>Total mezzanine equity</td>
<td></td>
<td></td>
<td>273,894,691</td>
</tr>
<tr>
<td>Shareholders’ (deficit)/equity:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary shares (US$0.0001 par value; 493,681,319 and 482,613,908 shares authorized as of December 31, 2017 and June 30, 2018 respectively, 34,062,500 and 50,000,000 shares issued as of December 31, 2017 and June 30, 2018, respectively, 24,062,500 and 24,562,500 shares outstanding as of December 31, 2017 and June 30, 2018, respectively; 41,948,592 Ordinary Shares on a pro-forma basis as of June 30, 2018)</td>
<td>11</td>
<td>15,723</td>
<td>10,640</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td></td>
<td></td>
<td>8,856,316</td>
</tr>
<tr>
<td>Treasury stock (US$0.0001 par value; 10,000,000 and 9,500,000 shares as of December 31, 2017 and June 30, 2018, respectively; 10,000,000 and 9,500,000 on a pro-forma basis as of June 30, 2018)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accumulated other comprehensive income/(loss)</td>
<td></td>
<td></td>
<td>24,651</td>
</tr>
<tr>
<td>Total shareholders’ (deficit)/equity</td>
<td></td>
<td></td>
<td>(108,560,011)</td>
</tr>
<tr>
<td>Total liabilities, mezzanine equity and shareholders’ (deficit)/equity</td>
<td></td>
<td></td>
<td>476,580,750</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.

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QUTOUTIAO INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF
COMPREHENSIVE LOSS
For six months ended June 30, 2017 and 2018
(RMB, except share data and per share data, or otherwise noted)

<table>
<thead>
<tr>
<th>Note</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>RMB</td>
<td>US$(Note 2(e))</td>
</tr>
<tr>
<td>Advertising revenue</td>
<td>106,247,989</td>
<td>668,687,403</td>
</tr>
<tr>
<td>Advertising revenue-related party</td>
<td>15</td>
<td>1,183,492</td>
</tr>
<tr>
<td>Other revenue</td>
<td>925,396</td>
<td>42,670,745</td>
</tr>
<tr>
<td>Other revenue-related party</td>
<td>15</td>
<td>5,293,092</td>
</tr>
<tr>
<td><strong>Net revenues</strong></td>
<td>107,273,385</td>
<td>717,834,732</td>
</tr>
<tr>
<td>Cost of revenues</td>
<td>(10,177,148)</td>
<td>(142,625,585)</td>
</tr>
<tr>
<td>Cost of revenues-related party</td>
<td>15</td>
<td>(21,554,092)</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>96,951,596</td>
<td>571,841,521</td>
</tr>
<tr>
<td>Operating expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research and development expenses</td>
<td>(2,908,664)</td>
<td>62,912,378</td>
</tr>
<tr>
<td>Research and development expenses-related party</td>
<td>15</td>
<td>(21,554,092)</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>(113,785,173)</td>
<td>(832,021,879)</td>
</tr>
<tr>
<td>Sales and marketing expenses-related party</td>
<td>15</td>
<td>(4,917,963)</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>(2,484,220)</td>
<td>(193,885,977)</td>
</tr>
<tr>
<td>General and administrative expenses-related party</td>
<td>15</td>
<td>(743,220)</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>(125,928,614)</td>
<td>(1,093,738,197)</td>
</tr>
<tr>
<td><strong>Loss from operations</strong></td>
<td>(28,675,281)</td>
<td>(526,997,643)</td>
</tr>
<tr>
<td>Interest income</td>
<td>307,388</td>
<td>5,388,699</td>
</tr>
<tr>
<td>Foreign exchange related gains, net</td>
<td>—</td>
<td>2,098,062</td>
</tr>
<tr>
<td>Others, net</td>
<td>(5,651)</td>
<td>(25,598)</td>
</tr>
<tr>
<td><strong>Loss before income tax expenses</strong></td>
<td>(28,675,281)</td>
<td>(514,435,513)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>14</td>
<td>—</td>
</tr>
<tr>
<td>Net loss</td>
<td>(28,675,281)</td>
<td>(514,435,513)</td>
</tr>
<tr>
<td>Accretion to convertible redeemable preferred shares redemption value</td>
<td>—</td>
<td>(58,963,543)</td>
</tr>
<tr>
<td>Deemed dividend to preferred shareholders</td>
<td>10</td>
<td>(1,916,871)</td>
</tr>
<tr>
<td>Net loss attributable to Qutoutiao Inc.’s ordinary shareholders</td>
<td>(28,675,281)</td>
<td>(575,315,927)</td>
</tr>
<tr>
<td>Net loss</td>
<td>(28,675,281)</td>
<td>(514,435,513)</td>
</tr>
<tr>
<td>Other comprehensive loss</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Foreign currency translation adjustment, net of nil tax</td>
<td>—</td>
<td>(12,562,130)</td>
</tr>
<tr>
<td><strong>Comprehensive loss attributable to Qutoutiao Inc.</strong></td>
<td>(28,675,281)</td>
<td>(526,997,643)</td>
</tr>
<tr>
<td><strong>Net loss per share attributable to Qutoutiao Inc.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and diluted</td>
<td>16</td>
<td>(1.19)</td>
</tr>
<tr>
<td>Weighted average number of ordinary shares used in per share calculation:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic and Diluted</td>
<td>16</td>
<td>24,062,500</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.
## UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS’ DEFICIT

For six months ended June 30, 2017 and 2018
(RMB, except share data and per share data, or otherwise noted)

<table>
<thead>
<tr>
<th></th>
<th>Outstanding ordinary shares</th>
<th>Additional paid-in capital</th>
<th>Treasury stocks</th>
<th>Accumulated other comprehensive income/(loss)</th>
<th>Accumulated deficit</th>
<th>Statutory reserves</th>
<th>Total shareholders' deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Shares</td>
<td>Amount</td>
<td>Number of Shares</td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
<td>Amount</td>
</tr>
<tr>
<td>Balance as of January 1, 2017</td>
<td>24,062,500</td>
<td>15,723</td>
<td>1,118,808</td>
<td>10,000,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Share-based compensation expense (Note 12)</td>
<td>—</td>
<td>—</td>
<td>356,797</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(1,332,206)</td>
</tr>
<tr>
<td>Distribution to the founder (Note 12)</td>
<td>—</td>
<td>—</td>
<td>1,332,206</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Balance as of June 30, 2017</td>
<td>24,062,500</td>
<td>15,723</td>
<td>2,807,811</td>
<td>10,000,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Share-based compensation expense (Note 12)</td>
<td>—</td>
<td>—</td>
<td>185,383,475</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Distribution to the founder (Note 12)</td>
<td>—</td>
<td>—</td>
<td>6,837,374</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>(6,837,374)</td>
</tr>
<tr>
<td>Accretion on Series A convertible redeemable preferred shares to redemption value</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accretion on Series A1 convertible redeemable preferred shares to redemption value</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accretion on Series B1 convertible redeemable preferred shares to redemption value</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accretion on Series B2 convertible redeemable preferred shares to redemption value</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Accretion on Series B3 convertible redeemable preferred shares to redemption value</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Deemed dividend to preferred shareholders (Note 10)</td>
<td>—</td>
<td>—</td>
<td>1,916,871</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Exercise of share options</td>
<td>500,000</td>
<td>317</td>
<td>(500,000)</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Net loss</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Foreign currency translation</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>Balance as of June 30, 2018</td>
<td>24,562,500</td>
<td>16,040</td>
<td>202,994,036</td>
<td>9,500,000</td>
<td>—</td>
<td>—</td>
<td>(12,537,479)</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.
### QUTOUTIAO INC.
#### UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For six months ended June 30, 2017 and 2018
(RMB, except share data and per share data, or otherwise noted)

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>US$(Note 2(e))</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net loss</td>
<td>(28,675,281)</td>
<td>(514,435,513)</td>
<td>(77,743,347)</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation of property and equipment</td>
<td>29,873</td>
<td>1,549,432</td>
<td>234,156</td>
</tr>
<tr>
<td>Share-based compensation</td>
<td>356,797</td>
<td>185,383,475</td>
<td>28,015,819</td>
</tr>
<tr>
<td>Changes in assets and liabilities net of impact of acquisition:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>(29,279,129)</td>
<td>9,497,772</td>
<td>1,435,338</td>
</tr>
<tr>
<td>Prepayment to a related party</td>
<td>—</td>
<td>(27,792,710)</td>
<td>(4,200,135)</td>
</tr>
<tr>
<td>Prepayments and other current assets</td>
<td>(2,599,705)</td>
<td>(11,769,599)</td>
<td>(1,778,664)</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>(16,057)</td>
<td>(737,690)</td>
<td>(111,482)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>591,627</td>
<td>7,103,222</td>
<td>1,073,464</td>
</tr>
<tr>
<td>Amount due to a related party</td>
<td>—</td>
<td>7,570,862</td>
<td>1,144,136</td>
</tr>
<tr>
<td>Registered users’ loyalty payable</td>
<td>4,485,588</td>
<td>116,060,910</td>
<td>17,539,543</td>
</tr>
<tr>
<td>Salary and welfare payable</td>
<td>1,147,686</td>
<td>7,570,229</td>
<td>1,144,040</td>
</tr>
<tr>
<td>Tax payable</td>
<td>2,322,160</td>
<td>1,231,483</td>
<td>186,106</td>
</tr>
<tr>
<td>Accrued liabilities related to users’ loyalty programs</td>
<td>42,229,469</td>
<td>(37,992,439)</td>
<td>(5,741,554)</td>
</tr>
<tr>
<td>Accrued liabilities and other current liabilities</td>
<td>4,781,962</td>
<td>42,482,144</td>
<td>6,420,055</td>
</tr>
<tr>
<td>Advances from advertising customers</td>
<td>(232,865)</td>
<td>72,539,949</td>
<td>10,962,498</td>
</tr>
<tr>
<td><strong>Net cash provided by/(used in) operating activities</strong></td>
<td>2,037,323</td>
<td>(141,738,473)</td>
<td>(21,420,027)</td>
</tr>
</tbody>
</table>

| **Cash flows from investing activities:** | | |
| Purchase of short-term investments | (129,510,000) | (761,200,000) | (115,035,287) |
| Prepayment for purchase of online audio/video content platform | — | (43,018,464) | (6,501,105) |
| Cash paid for acquisitions, net of cash acquired | — | (10,729,825) | (1,621,530) |
| Proceeds from maturity of short-term investments | 128,080,000 | 890,610,000 | 134,592,193 |
| Purchase of property and equipment | (270,133) | (5,794,062) | (875,620) |
| Proceeds from disposal of property and equipment | — | 175,634 | 26,542 |
| **Net cash (used in)/provided by investing activities** | (1,700,133) | 70,043,283 | 10,585,193 |

| **Cash flows from financing activities:** | | |
| Proceeds from issuance of Series B1 Convertible redeemable Preferred Shares, net of issuance costs | — | 651,736,522 | 98,492,772 |
| Proceeds from issuance of Series B2 Convertible redeemable Preferred Shares, net of issuance costs | — | 569,316,830 | 86,037,211 |
| Proceeds from issuance of Series B3 Convertible redeemable Preferred Shares, net of issuance costs | — | 284,561,245 | 43,003,920 |
| Cash paid for initial public offering related costs | — | (4,281,169) | (646,986) |
| **Net cash provided by financing activities** | — | 1,501,333,428 | 226,886,917 |

| **Net increase in cash and cash equivalents** | 337,190 | 1,429,638,238 | 216,052,083 |
| Effect of exchange rate changes on cash and cash equivalents | — | 58,202,210 | 8,795,728 |
| Cash and cash equivalents at the beginning of period | 268,628 | 278,458,413 | 42,081,639 |
| **Cash and cash equivalents at the end of period** | 605,818 | 1,766,298,861 | 266,929,450 |
QUTOUTIAO INC.
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For six months ended June 30, 2017 and 2018
(RMB, except share data and per share data, or otherwise noted)

<table>
<thead>
<tr>
<th>Supplemental disclosure of cash flow information:</th>
<th>2017 RMB</th>
<th>2018 RMB</th>
<th>US$ (Note 2(e))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable related to the purchase of property and equipment</td>
<td>—</td>
<td>263,000</td>
<td>39,746</td>
</tr>
<tr>
<td>Accrued preferred share issuance cost</td>
<td>—</td>
<td>2,311,276</td>
<td>349,288</td>
</tr>
<tr>
<td>Accretion to Series A preferred shares redemption value</td>
<td>—</td>
<td>10,643,883</td>
<td>1,608,542</td>
</tr>
<tr>
<td>Accretion to Series A1 preferred shares redemption value</td>
<td>—</td>
<td>3,274,935</td>
<td>494,920</td>
</tr>
<tr>
<td>Accretion to Series B1 preferred shares redemption value</td>
<td>—</td>
<td>21,349,500</td>
<td>3,226,413</td>
</tr>
<tr>
<td>Accretion to Series B2 preferred shares redemption value</td>
<td>—</td>
<td>18,092,345</td>
<td>2,734,180</td>
</tr>
<tr>
<td>Accretion to Series B3 preferred shares redemption value</td>
<td>—</td>
<td>5,602,880</td>
<td>846,727</td>
</tr>
<tr>
<td>Deemed dividend to preferred shares shareholders</td>
<td>—</td>
<td>1,916,871</td>
<td>289,684</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these unaudited interim condensed consolidated financial statements.
QUTOUTIAO INC.
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(RMB, except share data and per share data, or otherwise noted)

1. Organization and Principal Activities

Principal activities

Qutoutiao Inc. (the “Company”), an exempted company with limited liability incorporated in the Cayman Islands, (i) its various equity-owned consolidated subsidiaries, (ii) its controlled affiliate Shanghai Jifen Culture Communications Co., Ltd. (“Jifen” or Jifen “VIE”), and (iii) the subsidiaries of its controlled affiliate are collectively referred to as the “Group”. The Group’s principal activity is to operate mobile platforms Qutoutiao (“QTT”) and Quduopai (QDP) for the distribution, consumption and sharing of light entertainment content. The Group generates revenue primarily by providing cost-effective and targeted advertising solutions through the mobile platforms in the People’s Republic of China (“PRC”), through Jifen and its wholly-owned subsidiaries thereof. Jifen and its wholly-owned subsidiaries are collectively referred to as the “Affiliated Entities”.

As of June 30, 2018, the Company’s principal subsidiaries and consolidated Affiliated Entities are as follows:

<table>
<thead>
<tr>
<th>Name of subsidiaries and VIE</th>
<th>Date of establishment/ acquisition</th>
<th>Place of incorporation</th>
<th>Percentage of direct or indirect economic ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wholly owned subsidiaries of the Company:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>InfoUniversal Limited(&quot;InfoUniversal&quot;)</td>
<td>Established on August 15, 2017</td>
<td>Hong Kong</td>
<td>100%</td>
</tr>
<tr>
<td>Shanghai Quyun Internet Technology Co., Ltd. (“Quyun WFOE”)</td>
<td>Established on October 13, 2017</td>
<td>PRC</td>
<td>100%</td>
</tr>
<tr>
<td>Shanghai Dianguan Network Technology Co., Ltd. (“Dianguan”) Established on April 13, 2017</td>
<td>Acquired on February 2, 2018</td>
<td>PRC</td>
<td>100%</td>
</tr>
<tr>
<td>QTT Asia Ltd.(&quot;QTT Asia&quot;)</td>
<td>Established on April 10, 2018</td>
<td>British Virgin Islands(&quot;BVI&quot;)</td>
<td>100%</td>
</tr>
<tr>
<td>Variable Interest Entity (“VIE”)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shanghai Jifen Culture Communications Co., Ltd. (“Jifen or Jifen VIE”)</td>
<td>Established on January 10, 2012</td>
<td>PRC</td>
<td>100%</td>
</tr>
<tr>
<td>Subsidiaries of Variable Interest Entity (“VIE subsidiaries”)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shanghai Xike Information Technology Service Co., Ltd. (“Xike”)</td>
<td>Established on July 14, 2016</td>
<td>PRC</td>
<td>100%</td>
</tr>
<tr>
<td>Shanghai Tuile Information Technology Service Co., Ltd. (“Tuile”)</td>
<td>Established on July 14, 2016</td>
<td>PRC</td>
<td>100%</td>
</tr>
<tr>
<td>Anhui Zhangduan Internet Technology Co., Ltd. (“Zhangduan”)</td>
<td>Established on March 31, 2017</td>
<td>PRC</td>
<td>100%</td>
</tr>
<tr>
<td>Beijing Qukandian Internet Technology Co., Ltd (“Qukandian”)</td>
<td>Established on April 13, 2017</td>
<td>PRC</td>
<td>100%</td>
</tr>
</tbody>
</table>
2. Principal Accounting Policies

(a) Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP") for interim financial information. Accordingly, they do not include all of the information and footnotes required by US GAAP for complete financial statements. Certain information and note disclosures normally included in our annual financial statements prepared in accordance with US GAAP have been condensed or omitted consistent with Article 10 of Regulation S-X. In the opinion of management, our consolidated interim financial statements and accompanying notes included all adjustments (consisting of normal recurring adjustments) considered necessary by management to a fair statement of the results of operations, financial position and cash flows for the interim periods presented. Interim results of operations are not necessarily indicative of the results for the full year or for any future periods. These financial statements should be read in conjunction with the annual financial statements and notes thereto also included herein.

Significant accounting policies followed by the Company in the preparation of the accompanying consolidated financial statements are summarized below.

(b) Consolidation

The condensed consolidated financial statements include the financial statements of the Company, its subsidiaries and a consolidated VIE, including the VIE’s subsidiaries, for which the Company is the primary beneficiary. Subsidiaries are entities in which the Company, directly or indirectly, controls more than one half of the voting powers; or has the power to govern the financial and operating policies, to appoint or remove the majority of the members of the board of directors, or to cast a majority of votes at the meeting of directors.

A consolidated VIE is an entity in which the Company, or its subsidiaries, through contractual agreements, bears the risks of, and enjoys the rewards normally associated with, ownership of the entity, and therefore the Company or one of its subsidiaries is the primary beneficiary of the entity.

All transactions and balances among the Company, its subsidiaries, the VIE and the VIE’s subsidiaries have been eliminated upon consolidation.

In accordance with the VIE Agreements, Quyun WFOE has the power to exercise effective control over VIE, receives substantially all of the economic benefits and residual returns, and absorbs substantially all the risks and expected losses from VIE as if it were its sole shareholder and have an exclusive option to purchase all of the equity interests in the VIE.
The following table sets forth the assets, liabilities, results of operations and cash flows of Jifen and its subsidiaries are included in the Group’s consolidated financial statements. Transactions between the VIE and its subsidiaries are eliminated in the balances presented below:

<table>
<thead>
<tr>
<th></th>
<th>As of December 31, 2017</th>
<th>As of June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>11,317,670</td>
<td>99,427,740</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>129,770,000</td>
<td>10,300,000</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>43,250,595</td>
<td>33,736,754</td>
</tr>
<tr>
<td>Amount due from subsidiaries of the Company</td>
<td>—</td>
<td>33,251,064</td>
</tr>
<tr>
<td>Prepayment to a related party</td>
<td>—</td>
<td>27,792,710</td>
</tr>
<tr>
<td>Prepayments and other current assets</td>
<td>14,728,734</td>
<td>23,093,769</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>199,066,999</td>
<td>227,602,037</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>4,614,062</td>
<td>8,553,359</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>5,758,946</td>
<td>27,496,636</td>
</tr>
<tr>
<td><strong>Total non-current assets</strong></td>
<td>10,373,008</td>
<td>36,049,995</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>209,440,007</td>
<td>263,652,032</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>14,992,741</td>
<td>22,460,205</td>
</tr>
<tr>
<td>Amount due to subsidiaries of the Company</td>
<td>—</td>
<td>275,200,311</td>
</tr>
<tr>
<td>Amount due to a related party</td>
<td>—</td>
<td>7,570,862</td>
</tr>
<tr>
<td>Registered users’ loyalty payable</td>
<td>20,977,138</td>
<td>137,038,048</td>
</tr>
<tr>
<td>Advance from advertising customers</td>
<td>39,864,599</td>
<td>1,378,295</td>
</tr>
<tr>
<td>Salary and welfare payable</td>
<td>5,642,884</td>
<td>13,013,294</td>
</tr>
<tr>
<td>Tax payable</td>
<td>21,343,600</td>
<td>26,910,157</td>
</tr>
<tr>
<td>Accrued liabilities related to users’ loyalty programs</td>
<td>187,003,469</td>
<td>149,011,030</td>
</tr>
<tr>
<td>Accrued liabilities and other current liabilities</td>
<td>18,271,639</td>
<td>61,908,511</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>308,096,070</td>
<td>694,490,713</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>308,096,070</td>
<td>694,490,713</td>
</tr>
</tbody>
</table>

### Six months ended June 30,

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net revenues</strong></td>
<td>107,273,385</td>
<td>712,036,682</td>
</tr>
<tr>
<td><strong>Net loss</strong></td>
<td>(28,675,281)</td>
<td>(514,632,981)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash provided by/(used in) operating activities</td>
<td>2,037,323</td>
<td>(280,080,346)</td>
</tr>
<tr>
<td>Net cash (used in)/provided by investing activities</td>
<td>(1,700,133)</td>
<td>92,990,105</td>
</tr>
<tr>
<td>Net cash provided by financing activities</td>
<td>—</td>
<td>275,200,311</td>
</tr>
<tr>
<td><strong>Net increase in cash and cash equivalents</strong></td>
<td>337,190</td>
<td>88,110,070</td>
</tr>
</tbody>
</table>
(c) Use of estimates

The preparation of the Group’s consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from such estimates.

The Company believes that revenue recognition, liabilities related to loyalty programs, consolidation of VIE, determination of share-based compensation and impairment assessment of long-lived assets that reflect more significant judgments and estimates used in the preparation of its consolidated financial statements.

Management bases the estimates on historical experience and on various other assumptions as discussed elsewhere to the consolidated financial statements that are believed to be reasonable, the results of which form the basis for making judgments about the carrying values of assets and liabilities. Actual results could materially differ from these estimates.

(d) Functional Currency and Foreign Currency Translation

The Group uses Renminbi (“RMB”) as its reporting currency. The functional currency of the Company and its subsidiaries incorporated outside of PRC is the United States dollar (“US$”), while the functional currency of the PRC entities in the Group is RMB as determined based on the criteria of ASC 830, Foreign Currency Matters.

Transactions denominated in other than the functional currencies are re-measured into the functional currency of the entity at the exchange rates prevailing on the transaction dates. Financial assets and liabilities denominated in other than the functional currency are re-measured at the balance sheet date exchange rate. The resulting exchange differences are recorded in the consolidated statements of comprehensive loss as foreign exchange related gain / loss.

The financial statements of the Group are translated from the functional currency to the reporting currency, RMB. Assets and liabilities of the subsidiaries are translated into RMB using the exchange rate in effect at each balance sheet date. Income and expense items are generally translated at the average exchange rates prevailing during the fiscal year. Foreign currency translation adjustments arising from these are accumulated as a separate component of shareholders’ deficit on the consolidated financial statement. The exchange rates used for translation on December 31, 2017 and June 30, 2018 were US$1.00=RMB 6.5342 and RMB 6.6166, respectively, representing the index rates stipulated by the People’s Bank of China.

(e) Convenience Translation

Translations of balances in the Group’s consolidated balance sheet, consolidated statement of operations and comprehensive loss and consolidated statement of cash flows from RMB into US$ as of and for the six months ended June 30, 2018 are solely for the convenience of the readers and were calculated at the rate of US$1 = RMB6.6171, representing the noon buying rate set forth in the H.10 statistical release of the US Federal Reserve Board on June 29, 2018. No representation is made that the RMB amounts could have been, or could be, converted, realized or settled into US$ at that rate on June 29, 2018, or at any other rate.
(f) Fair value of financial instruments

The following table sets forth the Group’s assets and liabilities that are measured at fair value on a recurring basis and are categorized using the fair value hierarchy:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Balance at fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term investments — Wealth management products</td>
<td>—</td>
<td>129,770,000</td>
<td>—</td>
<td>129,770,000</td>
</tr>
</tbody>
</table>

As of December 31, 2017

<table>
<thead>
<tr>
<th>Assets</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Balance at fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term investments — Wealth management products</td>
<td>—</td>
<td>10,300,000</td>
<td>—</td>
<td>10,300,000</td>
</tr>
</tbody>
</table>

As of June 30, 2018

The Group values its investments in wealth management products issued by certain banks using quoted subscription/redemption prices published by these banks, and accordingly, the Group classifies the valuation techniques that use these inputs as Level 2.

(g) Short-term investments

Short-term investments include investments in wealth management products issued by certain banks which are redeemable by the Company at any time. The wealth management products are unsecured with variable interest rates and primarily invested in debt securities issued by the PRC government, corporate debt securities and central bank bills. The Company measures the short-term investments at fair value using the quoted subscription or redemption prices published by these banks. The change in fair value is recorded as interest income amounted to RMB305,367 and RMB4,803,278 in the consolidated statements of comprehensive loss for the six months ended June 30, 2017 and 2018, respectively.

(h) Revenue recognition

A. Significant accounting policy

The Group has adopted the new revenue standard, ASC 606, by applying the full retrospective method. See Section (ac) “Recently issued accounting pronouncements.” Revenues are recognized when or as the control of a good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group’s performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group’s performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group’s efforts or inputs to the satisfaction of the performance obligation.
The following is a description of principal activities of the Group from which the Group generates its revenue.

(i) Advertising

The Group’s main revenue generating activity is the provision of online advertising services. The Group generates revenue from performing specified actions, i.e. a Cost Per thousand impressions (“CPM”), Cost Per Click (“CPC”) basis. Revenue is recognized on a CPM or CPC basis as impressions or clicks are delivered.

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transaction. In determining whether the Group acts as the principal or an agent, the Group follows the accounting guidance for principal-agent considerations. Such determination involves judgement and is based on evaluation of the terms of each arrangement.

a. Advertising services provided to advertising customers

(i) Before February 2018, the Group engaged certain advertising customers through a third-party advertising agent (“advertising agent”). In the arrangement with this advertising agent, it served as the Group’s sales agent in selling the Group’s advertising solutions to other second-tier advertising agents. The end advertisers are the customers of the Group as they specifically select Qutoutiao to display its advertisement and the performance obligation of the Group is to provide the underlying advertising display services. The advertising agent earns a commission of 2% of the advertising revenue in the arrangement in return for providing bidding system for placement on Qutoutiao which the Company recognized as cost of revenue. The Group provides advertising services to advertising customers and recognizes advertising revenue on a gross basis as clicks are delivered.

The Group receives refundable advance payments from advertising customers through this advertising agent and reconciles the advertising revenue with this advertising agent on a weekly basis. If the advance payment deposited in the Group is not ultimately used for the advertisement on Qutoutiao, the Group refunds the advance payment back to advertising customers through this advertising agent.

In February 2018, the Group acquired 100% equity interests of this advertising agent with a total consideration of RMB15 million (Note 4). After the acquisition, the Group effectively provides advertising services to these advertising customers directly and continues to recognize revenue on a gross basis as clicks are delivered.

The Group also engaged advertising customers through other third party advertising agents where revenue was accounted for on a gross basis during the six months ended June 30, 2017. Those arrangements have been terminated as of December 31, 2017.

(ii) The Group also provides advertising service to advertising customers directly. The Group recognizes revenue on a gross basis as impressions are delivered.

b. Advertising services provided to advertising platforms

The Group provides advertising services to other third-party advertising platforms. In the arrangement with these advertising platforms, these advertising platforms are the customers of the Group and the performance obligation of the Group is to provide traffic service to these advertising platforms. Therefore, the Group recognizes revenue based on the net amount as impressions or clicks are delivered.

The Group reconciles and settles the advertising revenue with these advertising platforms on a monthly basis.
(ii) Other services

a. Online marketplace service

The Group operates an online marketplace which users can access merchandise offered by third-party merchandise suppliers. The suppliers are the customers of the Group as these suppliers are the primary obligor to provide goods and delivery service to the users and the performance obligation of the Group is to provide matching service for the suppliers. The Group acts as an agent in this transaction and recognize revenue when the matching service is completed. The Group settles the payment with suppliers on a monthly basis.

b. Agent and platform service

After the acquisition of the advertising agent in February 2018 (Note 4), the Group also provides agent and platform service by facilitating the advertising customers to select third-party advertising platforms to display their advertisements. The Group recognizes revenue from the advertising customers based on the net amount equal to certain agreed percentage of the gross revenue earned by the third-party advertising platforms when impressions or clicks are successfully delivered.

c. Disaggregation of revenue

In the following table, revenue is disaggregated by major service line and gross vs net recognition.

<table>
<thead>
<tr>
<th>Major service line</th>
<th>June 30, 2017</th>
<th>June 30, 2018</th>
<th>US$ (Note 2(e))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advertising service provided to advertising customers, recorded gross</td>
<td>22,444,199</td>
<td>533,983,843</td>
<td>80,697,563</td>
</tr>
<tr>
<td>Advertising service provided to advertising platforms, recorded net</td>
<td>83,903,790</td>
<td>135,887,052</td>
<td>20,535,741</td>
</tr>
<tr>
<td>Other service</td>
<td>925,396</td>
<td>47,963,837</td>
<td>7,248,468</td>
</tr>
<tr>
<td>Total</td>
<td>107,273,385</td>
<td>717,834,732</td>
<td>108,481,772</td>
</tr>
</tbody>
</table>

For the six months ended June 30, 2018, revenue in other service include the agent and platform service amounted to RMB44 million.

(i) Cost of revenues

The Group’s cost of revenues consists primarily of (i) agent fees retained by the third party advertising agents which are recognized as cost of revenue for revenue recorded on gross basis, (ii) content procurement costs paid to third-party professional media companies or freelancers, (iii) direct cost related to in-house content editing cost, rental cost, depreciation and other miscellaneous costs, (iv) bandwidth cost and (v) cultural development fee and surcharges. The cultural development fee and surcharges in cost of revenues for the six months ended June 30, 2017 and 2018 were RMB 3,679,757 and RMB 16,586,240, respectively. The Group is subject to a cultural development fee on the provision of advertising services in the PRC. The applicable tax rate is 3% of the net advertising revenues.

(j) Research and development expenses

Research and development expenses consist primarily of (i) salary and welfare for research and development personnel, (ii) office rental expenses and (iii) depreciation of office premise and servers utilized by research and development personnel. Costs incurred during the research stage are expensed as incurred. Costs incurred in the development stage, prior to the establishment of technological feasibility, which is when a working model is available, are expensed when incurred.
The Company accounts for internal use software development costs in accordance with guidance on intangible assets and internal use software. This requires capitalization of qualifying costs incurred during the software’s application development stage and to expense costs as they are incurred during the preliminary project and post implementation/operation stages. For the six months ended June 30, 2017 and 2018, the Company has not capitalized any costs related to internal use software because the inception of the Group software development costs qualified for capitalization have been insignificant.

(k) Sales and marketing expenses
Sales and marketing expenses consist primarily of (i) rewards to registered users related to loyalty programs, (ii) advertising and marketing expenses, (iii) charges for short mobile message service to registered users and (iv) salary and welfare for sales and marketing personnel. The advertising and marketing expenses amounted to RMB 1,991,364 and RMB184,423,941 during the six months ended June 30, 2017 and 2018, respectively.

(l) User loyalty programs
The Group has loyalty programs for its registered users in its mobile platforms Qutoutiao and Quduopai to enhance user stickiness and incentivize word-of-mouth referrals. The Group offers rewards mainly for signing up as a new-registered user as well as rewards to existing registered users for referring new users to become the Group’s registered users, and also rewards for participating in various activities held in platforms including uploading videos on Quduopai. The cost of users’ rewards are recognized as sales and marketing expenses in the consolidated statements of comprehensive loss.

On Qutoutiao, the Group’s users can redeem earned rewards, which is in a form of cash credits reflecting the same amount of cash value, upon request. The Group offers its users the flexibility to choose a number of rewards payment options, including i) online cash out, when the cash credits balance exceeding a certain cash out threshold or at a lower cash out threshold if the users log on Qutoutiao for a certain number of consecutive days, ii) purchasing products mainly through online marketplace.

On Quduopai, the Group’s users as content provider to Qutoutiao can also earn cash credits (reflecting the same amount of cash value) that they may cash out when the cash credits balance exceeding a certain threshold. Before April 9 2018, the Group’s users on Quduopai could also earn loyalty points, which could only be exchanged for coupons issued to the Group by a third-party, which can be used to purchase goods or service on that third-party’s group buying website. The Group does not recognize any expenses or liability for those loyalty points earned on Quduopai since the Group does not bear any additional cost to settle these loyalty points awarded to its users before April 9, 2018. Starting from April 9, 2018, the Group’s users on Quduopai who are not content providers, can also start to earn and redeem earned rewards, which is in a form of cash credits reflecting the same amount of cash value, upon request. Users can cash out the rewards when the cash credits balance exceeding a certain cash out threshold. All the outstanding loyalty point granted to users on Quduopai were converted to rewards upon the enacting of the revised loyalty program in April 2018. As a result, the Company recorded costs of RMB62,359 in the sales and marketing expenses in April 2018.

The user’s agreement provides that rewards expire after one month. However, the Group may, at its discretion, provide rewards to its users even after one month expiration period. Starting from May 2018, rewards to its users are cleared from their accounts and will not be redeemed when the users are inactive for 90 consecutive days.

The Group’s experience indicates that a certain portion of rewards is never redeemed by its users, which the Group refers to as a “breakage”. The liability accrued for the reward is reduced by the estimated breakage that is expected to occur. The Group estimates breakage based upon its analysis of relevant reward history and redemption pattern as well as considering the expiration period of the rewards under the users agreement. In the assessment of breakage, each individual user’s account is categorized into certain pools of
different range of outstanding rewards, and then further grouped into certain sub-groups on the basis of inactivity days. The past reward redemption pattern in those sub-groups was used to estimate the respective breakage for the outstanding rewards in each sub-group at each period end. For the six months ended June 30, 2017 and 2018, total costs related to the users’ rewards granted amounted to RMB131 million and RMB707 million, and total rewards redeemed amounted to RMB48 million and RMB548 million, respectively. The Company also reversed the accrued rewards of the users inactive for 90 consecutive days which amounted to RMB 172 million for the six months ended June 30, 2018 which were recorded as a reduction of sales and marketing expense. As of December 31, 2017 and June 30, 2018, the total estimated breakage not accrued approximated to RMB113 million and RMB23 million, respectively, and the decrease (which results in an increase in the overall accrued loyalty liability) was due to the lower cash out threshold and the reversal for the cleared rewards of the users inactive for 90 days.

Once the accumulated unredeemed rewards for individual user with amount exceeding the cash out threshold or the continuous log-on criteria is reached, the Group reclassifies the balance into “registered users’ payable” in consolidated balance sheet as a monetary liability and reverses the amount of breakage originally assumed. The registered user payable is derecognized only if (1) the Group pays the user and is relieved of its obligation for the liability by paying the users includes delivery of cash or (2) the Group is legally released from the liability.

The actual cost to settle the estimated liability may differ from the estimated liability recorded. As of December 31, 2017 and June 30, 2018, users’ reward recorded in “Registered users’ loyalty payable” are RMB 20,977,138 and RMB137,038,048, respectively, and estimated users’ rewards recorded in ”Accrued liabilities related to users’ loyalty programs“ are RMB 187,003,469 and RMB 149,011,030, respectively.

(m) Income taxes

Current income taxes are provided on the basis of net income for financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes, in accordance with the regulations of the relevant tax jurisdictions.

Deferred income taxes are accounted for using an asset and liability method. Under this method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purpose. The effect on deferred taxes of a change in tax rates is recognized in the consolidated statements of comprehensive loss in the period of change. A valuation allowance is provided to reduce the amount of deferred tax assets if it is considered more likely than not that some portion of, or all of the deferred tax assets will not be realized.

Uncertain tax positions

The guidance on accounting for uncertainties in income taxes prescribes a more likely than not threshold for financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return. Guidance was also provided on derecognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, accounting for income taxes in interim periods, and income tax disclosures. Significant judgment is required in evaluating the Group’s uncertain tax positions and determining its provision for income taxes. The Group recognizes interests and penalties, if any, under accrued expenses and other current liabilities on its consolidated balance sheets and under other expenses in its statements of operations and comprehensive loss. The Group did not recognize any significant interest and penalties associated with uncertain tax positions for the six months ended June 30, 2017 and 2018. As of December 31, 2017 and June 30, 2018, the Group did not have any significant unrecognized uncertain tax positions.

F-66
In May 2014, the Financial Accounting Standards Board (“FASB”) issued ASU No. 2014-09, “Revenue from Contracts with Customers (Topic 606),” a new standard on revenue which will supersed the revenue recognition requirements in ASC 605. The new standard, as amended, sets forth a single comprehensive model for recognizing and reporting revenues. The new guidance requires the Company to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new guidance requires the Company to apply the following steps: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the Company satisfies a performance obligation. The standard also requires additional financial statement disclosures that will enable users to understand the nature, amount, timing and uncertainty of revenues and cash flows relating to customer contracts. The standard is effective for us for fiscal years, and interim periods within those years, beginning on or after January 1, 2018. Early adoption is permitted but not before the original effective date of January 1, 2017. The Company has adopted the standard using the full retrospective method.

In January 2016, the FASB issued ASU No. 2016-01, “Financial Instruments — Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities” (“ASU 2016-01”). The main objective of this update is to enhance the reporting model for financial instruments to provide users of financial statements with more decision-useful information. ASU 2016-01 changes how entities measure certain equity investments and present changes in the fair value of financial liabilities measured under the fair value option that are attributable to their own credit. The guidance also changes certain disclosure requirements and other aspects of current U.S. GAAP. ASU 2016-01 is effective for annual reporting periods, and interim periods within those years beginning after December 15, 2017. Early adoption by public entities is permitted only for certain provisions. The Company adopted ASU 2016-01 on January 1, 2018 and the adoption did not have a material impact on the Company’s condensed consolidated financial statements and the related disclosures.

In February 2016, the FASB issued ASU No. 2016-02, “Leases” (“ASU 2016-02”). Under the new guidance, lessees will be required to recognize a lease liability and a lease asset for all leases, including operating leases, with a term greater than 12 months on its balance sheet. The update also expands the required quantitative and qualitative disclosures surrounding leases. This update is effective for fiscal years beginning after December 15, 2018 and interim periods within those fiscal years, with earlier application permitted. The Company expects to adopt the new standard in the first quarter of 2019 on a modified retrospective basis and is currently in the process of evaluating the impact of ASU 2016-02 on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, “Financial Instruments — Credit Losses” (“ASU 2016-13”), which introduces new guidance for credit losses on instruments within its scope. The new guidance introduces an approach based on expected losses to estimate credit losses on certain types of financial instruments, including, but not limited to, trade and other receivables, held-to-maturity debt securities, loans and net investments in leases. The new guidance also modifies the impairment model for available-for-sale debt securities and requires the entities to determine whether all or a portion of the unrealized loss on an available-for-sale debt security is a credit loss. The standard also indicates that entities may not use the length of time a security has been in an unrealized loss position as a factor in concluding whether a credit loss exists. The ASU is effective for public companies for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years. Early adoption is permitted for all entities for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is in the process of evaluating the impact of ASU 2016-13 on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, “Statement of Cash Flows (Topic 230), a consensus of the FASB’s Emerging Issues Task Force” (“ASU 2016-15”). The new guidance is intended to reduce the
diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The ASU is effective for public companies for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The Company has early adopted ASU 2016-15 in the current year and the adoption had no material impact on the Company’s consolidated financial statements.

In November 2016, the FASB issued ASU No. 2016-18, “Statement of Cash Flows” (“ASU 2016-18”). This ASU affects all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This update will become effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2019, and early adoption is permitted in any interim or annual period. Company has adopted ASU 2016-18 in the current year and the adoption had no material impact on the Company’s consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2016-18, “Statement of Cash Flows” (“ASU 2016-18”), which affects all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. ASU 2016-18 requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. This update will become effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2019, and early adoption is permitted in any interim or annual period. Company has adopted ASU 2016-18 in the current year and the adoption had no material impact on the Company’s consolidated financial statements.

In January 2017, the FASB issued Accounting Standards Update No. 2017-01, Business Combinations (Topic 805): Clarifying the Definition of a Business (ASU 2017-01), which revises the definition of a business and provides new guidance in evaluating when a set of transferred assets and activities is a business. The Company adopted the new standard effective January 1, 2018 on a prospective basis.

In May 2017, the FASB issued ASU No. 2017-09, “Compensation — Stock compensation (Topic 718): Scope of modification accounting” (“ASU 2017-09”), which clarifies when to account for a change to the terms or conditions of a share-based payment award as a modification. ASU 2017-09 is effective prospectively for all companies for annual periods beginning on or after December 15, 2017, and early adoption is permitted. The Company has early adopted ASU 2017-09 in the current year and the adoption had no material impact on the Company’s consolidated financial statements.

In February 2018, the Financial Accounting Standard Board (“FASB”) issued ASU 2018-02, Income Statement — Reporting Comprehensive Income (Topic 220) — Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, to allow entities to reclassify the income tax effects of tax reform legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”) on items within accumulated other comprehensive income to retained earnings. ASU 2018-02 is effective for fiscal years and interim periods within those years beginning after December 15, 2018, and early adoption is permitted. The Company is currently evaluating the impact ASU 2018-02 will have on its consolidated financial statements and associated disclosures.

3. Concentration and credit risk

(i) Concentration of revenues

For the six months ended June 30, 2017 and 2018, Customer B contributed 76% and 12% of total net revenues of the Group, respectively.

(ii) Concentration of accounts receivable

The Group has not experienced any significant recoverability issue with respect to its accounts receivable. The Group conducts credit evaluations on its platforms and customers and generally does not require collateral or other security from such platforms and customers. The Group periodically evaluates the creditworthiness of the existing platforms in determining an allowance for doubtful accounts primarily based upon the age of the receivables and factors surrounding the credit risk of specific customers.

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The following table summarized customers with greater than 10% of the accounts receivables:

| Customer A — advertising platform | As of December 31, 2017 | 19% | June 30, 2018 | 59% |
| Customer B — advertising platform | 60% | 30% |
| Customer C — advertising customer | 14% | * |

* Less than 10%

(iii) Credit risk

The Group’s credit risk arises from cash and cash equivalents, short-term investments, prepayments and other current assets, and accounts receivable. The carrying amounts of these financial instruments represent the maximum amount of loss due to credit risk.

The Group expects that there is no significant credit risk associated with the cash and cash equivalents and short-term investments which are held by reputable financial institutions in the jurisdictions where the Company, its subsidiaries and the Affiliated Entities are located. The Group believes that it is not exposed to unusual risks as these financial institutions have high credit quality.

The Group has no significant concentrations of credit risk with respect to its prepayments.

Accounts receivable are typically unsecured and are derived from revenue earned through third party advertising platforms and customers. The risk with respect to accounts receivable is mitigated by credit evaluations performed on them.

4. Business acquisition

The Company accounted for its acquisition in accordance with ASC 805, “Business Combination” (“ASC 805”). The result of the acquiree’s operation has been included in the unaudited interim condensed consolidated financial statements since the acquisition date. The excess of the fair value of the acquired entity over the fair value of net tangible and intangible assets acquired was recorded as goodwill, which is not deductible for corporate income taxation purposes.

Acquisition of Dianguan

In February 2018, the Company acquired 100% equity interests of Dianguan, an advertising agent (Note 2(h)), from its shareholder for a cash consideration of RMB15,000,000.

The acquisition was recorded as a business combination. The following table summarizes the estimated fair values of the assets acquired and liabilities assumed at the date of acquisition:

| Cash | RMB 15,000,000 |
Recognized amounts of identifiable assets acquired and liabilities assumed:

<table>
<thead>
<tr>
<th>Asset Description</th>
<th>RMB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>4,270,175</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>9,940,000</td>
</tr>
<tr>
<td>Prepayments and other current assets</td>
<td>30,936,027</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>17,978</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(364,242)</td>
</tr>
<tr>
<td>Salary and welfare payable</td>
<td>(778,438)</td>
</tr>
<tr>
<td>Tax payable</td>
<td>(9,933,408)</td>
</tr>
<tr>
<td>Advance from advertising customers</td>
<td>(24,664,513)</td>
</tr>
<tr>
<td>Accrued liabilities and other current liabilities</td>
<td>(1,691,909)</td>
</tr>
<tr>
<td>Total identifiable net assets acquired</td>
<td>(7,731,670)</td>
</tr>
<tr>
<td>Goodwill</td>
<td>7,268,330</td>
</tr>
<tr>
<td><strong>Total purchase consideration, net of cash acquired</strong></td>
<td><strong>10,729,825</strong></td>
</tr>
</tbody>
</table>

The excess of purchase price over tangible assets and identifiable intangible assets acquired and liabilities assumed was recorded as goodwill. Goodwill associated with acquisition of Dianguan was attribute to the expected synergy arising from the consolidation operations. The acquired goodwill is not deductible for tax purposes. Acquisition-related costs were insignificant and were included in general and administrative expenses for the six months ended June 30, 2018.

Based on the Company’s assessment, the revenues and net earnings of Dianguan were not considered material from the acquisition date to June 30, 2018. Pro forma results of operations for the acquisition described above have not been presented because they are not material to the consolidated statements of operations and comprehensive loss, either individually or in aggregate.

5. Cash and cash equivalents

Cash and cash equivalents represent cash on hand and demand deposits placed with banks or other financial institutions, which are unrestricted as to withdrawal or use. The following table sets forth a breakdown of cash and cash equivalents by currency denomination and jurisdiction as of December 31, 2017 and June 30, 2018:

<table>
<thead>
<tr>
<th></th>
<th>RMB</th>
<th>RMB equivalent (US$)</th>
<th>RMB Equivalent (HK$)</th>
<th>Total in RMB</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Overseas</td>
<td>Non VIE</td>
<td>China</td>
<td>Overseas</td>
</tr>
<tr>
<td>December 31, 2017</td>
<td>—</td>
<td>—</td>
<td>11,317,670</td>
<td>267,125,417</td>
</tr>
</tbody>
</table>

6. Accounts receivable, net

<table>
<thead>
<tr>
<th>As of</th>
<th>Accounts receivable, gross</th>
<th>43,250,595</th>
<th>33,752,823</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Less: allowance for doubtful accounts</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Accounts receivable, net</td>
<td>43,250,595</td>
<td>33,752,823</td>
</tr>
</tbody>
</table>
7. Prepayments and other assets

The other assets consist of the following:

<table>
<thead>
<tr>
<th>Prepayment and other current assets</th>
<th>As of December 31, 2017</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayments of advertisement fee(1)</td>
<td>6,732,410</td>
<td>11,941,431</td>
</tr>
<tr>
<td>Deposit to third-party payment service providers(2)</td>
<td>3,334,983</td>
<td>12,816,423</td>
</tr>
<tr>
<td>Loans to employees</td>
<td>—</td>
<td>3,175,701</td>
</tr>
<tr>
<td>Value-added tax receivable</td>
<td>1,103,742</td>
<td>2,346,194</td>
</tr>
<tr>
<td>Prepayments of IT service fee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>1,475,755</td>
<td>3,591,441</td>
</tr>
</tbody>
</table>

| Non-current                          |                         |               |
| Long-term prepaid server fee         | 4,073,114               | 3,080,189     |
| Long-term lease deposits             | 1,685,832               | 3,416,447     |
| Deferred initial public offering costs | —                       | 4,281,169     |
| Prepayment for purchase of online audio/video content platform(3) | —                       | 43,018,464    |

| Total                               | 14,728,734              | 34,006,255    |

(1) Prepayments of advertisement fee represent prepayments made to service providers for future services to promote the Company’s mobile applications through online advertising. Such service providers charge monthly expenses based on activities during the month, and once confirmed by the Company, the monthly expenses will be deducted from the prepayments already made by the Company. Prepayments of advertising fee is recorded when prepayments are made to service providers and are expensed as services are provided.

(2) Deposit to third party payment service providers represent cash prepaid to the Group’s third party on-line payment service providers, which will be used to settle the Group’s obligation for outstanding user loyalty payable or content procurement fee to professional third party media companies and freelancers. As of December 31, 2017 and June 30, 2018, no allowance for doubtful accounts was provided for the prepayment.

(3) In April 2018, the Group entered into a Share Purchase Agreement to purchase 100% equity interests of a group for a total cash considerations of RMB 70 million. The purchase is expected to be accounted for as an asset acquisition rather than a business combination as the group does not meet the criteria of a business and substantially all of the fair value of the gross assets acquired would be concentrated in a single asset, which met the screen test criteria to be an asset acquisition for the adopted ASU 2017-01. The asset to be acquired is related to the online audio/video content platform. The expected useful life of the asset is 10 years. As of June 30, 2018, the Company has prepaid RMB43 million for this purchase while the transaction has not been completed.
8. Property and equipment, net

Property and equipment consist of the following:

<table>
<thead>
<tr>
<th>Cost</th>
<th>As of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31, 2017</td>
</tr>
<tr>
<td>Office equipment</td>
<td>2,501,368</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>2,479,672</td>
</tr>
<tr>
<td>Total cost</td>
<td>4,981,040</td>
</tr>
<tr>
<td>Less: Accumulated depreciation</td>
<td>(366,978)</td>
</tr>
<tr>
<td>Property and equipment, net</td>
<td>4,614,062</td>
</tr>
</tbody>
</table>

Depreciation expense recognized for the six months ended June 30, 2017 and 2018 are summarized as follows:

<table>
<thead>
<tr>
<th>Cost of revenues</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost of revenues</td>
<td>4,956</td>
<td>467,538</td>
</tr>
<tr>
<td>Research and development</td>
<td>2,254</td>
<td>683,365</td>
</tr>
<tr>
<td>Sales and marketing expenses</td>
<td>9,728</td>
<td>89,986</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>12,935</td>
<td>308,543</td>
</tr>
<tr>
<td>Total</td>
<td>29,873</td>
<td>1,549,432</td>
</tr>
</tbody>
</table>

9. Accrued liabilities and other current liabilities

<table>
<thead>
<tr>
<th>Cost</th>
<th>As of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31, 2017</td>
</tr>
<tr>
<td>Cultural development fee and other tax surcharges</td>
<td>17,455,833</td>
</tr>
<tr>
<td>Accrued advertising and marketing expense</td>
<td>—</td>
</tr>
<tr>
<td>Accrued preferred share insurance cost</td>
<td>—</td>
</tr>
<tr>
<td>Accrued employee welfare expense</td>
<td>—</td>
</tr>
<tr>
<td>Accrued professional fees</td>
<td>3,500,000</td>
</tr>
<tr>
<td>Others</td>
<td>465,806</td>
</tr>
<tr>
<td>Total</td>
<td>21,421,639</td>
</tr>
</tbody>
</table>

The Group is subject to a cultural development fee on the provision of advertising services in the PRC. The applicable tax rate is 3% of the net advertising revenues.

10. Convertible redeemable preferred shares

On September 29, 2017, the Company issued 4,945,055 shares of Series A convertible redeemable preferred shares (the “Series A Shares”) for US$6.5520 per share for cash of US$32,400,000. On November 14, 2017, the Company issued 1,373,626 shares of Series A1 convertible redeemable preferred shares (the “Series A1 Shares”) for US$7.2800 per share for cash of US$10,000,000. On March 4, 2018, the Company issued 5,420,144 shares of Series B1 convertible redeemable preferred shares (the “Series B1 Shares”) for US$19.3722 per share for cash of US$105,000,000. Subsequent to the Series B1 Closing, the investor, who is a leading provider of Internet Value-added Services, and the Company’s PRC entities entered into a cooperation agreement that the investor will promote the Company’s mobile application and will charge the Company a service fee. On March 8, 2018, the Company issued 3,895,728 shares of Series B2 convertible

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redeemable preferred shares (the “Series B2 Shares”) for US$23.6156 per share for cash of US$92,000,000. On April 27, 2018, the Company issued 1,751,539 shares of Series B3 convertible redeemable preferred shares (the “Series B3 Shares”) for US$25.9772 per share for cash of US$45,500,000. The Series A, Series A1, Series B1, Series B2 and Series B3 shares are collectively referred to as the Preferred Shares.

Upon the Series B1 Shares issuance Closing, several terms of the Series A Shares and Series A1 Shares have been updated to be consistent with the new issued Series B1 Shares’ rights summarized as follows:

1. The non-cumulative dividend rate for Series A, A1 was modified from 8% to 12%;
2. The term of redemption requirement for Series A Shares and Series A1 Shares has been changed from six years from the date of relevant Series Closing Date to five years from the date of Series B1 Shares issuance Closing;
3. The percentage to calculate the liquidation amount was modified from 100% to 120% for Series A Shares and Series A1 Shares;
4. The definition of a Qualified IPO.

The Company evaluated the modifications in accordance with its accounting policy and concluded that they are modifications, rather than extinguishment of Preferred Shares because the Company believed that the amendment did not add, remove, significantly change a substantive contractual term or to the nature of the overall instrument. The intention of the modification was to align the redemption rights and dividends right among existing Preferred Shareholders and the incoming Preferred Shareholders.

The modifications that resulted in difference of between the fair value of the modified Series A and Series A1 Preferred Shares and the carrying value of Series A and Series A1 Preferred Shares on the modification date have been recorded as a deemed dividend of RMB1,916,871 against retained earnings.

The key terms of the Series A, Series A1, Series B1, Series B2 and Series B3 Shares after the modifications are as follows:

**Conversion rights**

Each Preferred Share shall be convertible into such number of ordinary shares at the Preferred Share-to-Ordinary Share conversion ratio equal to Preferred Share Purchase Price for such Preferred Share divided by the then-effective Conversion Price (as defined below) for such Preferred Share. The “Conversion Price” for such Preferred Share shall initially be the Preferred Share Purchase Price for such Preferred Share, resulting in an initial conversion ratio for the Preferred Shares of 1:1, and shall be subject to adjustment and readjustment from time to time, including but not limited to additional equity securities issuance, share dividends, distribution, subdivisions, redemptions, combinations, or consolidation of ordinary shares. The conversion price is also subject to adjustment in the event the Company issues additional ordinary shares at a price per share that is less than such conversion price. In such case, the conversion price shall be reduced to adjust for dilution on a weighted average basis.

Each Preferred Share may, at the option of the holder thereof, be converted at any time after the date of issuance of such Preferred Shares into Ordinary Shares based on the then-effective Conversion Price.

In addition, each share of the Series A, A1, B1, B2 and B3 Shares would automatically be converted into ordinary shares of the Company (i) upon the closing of an initial public offering of the Company’s shares or (ii) upon the date specified by written consent or agreement of its shareholders.

The Company determined that there were no beneficial conversion features identified for any of the Preferred Shares during any of the periods. In making this determination, the Company compared the fair value of the ordinary shares into which the Preferred Shares are convertible with the respective effective conversion price at the issuance date. In all instances, the effective conversion price was greater than the fair value of the ordinary shares. To the extent a conversion price adjustment occurs, as described above, the Company will re-evaluate whether or not a beneficial conversion feature should be recognized.
Dividend rights

The Series B1, B2, B3 Preferred Shareholders shall be entitled to receive, in preference to any dividend on the ordinary shares, non-cumulative dividends for each Preferred Share at the rate equal to 12% of, as the case may be, the Series B1, B2, B3 Preferred Share Purchase Price, for each respective preferred shareholder, payable out of funds or assets when and as such funds or assets become legally available therefor, on parity with each other and prior and in preference to, and satisfied before, any declaration or payment of any dividend on the Series A Preferred Shares, the Series A1 Preferred Shares and the Ordinary Shares. The Series A, A1 Preferred Shareholders shall also be entitled to receive, in preference to any dividend on the ordinary shares, non-cumulative dividends for each Preferred Share at the rate equal to 12% of, as the case may be, the Series A, A1 Preferred Share Purchase Price, for each respective preferred shareholder, payable out of funds or assets when and as such funds or assets become legally available therefor, on parity with each other and prior and in preference to, and satisfied before, any declaration or payment of any dividend on the Ordinary Shares.

Except the Exempted Dividends (as defined below), no dividend, whether in cash, in property, in shares in the Company or otherwise may be declared or paid on any other class or series of shares unless and until the Preferred Dividends are first paid in full.

Exempted Dividends means (1) a dividend payable solely in Ordinary Shares and to all shareholders of the Company on a pro rata basis, (2) the purchase, repurchase or redemption of Ordinary Shares by the Company at no more than cost from terminated employees, officers or consultants in accordance with the ESOP, or pursuant to written contractual arrangements with the Company approved by the Board (so long as such approval includes the approval of the Series A Director and the Series B1 Director), (3) the purchase, repurchase or redemption of Preferred Shares (including in connection with the conversion of such Preferred Shares into Ordinary Shares).

Voting rights

The holders of the Series A, A1, B1, B2 and B3 Shares shall be entitled to such number of votes equal to the whole number of ordinary shares into which such Series A, A1, B1, B2 and B3 Shares are convertible.

Liquidation preference

In the event of any liquidation, dissolution or winding up of the Company, all assets and funds of the Company legally available for distribution to the shareholders shall, by reason of the shareholders’ ownership of the shares, be distributed as follows:

First, the holders of the Series B1, B2, B3 Shares shall be entitled to receive for each such Preferred Share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or funds of the Company to the holders of the Series A and A1 Preferred Shares by reason of their ownership of such shares, the amount equal to one hundred percent (120%) of the applicable Series B1, B2, B3 Issue Price, plus all accrued but unpaid dividends on such Preferred Shares. Second, the holders of the Series A Preferred Shares and Series A1 Preferred Shares shall be entitled to receive for each such Preferred Share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or funds of the Company to the holders of the Ordinary Shares by reason of their ownership of such shares, the amount equal to one hundred percent (120%) of the applicable Series A and A1 Issue Price, plus all accrued but unpaid dividends on such Preferred Shares. If the assets and funds available for distribution among the Preferred Shareholders shall be insufficient to permit the payment to such holders of the full amount, then the entire remaining assets and funds of the Company legally available for distribution to such shareholders shall be distributed ratably among the shareholders in proportion.

Second, if there are any assets or funds remaining after the aggregate amount have been distributed or paid in full to the applicable holders of Series A, A1, B1, B2, B3 Shares, the remaining assets and funds of the
Company available for distribution shall be distributed ratably among all shareholders according to the relative number of Ordinary Shares held by such holders on an as if converted basis.

A Deemed Liquidation Event shall be deemed to be any change of control event such as a liquidation, dissolution or winding up, merger and acquisition, reorganization of the Company, a sale, transfer, lease or other disposition of all or substantially all of the assets of any Group Company or the exclusive, irrevocable licensing of all or substantially all of any Group Company’s intellectual property to a third party. Any proceeds, whether in cash or properties, resulting from a Deemed Liquidation Event shall be distributed in accordance with the liquidation preference above.

Redemption right
For Series A, A1, B1, B2 or B3 Shares, at the written request of any Series A or Series A1 Shareholder(s) who individually or in the aggregate hold(s) at least fifty one percent (51%) of all the issued and outstanding such Preferred Shares (“Initial Redemption Notice”), the Company shall redeem all or portion of the outstanding Series A, A1, B1, B2 or B3 Shares respectively held by such Shareholder(s) upon the following redemption event: (i) the Company’s failure to complete a Qualified IPO within five (5) years after the date of the Series B1 Shares issuance Closing; (ii) any material breach by any Warrantor (as defined in the Series A, A1, B1, B2 or Series B3 Purchase Agreement) in the Transaction Documents (as defined in the such Series Preferred Purchase Agreement, including those duly amended and restated versions from time to time) which causes a Material Adverse Effect (as defined in the such Series Preferred Purchase Agreement) on the business of the Group Companies or any holder of the Series A, A1, B1, B2 or Series B3 Shares, or in the event any Warrantor gives any material misrepresentation or engages in wilful or fraudulent misconducts, which causes a Material Adverse Effect on the business of the Group Companies or any holder of the Series A, A1, B1, B2 or Series B3 Preferred Shares.

In addition, the Company shall (1) promptly thereafter provide all of the other holders of Preferred Shares notice of the Initial Redemption Notice and of their right to participate in such redemption, which right is exercisable by each such holder in their own discretion by delivering a written notice (each, a “Redemption Notice”) by hand or letter mail or courier service to the Company at its principal executive offices within fifteen (15) days of the giving of such notice by the Company, requesting and specifying redemption of all or part of their Preferred Shares, and (2) pay to each holder (each, a “Redeeming Preferred Shareholder”) of a Preferred Share for which an Initial Redemption Notice or a Redemption Notice has been timely submitted (each, a “Redeeming Preferred Share”).

The redemption price for each Series A, A1, B1, B2 or Series B3 Shares shall be determined in accordance with the following formula:
IP x (110 %) N + D, where
IP = Series A, A1, B1, B2 or Series B3 Issue Price;
N = a fraction the numerator of which is the number of calendar days between date the Series A, A1, B1, B2 or Series B3 Issue Date and the date on which the Redemption Price is paid and the denominator of which is 365;
D = all declared but unpaid dividends on each Series A, A1, B1, B2 or Series B3 Shares up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers.

Warrant
Before the issuance of Series B2 Shares, one of investors entered into a Loan and Guarantee agreement with the Company on February 12, 2018, pursuant to which the investor lent US$5,000,000 to the VIE while the Company issue a warrant to the investor to the right to purchase 211,724 Series B2 Shares at an exercise
price of $23.62 per share. On March 21, 2018, the investor exercised the warrant and subscribed to 211,724 Series B2 Preferred Shares. As the US$5,000,000 loan has been settled and converted to the investor’s 211,724 entitled shares upon the exercise of the warrant. Given that the outstanding period of the loan and warrant was within a month, the value of the conversion feature in the loan and the warrant was determined to be immaterial.

The Company classified the Preferred Shares in the mezzanine section of the consolidated balance sheets because they were convertible at the holders’ option any time after the date of issuance of such shares and were contingently redeemable upon the occurrence of certain liquidation events outside of the Company’s control, including the Company’s failure to complete a Qualified IPO within five years following the date of Series B1 Closing. A Qualified IPO is defined as a firm commitment underwritten public offering of the Ordinary Shares of the Company (or depositary receipts or depositary shares therefor) in the United States pursuant to an effective registration statement under the United States Securities Act of 1933, as amended or in another jurisdiction which results in the Ordinary Shares trading publicly on a recognized international securities exchange approved by the majority Preferred Shareholders, with (i) if such public offering takes place within 5 years of the Series B1 Closing, minimum pre-money valuation of $5,000,000,000 and minimum gross proceeds to the Company of $500,000,000, or (ii) if such public offering takes place within the year 2018, minimum post-money valuation of $3,000,000,000 and minimum gross proceeds to the Company of $300,000,000. The Preferred Shares are recorded initially at their respective issuance price, net of issuance costs.

For the six months ended June 30, 2018, the issuance costs incurred were RMB 34,426,647.

The Qualified Public Offering deadline is five years following the Closing of Series B1. As such, the failure to complete a Qualified Public Offering by March 4, 2023 would be considered the earliest redemption date for all Preferred Shares.

Based on the Company’s valuation results, the Series B1 Shares were issued on March 4, 2018 at $19.37 per share with an 18% discount compared with the fair value at $22.46 per share of the Series B1 Shares on the issuance date. On March 8, 2018, the Series B2 Shares were issued at $23.62 per share at fair value. Although the Company entered into the cooperation agreement with the B1 investor which would expire in 2021, management believes the terms were not advantageous in terms of prices or payment terms, and the services covered were not exclusive or unique for the Company, that service fees in the agreement were determined based on market value and that the Company could have obtained similar services with similar prices from other service suppliers. As a result, the cooperation agreement with the investors for the Series B1 Shares were accounted for separately from the issuance of the Series B1 Shares. The Company also determined that the conversion price was higher than the estimated fair value of the ordinary shares on the issuance date and as such that there was no beneficial conversion feature embedded in the issuance of the Series B1 Shares. Accordingly, the Company did not separately account for the discount on the issuance price of Series B1 Shares.

The Company recognized accretion to the respective redemption value of the Preferred Shares over the period starting from issuance date to the earliest redemption date according to the redemption price calculation described above. Preferred shares are denominated in USD and the reporting currency of the Company is RMB. Therefore, foreign currency translation adjustments arising from the fluctuation of the exchange rate between USD and RMB are recorded as a separate component of shareholders’ deficit on the consolidated financial statement.
The Company’s convertible redeemable preferred shares activities for the six months ended June 30, 2018 is summarized below. There was no activity for the six month ended June 30, 2017 and no balance at June 30, 2017.

<table>
<thead>
<tr>
<th></th>
<th>Series A Shares</th>
<th></th>
<th>Series A1 Shares</th>
<th></th>
<th>Series B1 Shares</th>
<th></th>
<th>Series B2 Shares</th>
<th></th>
<th>Series B3 Shares</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of shares</td>
<td>Amount (RMB)</td>
<td>Number of shares</td>
<td>Amount (RMB)</td>
<td>Number of shares</td>
<td>Amount (RMB)</td>
<td>Number of shares</td>
<td>Amount (RMB)</td>
<td>Number of shares</td>
<td>Amount (RMB)</td>
</tr>
<tr>
<td>Balances as of</td>
<td>4,945,055</td>
<td>210,478,110</td>
<td>1,373,626</td>
<td>63,416,581</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>January 1, 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issuance of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>convertible</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5,420,144</td>
<td>651,736,522</td>
<td>3,895,728</td>
<td>569,316,830</td>
<td>1,751,539</td>
</tr>
<tr>
<td>redeemable preferred</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>shares, net of</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>issuance costs.</td>
<td>—</td>
<td></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>2,733,438</td>
<td>—</td>
<td>850,172</td>
<td>—</td>
<td>28,325,889</td>
</tr>
<tr>
<td>Foreign exchange</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>impacts</td>
<td>—</td>
<td>2,733,438</td>
<td>—</td>
<td>850,172</td>
<td>—</td>
<td>28,325,889</td>
<td>—</td>
<td>26,508,514</td>
<td>—</td>
<td>12,346,327</td>
</tr>
<tr>
<td>Accretion on</td>
<td>—</td>
<td>10,643,883</td>
<td>—</td>
<td>3,274,935</td>
<td>—</td>
<td>21,349,500</td>
<td>—</td>
<td>18,092,345</td>
<td>—</td>
<td>5,602,880</td>
</tr>
<tr>
<td>convertible</td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>redeemable preferred</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>shares to redemption</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>value</td>
<td>—</td>
<td></td>
<td>—</td>
<td>3,274,935</td>
<td>—</td>
<td>21,349,500</td>
<td>—</td>
<td>18,092,345</td>
<td>—</td>
<td>5,602,880</td>
</tr>
<tr>
<td>Balances as of</td>
<td>4,945,055</td>
<td>223,855,431</td>
<td>1,373,626</td>
<td>67,541,688</td>
<td>5,420,144</td>
<td>701,411,911</td>
<td>3,895,728</td>
<td>613,917,689</td>
<td>1,751,539</td>
<td>300,199,176</td>
</tr>
<tr>
<td>June 30, 2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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11. Ordinary Share

On July 17, 2017, Qutoutiao Inc. was incorporated as Limited Liability Company with authorized share capital of US$50,000 divided into 50,000 shares with par value US$1.00 each. On September 1, 2017, the authorized share capital of US$50,000, which represented 50,000 issued shares, was subdivided into 500,000,000 shares. As of December 31, 2017, the authorized ordinary shares are 493,681,319 shares, of which 50,000,000 shares were issued and 40,000,000 shares were outstanding, and the authorized, issued and outstanding Series A and A1 convertible redeemable preferred shares are 4,945,055 shares and 1,373,626 shares respectively.

In 2018, among the total 493,681,319 authorized ordinary shares, 11,067,411 ordinary shares were reallocated as convertible redeemable preferred shares. As of June 30, 2018, the authorized ordinary shares are 482,613,908 shares, of which 50,000,000 shares were issued and 40,500,000 shares were outstanding, and the authorized, issued and outstanding Series A, A1, B1, B2 and B3 convertible redeemable preferred shares are 4,945,055 shares, 1,373,626 shares, 5,420,144 shares, 3,895,728 shares and 1,751,539 shares respectively.

In January 2018, the founders entered into Share Restriction Deeds with the Company such that a total of 15,937,500 ordinary shares of the Company held by the founders became restricted and will vest over periods from 24 months to 34 months. Prior to the end of the vesting periods, all the remaining restricted shares shall vest immediately and no longer constitute restricted shares upon a Deemed Liquidation Event or IPO of the Company. In the event that the founder voluntarily and unilaterally terminates his employment/service contract with any applicable Group entities or his employment or service relationship is terminated by any applicable Group entities for cause as stated in the Deed, the related founder shall sell to the Company, and the Company shall repurchase from the founder, all of the restricted shares (not vested shares) at a price of US$0.0001 per share. For accounting purposes, this transaction has been reflected retrospectively similar to a reverse stock split and presented in the balance sheet as of December 31, 2017 and statement of shareholders’ deficit as a reduction of the numbers of issued and outstanding ordinary shares. Upon the execution of the Share Restriction Deeds in January 2018, the total 15,937,500 ordinary shares were presented as an increase of the numbers of issued ordinary shares, with the grant to be recognized as share-based compensation over the vesting periods at their then fair value on January 3, 2018 (Note 12).

In February 2018, the Company established a trust to hold 10,000,000 of the Company’s issued shares. These ordinary shares were contributed by the founder and held in trust for the benefit of the employees who are under the 2017 Plan to be issued based on the discretion of the board of directors of the Company. The ordinary shares issued to the trust are accounted for as treasury shares of the Company and presented as such for all periods presented. As of June 30, 2018, 500,000 granted shares have been exercised and were issued from treasury shares. The trust does not hold any other assets or liabilities as at December 31, 2017 and June 30, 2018, nor earn any income nor incur any expenses for the six months ended June 30, 2017 and 2018.

From January to March 2018, shareholders of the Company sold certain ordinary shares to third party investors at about US$ 23.62 per share. Except for the sale of ordinary share to existing shareholders which resulted into a share-based compensation of RMB1.4 million, the sale of ordinary shares is a transaction amongst shareholders and did not impact the Group’s consolidated financial statements.

12. Share-based compensation

(a) Share option plan

In February 2018, the Board of Directors of the Company approved the 2017 Equity Incentive Plan, which assumed Jifen’s obligations and duties under the options granted by Jifen from 2016 to 2017. As a result, the options granted by Jifen were replaced with options of the Company. Such new options replaced the options granted under Jifen’s existing options in its entirety by exchanging of two options granted by Jifen for one
option of the Company while maintaining their respective terms and vesting schedules unchanged. This replacement represents a modification of the awards under the accounting guidance, but no incremental compensation cost is required to be recognized because there was no change in fair value of the awards as measured immediately before and after the modification.

In February 2018, the board of the directors of the Company approved a 2018 Equity incentive plan. Under this plan, the Company is authorized to issue 2,964,141 ordinary shares of the Company.

The following table summarizes the share option activity for the six months ended June 30, 2017 and 2018:

<table>
<thead>
<tr>
<th></th>
<th>Number of options</th>
<th>Weighted Average Exercise Price</th>
<th>Weighted Average Remaining Contractual Life</th>
<th>Aggregate Intrinsic Value RMB'000</th>
<th>Weighted Average Grant Date Fair Value RMB</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding at January 1, 2017</td>
<td>8,123,509</td>
<td>0.0007</td>
<td>9.5</td>
<td>42,321</td>
<td>0.35</td>
</tr>
<tr>
<td>Granted</td>
<td>824,114</td>
<td>0.0007</td>
<td></td>
<td></td>
<td>13.07</td>
</tr>
<tr>
<td>Outstanding at June 30, 2017</td>
<td>8,947,623</td>
<td>0.0007</td>
<td>9.1</td>
<td>128,207</td>
<td>1.53</td>
</tr>
<tr>
<td>Outstanding at January 1, 2018</td>
<td>10,000,000</td>
<td>0.0007</td>
<td>8.7</td>
<td>525,086</td>
<td>3.89</td>
</tr>
<tr>
<td>Granted</td>
<td>2,893,020</td>
<td>0.0007</td>
<td></td>
<td></td>
<td>129.34</td>
</tr>
<tr>
<td>Exercised</td>
<td>(500,000)</td>
<td>0.0007</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forfeited</td>
<td>(95,744)</td>
<td>0.0007</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Outstanding at June 30, 2018</td>
<td>12,297,276</td>
<td>0.0007</td>
<td>8.6</td>
<td>1,837,331</td>
<td>33.30</td>
</tr>
<tr>
<td>Vested and expected to vest at June 30, 2018</td>
<td>12,215,197</td>
<td>0.0007</td>
<td>8.6</td>
<td>1,825,067</td>
<td>33.06</td>
</tr>
<tr>
<td>Exercisable at June 30, 2018</td>
<td>4,484,787</td>
<td>0.0007</td>
<td>8.1</td>
<td>687,201</td>
<td>1.29</td>
</tr>
</tbody>
</table>

The aggregate intrinsic value is calculated as the difference between the exercise price of the options and the estimated fair value of the underlying shares of RMB14.59 and RMB153.23 at June 30, 2017 and 2018.

The total fair value of share options vested during the six months ended June 30, 2017 and 2018 was RMB 595,413 and RMB 5,315,067 respectively.

Share-based compensation expense related to the option awards granted to the employees amounted to approximately RMB 356,797 and RMB 25,441,152 for the six months ended June 30, 2017 and 2018, respectively.

Share-based awards related to the option awards granted to the employees of companies under common control of the founder were measured at fair value at the grant dates and amounts of RMB 1,332,206 and RMB 6,837,374 was recognized as dividends distributed to the founder for the six months ended June 30, 2017 and 2018, respectively. On March 31, 2018, some employees of companies under common control of the founder were transferred to be the Company’s employee. The related unvested options granted were not modified in connection with the change in status, but future service is still necessary to earn the award over the remaining periods. Accordingly, the share-based compensation expense related to the unvested options were measured as if the related unvested options were newly granted at the date of the change and recognized over the remaining vesting periods. On March 31, 2018 (“the date of transfer”), total share-based compensation expense measured at fair value amounted to RMB 15,047,029, among which approximately RMB 1,086,731 were recorded as share-based compensation expense for the six months ended June 30, 2018.

As of June 30, 2018, there were RMB 396,430,128 of unrecognized share-based compensation expenses related to share options granted, which were expected to be recognized over a weighted-average vesting period of 2 and 4 years, respectively. To the extent the actual forfeiture rate is different from the Company’s estimate, the actual share-based compensation related to these awards may be different from the expectation.

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The binomial option pricing model is used to determine the fair value of the share options granted to employees and non-employees. The fair values of share options granted during the six months ended June 30, 2017 and 2018.

<table>
<thead>
<tr>
<th>Options Granted in the six months ended June 30, 2017</th>
<th>Options Granted in the six months ended June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expected volatility</td>
<td>51.78%–52.41%</td>
</tr>
<tr>
<td>Risk-free interest rate</td>
<td>3.28%–3.55%</td>
</tr>
<tr>
<td>Exercise multiple</td>
<td>2.8</td>
</tr>
<tr>
<td>Expected dividend yield</td>
<td>0%</td>
</tr>
<tr>
<td>Contractual term</td>
<td>10</td>
</tr>
<tr>
<td>Expected forfeiture rate (post-vesting)</td>
<td>0%</td>
</tr>
<tr>
<td>Fair value of the common share on the date of option grant (RMB)</td>
<td>8.44–14.59</td>
</tr>
</tbody>
</table>

Notes:
(i) The risk-free interest rate of periods within the contractual life of the share option is based on the market yield of the Chinese sovereign bond/US government bond with a maturity life equal to the expected life to expiration.
(ii) The Company has no history or expectation of paying dividends on its ordinary shares.
(iii) Expected volatility is estimated based on the average of historical volatilities of the comparable companies in the same industry as at the valuation dates.

(b) Restricted shares to founders with service conditions

On January 3, 2018, the founders entered into Share Restriction Deeds with the Company such that a total of 15,937,500 ordinary shares of the Company held by the founders became restricted and will vest over periods from 24 months to 34 months starting January 2018. Prior to the end of the vesting periods, all the remaining restricted shares shall vest immediately and no longer constitute restricted shares upon a Deemed Liquidation Event or IPO of the Company. In the event that the founder voluntarily and unilaterally terminates his employment/service contract with any applicable Group entities or his employment or service relationship is terminated by any applicable Group entities for cause as stated in the Deed, the related founder shall sell to the Company, and the Company shall repurchase from the founder, all of the restricted shares (not vested shares) at a price of US$0.0001 per share. This transaction has been reflected retroactively similar to a reverse stock split, with a grant of the 15,937,500 restricted shares recognized in January 2018 at their fair value. The grant is being treated as share-based compensation over the vesting periods, and the estimated grant date fair value of the 15,937,500 ordinary shares approximated to at RMB818 million (US$128 million).

Share-based compensation expense of RMB158 million (US$24.8 million) were recorded as share-based compensation expense for the six months ended June 30, 2018. As of June 30, 2018, no restricted shares were vested, and the unrecognized share-based compensation expense of RMB660 million (US$103 million) was expected to be recognized over periods from 18 to 28 months. Upon a Deemed Liquidation Event or IPO occurring prior to the end of the vesting periods, the entire remaining unrecognized compensation expenses out of RMB684 million (US$103 million) as of June 30, 2018 will be expensed immediately in the quarter when such event or IPO happens.

13. Employee benefits

The full-time employees of the Company’s subsidiaries and VIEs that are incorporated in the PRC are entitled to staff welfare benefits including medical insurance, basic pensions, unemployment insurance, work injury insurance, maternity insurance and housing funds. These companies are required to contribute

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to these benefits based on certain percentages of the employees’ salaries in accordance with the relevant regulations and charge the amount contributed to these benefits to the consolidated statements of comprehensive loss. The total amounts charged to the consolidated statements of comprehensive loss for such employee benefits amounted to RMB 1,707,613 and RMB 17,675,754 for the six months ended June 30, 2017 and 2018, respectively. The PRC government is responsible for the welfare and medical benefits and ultimate pension liability to these employees.

14. Income Taxes

Reconciliation of the differences between statutory audit rate and the effective tax rate

A reconciliation between the effective income tax rate and the PRC statutory income tax rate is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Six months ended June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2017</td>
<td>2018</td>
</tr>
<tr>
<td></td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>PRC Statutory income tax rates</td>
<td>25%</td>
<td>25%</td>
</tr>
<tr>
<td>Change in valuation allowance</td>
<td>(26%)</td>
<td>(27.9%)</td>
</tr>
<tr>
<td>Permanent book — tax difference</td>
<td>1%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Difference in EIT rates of certain subsidiaries</td>
<td>—</td>
<td>1.9%</td>
</tr>
<tr>
<td>Total</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Deferred tax assets

The following table sets forth the significant components of the deferred tax assets:

<table>
<thead>
<tr>
<th></th>
<th>As of</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>December 31, 2017</td>
</tr>
<tr>
<td>Accruals and others</td>
<td>4,725,654</td>
</tr>
<tr>
<td>Tax losses carried forward</td>
<td>23,050,789</td>
</tr>
<tr>
<td>Less: Valuation allowance</td>
<td>(27,776,443)</td>
</tr>
<tr>
<td>Total of deferred tax assets</td>
<td>—</td>
</tr>
</tbody>
</table>

Movement of valuation allowance is as follows:

<table>
<thead>
<tr>
<th></th>
<th>Six months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>June 30, 2017</td>
</tr>
<tr>
<td>Beginning balance</td>
<td>3,496,764</td>
</tr>
<tr>
<td>Additions</td>
<td>7,443,803</td>
</tr>
<tr>
<td>Ending balance</td>
<td>10,940,567</td>
</tr>
</tbody>
</table>
15. Related Party transactions

As of December 31, 2017 and June 30, 2018, the transaction and balance amount due to/from related parties was as follows:

Transaction amount with related parties

<table>
<thead>
<tr>
<th>Services provided by the Group</th>
<th>June 30, 2017</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agent and platform service provided to a related party¹</td>
<td>—</td>
<td>5,293,092</td>
</tr>
<tr>
<td>Advertising Service provided to a related party²</td>
<td>—</td>
<td>1,183,492</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Services received by the Group</th>
<th>June 30, 2017</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service fee charged from a related party³</td>
<td>6,895,198</td>
<td>—</td>
</tr>
<tr>
<td>iCloud server and other service fee charged from a related party⁴</td>
<td>—</td>
<td>5,502,298</td>
</tr>
<tr>
<td>Advertising Service fee charged from a related party⁵</td>
<td>—</td>
<td>2,783,291</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balance amount with a related party</th>
<th>December 31, 2017</th>
<th>June 30, 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prepayment to a related party⁵</td>
<td>—</td>
<td>27,792,710</td>
</tr>
<tr>
<td>Account due to a related party¹</td>
<td>—</td>
<td>7,570,862</td>
</tr>
</tbody>
</table>

1. The Group provided agent and platform service between the advertising customers and a company in which the founder of the Company is a key management by facilitating the advertising customers to display their advertisements. The account payable as of June 30, 2018 represented the service fee collected from advertising customers but not paid to the related party yet.
2. The service fee charged to a related party represented the advertising service provided to a company in which the founder of the Company is a key management.
3. The service fee charged from a related party represented the costs charged from a company under common control of the founder which provided the Group with financial accounting, office space sharing and other IT and administrative support services.
4. The service fee mainly represented iCloud server and short message service fees charged from Series B1 shareholder.
5. The Group entered into a cooperation agreement with Series B1 shareholder to promote the Company’s mobile application, and the cooperation agreement requires the Company to prepay a total service fee of RMB31.5 million which will be recognized as expense over 3 years. For the six months ended June 30, 2018, total service fee incurred amounted to RMB 2.8 million.
16. Basic and diluted net loss per share

(a) Basic and diluted net loss per share

Basic loss per share and diluted loss per share have been calculated in accordance with ASC 260 on computation of earnings per share for the six months ended June 30, 2017 and 2018 as follows:

<table>
<thead>
<tr>
<th>Numerator:</th>
<th>Six months ended</th>
<th>Six months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss</td>
<td>(28,675,281)</td>
<td>(514,435,513)</td>
</tr>
<tr>
<td>Accretion on Series A convertible redeemable preferred shares redemption value</td>
<td>—</td>
<td>(10,643,883)</td>
</tr>
<tr>
<td>Accretion on Series A1 convertible redeemable preferred shares redemption value</td>
<td>—</td>
<td>(3,274,935)</td>
</tr>
<tr>
<td>Accretion on Series B1 convertible redeemable preferred shares redemption value</td>
<td>—</td>
<td>(21,349,500)</td>
</tr>
<tr>
<td>Accretion on Series B2 convertible redeemable preferred shares redemption value</td>
<td>—</td>
<td>(18,092,345)</td>
</tr>
<tr>
<td>Accretion on Series B3 convertible redeemable preferred shares redemption value</td>
<td>—</td>
<td>(5,602,880)</td>
</tr>
<tr>
<td>Deemed dividend to preferred shareholders (note 10)</td>
<td>—</td>
<td>(1,916,871)</td>
</tr>
<tr>
<td>Net loss attributable to ordinary shareholders-Basic and diluted</td>
<td>(28,675,281)</td>
<td>(575,315,927)</td>
</tr>
</tbody>
</table>

Denominator:

Denominator for basic and diluted loss per share Weighted-average ordinary shares outstanding (Note)

| Basic and diluted | 24,062,500 | 24,238,324 |
| Basic and diluted loss per share | (1.19) | (23.74) |

Note: As disclosed in Note 11 for restricted shares, a total of 15,937,500 ordinary shares subject to the restriction are excluded from the issued and outstanding shares as of December 31, 2017 and were still not outstanding as of June 30, 2018, and are likewise excluded from the weighted average outstanding ordinary shares for basic loss per share calculation.

For the six months ended June 30, 2017 and 2018, assumed conversion of the Preferred Shares have not been reflected in the dilutive calculations pursuant to ASC 260, “Earnings Per Share,” due to the anti-dilutive effect as a result of the Group’s net loss. The effects of all outstanding share options and restricted shares granted to the founders have also been excluded from the computation of diluted loss per share for the six months ended June 30, 2017 and 2018 due to their anti-dilutive effect.

The following ordinary shares equivalent were excluded from the computation of diluted net loss per ordinary share for the periods presented because including them would have had an anti-dilutive effect:

| Six months ended |
|------------------|---------------|
| June 30, 2017    | June 30, 2018 |
| Preferred shares — weighted average | 1,425,137 | 12,642,574 |
| Share options — weighted average    | 8,496,225 | 9,911,869 |
| Restricted shares — weighted average | — | 10,569,386 |

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17. **Commitments and contingencies**

(a) **Operating lease commitments**

The Group leases facilities under non-cancellable operating leases expiring on different dates. The terms of substantially all of these leases are two years or less. Payments under operating leases are expensed on a straight-line basis over the periods of the respective leases.

Total office rental expenses under all operating leases was RMB 732,455 and RMB 5,058,705 for the six months ended June 30, 2017 and 2018 respectively.

As of June 30, 2018, future minimum payments under non-cancellable operating leases for office rental consist of the following:

<table>
<thead>
<tr>
<th>Period</th>
<th>RMB</th>
<th>US$ (Note 2(e))</th>
</tr>
</thead>
<tbody>
<tr>
<td>July 1 to December 31, 2018</td>
<td>4,290,919</td>
<td>648,459</td>
</tr>
<tr>
<td>2019</td>
<td>7,179,393</td>
<td>1,084,976</td>
</tr>
<tr>
<td>2020</td>
<td>743,016</td>
<td>112,287</td>
</tr>
<tr>
<td>2021</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>2022 and thereafter</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>12,213,328</td>
<td>1,845,722</td>
</tr>
</tbody>
</table>

(b) **Capital and other commitments**

As of June 30, 2018, future minimum payments under non-cancellable capital expenditure of the following:

<table>
<thead>
<tr>
<th>Description</th>
<th>RMB</th>
<th>US$ (Note 2(e))</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of online audio/video content platform</td>
<td>26,981,536</td>
<td>4,077,547</td>
</tr>
</tbody>
</table>

(c) **Litigation**

In the ordinary course of the business, the Group is subject to periodic legal or administrative proceedings. As of June 30, 2018, the Group is not a party to any legal or administrative proceedings which will have a material adverse effect on the Group’s business, financial position, results of operations and cash flows.

18. **Unaudited Pro Forma Balance Sheet and Loss Per Share for Conversion of Convertible Redeemable Preferred Shares**

Upon the completion of a qualified initial public offering as defined in Note 10, the Series A, A1, B1,B2 and B3 convertible redeemable preferred shares shall automatically be converted into ordinary shares. The unaudited pro-forma balance sheet as of June 30, 2018 assumes a qualified initial public offering has occurred and presents an adjusted financial position as if the conversion of all outstanding Series A, A1, B1,B2 and B3 convertible redeemable preferred shares into ordinary shares at the conversion ratio of one for one occurred on June 30, 2018. Accordingly, the carrying values of the Series A,A1,B1,B2 and B3 convertible redeemable preferred shares, in the amounts of RMB223,855,431, RMB67,541,688, RMB701,411,911, RMB 613,917,689 and RMB 300,199,176 respectively, were reclassified from Series A, A1, B1,B2 and B3 convertible redeemable preferred shares to ordinary shares for such pro forma adjustment.
The unaudited pro-forma loss per share for the six months ended June 30, 2018 after giving effect to the assumed conversion of the Series A and A1 convertible redeemable preferred shares into ordinary shares as of January 1, 2018 and the assumed conversion of Series B1,B2 and B3 convertible redeemable preferred share into ordinary share as of the issuance dates are as follows:

<table>
<thead>
<tr>
<th>Numerator:</th>
<th>RMB</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net loss attributable to ordinary shareholders</td>
<td>(575,315,927)</td>
<td>(86,943,814)</td>
</tr>
<tr>
<td>Pro forma adjustment of the accretion on Series A convertible redeemable preferred shares</td>
<td>10,643,883</td>
<td>1,608,542</td>
</tr>
<tr>
<td>Pro forma adjustment of the accretion on Series A1 convertible redeemable preferred shares</td>
<td>3,274,935</td>
<td>494,920</td>
</tr>
<tr>
<td>Pro forma adjustment of the accretion on Series B1 convertible redeemable preferred shares</td>
<td>21,349,500</td>
<td>3,226,413</td>
</tr>
<tr>
<td>Pro forma adjustment of the accretion on Series B2 convertible redeemable preferred shares</td>
<td>18,092,345</td>
<td>2,734,180</td>
</tr>
<tr>
<td>Pro forma adjustment of the accretion on Series B3 convertible redeemable preferred shares</td>
<td>5,602,880</td>
<td>846,728</td>
</tr>
<tr>
<td>Deemed dividend to preferred shareholders</td>
<td>1,916,871</td>
<td>289,684</td>
</tr>
<tr>
<td><strong>Numerator for pro forma basic and diluted net loss per share</strong></td>
<td><strong>(514,435,513)</strong></td>
<td><strong>(77,743,347)</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Denominator:</th>
<th>RMB</th>
<th>US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted average number of ordinary shares outstanding</td>
<td>24,238,324</td>
<td>24,238,324</td>
</tr>
<tr>
<td>Pro forma effect of weighted average number of Series A convertible redeemable preferred shares conversion</td>
<td>4,945,055</td>
<td>4,945,055</td>
</tr>
<tr>
<td>Pro forma effect of weighted average number of Series A1 convertible redeemable preferred shares conversion</td>
<td>1,373,626</td>
<td>1,373,626</td>
</tr>
<tr>
<td>Pro forma effect of weighted average number of Series B1 convertible redeemable preferred shares conversion</td>
<td>3,402,646</td>
<td>3,402,646</td>
</tr>
<tr>
<td>Pro forma effect of weighted average number of Series B2 convertible redeemable preferred shares conversion</td>
<td>2,305,321</td>
<td>2,305,321</td>
</tr>
<tr>
<td>Pro forma effect of weighted average number of Series B3 convertible redeemable preferred shares conversion</td>
<td>615,926</td>
<td>615,926</td>
</tr>
<tr>
<td><strong>Denominator for pro forma basic and diluted net loss per share</strong></td>
<td><strong>36,880,898</strong></td>
<td><strong>36,880,898</strong></td>
</tr>
<tr>
<td>Pro forma basic and diluted net loss per ordinary share:</td>
<td>(13.95)</td>
<td>(2.11)</td>
</tr>
</tbody>
</table>

The effects of all outstanding share options and restricted shares granted to the founders have been excluded from the computation of pro forma diluted net loss per share for the six months ended June 30, 2018 as their effects would be anti-dilutive.

19. Subsequent events

On August 17, 2018, the Company entered into a share purchase agreement with a fund managed by an affiliate of a leading real estate company in China (“Series C1 investor A”), pursuant to which the Company agreed to issue 1,450,520 shares of Series C1 Preferred Shares for US$34.47 per share for cash consideration of US$50,000,000. On the same date, the Company’s PRC entity also entered into a cooperation agreement with an affiliate of the Series C1 investor A that the Company’s PRC entity will provide advertising service to the investor with a maximum contract amount of RMB70 million.
In addition, on August 17, 2018, the Company entered into a share purchase agreement with an indirect subsidiary of People.cn Co. Ltd ("Series C1 investor B"), pursuant to which the Company agreed to issue 725,260 shares of Series C1 Preferred Shares to a fund managed by Series C1 investor B for US$37.23 per share for cash consideration of US$27,000,000. The total cash considerations from Series C1 investor A and Series C1 investor B amounted to US$77,000,000 ("Series C1 Issue Price").

The holder of the Series C1 Preferred Shares is entitled to receive, in preference to any dividend on the ordinary shares, non-cumulative dividends for each Preferred Share at the rate equal to 12% of the Series C1 Issue Price, payable out of funds or assets when and as such funds or assets become legally available therefor, on pari passu with each other and prior and in preference to, and satisfied before, any declaration or payment of any dividend on the Series B1, B2, B3, A, A1 Preferred Shares and the Ordinary Shares. In the event of a liquidation, dissolution or winding up of the Company, the holder of the Series C1 Preferred Shares shall be entitled to receive for each such Preferred Share held, an amount equal to one hundred percent (120%) of the applicable Series C1 Issue Price, plus all accrued but unpaid dividends on such Preferred Shares. If the assets and funds available for distribution among the Preferred Shareholders shall be insufficient to permit the payment to such holders of the full amount, then the entire remaining assets and funds of the Company legally available for distribution to such shareholders shall be distributed ratably among the shareholders in proportion. The liquidation preference for the holders of the Series B1, B2, B3, A and A1 Preferred Shares were changed, which is after the distribution or payment in full of the payment to the holders of the Series C1 Preferred Shares. Each Series C1 Preferred Share is convertible at the option of the holder, at any time after the issuance of such shares, and each share can be converted into one ordinary share of the Company. In addition, each Series C1 Preferred Share would automatically be converted into an ordinary share of the Company upon the closing of a qualified IPO. Upon the occurrence of a redemption event as detailed in the redemption right section of Note 10 above and upon written notice of the holders of 50% or more of the then issued and outstanding Series C1 Preferred Shares, the Company shall redeem all or a portion of the Series C1 Preferred Shares held by such holders at a price equal to the Series C1 Issue Price plus accrued non-cumulative daily interest at a rate of 10% per annum and any declared but unpaid dividends on such Series C1 Preferred Shares.

The Company expects to classify the Series C1 Preferred Shares in the mezzanine section of the consolidated balance sheets because the Series C1 Preferred Shares are redeemable at the option of the holder upon the occurrence of an event that is not solely within the control of the issuer. The Company is still evaluating the accounting for the Series C1 Preferred Shares, any discounts on the issuance price and the related cooperation agreement.
PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 6. Indemnification of Directors and Officers

Cayman Islands law does not limit the extent to which a company’s articles of association may provide indemnification of officers and directors, except to the extent any such provision may be held by the Cayman Islands courts to be contrary to the public interest, such as providing indemnification against civil fraud or the consequences of committing a crime. The registrant’s articles of association provide that each officer or director of the registrant shall be indemnified out of the assets of the registrant against any liability incurred by him or her in defending any proceedings, whether civil or criminal, in which judgment is given in his or her favor, or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his or her part, or in which he or she is acquitted or in connection with any application in which relief is granted to him or her by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the registrant.

Under the form of indemnification agreements to be filed as Exhibit 10.1 to this registration statement, we will agree to indemnify our directors and executive officers against certain liabilities and expenses incurred by such persons in connection with claims made by reason of their being such a director or executive officer.

The form of underwriting agreement to be filed as Exhibit 1.1 to this registration statement will also provide for indemnification of us and our officers and directors.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us under the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.
Item 7. Recent Sales of Unregistered Securities

We were incorporated in July 2017 and have since then issued and sold the securities described below without registering the securities under the Securities Act. None of these transactions involved any underwriters’ underwriting discounts or commissions, or any public offering. We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation S or Rule 701 under the Securities Act or pursuant to Section 4(2) of the Securities Act regarding transactions not involving a public offering.

<table>
<thead>
<tr>
<th>Purchaser</th>
<th>Date of Issuance</th>
<th>Number of Securities</th>
<th>Consideration in U.S. Dollars</th>
<th>Underwriting Discount and Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vistra (Cayman) Limited</td>
<td>July 2017</td>
<td>1 ordinary shares</td>
<td>US$1</td>
<td>n/a(1)</td>
</tr>
<tr>
<td>Innotech Group Holdings Ltd.</td>
<td>July 2017</td>
<td>42,499 ordinary shares</td>
<td>US$42,499</td>
<td>n/a(1)</td>
</tr>
<tr>
<td>News Optimizer (BVI) Ltd.</td>
<td>July 2017</td>
<td>7,500 ordinary shares</td>
<td>US$7,500</td>
<td>n/a(1)</td>
</tr>
<tr>
<td>CW_toutiao Limited</td>
<td>September 2017</td>
<td>3,296,703 Series A convertible redeemable preferred shares</td>
<td>US$21,600,000</td>
<td>n/a</td>
</tr>
<tr>
<td>ACE Redpoint Ventures China I, L.P.</td>
<td>September 2017</td>
<td>1,539,560 Series A convertible redeemable preferred shares</td>
<td>US$10,087,200</td>
<td>n/a</td>
</tr>
<tr>
<td>ACE Redpoint Associates China I, L.P.</td>
<td>September 2017</td>
<td>87,363 Series A convertible redeemable preferred shares</td>
<td>US$572,400</td>
<td>n/a</td>
</tr>
<tr>
<td>ACE Redpoint China Strategic I, L.P.</td>
<td>September 2017</td>
<td>21,429 Series A convertible redeemable preferred shares</td>
<td>US$140,400</td>
<td>n/a</td>
</tr>
<tr>
<td>CMC Queen Holdings Limited</td>
<td>September 2017</td>
<td>1,373,626 Series A1 convertible redeemable preferred shares</td>
<td>US$10,000,000</td>
<td>n/a</td>
</tr>
<tr>
<td>Image Flag Investment (HK) Limited</td>
<td>March 2018</td>
<td>5,420,144 Series B1 convertible redeemable preferred shares</td>
<td>US$105,000,000</td>
<td>n/a</td>
</tr>
<tr>
<td>Long Range L.P.</td>
<td>March 2018</td>
<td>1,371,974 Series B2 convertible redeemable preferred shares</td>
<td>US$32,400,000</td>
<td>n/a</td>
</tr>
<tr>
<td>People Better Limited</td>
<td>March 2018</td>
<td>342,993 Series B2 convertible redeemable preferred shares</td>
<td>US$8,100,000</td>
<td>n/a</td>
</tr>
<tr>
<td>Shunwei Growth III Limited</td>
<td>March 2018</td>
<td>342,993 Series B2 convertible redeemable preferred shares</td>
<td>US$8,100,000</td>
<td>n/a</td>
</tr>
</tbody>
</table>

(1) We subsequently effected a share split in September 2017 in which each one of these ordinary shares were split into 10,000 ordinary shares.
<table>
<thead>
<tr>
<th>Purchaser</th>
<th>Date of Issuance</th>
<th>Number of Securities</th>
<th>Consideration in U.S. Dollars</th>
<th>Underwriting Discount and Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Double Excel Investment Limited</td>
<td>March 2018</td>
<td>716,145 Series B2 convertible redeemable preferred shares</td>
<td>US$16,912,196</td>
<td>n/a</td>
</tr>
<tr>
<td>Lighthouse Capital International Inc.</td>
<td>March 2018</td>
<td>127,035 Series B2 convertible redeemable preferred shares</td>
<td>US$3,000,000</td>
<td>n/a</td>
</tr>
<tr>
<td>CMC Queen Holdings Limited</td>
<td>March 2018</td>
<td>423,449 Series B2 convertible redeemable preferred shares</td>
<td>US$10,000,000</td>
<td>n/a</td>
</tr>
<tr>
<td>ACE Redpoint Ventures China I, L.P.</td>
<td>March 2018</td>
<td>335,693 Series B2 convertible redeemable preferred shares</td>
<td>US$7,927,605</td>
<td>n/a</td>
</tr>
<tr>
<td>ACE Redpoint Associates China I, L.P.</td>
<td>March 2018</td>
<td>19,049 Series B2 convertible redeemable preferred shares</td>
<td>US$449,855</td>
<td>n/a</td>
</tr>
<tr>
<td>ACE Redpoint China Strategic I, L.P.</td>
<td>March 2018</td>
<td>4,673 Series B2 convertible redeemable preferred shares</td>
<td>US$110,344</td>
<td>n/a</td>
</tr>
<tr>
<td>Shanghai ChuangVest Venture Investment Partnership (Limited Partnership)</td>
<td>April 2018</td>
<td>211,724 Series B2 convertible redeemable preferred shares</td>
<td>US$5,000,000</td>
<td>n/a</td>
</tr>
<tr>
<td>Hundreds TWC Fund Limited Partnership convertible redeemable preferred shares</td>
<td>April 2018</td>
<td>962,384 Series B3</td>
<td>US$25,000,000</td>
<td>n/a</td>
</tr>
<tr>
<td>Harvest Ceres Fund, LP preferred shares</td>
<td>April 2018</td>
<td>654,421 Series B3 convertible redeemable shares</td>
<td>US$17,000,000</td>
<td>n/a</td>
</tr>
<tr>
<td>Vision Global Capital Limited redeemable preferred shares</td>
<td>April 2018</td>
<td>134,734 Series B3 convertible</td>
<td>US$3,500,000</td>
<td>n/a</td>
</tr>
</tbody>
</table>

(1) We subsequently effected a share split in September 2017 in which each one of these ordinary shares were split into 10,000 ordinary shares.

**Item 8. Exhibits and Financial Statement Schedules**

(a) **Exhibits**

See Exhibit Index beginning on page II-4 of this Registration Statement.

(b) **Financial Statement Schedules.**

All supplement schedules are omitted because of the absence of conditions under which they are required or because the information is shown in the financial statements or notes thereto.
The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant under the provisions described in Item 6, or otherwise, the registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

1. For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant under Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

2. For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.
<table>
<thead>
<tr>
<th>Exhibit No.</th>
<th>Description of Exhibit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1*</td>
<td>Form of Underwriting Agreement</td>
</tr>
<tr>
<td>3.1</td>
<td>Fourth Amended and Restated Memorandum and Articles of Association of the Registrant, amended and restated on April 27, 2018</td>
</tr>
<tr>
<td>3.2*</td>
<td>Form of Amended and Restated Memorandum and Articles of Association of the Registrant</td>
</tr>
<tr>
<td>4.1*</td>
<td>Specimen of Ordinary Share Certificate</td>
</tr>
<tr>
<td>4.2**</td>
<td>Form of Deposit Agreement among the Registrant, The Bank of New York Mellon, as depositary, and the owners and holders of ADSs</td>
</tr>
<tr>
<td>4.3**</td>
<td>Form of American Depositary Receipt evidencing American Depositary Shares (included in Exhibit 4.2)</td>
</tr>
<tr>
<td>4.4</td>
<td>Third Amended and Restated Shareholders Agreement, dated April 27, 2018</td>
</tr>
<tr>
<td>5.1</td>
<td>Form of opinion of Walkers regarding the validity of the ordinary shares being registered</td>
</tr>
<tr>
<td>8.1</td>
<td>Form of opinion of Simpson Thacher &amp; Bartlett LLP regarding certain United States federal tax matters</td>
</tr>
<tr>
<td>8.2</td>
<td>Form of opinion of Walkers regarding certain Cayman Islands tax matters (included in Exhibit 5.1)</td>
</tr>
<tr>
<td>8.3</td>
<td>Form of opinion of King &amp; Wood Mallesons regarding certain PRC tax matters (included in Exhibit 99.2)</td>
</tr>
<tr>
<td>10.1*</td>
<td>Form of Indemnification Agreement between the Registrant and its directors and executive officers</td>
</tr>
<tr>
<td>10.2*</td>
<td>Form of Employment Agreement between the Registrant and its executive officers</td>
</tr>
<tr>
<td>10.3</td>
<td>Equity Interest Pledge Agreement by and among Shanghai Quyun Internet Technology Co., Ltd. (“Shanghai Quyun”), Shanghai Jifen Culture Communications Co., Ltd. (“Shanghai Jifen”) and each shareholder of Shanghai Jifen</td>
</tr>
<tr>
<td>10.4</td>
<td>Voting Rights Proxy Agreement by and among Shanghai Quyun, Shanghai Jifen and each shareholder of Shanghai Jifen</td>
</tr>
<tr>
<td>10.5</td>
<td>Exclusive Technology and Consulting Service Agreement by and between Shanghai Quyun and Shanghai Jifen</td>
</tr>
<tr>
<td>10.6</td>
<td>Exclusive Option Agreement by and among Shanghai Quyun, Shanghai Jifen and each shareholder of Shanghai Jifen</td>
</tr>
<tr>
<td>10.7</td>
<td>Loan Agreement by and among Shanghai Quyun and each shareholder of Shanghai Jifen</td>
</tr>
<tr>
<td>10.8</td>
<td>2017 Equity Incentive Plan</td>
</tr>
<tr>
<td>10.9</td>
<td>2018 Equity Incentive Plan</td>
</tr>
<tr>
<td>10.10</td>
<td>Series B1 Preferred Share Purchase Agreement, dated March 4, 2018, by and among Image Flag Investment (HK) Limited, the Registrant, its principal shareholders and subsidiaries and other parties named thereto</td>
</tr>
<tr>
<td>10.11</td>
<td>Series B2 Preferred Share Purchase Agreement, dated March 8, 2018, by and among several investors, the Registrant, its principal shareholders and subsidiaries and other parties named thereto</td>
</tr>
<tr>
<td>10.12</td>
<td>Trust Deed dated February 26, 2018 among the Registrant, The Core Trust Company Limited, as trustee, and Qu World Limited, as nominee</td>
</tr>
<tr>
<td>Exhibit No.</td>
<td>Description of Exhibit</td>
</tr>
<tr>
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<tr>
<td>10.13</td>
<td>Share Restriction Deed between the Registrant and Innotech Group Holdings Ltd.</td>
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<td>10.14</td>
<td>Share Restriction Deed between the Registrant and News Optimizer (BV) Ltd.</td>
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<td>10.15</td>
<td>Form of Power of Attorney by certain shareholders of the Registrant</td>
</tr>
<tr>
<td>10.16</td>
<td>Baidu Alliance Membership Registration Agreement (English Translation)</td>
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<tr>
<td>10.17</td>
<td>Series B3 Preferred Share Purchase Agreement, dated April 19, 2018, by and among several investors, the Registrant, its principal shareholders and subsidiaries and other parties named thereto</td>
</tr>
<tr>
<td>10.18*</td>
<td>Series C1 Preferred Share Purchase Agreement, dated August 17, 2018, by and among Shimmering Investment (BVI) Ltd., the Registrant, its principal shareholders and subsidiaries and other parties named thereto</td>
</tr>
<tr>
<td>10.19*</td>
<td>Series C1 Preferred Share Purchase Agreement, dated August 17, 2018, by and among CG Partners Opportunity Fund SP, the Registrant, its principal shareholders and subsidiaries and other parties named thereto</td>
</tr>
<tr>
<td>21.1</td>
<td>Subsidiaries of Registrant</td>
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<tr>
<td>23.1</td>
<td>Consent of PricewaterhouseCoopers Zhong Tian LLP</td>
</tr>
<tr>
<td>23.3</td>
<td>Consent of Walkers (included in Exhibit 5.1)</td>
</tr>
<tr>
<td>23.4</td>
<td>Consent of Simpson Thacher &amp; Bartlett LLP (included in Exhibit 8.1)</td>
</tr>
<tr>
<td>23.5</td>
<td>Consent of King &amp; Wood Mallesons (included in Exhibit 99.2)</td>
</tr>
<tr>
<td>23.6</td>
<td>Consent of Analysys International</td>
</tr>
<tr>
<td>23.7</td>
<td>Consent of Feng Li</td>
</tr>
<tr>
<td>23.8</td>
<td>Consent of James Jun Peng</td>
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<td>24.1</td>
<td>Powers of Attorney (included on the signature page in Part II of this Registration Statement)</td>
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<tr>
<td>99.1*</td>
<td>Code of Business Conduct and Ethics of the Registrant</td>
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<tr>
<td>99.2</td>
<td>Form of opinion of King &amp; Wood Mallesons regarding certain PRC law matters</td>
</tr>
</tbody>
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* To be filed by amendment.
** Incorporated by reference to the Registration Statement on Form F-6 to be filed with the Securities and Exchange Commission with respect to American depositary shares representing our Class A ordinary shares.
SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Shanghai, China on August 17, 2018.

QUTOUTIAO INC.

By: /s/ Eric Siliang Tan
Name: Eric Siliang Tan
Title: Executive Chairman

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below does hereby constitute and appoint Eric Siliang Tan, Jingbo Wang and Oliver Yucheng Chen, and each of them singly, as his or her true and lawful attorney-in-fact and agents, each with full power of substitution and re-substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and sign any registration statement for the same offering covered by this Registration Statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act of 1933, as amended, and all post-effective amendments thereto and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agents, and each of them, full power of substitution and re-substitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement and sign any registration statement for the same offering covered by this Registration Statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act of 1933, as amended, and all post-effective amendments thereto and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents, or his or her substitutes or substitutes, may lawfully do or cause to be done by virtue hereof. Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Capacity</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>/s/ Eric Siliang Tan</td>
<td>Executive Chairman</td>
<td>August 17, 2018</td>
</tr>
<tr>
<td>/s/ Lei Li</td>
<td>Director and Chief Executive Officer (principal executive officer)</td>
<td>August 17, 2018</td>
</tr>
<tr>
<td>/s/ Shaoqing Jiang</td>
<td>Director</td>
<td>August 17, 2018</td>
</tr>
<tr>
<td>/s/ Jianfei Dong</td>
<td>Director and Co-President</td>
<td>August 17, 2018</td>
</tr>
<tr>
<td>/s/ Jingbo Wang</td>
<td>Director and Chief Financial Officer (principal financial and accounting officer)</td>
<td>August 17, 2018</td>
</tr>
<tr>
<td>/s/ Oliver Yucheng Chen</td>
<td>Director and Chief Strategy Officer</td>
<td>August 17, 2018</td>
</tr>
</tbody>
</table>
SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of Qutoutiao Inc. has signed this registration statement or amendment thereto in New York on August 17, 2018.

COGENCY GLOBAL INC.
By: /s/ Shek Yuen Ting

Name: Shek Yuen Ting
Title: Assistant Secretary

II-8
THE COMPANIES LAW (AS AMENDED)
OF THE CAYMAN ISLANDS
COMPANY LIMITED BY SHARES
FOURTH AMENDED AND RESTATED MEMORANDUM AND ARTICLES
OF
ASSOCIATION
OF
QTECH LTD.

(adopted by a special resolution passed on April 27, 2018)
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</table>
1. The name of the Company is Qtech Ltd.
2. The Registered Office of the Company shall be at the offices of Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands, or at such other place as the Directors may from time to time decide.
3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Law (As Amended) or as the same may be revised from time to time, or any other law of the Cayman Islands.
4. The liability of each Member is limited to the amount from time to time unpaid on such Member’s Shares.
5. The authorized share capital of the Company is US$50,000 divided into (i) 482,613,908 Ordinary Shares of par value US$0.0001 each, (ii) 4,945,055 Series A Preferred Shares of par value US$0.0001 each, (iii) 1,373,626 Series A1 Preferred Shares of par value US$0.0001 each, (iv) 5,420,144 Series B1 Preferred Shares of par value US$0.0001 each, (v) 3,895,728 Series B2 Preferred Shares of par value US$0.0001 each and 1,751,539 Series B3 Preferred Shares of par value US$0.0001 each.
6. If the Company is registered as exempted, its operations will be carried on subject to the provisions of Section 174 of the Companies Law (as amended) and, subject to the provisions of the Companies Law (as amended) and the Fourth Amended and Restated Articles of Association, it shall have the power to register by way of continuation as a body corporate limited by shares under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.
7. Capitalised terms that are not defined in this Fourth Amended and Restated Memorandum of Association bear the same meaning as those given in the Fourth Amended and Restated Articles of Association of the Company.
1. In these Articles Table A in the First Schedule to the Statute does not apply and, unless there is something in the subject or context inconsistent therewith:

“10% ESOP Quota” shall have the meaning set forth in Article 8.5(B)(1)(6) hereof.

“Affiliate” means, (a) with respect to a Person other than a natural person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person, and (b) in the case of a natural person, any other Person that is directly or indirectly Controlled by such a Person or is a Relative of such Person; provided that the Company and its Subsidiaries shall be deemed not to be Affiliates of the holders of the Preferred Shares. In the case of a holder of the Preferred Shares, where applicable, the term “Affiliate” also includes (v) any Controlling shareholder of such holder, (w) any of such Controlling shareholder’s or holder’s general partners, (x) the fund manager managing such Controlling shareholder or holder (and general partners and key officers who Controls, or acts as a position of fund partner of, such holder or its Affiliates thereof) and other funds managed by such fund manager, and (y) trusts controlled by or for the benefit of any such Person referred to in (v), (w) or (x).

“Articles” means these fourth amended and restated articles of association of the Company, as may be amended from time to time.

“Associate” means, with respect to any Person, (1) a corporation or organization (other than the Group Companies) of which such Person is an officer or partner or is, directly or indirectly, the record or beneficial owner of five percent (5%) or more of any class of Equity Securities of such corporation or organization, (2) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, or (3) any Relative of such Person and of such Person’s spouse.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Auditor”</td>
<td>means the Person for the time being performing the duties of auditor of the Company or Jifen (as the case may be).</td>
</tr>
<tr>
<td>“Automatic Conversion”</td>
<td>shall have the meaning set forth in Article 8.3(C) hereof.</td>
</tr>
<tr>
<td>“Board” or “Board of Directors”</td>
<td>means the board of directors of the Company.</td>
</tr>
<tr>
<td>“Business”</td>
<td>has the meaning given to such term in the Shareholders Agreement.</td>
</tr>
<tr>
<td>“Business Day”</td>
<td>means any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by law to be closed in the Cayman Islands, the United States, the Hong Kong Special Administrative Region or the PRC.</td>
</tr>
<tr>
<td>“Charter Documents”</td>
<td>means, with respect to a particular legal entity, the articles of incorporation, certificate of incorporation, formation or registration (including, if applicable, certificates of change of name), memorandum of association, articles of association, bylaws, articles of organization, limited liability company agreement, trust deed, trust instrument, operating agreement, joint venture agreement, business license, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity.</td>
</tr>
<tr>
<td>“Chengwei”</td>
<td>shall have the meaning set forth in Article 63 hereof.</td>
</tr>
<tr>
<td>“Company”</td>
<td>means the above named company.</td>
</tr>
<tr>
<td>“Control”</td>
<td>of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors of such Person. The terms “Controlled” and “Controlling” have meanings correlative to the foregoing.</td>
</tr>
</tbody>
</table>
“Conversion Shares” means Ordinary Shares issuable upon conversion of any Preferred Shares.

“Convertible Securities” shall have the meaning set forth in the Shareholders Agreement.

“Current ESOP” has the meaning set forth in the Series B3 Purchase Agreements.

“Deemed Liquidation Event” means any of the following events:

1. any consolidation, amalgamation, scheme of arrangement or merger of any Group Company with or into any other Person or other reorganization in which the Members or shareholders of such Group Company immediately prior to such consolidation, amalgamation, merger, scheme of arrangement or reorganization own less than fifty percent (50%) of such Group Company’s voting power in the aggregate immediately after such consolidation, merger, amalgamation, scheme of arrangement or reorganization, or any transaction or series of related transactions to which such Group Company is a party or a target in which in excess of fifty percent (50%) of such Group Company’s voting power is transferred (a “Change of Control”); provided that the foregoing shall not include a bona fide equity financing of any Group Company through issuance of Equity Securities of any Group Company; provided further, that no shareholder of the Company or the Company shall circumvent or otherwise avoid the liquidation preference provisions set forth in Article 8.2 or the intent thereof by structuring a Change of Control as an equity financing but which in substance is a Change of Control; for the avoidance of doubt, Shanghai Xike Information Technology Service Co., Ltd. (上海溪客信息技术服务有限公司), Shanghai Tuile Information Technology Service Co., Ltd. (上海推乐信息技术服务有限公司), Anhui Zhangduan Internet Technology Co., Ltd. (安徽掌端网络科技有限公司) and Beijing Qukandian Internet Technology Co., Ltd. (北京趣看点网络科技有限公司) shall not be deemed as a “Group Company” for the purpose of this definition, provided that Shanghai Jifen Culture Communications Co., Ltd. (上海基分文化传播有限公司) has not transferred and will not transfer any Equity Securities, material business or assets of any of them;
(2) a sale, transfer, lease or other disposition of all or substantially all of the assets of any Group Company (or any series of related transactions resulting in such sale, transfer, lease or other disposition of all or substantially all of the assets of such Group Company); or

(3) the exclusive, irrevocable licensing of all or substantially all of any Group Company’s intellectual property to a third party.

“Director” means a director serving on the Board for the time being of the Company and shall include an alternate Director appointed in accordance with these Articles.

“Domestic Companies” means Shanghai Jifen Culture Communications Co., Ltd. (上海基分文化传播有限公司), Shanghai Xike Information Technology Service Co., Ltd. (上海溪客信息技术服务有限公司), Shanghai Tuile Information Technology Service Co., Ltd. (上海推乐信息技术服务有限公司), Anhui Zhangduan Internet Technology Co., Ltd. (安徽掌端网络科技有限公司) and Beijing Qukandian Internet Technology Co., Ltd. (北京趣看点网络科技有限公司).

“Drag-Along Notice” shall have the meaning set forth in Article 118.

“Drag-Along Sale” shall have the meaning set forth in Article 118.

“Drag Holders” shall have the meaning set forth in Article 118.

“Dragged Holders” shall have the meaning set forth in Article 118.

“Electronic Record” has the same meaning as given in the Electronic Transactions Law (as amended).

“Equity Securities” means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, partnership interest, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, senior or pari passu, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing (whether or not such derivative securities have actually been issued by such Person), or any contract providing for the acquisition of any of the foregoing.
“Exempted Distribution” means (1) a dividend payable solely in Ordinary Shares and to all shareholders of the Company on a pro rata basis, (2) the purchase, repurchase or redemption of Ordinary Shares by the Company at no more than cost from terminated employees, officers or consultants in accordance with the Current ESOP, or pursuant to written contractual arrangements with the Company approved by the Board (so long as such approval includes the approval of the Series A Director and the Series B1 Director), and (3) the purchase, repurchase or redemption of Preferred Shares pursuant to these Articles (including in connection with the conversion of such Preferred Shares into Ordinary Shares).

“Governmental Authority” has the meaning given to such term in the Shareholders Agreement.

“Group Company” means each of the Company, the HK Company, the WFOE, Shanghai Dian Guan Network Technology Co., Ltd. and the Domestic Companies, together with each Subsidiary of any of the foregoing, and “Group” refers to all of the Group Companies collectively.

“HK Company” means InfoUniversal Limited, a company incorporated under the laws of the Hong Kong Special Administrative Region by the Company for the purpose of holding equity interests in the WFOE.

“Indebtedness” of any Person means, without duplication, actual or contingent obligations in respect of each of the following of such Person: (1) all indebtedness for borrowed money, (2) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business), (3) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (4) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced that are incurred in connection with the acquisition of properties, assets or businesses, (5) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to reposition or sale of such property), (6) all obligations that are capitalized in accordance with the applicable accounting standards, (7) all obligations under banker’s acceptance, letter of credit or similar facilities, (8) all obligations to purchase, redeem, retire, defease or otherwise acquire for value any Equity Securities of such Person, (9) all obligations in respect of any interest rate swap, hedge or cap agreement, and (10) all guarantees issued in respect of the Indebtedness referred to in clauses (1) through (9) above of any other Person, but only to the extent of the Indebtedness guaranteed.
<table>
<thead>
<tr>
<th>Term</th>
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<td>“Initial Redemption Notice”</td>
<td>shall have the meaning set forth in Article 8.6(A).</td>
</tr>
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<td>“Interested Transaction”</td>
<td>shall have the meaning set forth in Article 81 hereof.</td>
</tr>
<tr>
<td>“IPO”</td>
<td>shall have the meaning given to it in the Shareholders Agreement.</td>
</tr>
<tr>
<td>“Lien”</td>
<td>means any claim, charge, easement, encumbrance, lease, covenant, security interest, lien, option, pledge, rights of others, or restriction (whether on voting, sale, transfer, disposition or otherwise), whether imposed by contract, understanding, law, equity or otherwise.</td>
</tr>
<tr>
<td>“Member”</td>
<td>has the same meaning as given in the Statute.</td>
</tr>
<tr>
<td>“Memorandum”</td>
<td>means the fourth amended and restated memorandum of association of the Company.</td>
</tr>
<tr>
<td>“New ESOP”</td>
<td>shall have the meaning set forth in Article 8.5(B)(1)(16) hereof.</td>
</tr>
<tr>
<td>“New ESOP Anti-dilution Right”</td>
<td>shall have the meaning set forth in Article 8.5(B)(1)(6) hereof.</td>
</tr>
<tr>
<td>“New Securities”</td>
<td>shall have the meaning set forth in Article 8.3(E)(4)(a)(iii) hereof.</td>
</tr>
<tr>
<td>“Observer”</td>
<td>shall have the meaning set forth in Article 63 hereof.</td>
</tr>
<tr>
<td>“Offeror”</td>
<td>shall have the meaning set forth in Article 118.</td>
</tr>
<tr>
<td>“Options”</td>
<td>shall have the meaning set forth in Article 8.3(E)(4)(a)(i) hereof.</td>
</tr>
<tr>
<td>“Ordinary Director”</td>
<td>shall have the meaning set forth in Article 63.</td>
</tr>
<tr>
<td><strong>“Ordinary Resolution”</strong></td>
<td>means a resolution of a duly constituted general meeting of the Company passed by a simple majority of the votes cast by, or on behalf of, the Members entitled to vote present in person or by proxy and voting at the meeting, or a written resolution as provided in Article 41.</td>
</tr>
<tr>
<td><strong>“Ordinary Share”</strong></td>
<td>means an ordinary share of US$0.0001 par value per share in the capital of the Company having the rights attaching to it as set out herein.</td>
</tr>
<tr>
<td><strong>“Person”</strong></td>
<td>means any individual, sole proprietorship, partnership, limited partnership, limited liability company, firm, joint venture, estate, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or governmental or regulatory authority or other enterprise or entity of any kind or nature.</td>
</tr>
<tr>
<td><strong>“PRC”</strong></td>
<td>means the People’s Republic of China, but solely for the purposes hereof excludes the Hong Kong Special Administrative Region, Macau Special Administrative Region and the island of Taiwan.</td>
</tr>
<tr>
<td><strong>“Preferred Shares”</strong></td>
<td>means, collectively, the Series A Preferred Shares, the Series A1 Preferred Shares, Series B1 Preferred Shares, Series B2 Preferred Shares and Series B3 Preferred Shares, and each, a “Preferred Share”.</td>
</tr>
<tr>
<td><strong>“Principals”</strong></td>
<td>shall have the meaning set forth in the Shareholders Agreement.</td>
</tr>
<tr>
<td><strong>“Qualified IPO”</strong></td>
<td>means a firm commitment underwritten public offering of the Ordinary Shares of the Company (or depositary receipts or depositary shares therefor) in the United States pursuant to an effective registration statement under the United States Securities Act of 1933, as amended or in another jurisdiction which results in the Ordinary Shares trading publicly on a recognized international securities exchange approved by the Series A Majority and the Series B Majority, with (i) if such public offering takes place within 5 years of the Series B1 Closing, minimum pre-money valuation of US$5,000,000,000 and minimum gross proceeds to the Company of US$500,000,000, or (ii) if such public offering takes place within the year 2018, minimum post-money valuation of US$3,000,000,000 and minimum gross proceeds to the Company of US$300,000,000.</td>
</tr>
<tr>
<td><strong>“Redeeming Preferred Share”</strong></td>
<td>shall have the meaning set forth in Article 8.6(A).</td>
</tr>
</tbody>
</table>

8
“Redeeming Preferred Shareholder” shall have the meaning set forth in Article 8.6(A).

“Redemption Funds” shall have the meaning set forth in Article 8.6(B).

“Redemption Notice” shall have the meaning set forth in Article 8.6(A).

“Redemption Price” shall have the meaning set forth in Article 8.6(A).

“Redemption Price Payment Date” shall have the meaning set forth in Article 8.6(A).

“Register of Members” means the register maintained in accordance with the Statute and includes (except where otherwise stated) any duplicate Register of Members.

“Registered Office” means the registered office for the time being of the Company.

“Related Party” means any Affiliate, officer, director, supervisory board member, employee, or holder of any Equity Security of any Group Company, and any Affiliate or Associate of any of the foregoing, in each case, other than the Group Companies.

“Relative” of a natural person means the spouse of such person and any parent, step-parent, grandparent, child, step-child, grandchild, sibling, step-sibling, cousin, in-law, uncle, aunt, nephew, niece or great-grandparent of such person or spouse.

“Redpoint” means ACE Redpoint Ventures China I, L.P., ACE Redpoint Associates China I, L.P. and ACE Redpoint China Strategic I, L.P.

“Restructuring” shall have the meaning set forth in the Series B3 Purchase Agreement.

“Series A Closing” shall have the meaning set forth in the Series A Purchase Agreement.

“Series A Conversion Price” shall have the meaning set forth in Article 8.3(A) hereof.

“Series A Director” shall have the meaning set forth in Article 63.

“Series A Initiating Holders” shall have the meaning set forth in Article 8.6(A).

“Series A Issue Date” means the date of the first issuance of a Series A Preferred Share.
“Series A Issue Price” means US$6.5520, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series A Preferred Shares.

“Series A Majority” means the holders of at least a majority of the voting power of the outstanding Series A Preferred Shares and the Series A1 Preferred Shares (voting together as a single class and on an as converted basis).

“Series A Preference Amount” shall have the meaning set forth in Article 8.2(A)(2).

“Series A Preferred Shares” means a Series A Preferred Share of US$0.0001 par value per share in the capital of the Company having the rights, preference and privileges attaching to it as set out herein.

“Series A Purchase Agreement” means the Series A Purchase Agreement, dated September 8, 2017 among the Company and certain other parties named therein.

“Series A1 Closing” shall have the meaning set forth in the Series A1 Purchase Agreement.

“Series A1 Conversion Price” shall have the meaning set forth in Article 8.3(A) hereof.

“Series A1 Initiating Holders” shall have the meaning set forth in Article 8.6(A).

“Series A1 Issue Date” means the date of the first issuance of a Series A1 Preferred Share.

“Series A1 Issue Price” means US$7.28, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series A1 Preferred Shares.

“Series A1 Preference Amount” shall have the meaning set forth in Article 8.2(A)(2).

“Series A1 Preferred Shares” means a Series A1 Preferred Share of US$0.0001 par value per share in the capital of the Company having the rights, preference and privileges attaching to it as set out herein.


“Series B Majority” means (i) the holders of at least a majority of the voting power of the outstanding Series B1 Preferred Shares, the Series B2 Preferred Shares and the Series B3 Preferred Shares (voting together as a single class and on an as converted basis) and Tencent (provided that Tencent holds a majority of the voting power of the outstanding Series B1 Preferred Shares and the Series B2 Preferred Shares (voting together as a single class and on an as converted basis)); or (ii) the holders of at least a majority of the voting power of the outstanding Series B1 Preferred Shares, the Series B2 Preferred Shares and the Series B3 Preferred Shares (voting together as a single class and on an as converted basis) provided that Tencent fails to hold a majority of the voting power of the outstanding Series B1 Preferred Shares and the Series B2 Preferred Shares (voting together as a single class and on an as converted basis).
“Series B1 Closing” shall have the meaning set forth in the Series B1 Purchase Agreement.
“Series B1 Conversion Price” shall have the meaning set forth in Article 8.3(A) hereof.
“Series B1 Director” shall have the meaning set forth in Article 63.
“Series B1 Initiating Holders” shall have the meaning set forth in Article 8.6(A).
“Series B1 Issue Date” means the date of the first issuance of a Series B Preferred Share.
“Series B1 Issue Price” means US$19.3722, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series B1 Preferred Shares.
“Series B1 Preference Amount” shall have the meaning set forth in Article 8.2(A)(1).
“Series B1 Preferred Shares” means a Series B1 Preferred Share of US$0.0001 par value per share in the capital of the Company having the rights, preference and privileges attaching to it as set out herein.
“Series B1 Purchase Agreement” means the Series B1 Purchase Agreement, dated March 4, 2018 among the Company and certain other parties named therein.
“Series B2 Closing” shall have the meaning set forth in the respective Series B2 Purchase Agreement.
“Series B2 Conversion Price” shall have the meaning set forth in Article 8.3(A) hereof.
“Series B2 Issue Date” means the date of the first issuance of a Series B2 Preferred Share.
“Series B2 Issue Price” means US$23.6156, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series B2 Preferred Shares.
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Series B2 Preference Amount”</td>
<td>shall have the meaning set forth in Article 8.2(A)(1).</td>
</tr>
<tr>
<td>“Series B2 Preferred Shares”</td>
<td>means a Series B2 Preferred Share of US$0.0001 par value per share in the capital of the Company having the rights, preference and privileges attaching to it as set out herein.</td>
</tr>
<tr>
<td>“Series B3 Closing”</td>
<td>shall have the meaning set forth in the respective Series B3 Purchase Agreement.</td>
</tr>
<tr>
<td>“Series B3 Conversion Price”</td>
<td>shall have the meaning set forth in Article 8.3(A) hereof.</td>
</tr>
<tr>
<td>“Series B3 Issue Date”</td>
<td>means the date of the first issuance of a Series B3 Preferred Share.</td>
</tr>
<tr>
<td>“Series B3 Issue Price”</td>
<td>means US$25.9772, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series B3 Preferred Shares.</td>
</tr>
<tr>
<td>“Series B3 Preference Amount”</td>
<td>shall have the meaning set forth in Article 8.2(A)(1).</td>
</tr>
<tr>
<td>“Series B3 Preferred Shares”</td>
<td>means a Series B3 Preferred Share of US$0.0001 par value per share in the capital of the Company having the rights, preference and privileges attaching to it as set out herein.</td>
</tr>
<tr>
<td>“Series B3 Purchase Agreements”</td>
<td>means the Series B3 Purchase Agreements, dated April 19, 2018 among the Company and certain other parties named therein.</td>
</tr>
<tr>
<td>“Seal”</td>
<td>means the common seal of the Company and includes every duplicate seal.</td>
</tr>
<tr>
<td>“Share” and “Shares”</td>
<td>means a share or shares in the capital of the Company and includes a fraction of a share.</td>
</tr>
<tr>
<td>“Share Sale”</td>
<td>means a transaction or series of related transactions in which a Person, or a group of related Persons, acquires any Equity Securities of the Company such that, immediately after such transaction or series of related transactions, such Person or group of related Persons holds Equity Securities of the Company representing more than fifty percent (50%) of the outstanding voting power of the Company.</td>
</tr>
</tbody>
</table>
“Shareholders Agreement” means the Third Amended and Restated Shareholders Agreement, dated April 27, 2018 among the Company and certain other parties named therein, as amended from time to time.

“Special Resolution” has the same meaning as in the Statute and includes a unanimous written resolution of all Members entitled to vote and expressed to be a special resolution.

“Statute” means the Companies Law of the Cayman Islands as amended and every statutory modification or re-enactment thereof for the time being in effect.

“Subsidiary” means, with respect to any given Person, any other Person that is Controlled directly or indirectly by such given Person, at any time and from time to time.

“Tencent” shall have the meaning set forth in Article 63 hereof.

“WFOE” means Shanghai Quyun Internet Technology Co., Ltd. (上海趣蕴网络科技有限公司), a wholly foreign owned enterprise formed under the laws of the PRC by the HK Company, which in turn Controls Shanghai Jifen Culture Communications Co., Ltd. (上海基分文化传播有限公司) by a Captive Structure as defined in the Series B3 Purchase Agreement.

2. In the Articles:
   2.1 words importing the singular number include the plural number and vice-versa;
   2.2 words importing the masculine gender include the feminine gender;
   2.3 “written” and “in writing” include all modes of representing or reproducing words in visible form, including in the form of an Electronic Record;
   2.4 references to provisions of any law or regulation shall be construed as references to those provisions as amended, modified, re-enacted or replaced from time to time;
   2.5 any phrase introduced by the terms “including,” “include,” “in particular” or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;
   2.6 the term “voting power” refers to the number of votes attributable to the Shares (on an as converted basis) in accordance with the terms of the Memorandum and Articles;
   2.7 the term “or” is not exclusive;
   2.8 the term “including” will be deemed to be followed by, “but not limited to”;
the terms “shall”, “will”, and “agrees” are mandatory, and the term “may” is permissive;

the term “day” means “calendar day”, and “month” means calendar month;

the phrase “directly or indirectly” means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning;

references to any documents shall be construed as references to such document as the same may be amended, supplemented or novated from time to time;

all references to dollars or to “US$$ are to currency of the United States of America and all references to RMB are to currency of the PRC and each shall be deemed to include reference to the equivalent amount in other currencies;

headings are inserted for reference only and shall be ignored in construing these Articles; and

capitalized terms used but not defined herein shall have the meanings given to such terms in the Shareholders Agreement.

For the avoidance of doubt, each other Article herein is subject to the provisions of Article 8, and, subject to the requirements of the Statute, in the event of any conflict, the provisions of Article 8 shall prevail over any other Article herein.

COMMENCEMENT OF BUSINESS

The business of the Company may be commenced as soon after incorporation as the Directors shall see fit notwithstanding that any part of the Shares may not have been allotted. The Company shall have perpetual existence until wound up or struck off in accordance with the Statute and these Articles.

The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in or about the formation and establishment of the Company, including the expenses of registration.

ISSUE OF SHARES

Subject to the provisions, if any, in the Memorandum (and to any direction that may be given by the Company in a general meeting) and to the provisions of Articles 8 and 9 and the Shareholders Agreement and without prejudice to any rights, preferences and privileges attached to any existing Shares, the Directors may allot, issue, grant options or warrants over or otherwise dispose of any Shares. In the event that any Preferred Shares shall be converted pursuant to Article 8.3 hereof, the Preferred Shares so converted shall be cancelled and shall not be re-issuable by the Company. Further, any Preferred Share acquired by the Company by reason of redemption, repurchase, conversion or otherwise shall be cancelled and shall not be re-issuable by the Company.

The Company shall not issue Shares to bearer.
PREFERRED SHARES

8. Certain rights, preferences and privileges of the Preferred Shares of the Company are as follows:

8.1 Dividends Rights.

(A) Preference.

(1) Each holder of Series B1 Preferred Shares shall be entitled to receive dividends at a simple rate of twelve percent (12%) of the applicable Series B1 Issue Price; (ii) each holder of Series B2 Preferred Shares shall be entitled to receive dividends at a simple rate of twelve percent (12%) of the applicable Series B2 Issue Price; and (iii) each holder of Series B3 Preferred Shares shall be entitled to receive dividends at a simple rate of twelve percent (12%) of the applicable Series B3 Issue Price respectively, per annum, for each Series B1 Preferred Share, Series B2 Preferred Share or Series B3 Preferred Share held by such holder, payable out of funds or assets when and as such funds or assets become legally available therefor, on parity with each other and prior and in preference to, and satisfied before, any declaration or payment of any dividend on the Series A Preferred Shares, the Series A1 Preferred Shares and the Ordinary Shares (except for applicable Exempted Distributions). Such dividends shall be payable only when, as, and if declared by the Board of Directors and shall be noncumulative.

(2) Each holder of (i) Series A1 Preferred Shares shall be entitled to receive dividends at a simple rate of twelve percent (12%) of the applicable Series A1 Issue Price, respectively, per annum, for each Series A1 Preferred Share held by such holder, and (ii) Series A Preferred Share shall be entitled to receive dividends at a simple rate of twelve percent (12%) of the applicable Series A Issue Price, respectively, per annum, for each Series A Preferred Share held by such holder, in each case, payable out of funds or assets when and as such funds or assets become legally available therefor on parity with each other, and with the dividends payable pursuant to this Article 8.1(A), prior and in preference to, and satisfied before, any declaration or payment of any dividend on the Ordinary Shares (except for applicable Exempted Distributions). Such dividends shall be payable only when, as, and if declared by the Board of Directors and shall be noncumulative.
Except for an Exempted Distribution, no dividend or distribution, whether in cash, in property, or in any other shares of the Company, shall be declared, paid, set aside or made with respect to the Ordinary Shares at any time unless (i) all accrued but unpaid dividends on the Preferred Shares set forth in Article 8.1(A) have been paid in full, and (ii) a dividend or distribution is likewise declared, paid, set aside or made, respectively, at the same time with respect to each outstanding Preferred Share such that the dividend or distribution declared, paid, set aside or made to the holder thereof shall be equal to the dividend or distribution that such holder would have received pursuant to this Article 8.1(B) if such Preferred Share had been converted into Ordinary Shares immediately prior to the record date for such dividend or distribution, or if no such record date is established, the date such dividend or distribution is made. For any other dividends remaining after the dividends payable to the applicable holders of Preferred Shares pursuant to Article 8.1(A) above or any similar distribution, the remaining proceeds or such similar distribution of the Company available for distribution to the Members shall be distributed ratably among all Members according to the relative number of Ordinary Shares held by such Member on an as if converted basis.

8.2 Liquidation Rights.

(A) Liquidation Preferences. In the event of any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, all assets and funds of the Company legally available for distribution to the Members (after satisfaction of all creditors’ claims and claims that may be preferred by law) shall be distributed to the Members of the Company as follows:

(1) First, the holders of the Series B1 Preferred Shares, the holders of the Series B2 Preferred Shares and the holders of the Series B3 Preferred Shares shall be entitled to receive for each such Series B1 Preferred Share, Series B2 Preferred Share or Series B3 Preferred Share held by such holders, on parity with each other and prior and in preference to any distribution of any of the assets or funds of the Company to the holders of the Series A Preferred Shares, the Series A1 Preferred Shares and the Ordinary Shares by reason of their ownership of such shares, the amount equal to: (i) for each Series B1 Preferred Share, one hundred and twenty percent (120%) of the applicable Series B1 Issue Price, plus all accrued but unpaid dividends on such Series B1 Preferred Share (collectively, the “Series B1 Preference Amount”); (ii) for each Series B2 Preferred Share, one hundred and twenty percent (120%) of the applicable Series B2 Issue Price, plus all accrued but unpaid dividends on such Series B2 Preferred Share (collectively, the “Series B2 Preference Amount”); and (iii) for each Series B3 Preferred Share, one hundred and twenty percent (120%) of the applicable Series B3 Issue Price, plus all accrued but unpaid dividends on such Series B3 Preferred Share (collectively, the “Series B3 Preference Amount”). If the assets and funds available for distribution among the holders of the Series B1 Preferred Shares, the holders of the Series B2 Preferred Shares and the holders of the Series B3 Preferred Shares shall be insufficient to permit the payment to such holders of the full Series B1 Preference Amount, the full Series B2 Preference Amount and the full Series B3 Preference Amount, then the entire remaining assets and funds of the Company legally available for distribution to the holders of the Series B1 Preferred Shares, the holders of the Series B2 Preferred Shares and the holders of the Series B3 Preferred Shares, subject always to the terms of these Articles, shall be distributed ratably among the holders of the Series B1 Preferred Shares, the holders of the Series B2 Preferred Shares and the holders of the Series B3 Preferred Shares, in proportion to the aggregate Series B1 Preference Amount, the Series B2 Preference Amount and the Series B3 Preference Amount each such holder is otherwise entitled to receive pursuant to this clause(1).
(2) Second, the holders of the Series A Preferred Shares and Series A1 Preferred Shares shall be entitled to receive for each such Series A Preferred Share or such Series A1 Preferred Share held by such holder, on parity with each other and prior and in preference to any distribution of any of the assets or funds of the Company to the holders of the Ordinary Shares by reason of their ownership of such shares, the amount equal to: (i) for each Series A Preferred Share, one hundred twenty percent (120%) of the applicable Series A Issue Price, plus all accrued but unpaid dividends on such Series A Preferred Share (collectively, the “Series A Preference Amount”), and (ii) for each Series A1 Preferred Share, one hundred twenty percent (120%) of the applicable Series A1 Issue Price, plus all accrued but unpaid dividends on such Series A1 Preferred Share (collectively, the “Series A1 Preference Amount”). If the assets and funds available for distribution among the holders of the Series A Preferred Shares and Series A1 Preferred Shares shall be insufficient to permit the payment to such holders of the full Series A Preference Amount and Series A1 Preference Amount, then the entire remaining assets and funds of the Company legally available for distribution to the holders of the Series A Preferred Shares and Series A1 Preferred Shares, subject always to the terms of these Articles, shall be distributed ratably among the holders of the Series A Preferred Shares and Series A1 Preferred Shares, in proportion to the aggregate Series A Preference Amount and Series A1 Preference Amount each such holder is otherwise entitled to receive pursuant to this clause (2).

(3) Third, if there are any assets or funds remaining after the aggregate Series A Preference Amount, Series A1 Preference Amount, Series B1 Preference Amount, Series B2 Preference Amount and Series B3 Preference Amount have been distributed or paid in full to the applicable holders of Series A Preferred Shares, Series A1 Preferred Shares, Series B1 Preferred Shares, Series B2 Preferred Shares and Series B3 Preferred Shares pursuant to clauses (1) and (2) above, the remaining assets and funds of the Company available for distribution to the Members shall be distributed ratably among all Members according to the relative number of Ordinary Shares held by such Member on an as if converted basis.

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(B) **Deemed Liquidation Event.** Unless otherwise agreed to in writing by the Series A Majority and the Series B Majority, a Share Sale and a Deemed Liquidation Event shall be deemed to be a liquidation, dissolution or winding up of the Company for purposes of Article 8.2(A), and any proceeds, whether in cash or properties, resulting from such Share Sale or Deemed Liquidation Event shall be distributed in accordance with the terms of Article 8.2(A).

(C) **Valuation of Properties.** In the event the Company proposes to distribute assets other than cash in connection with any liquidation, dissolution or winding up of the Company pursuant to Article 8.2(A) or pursuant to a Share Sale or a Deemed Liquidation Event of the Company pursuant to Article 8.2(B), the value of the assets to be distributed to the Members shall be determined in good faith by the Board; provided that any securities not subject to investment letter or similar restrictions on free marketability shall be valued as follows:

1. If traded on a securities exchange, the value shall be deemed to be the average of the security’s closing prices on such exchange over the thirty (30) day period ending one (1) day prior to the distribution;

2. If traded over-the-counter, the value shall be deemed to be the average of the closing bid prices over the thirty (30) day period ending three (3) days prior to the distribution; and

3. If there is no active public market, the value shall be the fair market value thereof as determined in good faith by the Board; provided further that the method of valuation of securities subject to investment letter or other restrictions on free marketability shall be adjusted to make an appropriate discount from the market value determined as above in clauses (1), (2) or (3) to reflect the fair market value thereof as determined in good faith by the Board.

Regardless of the foregoing, any of the Series A Majority and the Series B Majority shall have the right to challenge any determination by the Board of value pursuant to this Article 8.2(C), in which case the determination of value shall be made by an independent appraiser selected jointly by the Board, the Series A Majority or the Series B Majority (as applicable), with the cost of such appraisal to be borne equally by the Company on one hand and the holders of the Preferred Shares who are challenging the determination of the Board of value pro rata based on the number of Preferred Shares (on an as-converted basis) such holder holds immediately prior to the liquidation, dissolution or winding up of the Company, on the other hand.
(D) **Notices.** In the event that the Company shall propose at any time to consummate a liquidation, dissolution or winding up of the Company, a Share Sale or a Deemed Liquidation Event, then, in connection with each such event, subject to any necessary approval required in the Statute and these Articles, the Company shall send to the holders of Preferred Shares at least twenty (20) days prior written notice of the date when the same shall take place; provided, however, that the foregoing notice periods may be shortened or waived with the vote or written consent of the Series A Majority and the Series B Majority.

(E) **Enforcement.** In the event the requirements of this Article 8.2 are not complied with, the Company shall forthwith either (i) cause the closing of the applicable transaction to be postponed until such time as the requirements of this Article 8.2 have been complied with, or (ii) cancel such transaction.
8.3 Conversion Rights

The holders of Preferred Shares shall have the rights described below with respect to the conversion of the Preferred Shares into Ordinary Shares:

(A) **Conversion Ratio.** The number of Ordinary Shares to which a holder shall be entitled upon conversion of (i) each Series A Preferred Share shall be the quotient of the applicable Series A Issue Price divided by the then effective Series A Conversion Price (the "Series A Conversion Price"), which shall initially be the applicable Series A Issue Price, resulting in an initial conversion ratio for Series A Preferred Shares of 1:1, (ii) each Series A1 Preferred Share shall be the quotient of the applicable Series A1 Issue Price divided by the then effective Series A1 Conversion Price (the "Series A1 Conversion Price"), which shall initially be the applicable Series A1 Issue Price, resulting in an initial conversion ratio for Series A1 Preferred Shares of 1:1, (iii) each Series B1 Preferred Share shall be the quotient of the applicable Series B1 Issue Price divided by the then effective Series B1 Conversion Price (the "Series B1 Conversion Price"), which shall initially be the applicable Series B1 Issue Price, resulting in an initial conversion ratio for Series B1 Preferred Shares of 1:1, (iv) each Series B2 Preferred Share shall be the quotient of the applicable Series B2 Issue Price divided by the then effective Series B2 Conversion Price (the "Series B2 Conversion Price"), which shall initially be the applicable Series B2 Issue Price, resulting in an initial conversion ratio for Series B2 Preferred Shares of 1:1, and (v) each Series B3 Preferred Share shall be the quotient of the applicable Series B3 Issue Price divided by the then effective Series B3 Conversion Price (the "Series B3 Conversion Price"), which shall initially be the applicable Series B3 Issue Price, resulting in an initial conversion ratio for Series B3 Preferred Shares of 1:1.

(B) **Optional Conversion.** Subject to the Statute and these Articles, (i) any Series A Preferred Share may, at the option of the holder thereof, be converted at any time after the date of issuance of such shares, without the payment of any additional consideration, into fully-paid and non assessable Ordinary Shares based on the then-effective Series A Conversion Price, (ii) any Series A1 Preferred Share may, at the option of the holder thereof, be converted at any time after the date of issuance of such shares, without the payment of any additional consideration, into fully-paid and non assessable Ordinary Shares based on the then-effective Series A1 Conversion Price, (iii) any Series B1 Preferred Share may, at the option of the holder thereof, be converted at any time after the date of issuance of such shares, without the payment of any additional consideration, into fully-paid and non assessable Ordinary Shares based on the then-effective Series B1 Conversion Price, (iv) any Series B2 Preferred Share may, at the option of the holder thereof, be converted at any time after the date of issuance of such shares, without the payment of any additional consideration, into fully-paid and non assessable Ordinary Shares based on the then-effective Series B2 Conversion Price, and (v) any Series B3 Preferred Share may, at the option of the holder thereof, be converted at any time after the date of issuance of such shares, without the payment of any additional consideration, into fully-paid and non assessable Ordinary Shares based on the then-effective Series B3 Conversion Price.
Automatic Conversion. Each Series A Preferred Share shall automatically be converted, based on the then-effective Series A Conversion Price, each Series A1 Preferred Share shall automatically be converted, based on the then-effective Series A1 Conversion Price, each Series B1 Preferred Share shall automatically be converted, based on the then-effective Series B1 Conversion Price, each Series B2 Preferred Share shall automatically be converted, based on the then-effective Series B2 Conversion Price, and each Series B3 Preferred Share shall automatically be converted, based on the then-effective Series B3 Conversion Price, in each case, without the payment of any additional consideration, into fully-paid and non-assessable Ordinary Shares upon (i) the closing of a Qualified IPO, (ii) (a) with respect to the Series A Preferred Shares, the date specified by written consent or agreement of holders of a majority of the Series A Shares, (b) with respect to the Series A1 Preferred Shares, the date specified by written consent or agreement of holders of a majority of the Series A1 Shares, (c) with respect to the Series B1 Preferred Shares, the date specified by written consent or agreement of holders of a majority of the Series B1 Preferred Shares, (d) with respect to the Series B2 Preferred Shares, the date specified by written consent or agreement of holders of a majority of the Series B2 Preferred Shares and (e) with respect to the Series B3 Preferred Shares, the date specified by written consent or agreement of holders of a majority of the Series B3 Preferred Shares. Any conversion pursuant to this Article 8.3(C) shall be referred to as an “Automatic Conversion”.

Conversion Mechanism. The conversion hereunder of any applicable Preferred Shares shall be effected in the following manner:

1. Except as provided in Articles 8.3(D)(2) and 8.3(D)(3) below, before any holder of any Preferred Shares shall be entitled to convert the same into Ordinary Shares, such holder shall surrender the certificate or certificates therefor (if any) (or in lieu thereof shall deliver an affidavit of lost certificate) at the office of the Company or of any transfer agent for such share to be converted and shall give notice to the Company at its principal corporate office, of the election to convert the same and shall state therein the name or names in which the certificate or certificates for Ordinary Shares are to be issued. The Company shall, as soon as practicable thereafter, issue and deliver at such office to such holder of applicable Preferred Shares, or to the nominee or nominees of such holder, a certificate or certificates for the number of Ordinary Shares to which such holder shall be entitled as aforesaid. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such notice and such surrender of the Preferred Shares to be converted, the Register of Members of the Company shall be updated accordingly to reflect the same, and the Person or Persons entitled to receive the Ordinary Shares issuable upon such conversion shall be treated for all purposes as the record holder or holders of such Ordinary Shares as of such date.
(2) If the conversion is in connection with an underwritten public offering of securities, the conversion will be conditioned upon the closing with the underwriter(s) of the sale of securities pursuant to such offering and the Person(s) entitled to receive the Ordinary Shares issuable upon such conversion shall not be deemed to have converted the applicable Preferred Shares until immediately prior to the closing of such sale of securities.

(3) Upon the occurrence of an event of Automatic Conversion, all holders of Preferred Shares to be automatically converted will be given at least ten (10) Business Days’ prior written notice of the date fixed (which date shall in the case of a Qualified IPO be the latest practicable date immediately prior to the closing of the Qualified IPO) and the place designated for automatic conversion of all such Preferred Shares pursuant to this Article 8.3(D). Such notice shall be given pursuant to Articles 107 through 111 to each record holder of such Preferred Shares at such holder’s address appearing on the register of members. On or before the date fixed for conversion, each holder of such Preferred Shares shall surrender the applicable certificate or certificates (if any) (or in lieu thereof shall deliver an affidavit of lost certificate and indemnity therefor) for all such shares to the Company at the place designated in such notice. On the date fixed for conversion, the Company shall promptly effect such conversion and update its register of members to reflect such conversion, and all rights with respect to such Preferred Shares so converted will terminate, with the exception of the right of a holder thereof to receive the Ordinary Shares issuable upon conversion of such Preferred Shares, and upon surrender of the certificate or certificates thereof (if any) (or in lieu thereof shall deliver an affidavit of lost certificate and indemnity therefor), to receive certificates (if applicable) for the number of Ordinary Shares into which such Preferred Shares have been converted. All certificates evidencing such Preferred Shares shall, from and after the date of conversion, be deemed to have been retired and cancelled and the Preferred Shares represented thereby converted into Ordinary Shares for all purposes, notwithstanding the failure of the holder or holders thereof to surrender such certificates on or prior to such date.
The Company may effect the conversion of Preferred Shares in any manner available under applicable law, including redeeming or repurchasing the relevant Preferred Shares and applying the proceeds thereof towards payment for the new Ordinary Shares. For purposes of the repurchase or redemption, the Company may, subject to the Company being able to pay its debts in the ordinary course of business, make payments out of its capital.

No fractional Ordinary Shares shall be issued upon conversion of any Preferred Shares. In lieu of any fractional shares to which the holder would otherwise be entitled, the Company shall at the discretion of the Board of Directors either (i) pay cash equal to such fraction multiplied by the fair market value for the applicable Preferred Share as determined and approved by the Board of Directors (so long as such approval includes the approval of the Series A Director (with respect to the conversion of the Series A Preferred Shares)), or (ii) issue one whole Ordinary Share for each fractional share to which the holder would otherwise be entitled.

Upon conversion, all accrued but unpaid share dividends on the applicable Preferred Shares shall be paid in shares and all accrued but unpaid cash dividends on the applicable Preferred Shares shall be paid either in cash or by the issuance of a number of further Ordinary Shares equal to the value of such cash amount, at the option of the holders of the applicable Preferred Shares.

Adjustment of the Conversion Price. Each Series A Conversion Price, Series A1 Conversion Price, Series B1 Conversion Price, Series B2 Conversion Price and Series B3 Conversion Price shall be adjusted and readjusted from time to time as provided below, save that no adjustment shall have the effect that the relevant Series A Conversion Price, Series A1 Conversion Price, Series B1 Conversion Price, Series B2 Conversion Price or Series B3 Conversion Price, as applicable, would be less than the par value of the Ordinary Shares into which the applicable Series A Preferred Shares, Series A1 Preferred Shares, or Series B1 Conversion Price, Series B2 Conversion Price or Series B3 Conversion Price are to be converted:

1. Adjustment for Share Splits and Combinations. If the Company shall at any time, or from time to time, effect a subdivision of the outstanding Ordinary Shares, the Series A Conversion Price, Series A1 Conversion Price, Series B1 Conversion Price, Series B2 Conversion Price and Series B3 Conversion Price in effect immediately prior to such subdivision with respect to each Series A Preferred Share, Series A1 Preferred Share, Series B1 Preferred Share, Series B2 Preferred Share and Series B3 Preferred Share, respectively, shall be proportionately decreased. Conversely, if the Company shall at any time, or from time to time, combine the outstanding Ordinary Shares into a smaller number of shares, the Series A Conversion Price, Series A1 Conversion Price, Series B1 Conversion Price, Series B2 Conversion Price and Series B3 Conversion Price in effect immediately prior to such combination with respect to each Series A Preferred Share, Series A1 Preferred Share, Series B1 Preferred Share, Series B2 Preferred Share and Series B3 Preferred Share, respectively, shall be proportionately increased. Any adjustment under this paragraph shall become effective at the close of business on the date the subdivision or combination becomes effective.
Adjustment for Ordinary Share Dividends and Distributions. If the Company makes (or fixes a record date for the
determination of holders of Ordinary Shares entitled to receive) a dividend or other distribution to the holders of Ordinary Shares payable in additional Ordinary Shares, the Series A Conversion Price then in effect with respect to each Series A Preferred Share, the Series A1 Conversion Price then in effect with respect to each Series A1 Preferred Share, the Series B1 Conversion Price then in effect with respect to each Series B1 Preferred Share, the Series B2 Conversion Price then in effect with respect to each Series B2 Preferred Share and the Series B3 Conversion Price then in effect with respect to each Series B3 Preferred Share, in each case, shall be decreased as of the time of such issuance (or in the event such record date is fixed, as of the close of business on such record date) by multiplying such conversion price by a fraction (i) the numerator of which is the total number of Ordinary Shares issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (ii) the denominator of which is the total number of Ordinary Shares issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of Ordinary Shares issuable in payment of such dividend or distribution.

Notwithstanding the foregoing, (a) if such record date shall have been fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the applicable Series A Conversion Price, Series A1 Conversion Price, Series B1 Conversion Price, Series B2 Conversion Price and Series B3 Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the applicable Series A Conversion Price, Series A1 Conversion Price, Series B1 Conversion Price, Series B2 Conversion Price and Series B3 Conversion Price shall be adjusted pursuant to this subsection as of the time of actual payment of such dividends or distributions; and (b) that no such adjustment shall be made if the holders of the applicable series of Series A Preferred Shares, Series A1 Preferred Shares, Series B1 Preferred Shares, Series B2 Preferred Shares and Series B3 Preferred Shares simultaneously receive a dividend or other distribution of shares of Ordinary Shares in a number equal to the number of shares of Ordinary Shares as they would have received if all outstanding shares of such series of Series A Preferred Shares, Series A1 Preferred Shares, Series B1 Preferred Shares, Series B2 Preferred Shares and Series B3 Preferred Shares, respectively, had been converted into Ordinary Shares on the date of such event.
Adjustments for Reorganizations, Mergers, Consolidations, Reclassifications, Exchanges, Substitutions. If at any time, or from time to time, any capital reorganization or reclassification of the Ordinary Shares (other than as a result of a share dividend, subdivision, split or combination otherwise treated above) occurs or the Company is consolidated, merged or amalgamated with or into another Person (other than a consolidation, merger or amalgamation treated as a liquidation in Article 8.2(B)), then in any such event, provision shall be made so that, upon conversion of any Preferred Share thereafter, the holder thereof shall receive the kind and amount of shares and other securities and property which the holder of such shares would have received in connection with such event had the relevant Preferred Shares been converted into Ordinary Shares immediately prior to such event.

Adjustments to Conversion Price for Dilutive Issuance

(a) Special Definition. For purpose of this Article 8.3(E)(4), the following definitions shall apply:

(i) “Options” mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Ordinary Shares or Convertible Securities.

(ii) “Convertible Securities” shall have the meaning given to it in the Shareholders Agreement.

(iii) “New Securities” shall have the meaning given to it in the Shareholders Agreement, and the exceptions set forth in Sections 7.3(a) through (e) of the Shareholders Agreement.
(b) **No Adjustment of Conversion Price.** No adjustment in the (i) Series A Conversion Price with respect to any Series A Preferred Share, (ii) Series A1 Conversion Price with respect to any Series A1 Preferred Share, (iii) Series B1 Conversion Price with respect to any Series B1 Preferred Share, (iv) Series B2 Conversion Price with respect to any Series B2 Preferred Share and (v) Series B3 Conversion Price with respect to any Series B3 Preferred Share, in each case, shall be made in respect of the issuance of New Securities unless the consideration per Ordinary Share (determined pursuant to Article 8.3(E)(4)(e) hereof) for the New Securities issued or deemed to be issued by the Company is less than, (v) with respect to the Series A Preferred Shares, the Series A Conversion Price, (w) with respect to the Series A1 Preferred Shares, the Series A1 Conversion Price, (x) with respect to the Series B1 Preferred Shares, the Series B1 Conversion Price, (y) with respect to the Series B2 Preferred Shares, the Series B2 Conversion Price, or (z) with respect to the Series B3 Preferred Shares, the Series B3 Conversion Price, in effect immediately prior to such issuance (each, a “Dilutive Issuance Event”). Upon the occurrence of a Dilutive Issuance Event, the Series A Conversion Price, the Series A1 Conversion Price, the Series B1 Conversion Price, the Series B2 Conversion Price or the Series B3 Conversion Price (as the case may be) shall be adjusted in accordance with Article 8.3(E)(4)(d). No adjustment or readjustment in the Series A Conversion Price, Series A1 Conversion Price, Series B1 Conversion Price, Series B2 Conversion Price or the Series B3 Conversion Price with respect to any Series A Preferred Share, Series A1 Preferred Share, Series B1 Preferred Share, Series B2 Preferred Share or Series B3 Preferred Share, respectively, otherwise required by this Article 8.3, shall affect any Ordinary Shares issued upon conversion of any applicable Series A Preferred Share, Series A1 Preferred Share, Series B1 Preferred Share, Series B2 Preferred Share or Series B3 Preferred Share, respectively, prior to such adjustment or readjustment, as the case may be.

(c) **Deemed Issuance of New Securities.** In the event the Company at any time or from time to time shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any series or class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of Ordinary Shares (as set forth in the instrument relating thereto without regard to any provisions contained therein for a subsequent adjustment of such number for anti-dilution adjustments) issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities or the exercise of such Options, shall be deemed to be New Securities issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that in any such case in which New Securities are deemed to be issued:

   (i) no further adjustment in the (1) Series A Conversion Price with respect to any Series A Preferred Share, (2) Series A1 Conversion Price with respect to any Series A1 Preferred Share, (3) Series B1 Conversion Price with respect to any Series B1 Preferred Share, (4) Series B2 Conversion Price with respect to any Series B2 Preferred Share and (5) Series B3 Conversion Price with respect to any Series B3 Preferred Share, in each case, shall be made upon the subsequent issue of Convertible Securities or Ordinary Shares upon the exercise of such Options or conversion or exchange of such Convertible Securities or upon the subsequent issue of Options for Convertible Securities or Ordinary Shares;
(ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any change in the consideration payable to the Company, or change in the number of Ordinary Shares issuable, upon the exercise, conversion or exchange thereof, the then effective (1) Series A Conversion Price with respect to any Series A Preferred Share, (2) Series A1 Conversion Price with respect to any Series A1 Preferred Share, (3) Series B1 Conversion Price with respect to any Series B1 Preferred Share, (4) Series B2 Conversion Price with respect to any Series B2 Preferred Share and (5) Series B3 Conversion Price with respect to any Series B3 Preferred Share, in each case, computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such change becoming effective, be recomputed to reflect such change insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;
(iii) no readjustment pursuant to Article 8.3(E)(4)(c)(ii) shall have the effect of increasing the then effective (1) Series A Conversion Price with respect to any Series A Preferred Share, (2) Series A1 Conversion Price with respect to any Series A1 Preferred Share, (3) Series B1 Conversion Price with respect to any Series B1 Preferred Share, (4) Series B2 Conversion Price with respect to any Series B2 Preferred Share or (5) Series B3 Conversion Price with respect to any Series B3 Preferred Share, in each case, to an amount which exceeds the Series A Conversion Price with respect to such Series A Preferred Share, Series A1 Conversion Price with respect to such Series A1 Preferred Share, Series B1 Conversion Price with respect to such Series B1 Preferred Share, Series B2 Conversion Price with respect to such Series B2 Preferred Share or Series B3 Conversion Price with respect to such Series B3 Preferred Share, in each case, that would have been in effect had no adjustments in relation to the issuance of the Options or Convertible Securities as referenced in Article 8.3(E)(4)(c)(ii) been made;

(iv) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities that have not been exercised, the then effective (1) Series A Conversion Price with respect to any Series A Preferred Share, (2) Series A1 Conversion Price with respect to any Series A1 Preferred Share, (3) Series B1 Conversion Price with respect to any Series B1 Preferred Share, (4) Series B2 Conversion Price with respect to any Series B2 Preferred Share and (5) Series B3 Conversion Price with respect to any Series B3 Preferred Share, in each case, computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto) and any subsequent adjustments based thereon shall, upon such expiration, be recomputed as if:

(x) in the case of Convertible Securities or Options for Ordinary Shares, the only New Securities issued were the Ordinary Shares, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefor was the consideration actually received by the Company for the issue of such exercised Options plus the consideration actually received by the Company upon such exercise or for the issue of all such Convertible Securities that were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and
(y) in the case of Options for Convertible Securities, only the Convertible Securities, if any, actually issued upon the exercise thereof were issued at the time of issue of such Options, and the consideration received by the Company for the New Securities deemed to have been then issued was the consideration actually received by the Company for the issue of such exercised Options, plus the consideration deemed to have been received by the Company (determined pursuant to Article 8.3(E)(4)(e)) upon the issue of the Convertible Securities with respect to which such Options were actually exercised; and

(v) if such record date shall have been fixed and such Options or Convertible Securities are not issued on the date fixed therefor, the adjustment previously made in the Series A Conversion Price with respect to any Series A Preferred Share, Series A1 Conversion Price with respect to any Series A1 Preferred Share, Series B1 Conversion Price with respect to any Series B1 Preferred Share, Series B2 Conversion Price with respect to any Series B2 Preferred Share and/or Series B3 Conversion Price with respect to any Series B3 Preferred Share, in each case, which became effective on such record date shall be canceled as of the close of business on such record date, and thereafter the Series A Conversion Price with respect to such Series A Preferred Share, the Series A1 Conversion Price with respect to such Series A1 Preferred Share, the Series B1 Conversion Price with respect to such Series B1 Preferred Share, the Series B2 Conversion Price with respect to such Series B2 Preferred Share and the Series B3 Conversion Price with respect to such Series B3 Preferred Share, in each case, shall be adjusted pursuant to this Article 8.3(E)(4)(c) as of the actual date of their issuance.
(d) **Adjustment of the Conversion Price upon Issuance of New Securities.** In the event of an issuance of New Securities for a consideration per Ordinary Share received by the Company (net of any selling concessions, discounts or commissions) (the “New Price”) less than the (1) Series A Conversion Price with respect to any Series A Preferred Share, (2) Series A1 Conversion Price with respect to any Series A1 Preferred Share, (3) Series B1 Conversion Price with respect to any Series B1 Preferred Share, (4) Series B2 Conversion Price with respect to any Series B2 Preferred Share, or (4) Series B3 Conversion Price with respect to any Series B3 Preferred Share, as applicable, in effect immediately prior to such issue, then and in such event, the Series A Conversion Price with respect to such Series A Preferred Share, the Series A1 Conversion Price with respect to such Series A1 Preferred Share, the Series B1 Conversion Price with respect to such Series B1 Preferred Share, the Series B2 Conversion Price with respect to such Series B2 Preferred Share and/or the Series B3 Conversion Price with respect to such Series B3 Preferred Share, as applicable, shall be reduced, concurrently with such issue, to a price (calculated to the nearest one-hundredth of a cent) determined in accordance with the following formula:

\[
CP_2 = CP_1 \cdot \frac{A + B}{A + C}.
\]

For purposes of the foregoing formula, the following definitions shall apply:

(i) “\(CP_2\)” shall mean (1) the Series A Conversion Price with respect to any Series A Preferred Share, (2) the Series A1 Conversion Price with respect to any Series A1 Preferred Share, (3) Series B1 Conversion Price with respect to any Series B1 Preferred Share, (4) Series B2 Conversion Price with respect to any Series B2 Preferred Share or (5) Series B3 Conversion Price with respect to any Series B3 Preferred Share, in each case in effect immediately after such issue of New Securities,
(ii) “CP1” shall mean (1) the Series A Conversion Price with respect to any Series A Preferred Share, (2) the Series A1 Conversion Price with respect to any Series A1 Preferred Share, (3) Series B1 Conversion Price with respect to any Series B1 Preferred Share, (4) Series B2 Conversion Price with respect to any Series B2 Preferred Share or (5) Series B3 Conversion Price with respect to any Series B3 Preferred Share, in each case in effect immediately prior to such issue of New Securities;

(iii) “A” shall mean the number of Ordinary Shares (on a fully diluted basis) outstanding immediately prior to such issue of New Securities;

(iv) “B” shall mean the number of New Securities that would have been issued if such New Securities had been issued at a price per share equal to CP1 (determined by dividing the aggregate consideration received by the Company in respect of such issue by CP1); and

(v) “C” shall mean the number of New Securities.

(c) **Determination of Consideration.** For purposes of this Article 8.3(E)(4), the consideration received by the Company for the issuance of any New Securities shall be computed as follows:

(i) **Cash and Property.** Such consideration shall:

1. **Cash.** The consideration shall:

   (1) be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest or accrued dividends and excluding any discounts, commissions or placement fees payable by the Company to any underwriter or placement agent in connection with the issuance of any New Securities;

   (2) be computed at the fair market value thereof at the time of such issue, as determined and approved in good faith by the Board of Directors (so long as such approval includes the approval of the Series A Director and the Series B1 Director); provided, however, that no value shall be attributed to any services performed by any employee, officer or director of any Group Company;
(3) in the event New Securities are issued together with other Shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received which relates to such New Securities, computed as provided in clauses (1) and (2) above, as reasonably determined in good faith by the Board of Directors, including the consent of the Series A Director and Series B1 Director.

(ii) **Options and Convertible Securities.** The consideration per Ordinary Share received by the Company for New Securities deemed to have been issued pursuant to Article 8.3(E)(4)(c) hereof relating to Options and Convertible Securities, shall be determined by dividing (x) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities (determined in the manner described in paragraph (i) above), plus the minimum aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such Options for Convertible Securities and the conversion or exchange of such Convertible Securities by (y) the maximum number of Ordinary Shares (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.
(5) **Other Dilutive Events.** In case any event shall occur as to which the other provisions of this Article 8.3(E) are not strictly applicable, but the failure to make any adjustment to the Series A Conversion Price with respect to any Series A Preferred Share, the Series A1 Conversion Price with respect to any Series A1 Preferred Share, Series B1 Conversion Price with respect to any Series B1 Preferred Share, Series B2 Conversion Price with respect to any Series B2 Preferred Share and/or Series B3 Conversion Price with respect to any Series B3 Preferred Share, in each case, would not fairly protect the conversion rights of such holders in accordance with the essential intent and principles hereof, then the Company, in good faith, shall determine the appropriate adjustment to be made, on a basis consistent with the essential intent and principles established in this Article 8.3(E), necessary to preserve, without dilution, the conversion rights of such holders.

(6) **No Impairment.** The Company will not, by amendment of these Articles or through any reorganization, recapitalization, transfer of assets, consolidation, merger, amalgamation, scheme of arrangement, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but will at all times in good faith assist in the carrying out of all the provisions of this Article 8.3 and in the taking of all such action as may be necessary or appropriate to protect the conversion rights of the holders of Series A Preferred Shares, Series A1 Preferred Shares, Series B1 Preferred Shares, Series B2 Preferred Shares and Series B3 Preferred Shares against impairment.

(7) **Certificate of Adjustment.** In the case of any adjustment or readjustment of the Series A Conversion Price with respect to any Series A Preferred Share, Series A1 Conversion Price with respect to any Series A1 Preferred Share, Series B1 Conversion Price with respect to any Series B1 Preferred Share, Series B2 Conversion Price with respect to any Series B2 Preferred Share or Series B3 Conversion Price with respect to any Series B3 Preferred Share, in each case, the Company, at its sole expense, shall compute such adjustment or readjustment in accordance with the provisions hereof and prepare a certificate showing such adjustment or readjustment, and shall deliver such certificate by notice to each registered holder of such Series A Preferred Share, Series A1 Preferred Share, Series B1 Preferred Share, Series B2 Preferred Share or Series B3 Preferred Share, as applicable, at the holder's address as shown in the Company’s books. The certificate shall set forth such adjustment or readjustment, showing in detail the facts upon which such adjustment or readjustment is based, including a statement of (i) the consideration received or deemed to be received by the Company for any New Securities issued or sold or deemed to have been issued or sold, (ii) the number of New Securities issued or sold or deemed to be issued or sold, (iii) the Series A Conversion Price with respect to such Series A Preferred Share, the Series A1 Conversion Price with respect to such Series A1 Preferred Share, Series B1 Conversion Price with respect to such Series B1 Preferred Share, the Series B2 Conversion Price with respect to such Series B2 Preferred Share, and the Series B3 Conversion Price with respect to such Series B3 Preferred Share, in each case, in effect before and after such adjustment or readjustment, and (iv) the type and number of Equity Securities of the Company, and the type and amount, if any, of other property which would be received upon conversion of such Series A Preferred Shares, Series A1 Preferred Shares, Series B1 Preferred Shares, Series B2 Preferred Shares and/or Series B3 Preferred Shares, after such adjustment or readjustment.
8) **Notice of Record Date.** In the event the Company shall propose to take any action of the type or types requiring an adjustment set forth in this [Article 8.3(E)](8), the Company shall give notice to the holders of the relevant Preferred Shares, which notice shall specify the record date, if any, with respect to any such action and the date on which such action is to take place. Such notice shall also set forth such facts with respect thereto as shall be reasonably necessary to indicate the effect of such action (to the extent such effect may be known at the date of such notice) on the Series A Conversion Price with respect to the relevant Series A Preferred Share, the Series A1 Conversion Price with respect to the relevant Series A1 Preferred Share, the Series B1 Conversion Price with respect to the relevant Series B1 Preferred Share, the Series B2 Conversion Price with respect to the relevant Series B2 Preferred Share and/or the Series B3 Conversion Price with respect to the relevant Series B3 Preferred Share, in each case, and the number, kind or class of shares or other securities or property which shall be deliverable upon the occurrence of such action or deliverable upon the conversion of such Preferred Shares. In the case of any action which would require the fixing of a record date, such notice shall be given at least twenty (20) days prior to the date so fixed, and in the case of all other actions, such notice shall be given at least thirty (30) days prior to the taking of such proposed action.

9) **Reservation of Shares Issuable Upon Conversion.** The Company shall at all times reserve and keep available out of its authorized but unissued Ordinary Shares, solely for the purpose of effecting the conversion of the Preferred Shares, such number of its Ordinary Shares as shall from time to time be sufficient to effect the conversion of all outstanding Preferred Shares. If at any time the number of authorized but unissued Ordinary Shares shall not be sufficient to effect the conversion of all then outstanding Preferred Shares, in addition to such other remedies as shall be available to the holders of Preferred Shares, the Company and its Members will take such corporate action as may, in the opinion of its counsel, be necessary to increase its authorized but unissued Ordinary Shares to such number of shares as shall be sufficient for such purpose.
(10) **Notices.** Any notice required or permitted pursuant to this Article 8.3 shall be given in writing and shall be given in accordance with Articles 107 through 111.

(11) **Payment of Taxes.** The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of Ordinary Shares upon conversion of the Preferred Shares, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of Ordinary Shares in a name other than that in which such Preferred Shares so converted were registered.

8.4 **Anti-Dilution Rights for Holders of Series B1 Preferred Shares, Series B2 Preferred Shares and Series B3 Preferred Shares.** If the Company proposes to adopt any New ESOP(s) after the Series B1 Closing, the Series B2 Closing and the Series B3 Closing, and the aggregate number of Ordinary Shares reserved under any such New ESOP(s) is less than or equal to 10% of the Company’s share capital as at the Series B2 Closing on a fully diluted basis (i.e. 6,859,869 Ordinary Shares, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events after the B2 Closing) (the “10% ESOP Quota”), the Company shall issue to each holder of Series B1 Preferred Shares/Series B2 Preferred Shares/Series B3 Preferred Shares a number of additional Series B1 Preferred Shares, Series B2 Preferred Shares or Series B3 Preferred Shares (with respect to a holder of Series B1 Preferred Shares, the Series B1 Preferred Shares; with respect to a holder of Series B2 Preferred Shares, the Series B2 Preferred Shares; with respect to a holder of Series B3 Preferred Shares, the Series B3 Preferred Shares) at a consideration equal to the par value of such shares at the same time as the reservation of shares for the New ESOP(s) to ensure that such holder’s shareholding percentage only with respect to its applicable Series B1 Preferred Shares, Series B2 Preferred Shares or Series B3 Preferred Shares in the Company shall not be diluted by any such New ESOP(s) (“New ESOP Anti-dilution Right”). For the avoidance of doubt, if the number of Ordinary Shares reserved under the New ESOP(s) cumulatively exceeds the 10% ESOP Quota, the holders of Series B1 Preferred Shares/Series B2 Preferred Shares/Series B3 Preferred Shares shall not have any New ESOP Anti-dilution Right with respect to the portion of Ordinary Shares reserved under the New ESOP(s) which exceeds the 10% ESOP Quota while each holder of Series B1 Preferred Shares/Series B2 Preferred Shares/Series B3 Preferred Shares shall still be entitled to the New ESOP Anti-dilution Right with respect to the portion of Ordinary Shares reserved under the New ESOP(s) up to the 10% ESOP Quota. For the avoidance of doubt, any grant or exercise of such New ESOP(s) shall follow the procedures specified in the ESOP plan. The New ESOP Anti-dilution Right shall expire upon the IPO of the Company.
8.5 Voting Rights.

(A) **General Rights.** Subject to the provisions of the Memorandum and these Articles, at all general meetings of the Company: (a) the holder of each Ordinary Share issued and outstanding shall have one vote in respect of each Ordinary Share held, (b) the holder of a Series A Preferred Share, the holder of a Series A1 Preferred Share, the holder of a Series B1 Preferred Share, the holder of a Series B2 Preferred Share and the holder of a Series B3 Preferred Share shall each be entitled to such number of votes as equals the whole number of Ordinary Shares into which such holder’s collective Preferred Shares are convertible immediately after the close of business on the record date of the determination of the Company’s Members entitled to vote or, if no such record date is established, at the date such vote is taken or any written consent of the Company’s Members is first solicited. Fractional votes shall not, however, be permitted and any fractional voting rights available on an as converted basis (after aggregating all shares into which the Preferred Shares held by each holder could be converted) shall be rounded to the nearest whole number (with one-half being rounded upward).

(B) **Protective Provisions.**

1. **Approval by the Series A Majority and the Series B Majority.** The Company shall not take, permit to occur, approve, authorize, or agree or commit to do any of the following, and no Member shall permit the Company to, take, permit to occur, approve, authorize, or agree or commit to do any of the following, and the Company shall not permit any other Group Company to take, permit to occur, approve, authorize, or agree or commit to do any of the following, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved in writing by the Series A Majority and the Series B Majority:

   (1) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, any series of Preferred Shares (including without limitation the change of the size or composition of the Board or the board of directors of any other Group Company);

   (2) any action that creates, authorizes the creation of or issues any Equity Security or other security convertible into or exercisable for any Equity Security, or change the authorized number of shares of any series of Preferred Shares or Ordinary Shares or any reorganization or restructuring of its share capital (other than the Restructuring); provided that in case that the Company proposes a Qualified IPO, the holders of Preferred Shares or their Directors (if applicable) shall not unreasonably disapprove the proposal relating to such Qualified IPO.
any purchase, repurchase, redemption or retirement of any Equity Securities, other than repurchases pursuant to share restriction agreements approved by the Board upon termination of a Director, employee or consultant;

(4) any amendment or modification to or waiver under any of the Charter Documents in a manner adverse to any series of Preferred Shares;

(5) any declaration, set aside or payment of a dividend or other distribution, or the adoption of, or any change to, the dividend policy;

(6) (a) any amendment of the maximum number of Equity Securities that may be granted under the Current ESOP; and (b) the adoption, amendment or termination of any equity incentive, purchase or participation plan for the benefit of employees, officers, directors, contractors, advisors or consultants other than the Current ESOP (each such plan, a “New ESOP”);

(7) (i) any transaction(s) with any Related Party (other than the Principals and their respective Associates and Tencent and its Affiliates), either individually or together with any other transactions with such party, having an aggregate transaction value exceeding US$3,000,000 in any financial year, (ii) any transactions with any Related Party (other than the Principals and their Associates) that are on terms that are less favorable than arm’s length terms for the relevant Group Company; and (iii) any transactions with a Principal or its Associate;

(8) the commencement of or consent to any proceeding seeking (i) to adjudicate it as bankrupt or insolvent, (ii) liquidation, winding up, dissolution, reorganization, or other arrangement under law relating to bankruptcy, insolvency or reorganization or relief of debtors, or (iii) the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property;

(9) any investment in, or divestiture or sale of an interest in a Subsidiary, partnership or joint venture;
(10) any transaction or a series of transactions that constitute a Share Sale or a Deemed Liquidation Event, provided that, for so long as Tencent together with its Affiliates hold more than 50% of the Series B1 Preferred Shares it acquired at the Series B1 Closing (as adjusted for share splits, share dividends, combinations, recapitalizations and similar events), the transferee, target, offeror or other counterparty to the transaction(s) shall not be any of the Restricted Persons II as set forth in the Shareholders Agreement without prior written consent of Tencent;

(11) approval of, or any deviation from or amendment of, the annual budget or the business and financial plan;

(12) incurrence of Indebtedness or guarantees of Indebtedness in excess of 10% of the net book value of the total assets of the Group as at the end of the preceding financial year;

(13) any sale, transfer, or other disposal of, or the incurrence of any Lien on, any assets valued in excess of 10% of the net book value of the total assets of the Group as at the end of the preceding financial year;

(14) any change in the direct or indirect equity ownership of the Domestic Company or any amendment or modification to or waiver under any of the Control Documents;

(15) any material change to the business scope or nature of business, or cessation of any business line (including entering into any business not within the scope of the Business); or

(16) any action by a Group Company to authorize, approve or enter into any agreement or obligation with respect to any of the actions listed above.

Notwithstanding anything to the contrary contained herein, where any act listed in clauses (1) through (16) above requires the approval of the Members of the Company in accordance with the Statute, and if the Members vote in favour of such act but the approval of the Series A Majority, the Series B Majority or Tencent (as applicable) has not yet been obtained, then the Series A Majority, the Series B Majority or Tencent (as the case may be) shall, in such vote, have the voting rights equal to the aggregate voting power of all the Members who voted in favor of such act plus one.
(2) **Board Approvals.** The Company shall not take, permit to occur, approve, authorize, or agree or commit to do any of the following, and the Members shall not permit the Company to, take, permit to occur, approve, authorize, or agree or commit to do any of the following, whether in a single transaction or a series of related transactions, and the Company shall not permit any other Group Company to take, permit to occur, approve, authorize, or agree or commit to do any of the following, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved by the Board (which approval must include the approvals of the Series A Director and the Series B1 Director):

1. incurrence of Indebtedness or guarantees of Indebtedness in excess of the lower of (i) US$3,000,000; (ii) 5% of the net book value of the total assets of the Group as at the end of the preceding financial year in the aggregate during any financial year;
2. purchase or lease of any business and/or assets valued in excess of the lower of (i) US$3,000,000; (ii) 5% of the net book value of the total assets of the Group as at the end of the preceding financial year in the aggregate during any financial year;
3. any capital commitment or expenditure in excess of the lower of (i) US$3,000,000; (ii) 5% of the net book value of the total assets of the Group as at the end of the preceding financial year;
4. the investment in any other entity exceeding US$5,000,000 individually or US$10,000,000 in the aggregate during any financial year, or enter into any joint venture or partnership;
5. appointment or removal of any auditor, material change in accounting policies or change of financial year; or
6. any action by a Group Company to authorize, approve or enter into any agreement or obligation with respect to any of the actions listed above.

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8.6 Redemption Rights.

(A) Redemption. Subject to any legal restrictions on the Company’s redemption of shares:

(i) (1) if the Company has not achieved a Qualified IPO by the date that is five years after the date of the Series B1 Closing, (2) in the event of any material breach of representations and warranties, covenants or obligations made or borne by any Warrantor (as defined in the Series A Purchase Agreement) in the Transaction Documents (as defined in the Series A Purchase Agreement, including those duly amended and restated versions from time to time) which causes a Material Adverse Effect (as defined in the Series A Purchase Agreement) on the business of the Group Companies or any holder of the Series A Preferred Shares, or in the event any Warrantor gives any material misrepresentation or engages in wilful or fraudulent misconducts, which causes a Material Adverse Effect (as defined in the Series A Purchase Agreement) on the business of the Group Companies or any holder of the Series A Preferred Shares, or (3) any holder of any other class of Shares elects to exercise its redemption right, the holders of at least a majority of the then outstanding Series A Preferred Shares (the “Series A Initiating Holders”) may;

(ii) (1) if the Company has not achieved a Qualified IPO by the date that is five years after the date of the Series B1 Closing, (2) in the event of any material breach of representations and warranties, covenants or obligations made or borne by any Warrantor (as defined in the Series A1 Purchase Agreement) in the Transaction Documents (as defined in the Series A1 Purchase Agreement, including those duly amended and restated versions from time to time) which causes a Material Adverse Effect (as defined in the Series A1 Purchase Agreement) on the business of the Group Companies or any holder of the Series A1 Preferred Shares, or in the event any Warrantor gives any material misrepresentation or engages in wilful or fraudulent misconduct, which causes a Material Adverse Effect (as defined in the Series A1 Purchase Agreement) on the business of the Group Companies or any holder of the Series A1 Preferred Shares, or (3) any holder of any other class of Shares elects to exercise its redemption right, the holders of at least a majority of the then outstanding Series A1 Preferred Shares (the “Series A1 Initiating Holders”) may, and
(1) if the Company has not achieved a Qualified IPO by the date that is five years after the date of the Series B1 Closing, (2) in the event of any material breach of representations and warranties, covenants or obligations made or borne by any Warrantor (as defined in the Series B1 Purchase Agreement) in the Transaction Documents (as defined in the Series B1 Purchase Agreement, including those duly amended and restated versions from time to time) which causes a Material Adverse Effect (as defined in the Series B1 Purchase Agreement) on the business of the Group Companies or any holder of the Series B1 Preferred Shares, or in the event any Warrantor gives any material misrepresentation or engages in wilful or fraudulent misconduct, which causes a Material Adverse Effect (as defined in the Series B1 Purchase Agreement) on the business of the Group Companies or any holder of the Series B1 Preferred Shares, (3) except where the Company has provided an alternative plan, to the satisfaction of the Series B Majority, to operate the business of the Group Companies without the relevant material license, permit or government approval, (x) any Group Company being unable to obtain any material license or permit that such Group Company had applied for (or was obligated to apply for) in accordance with the Series B1 Purchase Agreement or (y) any material license, permit or government approval of any Group Company has been revoked, in each case, resulting in that the Business being suspended or shut down or cannot be conducted in the way that it is currently conducted for a period longer than one hundred and eighty (180) days, or (4) any holder of any other class of Shares elects to exercise its redemption right, the Series B Majority (the “Series B Initiating Holders”) may,
in each case, give a written notice by hand or letter mail or courier service to the Company at its principal executive offices at any time or from time to time (the "Initial Redemption Notice") requesting redemption of all or part of their relevant Preferred Shares, and the Company shall (1) promptly thereafter provide all of the other holders of Preferred Shares notice (pursuant to Articles 107 through 111) of the Initial Redemption Notice and of their right to participate in such redemption, which right is exercisable by each such holder in their own discretion by delivering a written notice (each, a "Redemption Notice") by hand or letter mail or courier service to the Company at its principal executive offices within fifteen (15) days of the giving of such notice by the Company, requesting and specifying redemption of all or part of their Preferred Shares, and (2) pay to each holder (each, a "Redeeming Preferred Shareholder") of a Preferred Share for which an Initial Redemption Notice or a Redemption Notice has been timely submitted (each, a “Redeeming Preferred Share”), in respect of such Redeeming Preferred Share, an amount (the "Redemption Price") determined in accordance with the following formula:

with respect to the Series A Preferred Shares:

\[ \text{IP} \times (110\%) \times \frac{N + D}{365} \]

where:

- IP = Series A Issue Price;
- N = a fraction, the numerator of which is the number of calendar days between date the Series A Issue Date and the date on which the Redemption Price is paid and the denominator of which is 365;
- D = all declared but unpaid dividends on each Series A Preferred Share up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers;

with respect to the Series A1 Preferred Shares:

\[ \text{IP} \times (110\%) \times \frac{N + D}{365} \]

where:

- IP = Series A1 Issue Price;
- N = a fraction, the numerator of which is the number of calendar days between the Series A1 Issue Date and the date on which the Redemption Price is paid and the denominator of which is 365;
- D = all declared but unpaid dividends on each Series A1 Preferred Share up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers.

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with respect to the Series B1 Preferred Shares:
\[ IP \times (110\%) \frac{N + D}{N} = \text{Redemption Price} \]
where
- \( IP \) = Series B1 Issue Price;
- \( N \) = a fraction, the numerator of which is the number of calendar days between date the Series B1 Issue Date and the date on which the Redemption Price is paid and the denominator of which is 365;
- \( D \) = all declared but unpaid dividends on each Series B1 Preferred Share up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers;

with respect to the Series B2 Preferred Shares:
\[ IP \times (110\%) \frac{N + D}{N} = \text{Redemption Price} \]
where
- \( IP \) = Series B2 Issue Price;
- \( N \) = a fraction, the numerator of which is the number of calendar days between date the Series B2 Issue Date and the date on which the Redemption Price is paid and the denominator of which is 365;
- \( D \) = all declared but unpaid dividends on each Series B2 Preferred Share up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers; and

with respect to the Series B3 Preferred Shares:
\[ IP \times (110\%) \frac{N + D}{N} = \text{Redemption Price} \]
where
- \( IP \) = Series B3 Issue Price;
- \( N \) = a fraction, the numerator of which is the number of calendar days between date the Series B3 Issue Date and the date on which the Redemption Price is paid and the denominator of which is 365;
- \( D \) = all declared but unpaid dividends on each Series B3 Preferred Share up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers.

Each Redemption Price shall be paid on a date to be determined at the discretion of the Company, but in any event after the expiry of fifteen (15) days of the giving of the notice by the Company set out in this Article 8.6(A) above, and within sixty (60) days of the date of the Initial Redemption Notice (the “Redemption Price Payment Date”).
(B) **Insufficient Funds.** If the Company does not have sufficient cash or funds legally available to redeem all of the Redeeming Preferred Shares required to be redeemed, or if the Company is otherwise prohibited by applicable law from making such redemption, the funds that are legally available (the “Redemption Funds”) shall be paid and applied on the Redemption Price Payment Date in the following order and manner: (i) the Redemption Funds which are legally available shall first be used to the extent permitted by applicable Law to pay the all amount of aggregate Redemption Price for each Series B1 Preferred Share, Series B2 Preferred Share and Series B3 Preferred Share, pari passu as between themselves, and (ii) after full payment of the aggregate Redemption Price for the Series B1 Preferred Shares, the Series B2 Preferred Shares and the Series B3 Preferred Share, any remaining Redemption Funds shall be used to the extent permitted by applicable Law to pay the all amount of aggregate Redemption Price for each Series A Preferred Share and Series A1 Preferred Share, pari passu as between themselves. Any remaining Preferred Shares of any series to be redeemed but with respect to which the Redemption Price for such series of Preferred Shares due and payable has not been paid in full shall be carried forward and redeemed as soon as the Company has legally available funds or assets to redeem in accordance with the same priority described in this Article 8.6(B). In any case, if the full Redemption Price has not been paid in respect of a Redeeming Preferred Share, the redemption shall not be deemed to have been consummated in respect of such Redeeming Preferred Share on the Redemption Price Payment Date, and the relevant Redeeming Preferred Shareholder shall remain entitled to all of its rights, including (without limitation) its voting rights, in respect of such Redeeming Preferred Share, and such of the Redeeming Preferred Shares shall remain “outstanding” for the purposes of these Articles. Only when the Redemption Price in respect of such Redeeming Preferred Share has been paid in full, the redemption shall be deemed to have been consummated in respect of such Redeeming Preferred Share on the day of such payment, whereupon all such rights shall automatically cease, the Register of Members shall be updated accordingly and such Redeeming Preferred Shares shall be cancelled. Any portion of the Redemption Price not paid by the Company in respect of any Redeeming Preferred Share on the Redemption Price Payment Date shall continue to be owed to the holder thereof.

(C) **Waivers.** The Company may, with the written consent of any Redeeming Preferred Shareholder, without the need to amend this Article, modify, waive, or deviate from any of the requirements of, or procedures set forth in, this Article that is applicable to such Redeeming Preferred Shareholder.

(D) **No Impairment.** Once the Company has received an Initial Redemption Notice, it shall not (and shall not permit any Subsidiary to) take any action which could have the effect of delaying, undermining or restricting the redemption, and the Company shall in good faith use all commercially reasonable efforts and as expeditiously as possible, increase its legally available redemption funds, including without limitation, by causing any other Group Company to distribute any and all available funds to the Company for purposes of paying the Redemption Price for all Redeeming Preferred Shares on the Redemption Price Payment Date, and until the date on which each Redeeming Preferred Share is redeemed, the Company shall not declare or pay any dividend nor otherwise make any distribution of or otherwise decrease its profits available for distribution.
ORDINARY SHARES

9. Certain rights, preferences, privileges and limitations of the Ordinary Shares of the Company are as follows:

9.1 **Dividend Provision.** Subject to Article 8 and to the preferential rights of holders of all series and classes of Shares in the Company at the time outstanding having preferential rights as to dividends, the holders of the Ordinary Shares shall, subject to the Statute and these Articles, be entitled to receive, when, as and if declared by the Directors, out of any assets of the Company legally available therefor, such dividends as may be declared from time to time by the Directors.

9.2 **Liquidation.** Upon the liquidation, dissolution or winding up of the Company, the assets of the Company shall be distributed as provided in Article 8.2.

9.3 **Voting Rights.** The holder of each Ordinary Share shall have the right to one vote with respect to such Ordinary Share, and shall be entitled to notice of any Members’ meeting in accordance with these Articles, and shall be entitled to vote upon such matters and in such manner as may be provided for in these Articles.

REGISTER OF MEMBERS

10. The Company shall maintain or cause to be maintained the Register of Members in accordance with the Statute. The Register of Members shall be the only evidence as to who are the Members entitled to examine the Register of Members, the list required to be sent to Members under Article 38, or the other books and records of the Company, or to vote in person or by proxy at any meeting of Members.

FIXING RECORD DATE

11. The Directors may fix in advance a date as the record date for any determination of Members entitled to notice of or to vote at a meeting of the Members, or any adjournment thereof, and for the purpose of determining the Members entitled to receive payment of any dividend the Directors may, at or within ninety (90) days prior to the date of declaration of such dividend fix a subsequent date as the record date for such determination.

12. If no record date is fixed for the determination of Members entitled to notice of, or to vote at, a meeting of Members or Members entitled to receive payment of a dividend, the date on which notice of the meeting is sent or the date on which the resolution of the Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of Members. When a determination of Members entitled to vote at any meeting of Members has been made as provided in this Article, such determination shall apply to any adjournment thereof.

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CERTIFICATES FOR SHARES

13. Share certificates representing Shares, if any, shall be in such form as the Directors may determine. Share certificates shall be signed by one or more Directors or other Person authorised by the Directors. The Directors may authorise certificates to be issued with the authorised signature(s) affixed by mechanical process. All certificates for Shares shall be consecutively numbered or otherwise identified and shall specify the Shares to which they relate. All certificates surrendered to the Company for transfer shall be cancelled and, subject to these Articles, no new certificate shall be issued until the former certificate representing a like number of relevant Shares shall have been surrendered and cancelled.

14. The Company shall not be bound to issue more than one certificate for Shares held jointly by more than one Person and delivery of a certificate to one joint holder shall be a sufficient delivery to all of them.

15. If a share certificate is defaced, worn out, lost or destroyed, it may be renewed on such terms (if any) as to evidence and indemnity and on the payment of such expenses reasonably incurred by the Company in investigating evidence, as the Directors may prescribe, and (in the case of defacement or wearing out) upon delivery of the old certificate.

TRANSFER OF SHARES

16. The Shares of the Company are subject to transfer restrictions as set forth in the Shareholders Agreement, by and among the Company and certain of its Members. The Company will only register transfers of Shares that are made in accordance with such agreements and will not register transfers of Shares that are made in violation of such agreements. The instrument of transfer of any Share shall be in writing and shall be executed by or on behalf of the transferor (and, if the Directors so require, signed by the transferee). The transferor shall be deemed to remain the holder of a Share until the name of the transferee is entered in the Register of Members.

REDEMPTION AND REPURCHASE OF SHARES

17. The Company is permitted to redeem, purchase or otherwise acquire any of the Company’s Shares, so long as such redemption, purchase or acquisition (i) is pursuant to any redemption provisions set forth in these Memorandum and Articles, (ii) is pursuant to the Current ESOP, or (iii) is as otherwise agreed by the holder of such Share and the Company, subject in the case of clause (ii) or (iii) to compliance with any applicable restrictions set forth in the Shareholders Agreement, the Memorandum and these Articles, including Article 8.

18. Subject to the provisions of the Statute, these Articles, including Article 8.5(B), and the Shareholders Agreement, the Company may issue Shares that are to be redeemed or are liable to be redeemed at the option of the Member or the Company. Subject to the provisions of the Statute and these Articles, including Article 8, the Directors may authorize the redemption or purchase by the Company of its own Shares in such manner and on such terms as they think fit and may make a payment in respect of the redemption or purchase of its own Shares in any manner permitted by the Statute, including out of capital.
VARIATION OF RIGHTS OF SHARES

19. Subject to Article 8, if at any time the share capital of the Company is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of that class) may only be varied with the consent in writing of Members holding not less than a majority of the votes entitled to be cast by holders (in person or by proxy) of Shares on a poll at a general meeting of such class affected by the proposed variation of rights or with the sanction of a resolution of such Members holding not less than a majority of the votes which could be cast by holders (in person or by proxy) of Shares of such class on a poll at a general meeting but not otherwise.

20. For the purpose of the preceding Article, all of the provisions of these Articles relating to general meetings shall apply, to the extent applicable, mutatis mutandis, to every meeting of holders of separate class of shares, except that the necessary quorum shall be one or more Persons holding or representing by proxy at least a majority of the issued Shares of such class and that any Member holding Shares of such class, present in person or by proxy, may demand a poll.

21. Subject to Article 8, the rights conferred upon the holders of Shares or any class of Shares shall not, unless otherwise expressly provided by the terms of issue of such Shares, be deemed to be varied by the creation, redesignation, or issue of Shares ranking senior thereto or pari passu therewith.

COMMISSION ON SALE OF SHARES

22. The Company may, with the approval of the Board (so long as such approval includes the approval of the Series A Director and the Series B1 Director), so far as the Statute permits, pay a commission to any Person in consideration of his or her subscribing or agreeing to subscribe whether absolutely or conditionally for any Shares of the Company. Such commissions may be satisfied by the payment of cash and/or the issue of fully or partly paid-up Shares. The Company may also on any issue of Shares pay such brokerage as may be lawful.

NON-RECOGNITION OF INTERESTS

23. The Company shall not be bound by or compelled to recognise in any way (even when having notice thereof) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by these Articles or the Statute) any other rights in respect of any Share other than an absolute right to the entirety thereof in the registered holder.
TRANSMISSION OF SHARES

24. If a Member dies, the survivor or survivors where such Member was a joint holder, and his or her legal personal representatives where such Member was a sole holder, shall be the only Persons recognised by the Company as having any title to such Member’s interest. The estate of a deceased Member is not thereby released from any liability in respect of any Share that had been jointly held by such Member.

25. Any Person becoming entitled to a Share in consequence of the death or bankruptcy or liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Directors, elect either to become the holder of the Share or to have some Person nominated by him or her as the transferee.

26. If the Person so becoming entitled shall elect to be registered as the holder, such Person shall deliver or send to the Company a notice in writing signed by such Person stating that he or she so elects.

AMENDMENTS OF MEMORANDUM AND ARTICLES OF ASSOCIATION AND ALTERATION OF CAPITAL

27. Subject to Article 8, the Company may by Ordinary Resolution:

27.1 increase the share capital by such sum as the resolution shall prescribe and with such rights, priorities and privileges annexed thereto, as the Company in general meeting may determine;

27.2 consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;

27.3 by subdivision of its existing Shares or any of them divide the whole or any part of its share capital into Shares of smaller amount than is fixed by the Memorandum or into Shares without par value;

27.4 cancel any Shares that at the date of the passing of the resolution have not been taken or agreed to be taken by any Person; and

27.5 perform any action not required to be performed by Special Resolution.

28. Subject to the provisions of the Statute and the provisions of these Articles as regards the matters to be dealt with by Ordinary Resolution, and subject further to Article 8, the Company may by Special Resolution:

28.1 change its name;

28.2 alter or add to these Articles;

28.3 alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and

28.4 reduce its share capital and any capital redemption reserve fund.
28A. In addition to the approval requirement described in Article 8.5(B)(1)(4), if there is any amendment or change to any provision in these Articles that constitutes any adverse amendment or change of the rights, preferences, privileges, powers, limitations or restrictions of or concerning, or the limitations or restrictions provided for the benefit of, any series of outstanding Preferred Shares in issue (the "Adverse Amendment"), then the Adverse Amendment may be made only by (1) the written consents of the Series A Majority and the Series B Majority (in connection with any reserved matter approved in accordance with Article 8.5(B) in order to reflect the terms of the transaction contemplated under such approved reserved matter), or (2) if the Adverse Amendment does not relate to any matter described in Article 8.5(b) and such Adverse Amendment adversely affects the Series A Preferred Shares, the Series A1 Preferred Shares, the Series B1 Preferred Shares, the Series B2 Preferred Shares and/or the Series B3 Preferred Shares (each an "Adversely Affected Class"), the written consents of the holders of a majority of the Adversely Affected Class. No amendment may adversely affect any holder of an existing class of Preferred Shares in a manner that is disproportionate to the other holders of the same class of Preferred Shares, unless otherwise consented by all holders of the relevant class of Preferred Shares.

REGISTERED OFFICE

29. Subject to the provisions of the Statute, the Company may by resolution of the Directors change the location of its Registered Office.

GENERAL MEETINGS

30. All general meetings other than annual general meetings shall be called extraordinary general meetings.

31. The Company shall, if required by the Statute, in each year hold a general meeting as its annual general meeting, and shall specify the meeting as such in the notices calling it. The annual general meeting shall be held at such time and place as the Directors shall appoint. At these meetings, the report of the Directors (if any) shall be presented.

32. The Directors may call general meetings, and they shall on a Members requisition forthwith proceed to convene an extraordinary general meeting of the Company.

33. A Members requisition is a requisition of Members of the Company holding, on the date of deposit of the requisition, not less than: (i) a majority of the voting power of all of the Ordinary Shares, (ii) a majority of the voting power of the Series A Preferred Shares and the Series A1 Preferred Shares (voting together as a single class and on an as if converted basis) or (iii) Series B Majority of the Company entitled to attend and vote at general meetings of the Company.

34. The requisition must state the objects of the meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

35. If the Directors do not within twenty-one (21) days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further twenty-one (21) days, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a general meeting, but any meeting so convened shall not be held after the expiration of three (3) months after the expiration of the said twenty-one (21) days.
36. A general meeting convened as aforesaid by requisitionists shall be convened in the same manner as nearly as possible as that in which general meetings are to be convened by Directors.

**NOTICE OF GENERAL MEETINGS**

37. At least ten (10) Business Days’ prior written notice of each meeting, agenda of the business to be transacted at the meeting and any documents and materials to be circulated at or presented to the meeting, if any, shall be sent to all Members entitled to receive notice of the meeting, unless such notice is waived either before, at or after such meeting both (i) by the Members (or their proxies) holding a majority of the aggregate voting power of all of the Ordinary Shares entitled to attend and vote thereat (including the Preferred Shares on an as converted basis), and (ii) by the holders of 90% of the voting power of Preferred Shares (or their proxies). Every notice shall be exclusive of the day on which it is given or deemed to be given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned or in such other manner, if any, as may be prescribed by the Company.

38. The officer of the Company who has charge of the Register of Members of the Company shall prepare and make, at least two (2) Business Days before every general meeting, a complete list of the Members entitled to vote at the general meeting, arranged in alphabetical order, and showing the address of each Member and the number of shares registered in the name of each Member. Such list shall be open to examination by any Member for any purpose germane to the meeting, during ordinary business hours, for a period of at least two (2) Business Days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any Member of the Company who is present.

**PROCEEDINGS AT GENERAL MEETINGS**

39. The holders of a majority of the aggregate voting power of all of the Ordinary Shares entitled to notice of and to attend and vote at such general meeting (including the Preferred Shares on an as converted basis), the Series A Majority and the Series B Majority together present in person or by proxy or if a company or other non-natural Person by its duly authorised representative shall be a quorum. Subject to Article 42, no business shall be transacted at any general meeting unless a quorum is present at the time when the meeting proceeds to business.

40. A Person may participate at a general meeting by conference telephone or other communications equipment by means of which all the Persons participating in the meeting can communicate with each other. Participation by a Person in a general meeting in this manner is treated as presence in person at that meeting.
41. A resolution in writing (in one or more counterparts) shall be as valid and effective as if the resolution had been passed at a duly convened and held general meeting of the Company if (i) the resolution has been sent to all Members according to the notice provisions in the Shareholders Agreement within a reasonable time prior to its approval, and:

   41.1 in the case of a Special Resolution, it is signed by all Members required for such Special Resolution to be deemed effective under the Statute; or

   41.2 in the case of any resolution passed other than as a Special Resolution, it is signed by Members for the time being holding Shares carrying in aggregate not less than the minimum number of votes that would be necessary to authorize or take such action at a general meeting at which all Shares entitled to vote thereon were present and voted (calculated in accordance with Article 8.5(A)) (or, being companies, signed by their duly authorised representative).

42. A quorum, once established, shall not be broken by the withdrawal of enough votes to leave less than a quorum and the votes present may continue to transact business until adjournment. If, however, such quorum shall not be present or represented at any general meeting, the Members (or their proxies) holding a majority of the aggregate voting power of all of the Shares of the Company represented at the meeting may adjourn the meeting from time to time, until a quorum shall be present or represented; provided that, if notice of such meeting has been duly delivered to all Members ten (10) Business Days prior to the scheduled meeting in accordance with the notice procedures hereunder, and the quorum is not present within one hour from the time appointed for the meeting solely because of the absence of any Member, the meeting shall be adjourned to the seventh (7th) following Business Day at the same time and place (or to such other time or such other place as the directors may determine) with notice delivered to all Members 48 hours prior to the adjourned meeting in accordance with the notice procedures under Articles 107 through 111 and, if at the adjourned meeting, the quorum is not present within one half hour from the time appointed for the meeting solely because of the absence of any Member, then the presence of such Member shall not be required at such adjourned meeting for purposes of establishing a quorum. At such adjourned meeting, any business may be transacted that might have been transacted at the meeting as originally notified.

43. The chairman, if any, of the Board of Directors shall preside as chairman at every general meeting of the Company, or if there is no such chairman, or if he or she shall not be present within ten (10) minutes after the time appointed for the holding of the meeting, or is unwilling or unable to act, the Directors present shall elect one of their number, or shall designate a Member, to be chairman of the meeting.

44. With the consent of a general meeting at which a quorum is present, the chairman may (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a general meeting is adjourned, notice of the adjourned meeting shall be given as in the case of an original meeting.

45. A resolution put to the vote of the meeting shall be decided by poll and not on a show of hands.
46. On a poll a Member shall have one vote for each Ordinary Share he holds on an as converted basis.

47. Except on a poll on a question of adjournment, a poll shall be taken as the chairman directs, and the result of the poll shall be deemed to be the resolution of the general meeting at which the poll was demanded.

48. A poll on a question of adjournment shall be taken forthwith.

49. A poll on any other question shall be taken at such time as the chairman of the general meeting directs, and any business other than that upon which a poll has been demanded or is contingent thereon may proceed pending the taking of the poll.

VOTES OF MEMBERS

50. Except as otherwise required by law or these Articles, the Ordinary Shares and the Preferred Shares shall vote together on an as converted basis on all matters submitted to a vote of Members.

51. In the case of joint holders of record, the vote of the senior holder who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and seniority shall be determined by the order in which the names of the holders stand in the Register of Members.

52. A Member of unsound mind, or in respect of whom an order has been made by any court, having jurisdiction in lunacy, may vote by his or her committee, receiver, or other Person on such Member’s behalf appointed by that court, and any such committee, receiver, or other Person may vote by proxy.

53. No Person shall be entitled to vote at any general meeting or at any separate meeting of the holders of a class or series of Shares unless he or she is registered as a Member on the record date for such meeting nor unless all calls or other monies then payable by such Member in respect of Shares have been paid.

54. No objection shall be raised to the qualification of any voter except at the general meeting or adjourned general meeting at which the vote objected to is given or tendered and every vote not disallowed at the meeting shall be valid.

55. Votes may be cast either personally or by proxy. A Member may appoint more than one proxy or the same proxy under one or more instruments to attend and vote at a meeting.

56. A Member holding more than one Share need not cast the votes in respect of his or her Shares in the same way on any resolution and therefore may vote a Share or some or all such Shares either for or against a resolution and/or abstain from voting a Share or some or all of the Shares and, subject to the terms of the instrument appointing him or her, a proxy appointed under one or more instruments may vote a Share or some or all of the Shares in respect of which he or she is appointed either for or against a resolution and/or abstain from voting.
The instrument appointing a proxy shall be in writing, be executed under the hand of the appointor or of his or her attorney duly authorised in writing, or, if the appointor is a corporation, under the hand of an officer or attorney duly authorised for that purpose. A proxy need not be a Member of the Company.

The instrument appointing a proxy shall be deposited at the Registered Office or at such other place as is specified for that purpose in the notice convening the meeting, no later than the time for holding the meeting or adjourned meeting.

The instrument appointing a proxy may be in any usual or common form and may be expressed to be for a particular meeting or any adjournment thereof or generally until revoked. An instrument appointing a proxy shall be deemed to include the power to demand or join or concur in demanding a poll.

Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Share in respect of which the proxy is given unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the Registered Office before the commencement of the general meeting or adjourned meeting at which it is sought to use the proxy.

Any corporation or other non-natural Person that is a Member may in accordance with its constitutional documents, or in the absence of such provision by resolution of its directors or other governing body, authorise such Person as it thinks fit to act as its representative at any meeting of the Company or any class of Members, and the Person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he or she represents as the corporation could exercise if it were an individual Member.

Shares in the Company that are beneficially owned by the Company or held by it in a fiduciary capacity shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding Shares at any given time.

The authorized number of directors on the Board shall be no more than seven (7) directors, with the composition of the Board determined as follows: (a) the holders of a majority of the outstanding Ordinary Shares (voting as a separate class) shall be exclusively entitled to designate, appoint, remove, replace and reappoint at any time or from time to time five (5) directors on the Board (each an “Ordinary Director”), (b) CW toutiao Limited (“Chengwei”) shall be exclusively entitled to designate, appoint, remove, replace and reappoint at any time or from time to time one (1) director (the “Series A Director”) on the Board, and (c) Image Flag Investment (HK) Limited (“Tencent”) shall be exclusively entitled to designate, appoint, remove, replace and reappoint at any time or from time to time one (1) director on the Board (the “Series B1 Director”). Any committee formed by the Board shall include at least the Series A Director and the Series B1 Director, except for any audit committee which will be formed upon the closing of an IPO. For the avoidance of doubt, if the holders of a majority of the outstanding Ordinary Shares (voting as a separate class) fail to appoint all of the five (5) Ordinary Directors, Mr. Tan Siliang (谭思亮) as an Ordinary Director shall have such number of votes in addition to the one (1) vote of Tan Siliang (谭思亮) as an Ordinary Director that is equal to five (5) less the number of Ordinary Directors that have been appointed. Each of (w) CMC Queen Holdings Limited, (x) Redpoint, (y) People Better Limited and Shunwei Growth III Limited jointly upon the closing of their subscription of the Series B2 Preferred Shares, and (z) Long Range L.P. upon the closing of its subscription of the Series B2 Preferred Shares shall be entitled to appoint a representative (each an “Observer”, and collectively the “Observers”) to attend meetings of the Board in a nonvoting observer capacity and the Company shall give such Observers copies of all notices, minutes, consents and other materials that it provides to its directors at the same time and in the same manner as provided to such directors.
POWERS OF DIRECTORS

64. Subject to the provisions of the Statute, the Memorandum and these Articles and to any directions given by Special Resolution, the business of the Company shall be managed by or under the direction of the Directors who may exercise all the powers of the Company; provided, however, that the Company shall not carry out any action inconsistent with Articles 8 and 9. No alteration of the Memorandum or these Articles and no such direction shall invalidate any prior act of the Directors that would have been valid if that alteration had not been made or that direction had not been given. A duly convened meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.

65. All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments and all receipts for monies paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed as the case may be in such manner as the Directors shall determine.

66. Subject to Article 8, the Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his or her spouse or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

67. Subject to Article 8, the Directors may exercise all the powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital or any part thereof and to issue debentures, debenture shares, mortgages, bonds and other such securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

VACATION OF OFFICE AND REMOVAL OF DIRECTOR

68. The office of a Director shall be vacated if:

68.1 such Director gives notice in writing to the Company that he or she resigns the office of Director; or
68.2 such Director dies, becomes bankrupt or makes any arrangement or composition with such Director’s creditors generally; or
68.3 such Director is found to be or becomes of unsound mind.

69. Any Director who shall have been elected by a specified group of Members may be removed during the aforesaid term of office, either for or without cause, by, and only by, the affirmative vote of the group of Members then entitled to elect such Director in accordance with Article 63, given at a special meeting of such Members duly called or by an action by written consent for that purpose. Any vacancy in the Board of Directors caused as a result of such removal or one or more of the events set out in Article 68 of any Director who shall have been elected by a specified group of Members, may be filled by, and only by, the affirmative vote of the group of Members then entitled to elect such Director in accordance with Article 63, given at a special meeting of such Members duly called or by an action by written consent for that purpose, unless otherwise agreed upon among such Members.

PROCEEDINGS OF DIRECTORS

70. A Director may by a written instrument appoint an alternate who need not be a Director, and an alternate is entitled to attend meetings in the absence of the Director who appointed him and to vote or consent in place of the Director. At all meetings of the Board of Directors, a majority of the number of the Directors in office elected in accordance with Article 63 that includes (i) one (1) Ordinary Director, (ii) the Series A Director and (iii) the Series B1 Director shall be necessary and sufficient to constitute a quorum for the transaction of business, and the vote of a majority of the Directors present (in person or in alternate) at any meeting at which there is a quorum, shall be the act of the Board of Directors, except as may be otherwise specifically provided by the Statute or the Memorandum or these Articles, including Section 8. If only one Director is elected, such sole Director shall constitute a quorum. If a quorum shall not be present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting, until a quorum shall be present, provided that and subject to Article 8.5(B)(2), if notice of the board meeting has been duly delivered to all directors of the Board prior to the scheduled meeting in accordance with the notice procedures hereunder, and the quorum is not present within one half hour from the time appointed for the meeting solely because of the absence of the Series A Director or the Series B1 Director, the meeting shall be adjourned to the seventh (7) following Business Day at the same time and place (or to such other time or such other place as the directors may determine) with notice delivered to all directors in accordance with the notice procedures hereunder and, if at the adjourned meeting, the quorum is not present within one half hour from the time appointed for the meeting solely because of the absence of the same Director who was absent at the initial board meeting, then the presence of such Director shall not be required at such adjourned meeting solely for purpose of determining if a quorum has been established, provided that at such adjourned meeting any business not included in the original notice of meeting shall not be transacted.
71. Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit, provided however that the board meetings shall be held at least once every three (3) months unless the Board otherwise approves (so long as such approval includes the approval of the Series A Director and the Series B1 Director) and that a written notice of each meeting, agenda of the business to be transacted at the meeting and all documents and materials to be circulated at or presented to the meeting shall be sent to all Directors entitled to receive notice of the meeting at least five (5) Business Days before the meeting and a copy of the minutes of the meeting shall be sent to such Persons.

72. A Person may participate in a meeting of the Directors or committee of the Board of Directors by conference telephone or other communications equipment by means of which all the Persons participating in the meeting can communicate with each other at the same time. Participation by a Person in a meeting in this manner is treated as presence in person at that meeting. Unless otherwise determined by the Directors, the meeting shall be deemed to be held at the place where the chairman is at the start of the meeting. In the event of a deadlock of the votes at any meeting of the Directors, the relevant matters shall be submitted to the Members for approval, subject to compliance with Article 8.5(B) hereof.

73. A resolution in writing (in one or more counterparts) signed by all the Directors or all the members of a committee of the Board of Directors shall be as valid and effectual as if it had been passed at a meeting of the Directors, or committee of the Board of Directors as the case may be, duly convened and held.

74. Meetings of the Board of Directors may be called by any Director on five (5) Business Days’ written notice to each Director in accordance with Articles 107 through 111, and such written notice shall specify the agenda of the business to be transacted at the meeting and any documents and materials to be presented to the meeting.

75. The continuing Directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the number fixed by or pursuant to these Articles as the necessary quorum of Directors, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

76. The Directors may elect a chairman of their board and determine the period for which he or she is to hold office; but if no such chairman is elected, or if at any meeting the chairman shall not be present within ten (10) minutes after the time appointed for holding the same, the Directors present may choose one of their members to be chairman of the meeting.

77. All acts done by any meeting of the Directors or of a committee of the Board of Directors shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any Director or that they or any of them were disqualified, be as valid as if every such Person had been duly appointed and qualified to be a Director.
78. Subject to Article 81, a Director may hold any other office or place of profit under the Company (other than the office of Auditor) in conjunction with his or her office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.

79. Subject to Article 81, a Director may act by himself or herself or his or her firm in a professional capacity for the Company and such Director or firm shall be entitled to remuneration for professional services as if such Director were not a Director.

80. Subject to Article 81, a Director of the Company may be or become a director or other officer of or otherwise interested in any company promoted by the Company or in which the Company may be interested as Member or otherwise, and no such Director shall be accountable to the Company for any remuneration or other benefits received by such Director as a director or officer of, or from his or her interest in, such other company.

81. In addition to any further restrictions set forth in these Articles, no Person shall be disqualified from the office of Director or prevented by such office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any contract or transaction entered into by or on behalf of the Company in which any Director shall be in any way interested (each, an “Interested Transaction”) be or become liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such Interested Transaction by reason of such Director holding office or of the fiduciary relation thereby established, and any such director may vote at a meeting of directors on any resolution concerning a matter in which that director has an interest (and if he votes his vote shall be counted) and shall be counted towards a quorum of those present at such meeting, in each case so long as the material facts of the interest of each Director in the agreement or transaction and his interest in or relationship to any other party to the agreement or transaction are disclosed in good faith to and are known by the other Directors. A general notice or disclosure to the Directors or otherwise contained in the minutes of a meeting or a written resolution of the directors or any committee thereof that a Director is a member of any specified firm or company and is to be regarded as interested in any transaction with such firm or company shall be sufficient disclosure under this Article.

82. The Directors shall cause minutes to be made in books kept for the purpose of all appointments of officers made by the Directors, all proceedings at meetings of the Company or the holders of any series of Shares and of the Directors, and of committees of the Board of Directors, including the names of the Directors present at each meeting.

83. Subject to these Articles, the Board of Directors may establish an Audit Committee and Compensation Committee, and approve the delegation of any of their powers to any committee consisting of one or more Directors, provided that each of the Series A Director and the Series B1 Director shall be appointed as a member of such committee, except for any audit committee which will be formed upon the closing of an IPO. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. In the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another Director to act at the meeting in the place of the absent or disqualified member if such other Director’s appointment is approved or ratified by the Board of Directors.
84. Any committee, to the extent allowed by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Company. Each committee shall keep regular minutes and report to the Board of Directors when required. Subject to these Articles, the proceedings of a committee of the Board of Directors shall be governed by the Articles regulating the proceedings of the Board of Directors, so far as they are capable of applying.

85. The Board of Directors may also, with prior consent of the Series A Director and the Series B1 Director, delegate to any managing Director or any Director holding any other executive office such of their powers as they consider desirable to be exercised by such Person provided that the appointment of a managing Director shall be revoked forthwith if he or she ceases to be a Director. Any such delegation may be made subject to any conditions the Board of Directors, with prior consent of the Series A Director and the Series B1 Director, may impose, and either collaterally with or to the exclusion of their own powers and may be revoked or altered.

86. Subject to these Articles, the Directors may by power of attorney or otherwise appoint any company, firm, Person or body of Persons, whether nominated directly or indirectly by the Directors, to be the attorney or authorised signatory of the Company for such purpose and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such powers of attorney or other appointment may contain such provisions for the protection and convenience of Persons dealing with any such attorneys or authorised signatories as the Directors may think fit and may also authorise any such attorney or authorised signatory to delegate all or any of the powers, authorities and discretions vested in him or her.

87. Subject to these Articles, the Directors may appoint such officers as they consider necessary on such terms, at such remuneration and to perform such duties, and subject to such provisions as to disqualification and removal as the Directors may think fit. Unless otherwise specified in the terms of an officer’s appointment, an officer may be removed by resolution of the Directors or Members.

88. There is no minimum shareholding required to be held by a Director.

NO MINIMUM SHAREHOLDING
89. The remuneration to be paid to the Directors, if any, shall be such remuneration as determined by the Board (including the consent of the Series A Director and the Series B1 Director). The Director who is not an employee of any Group Company shall also be entitled to be paid all reasonable travelling, hotel and other out-of-pocket expenses properly incurred by them in connection with their attendance at meetings of the Board of Directors or committees of the Board of Directors, or general meetings of the Company, or separate meetings of the holders of any series of Shares or debentures of the Company, or otherwise in connection with the business of the Company.

90. The Directors may by resolution of the majority of the Board (including the consent of the Series A Director and the Series B1 Director) approve additional remuneration to any Director for any services other than his or her ordinary routine work as a Director. Any fees paid to a Director who is also counsel or solicitor to the Company, or otherwise serves it in a professional capacity shall be in addition to his or her remuneration as a Director.

91. The Company may, if the Directors so determine, have a Seal. The Seal shall only be used by the authority of the Directors or of a committee of the Board of Directors authorised by the Board of Directors. Every instrument to which the Seal has been affixed shall be signed by at least one Person who shall be either a Director or some officer or other Person appointed by the Directors for the purpose.

92. The Company may have for use in any place or places outside the Cayman Islands a duplicate Seal or Seals each of which shall be a facsimile of the common Seal of the Company and, if the Directors so determine, with the addition on its face of the name of every place where it is to be used.

93. A Director or officer, representative or attorney of the Company may without further authority of the Directors affix the Seal over his or her signature alone to any document of the Company required to be authenticated by him or her under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

94. Subject to the Statute and these Articles, the Directors may declare dividends and distributions on Shares in issue and authorise payment of the dividends or distributions out of the assets of the Company lawfully available therefor. No dividend or distribution shall be paid except out of the realised or unrealised profits of the Company, or out of the share premium account or as otherwise permitted by the Statute.

95. All dividends and distributions shall be declared and paid according to the provisions of Articles 8 and 9.
96. The Directors may deduct from any dividend or distribution payable to any Member all sums of money (if any) then payable by such Member to the Company on account of calls or otherwise.

97. Subject to the provisions of Articles 8 and 9, the Directors may declare that any dividend or distribution be paid wholly or partly by the distribution of specific assets and in particular of shares, debentures or securities of any other company or in any one or more of such ways and where any difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient and in particular may issue fractional Shares and fix the value for distribution of such specific assets or any part thereof and may determine that cash payments shall be made to any Members upon the basis of the value so fixed in order to adjust the rights of all Members and may vest any such specific assets in trustees as may seem expedient to the Directors.

98. Any dividend, distribution, interest or other monies payable in cash in respect of Shares may be paid by wire transfer to the holder or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of the holder who is first named on the Register of Members or to such Person and to such address as such holder or joint holders may in writing direct. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent. Any one of two or more joint holders may give effectual receipts for any dividends, bonuses or other monies payable in respect of the Share held by them as joint holders.

99. No dividend or distribution shall bear interest against the Company, except as expressly provided in these Articles.

100. Any dividend that cannot be paid to a Member and/or that remains unclaimed after six (6) months from the date of declaration of such dividend may, in the discretion of the Directors, be paid into a separate account in the Company’s name, provided that the Company shall not be constituted as a trustee in respect of that account and the dividend shall remain as a debt due to the Member. Any dividend that remains unclaimed after a period of six (6) years from the date of declaration of such dividend shall be forfeited and shall revert to the Company.

**CAPITALIZATION**

101. Subject to these Articles, including but not limited to Article 8, the Directors may capitalise any sum standing to the credit of any of the Company’s reserve accounts (including share premium account and capital redemption reserve fund) or any sum standing to the credit of profit and loss account or otherwise available for distribution and to appropriate such sum to Members in the proportions in which such sum would have been divisible amongst them had the same been a distribution of profits by way of dividend as set forth in Articles 8 and 9 hereof and to apply such sum on their behalf in paying up in full unissued Shares for allotment and distribution credited as fully paid-up to and amongst them in the proportion aforesaid. In such event, the Directors shall do all acts and things required to give effect to such capitalization, with full power to the Directors to make such provisions as they think fit for the case of Shares becoming distributable in fractions (including provisions whereby the benefit of fractional entitlements accrue to the Company rather than to the Members concerned). The Directors may authorise any Person to enter on behalf of all of the Members interested into an agreement with the Company providing for such capitalization and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.
102. The Directors shall cause proper books of account to be kept at such place as they may from time to time designate with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company’s affairs and to explain its transactions. The Directors shall from time to time determine whether and to what extent and at what times and places, and under what conditions or regulations, the accounts and books of the Company or any of them shall be open to inspection of Members not being Directors and no such Member shall have any right of inspecting any account or book or document of the Company except as conferred by the Statute or authorized by the Directors or the Company in general meeting or in a written agreement binding on the Company. The Company shall cause all books of account to be maintained for a minimum period of five years from the date on which they were prepared.

103. The Directors may from time to time cause to be prepared and to be laid before the Company in general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

AUDIT

104. Subject to Article 8.5(B), the Directors may appoint an Auditor of the Company who shall hold office until removed from office by a resolution of the Directors, and may fix the Auditor’s remuneration.

105. Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanation as may be necessary for the performance of the duties of the Auditor.

106. Auditors shall, if so required by the Directors, make a report on the accounts of the Company during their tenure of office at the next annual general meeting following their appointment in the case of a company that is registered with the Registrar of Companies as an ordinary company, and at the next extraordinary general meeting following their appointment in the case of a company that is registered with the Registrar of Companies as an exempted company and at any other time during their term of office, upon request of the Directors or any general meeting of the Members.

NOTICES

107. Except as otherwise provided in these Articles, notices shall be in writing. Notice may be given by the Company to any Member or Director either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to such Member or Director (as the case may be) or to the address of such Member or Director as shown in the Register of Members or the Register of Directors (as the case may be) (or where the notice is given by electronic mail by sending it to the electronic mail address provided by such Member or Director).
108. Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a confirmation of delivery, and to have been effected at the earlier of (i) delivery (or when delivery is refused) and (ii) expiration of two (2) Business Days after the letter containing the same is sent as aforesaid. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid, if such day is a Business Day and if sent during normal business hours of the recipient, otherwise the next Business Day.

109. A notice may be given by the Company to the Person or Persons that the Company has been advised are entitled to a Share or Shares in consequence of the death or bankruptcy of a Member in the same manner as other notices that are required to be given under these Articles and shall be addressed to them by name, or by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description at the address supplied for that purpose by the Persons claiming to be so entitled, or at the option of the Company, by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

110. Notice of every general meeting shall be given in any manner hereinbefore authorised to every Person shown as a Member in the Register of Members on the record date for such meeting except that in the case of joint holders the notice shall be sufficient if given to the joint holder first named in the Register of Members and every Person upon whom the ownership of a Share devolves by reason of his or her being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his or her death or bankruptcy would be entitled to receive notice of the meeting, and no other Person shall be entitled to receive notices of general meetings.

111. Whenever any notice is required by law or these Articles to be given to any Director, member of a committee or Member, a waiver thereof in writing, signed by the Person or Persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

WINDING UP

112. If the Company shall be wound up, assets available for distribution amongst the Members shall be distributed, in accordance with Articles 8 and 9.

113. If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Statute, divide amongst the Members in kind the whole or any part of the assets of the Company (whether they shall consist of property of the same kind or not) and may for that purpose value any assets and, subject to Articles 8 and 9, determine how the division shall be carried out as between the Members or different classes of Members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the Members as the liquidator, with the like sanction, shall think fit, but so that no Member shall be compelled to accept any asset upon which there is a liability.
INDEMNITY

114. To the maximum extent permitted by applicable law, the Directors and officers for the time being of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and their heirs, executors, administrators and personal representatives respectively shall be indemnified out of the assets of the Company from and against all actions, proceedings, costs, charges, losses, damages and expenses that they or any of them shall or may incur or sustain by reason of any act done or omitted in or about the execution of their duty in their respective offices or trusts, except such (if any) as they shall incur or sustain by or through their own fraud or dishonesty, and no such Director or officer or trustee shall be answerable for the acts, receipts, neglects or defaults of any other Director or officer or trustee or for joining in any receipt for the sake of conformity or for the solvency or honesty of any banker or other Persons with whom any monies or effects belonging to the Company may be lodged or deposited for safe custody or for any insufficiency of any security upon which any monies of the Company may be invested or for any other loss or damage due to any such cause as aforesaid or which may happen in or about the execution of his or her office or trust unless the same shall happen through the fraud or dishonesty of such Director or officer or trustee. Except with respect to proceedings to enforce rights to indemnification pursuant to this Article, the Company shall indemnify any such indemnitee pursuant to this Article in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors (including the Series A Director and the Series B1 Director). The right to indemnification conferred in this Article shall include the right to be paid by the Company the expenses incurred in defending any such proceeding in advance of its final disposition to the maximum extent provided by, and subject to the requirements of, applicable law, so long as the indemnitee agrees with the Company to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this Article.

115. To the maximum extent permitted by applicable law, the Directors and officers for the time being of the Company and any trustee for the time being acting in relation to any of the affairs of the Company and their heirs, executors, administrators and personal representatives respectively shall not be personally liable to the Company or its Members for monetary damages for breach of their duty in their respective offices, except such (if any) as they shall incur or sustain by or through their own fraud or dishonesty respectively.

FINANCIAL YEAR

116. Subject to Article 8.5(B), unless the Directors otherwise prescribe, the financial year of the Company shall end on the 31st of December in each year and, following the year of incorporation, shall begin on the 1st of January in each year.
117. If the Company is exempted as defined in the Statute, it shall, subject to the provisions of the Statute and with the approval of a Special Resolution and the written consents of the Series A Majority and the Series B Majority, have the power to register by way of continuation as a body corporate under the laws of any jurisdiction outside the Cayman Islands and to be deregistered in the Cayman Islands.

DRAG ALONG RIGHTS

118. At any time from the Series B1 Closing and prior to a Qualified IPO, if (i) the Series A Majority, (ii) the Series B Majority and (iii) holders representing a majority of the Ordinary Shares (together as the “Drag Holders”) propose to enter into a transaction or a series of transactions that constitute a Share Sale or a Deemed Liquidation Event (the “Drag-Along Sale”) with any Person (the “Offeror”) provided that such proposed Drag-Along Sale implies a sale price per Share no less than two (2) times the Series B1 Issue Price (as adjusted for share splits, share dividends, combinations, recapitalizations and similar events), the Drag Holders may, at their option, by delivery of a written notice (the “Drag-Along Notice”), require all of the other Members, including Principals and Principal Holding Companies, (the “Dragged Holders”) to, and whereupon each Dragged Holder shall:

(i) sell, at the same time as the Drag Holders sell to the Offeror, in the Drag-Along Sale, all of its Equity Securities of the Company or the same percentage of its Equity Securities of the Company as the Drag Holders sell, upon substantially the same terms and conditions as were agreed to by the Drag Holders; provided, however, that such terms and conditions, including with respect to price paid or received per Equity Security of the Company, may differ as between different classes of Equity Securities of the Company in accordance with their relative liquidation preferences as set forth in Article 8.2 and provided further that some Members may be given the right or opportunity to exchange or roll a portion of their Equity Securities of the Company for Equity Securities of the acquirer or an Affiliate thereof in the Drag-Along Sale but in such event there shall be no obligation to afford such right or opportunity to all of the Members (provided further that, if such right is given to any Member, it shall also be offered to all the holders of Preferred Shares);

(ii) vote all of its Equity Securities of the Company (a) in favor of such Drag-Along Sale, (b) against any other consolidation, recapitalization, amalgamation, merger, sale of securities, sale of assets, business combination, or transaction that would interfere with, delay, restrict, or otherwise adversely affect such Drag-Along Sale, and (c) against any action or agreement that would result in a breach of any covenant, representation or warranty or any other obligation or agreement of the Company under the definitive agreement(s) related to such Drag-Along Sale or that could result in any of the conditions to the closing obligations under such agreement(s) not being fulfilled, and, in connection therewith, to be present (in person or by proxy) at all relevant meetings of the Members (or adjournments thereof) or to approve and execute all relevant written consents in lieu of a meeting;
(iii) not exercise any dissenters’ or appraisal rights under applicable law with respect to such Drag-Along Sale;

(iv) take all necessary actions in connection with the consummation of such Drag-Along Sale as reasonably requested by the Drag Holders, including but not limited to the execution and delivery of any share transfer or other agreements prepared in connection with such Drag-Along Sale, and the delivery, at the closing of such Drag-Along Sale involving a sale of Shares, of all certificates representing Shares held or controlled by such Member, duly endorsed for transfer or accompanied by a duly executed share transfer form, or affidavits and indemnity undertakings with respect to lost certificates; and

(v) approve any restructuring of the Company in connection with such Drag-Along Sale, as and if reasonably requested by the Drag Holders.

In any such Drag-Along Sale, (i) each such Dragged Holder shall make representations and warranties regarding such holder’s title to and ownership of the Shares, due authorization, enforceability, no violation or breach of or default by such Dragged Holder under (with or without the giving of notice or lapse of time or both) any law or regulation applicable to such Dragged Holders or any material contract to which such Dragged Holder is a party or by which it is bound as a result of such Dragged Holder participating in the Drag-Along Sale, obtaining all requisite Consents (as defined in the Shareholders Agreement) in connection with the Drag-Along Sale, to the extent that such Consents (as defined in the Shareholders Agreement) can be obtained without incurring significant expenses, (ii) each such Dragged Holder shall bear a proportionate share (based on the relative proceeds received in such transaction) of the Drag Holder’s reasonable and documented fees and expenses incurred in the Drag Along Sale transaction, including legal, accounting and investment banking fees and expenses, and if approved by such Dragged Holder, deducting such fees and expenses from the proceeds payable to such Dragged Holder, and (iii) each such Dragged Holder shall severally, not jointly, join on a pro rata basis (based upon the relative proceeds received in such transaction) in any indemnification or other obligations that are part of the terms and conditions of such Drag-Along Sale (other than those that relate specifically to a particular Member, such as indemnification with respect to representations and warranties given by such Member regarding such Member’s title to and ownership of Shares, due authorization, enforceability, and no conflicts, which shall instead be given solely by such Member). In no event shall a holder of Preferred Shares be required to (x) assume any obligations in connection with the Drag-Along Sale other than any customary obligations (which, for the avoidance of doubt, shall not include any non-compete provisions, non-solicitation provisions, exclusivity provisions or other restriction on the business of such holder of Preferred Shares or its Affiliates); or (y) be liable for the inaccuracy of any representation, warranty or covenant made by, or any obligation of, any other party to the Drag-Along Sale, other than the Company.

119. In the event that any such Dragged Holder fails for any reason to take any of the foregoing actions under Article 118 following the Drag-Along Notice, such Member hereby grants an irrevocable power of attorney and proxy to any Director to take all necessary actions and execute and deliver all documents deemed by such Director to be reasonably necessary to effectuate the terms hereof.
120. The proceeds from any Drag-Along Sale shall be distributed in accordance with the terms of Article 8.2(A). Each of the Members hereby agrees and shall procure that the Offeror shall distribute the proceeds of such Drag-Along Sale to the Members in accordance with this Article 120.

121. Sections 8 through 13 of the Shareholders Agreement shall not apply in connection with a Drag-Along Sale, notwithstanding anything contained to the contrary in the Shareholders Agreement.
THIRD AMENDED AND RESTATED SHAREHOLDERS' AGREEMENT

THIS THIRD AMENDED AND RESTATED SHAREHOLDERS AGREEMENT (this “Agreement”) is entered into on April 27, 2018 (the “Effective Date”), by and among:

1. Qtech Ltd., a company organized under the Laws of Cayman Islands (the “Company”),
2. InfoUniversal Limited, a company organized under the Laws of Hong Kong (the “HK Company”),
3. Shanghai Quyun Internet Technology Co., Ltd. (上海趣蕴网络科技有限公司), a wholly foreign-owned enterprise incorporated under the Laws of the PRC and a wholly owned subsidiary of the HK Company (the “WFOE”),
4. Shanghai Jifen Culture Communications Co., Ltd. (上海基分文化传播有限公司), a limited liability company incorporated under the Laws of the PRC (“Jifen”),
5. Shanghai Xike Information Technology Service Co., Ltd. (上海溪客信息技术服务有限公司), a limited liability company incorporated under the Laws of the PRC (“Xike”),
6. Shanghai Tuile Information Technology Service Co., Ltd. (上海推乐信息技术服务有限公司), a limited liability company incorporated under the Laws of the PRC (“Tuile”),
7. Anhui Zhangduan Internet Technology Co., Ltd. (安徽掌端网络科技有限公司), a limited liability company incorporated under the Laws of the PRC (“Zhangduan”),
8. Beijing Qukandian Internet Technology Co., Ltd. (北京趣看点网络科技有限公司), a limited liability company incorporated under the Laws of the PRC (“Qukandian”, together with “Jifen”, “Xike”, “Tuile” and “Zhangduan”, the “Domestic Companies”),
9. Shanghai Dian Guan Network Technology Co., Ltd. (上海点冠网络科技有限公司), a limited liability company incorporated under the Laws of the PRC (“Dian Guan”),
10. the individuals listed on Schedule A attached hereeto (each, a “Principal” and collectively, the “Principals”),
11. the holding companies listed on Schedule A attached hereto owned by such individuals (each, a “Principal Holding Company” and collectively, the “Principal Holding Companies”),
12. each Person listed on Part A of Schedule B hereto (each, a “Series A Investor” and collectively, the “Series A Investors”),
13. each Person listed on Part B of Schedule B hereto (the “Series A1 Investor”),
14. the Person listed on Part C of Schedule B hereto (the “Series B1 Investor”);
15. each Person listed on Part D of Schedule B hereto (each, a “Series B2 Investor” and collectively, the “Series B2 Investors”);

Shareholders' Agreement
16. each Person listed on Part E of Schedule B hereto (each, a “Series B3 Investor” and collectively, the “Series B3 Investors”); and
17. each Person listed on Part F of Schedule B hereto (each, an “Ordinary Shareholder” and collectively, the “Ordinary Shareholders”).

Each of the parties to this Agreement is referred to herein individually as a “Party” and collectively as the “Parties”. Capitalized terms used herein without definition shall have the meanings set forth in the Series B3 Share Purchase Agreement (as defined below).

RECITALS

A. The Company owns 100% interest in the HK Company. The HK Company owns 100% interest in the WFOE, which in turn Controls the Domestic Company by a Captive Structure. The WFOE also owns 100% interest in Dian Guan.

B. The Domestic Companies and Dian Guan are engaged in operation of mobile content aggregation platforms under the name of “趣头条” and “趣多拍” or otherwise and related advertising platforms (the “Business”). The Company seeks expansion capital to grow the Business and, correspondingly, seeks to secure an investment from the Investors, on the terms and conditions set forth herein.

C. The Series A Investors (except xInternet Limited) have agreed to purchase from the Company, and the Company has agreed to sell to the Series A Investors (except xInternet Limited), certain Series A Preferred Shares (as defined below) of the Company on the terms and conditions set forth in the Series A Preferred Share Purchase Agreement dated September 8, 2017 by and among the Company, the Principals, the Principal Holding Company, the HK Company, the Domestic Companies and the Series A Investors (except xInternet Limited) (the “Series A Share Purchase Agreement”).

D. The Shareholders’ Agreement dated October 13, 2017 has been entered into by and among the Company, the Principals, the Principal Holding Company, the HK Company, the WFOE, the Domestic Companies, the Series A Investors (the “Series A Shareholders Agreement”).

E. xInternet Limited has agreed to purchase from CW_toutiao Limited, and CW_toutiao Limited has agreed to sell to xInternet Limited, 225,275 Series A Preferred Shares of the Company on the terms and conditions set forth in the Share Purchase Agreement dated November 12, 2017 by and between xInternet Limited and CW_toutiao Limited.

F. The Series A1 Investor has agreed to purchase from the Company, and the Company has agreed to sell to the Series A1 Investor, certain Series A1 Preferred Shares (as defined below) of the Company on the terms and conditions set forth in the Series A1 Preferred Share Purchase Agreement dated October 14, 2017 by and among the Company, the Principals, the Principal Holding Company, the HK Company, the WFOE, the Domestic Companies and the Series A1 Investor (the “Series A1 Share Purchase Agreement”).

G. The Amended and Restated Shareholders’ Agreement dated November 14, 2017 has been entered into by and among the Company, the Principals, the Principal Holding Company, the HK Company, the WFOE, the Domestic Companies, the Series A Investors and the Series A1 Investor (the “Series A1 Shareholders Agreement”).

2 Shareholders’ Agreement
H. The Series B1 Investor has agreed to purchase from the Company, and the Company has agreed to sell to the Series B1 Investor, certain Series B1 Preferred Shares (as defined below) of the Company on the terms and conditions set forth in the Series B1 Preferred Share Purchase Agreement dated March 4, 2018 by and among the Company, the Principals, the Principal Holding Company, the HK Company, the Domestic Companies, Dian Guan and the Series B1 Investor (the “Series B1 Share Purchase Agreement”).

I. The Second Amended and Restated Shareholders’ Agreement dated March 8, 2018 has been entered into by and among the Company, the Principals, the Principal Holding Company, the HK Company, the WFOE, the Domestic Companies, the Series A Investors, the Series A1 Investor and the Series B1 Investor (the “Series B1 Shareholders Agreement”).

J. The Series B2 Investors has agreed to purchase from the Company, and the Company has agreed to sell to the Series B2 Investors, certain Series B2 Preferred Shares (as defined below) of the Company on the terms and conditions set forth in the Series B2 Preferred Share Purchase Agreement dated March 8, 2018 by and among the Company, the Principals, the Principal Holding Company, the HK Company, the Domestic Companies, Dian Guan and the Series B2 Investors (the “Series B2 Share Purchase Agreement”) and the Series B2 Investors (except Shanghai Shanghai ChuangVest Venture Investment Partnership(Limited Partnership) ("Shanghai CC")) have joined the Series B1 Shareholders Agreement through the respective Joinder Deeds dated March 12, 2018.

K. The Series B3 Investors have agreed to purchase from the Company, and the Company has agreed to sell to the Series B3 Investors, certain Series B3 Preferred Shares (as defined below) of the Company on the terms and conditions set forth in the Series B3 Preferred Share Purchase Agreement dated April 19, 2018 by and among the Company, the Principals, the Principal Holding Company, the HK Company, the Domestic Companies, Dian Guan and the Series B3 Investors (the “Series B3 Share Purchase Agreement”).

L. Shanghai CC has agreed to exercise the Warrant issued by the Company dated March 8, 2018 to purchase certain Series B2 Preferred Shares of the Company and to enter into and be bound by this Agreement as a Series B2 Investor.

M. The Series B3 Share Purchase Agreement provides that the execution and delivery of this Agreement shall be a condition precedent to the consummation of the transactions contemplated under the Series B3 Share Purchase Agreement, and this Agreement shall replace and supersede the Series B1 Shareholders Agreement in its entirety.

N. The Investors desire to enter into this Agreement and to accept the rights, covenants and obligations hereof.

O. The Parties desire to enter into this Agreement and make the respective representations, warranties, covenants and agreements set forth herein on the terms and conditions set forth herein.

3 Shareholders’ Agreement
NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties intending to be legally bound hereby agree as follows:

1. Definitions.

   1.1 The following terms shall have the meanings ascribed to them below:

   “Accounting Standards” means generally accepted accounting principles in the United States or PRC, as applicable, applied on a consistent basis.

   “Affiliate” means, (a) with respect to a Person other than a natural person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person, and (b) in the case of a natural person, any other Person that is directly or indirectly Controlled by such a Person or is a Relative of such Person; provided that the Company and its Subsidiaries shall be deemed not to be Affiliates of the Investors. In the case of an Investor, where applicable, the term “Affiliate” also includes (v) any Controlling shareholder of such Investor, (w) any of such Controlling shareholder’s or Investors’ general partners, (x) the fund manager managing such Controlling shareholder or Investor (and general partners and key officers who Controls, or acts as a position of fund partner of, such Investor or its Affiliates thereof) and other funds managed by such fund manager, and (y) trusts controlled by or for the benefit of any such Person referred to in (v), (w) or (x).

   “Applicable Securities Laws” means (i) with respect to any offering of securities in the United States, or any other act or omission within that jurisdiction, the securities laws of the United States, including the Exchange Act and the Securities Act, and any applicable Law of any state of the United States, and (ii) with respect to any offering of securities in any jurisdiction other than the United States, or any related act or omission in that jurisdiction, the applicable Laws of that jurisdiction.

   “Associate” means, with respect to any Person, (1) a corporation or organization (other than the Group Companies) of which such Person is an officer or partner or is, directly or indirectly, the record or beneficial owner of five percent (5%) or more of any class of Equity Securities of such corporation or organization, (2) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, or (3) any Relative of such Person and of such Person’s spouse.

   “Auditor” means the Person for the time being performing the duties of auditor of the Company or Jifen (as the case may be).

   “Board” or “Board of Directors” means the board of directors of the Company.

   “Business Day” means any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by law to be closed in the Cayman Islands, the United States, Hong Kong or the PRC.

   “Captive Structure” means the structure under which the WFOE Controls Jifen through the Control Documents.

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Shareholders’ Agreement
“Charter Documents” means, with respect to a particular legal entity, the articles of incorporation, certificate of incorporation, formation or registration (including, if applicable, certificates of change of name), memorandum of association, articles of association, bylaws, articles of organization, limited liability company agreement, trust deed, trust instrument, operating agreement, joint venture agreement, business license, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity.

“Chengwei” means CW Toutiao Limited, a company incorporated under the laws of the Hong Kong, and its successors, permitted assignees and transferees.

“CMC” means CMC Queen Holdings Limited, a company incorporated under the laws of the Cayman Islands, and its successors, permitted assignees and transferees.

“Circular 37” means the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and Round Trip Investment via Special Purpose Companies issued by SAFE on July 4, 2014.


“Commission” means (i) with respect to any offering of securities in the United States, the Securities and Exchange Commission of the United States or any other federal agency at the time administering the Securities Act, and (ii) with respect to any offering of securities in a jurisdiction other than the United States, the regulatory body of the jurisdiction with authority to supervise and regulate the offering or sale of securities in that jurisdiction.

“Convertible Securities” means any indebtedness, shares or other securities directly or indirectly convertible into or exchangeable for Ordinary Shares.

“Consent” means any consent, approval, authorization, release, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to, any Person, including any Governmental Authority.

“Control” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by Contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors of such Person. The terms “Controlled” and “Controlling” have meanings correlative to the foregoing.

“Control Documents” has the meaning set forth in the Series B3 Share Purchase Agreement.

“Current ESOP” means (i) the 2017 Equity Incentive Plan of the Company duly adopted by the Company on February 15, 2018, with a total number of 10,000,000 Ordinary Shares of the Company (the “2017 ESOP”), thereinto 9,500,000 to be granted or awarded in accordance with such 2017 ESOP and are currently held by Qu World Limited, a wholly owned subsidiary and nominee of the trustee for a trust established for the benefit of the grantees or participants under the 2017 ESOP (the “Trust”), and 500,000 Ordinary Shares had been vested and issued to certain participants under the 2017 Plan. And (ii) the 2018 Equity Incentive Plan duly adopted by the Company on February 25, 2018, with a maximum number of 2,964,141 Ordinary Shares of the Company (the “2018 ESOP”) to be granted or awarded under such 2018 ESOP, all of which have been reserved and allocated in the share capital of the Company.

5 Shareholders’ Agreement
“Deemed Liquidation Event” means any of the following events:

(1) any consolidation, amalgamation, scheme of arrangement or merger of any Group Company with or into any other Person or other reorganization in which the members or shareholders of such Group Company immediately prior to such consolidation, amalgamation, merger, scheme of arrangement or reorganization own less than fifty percent (50%) of such Group Company’s voting power in the aggregate immediately after such consolidation, merger, amalgamation, scheme of arrangement or reorganization, or any transaction or series of related transactions to which such Group Company is a party or a target in which in excess of fifty percent (50%) of such Group Company’s voting power is transferred (a “Change of Control”); provided that the foregoing shall not include a bona fide equity financing of any Group Company through issuance of Equity Securities of any Group Company; provided further, that no shareholder of the Company or the Company shall circumvent or otherwise avoid the liquidation preference provisions set forth in the Charter Documents of the Company or the intent thereof by structuring a Change of Control as an equity financing but which in substance is a Change of Control; for the avoidance of doubt, Xike, Tuile, Zhangduan and Qukandian shall not be deemed as a “Group Company” for the purpose of this definition, provided that Jifen has not transferred and will not transfer any Equity Securities, material business or assets of any of them;

(2) a sale, transfer, lease or other disposition of all or substantially all of the assets of any Group Company (or any series of related transactions resulting in such sale, transfer, lease or other disposition of all or substantially all of the assets of such Group Company); or

(3) the exclusive, irrevocable licensing of all or substantially all of any Group Company’s intellectual property to a third party.

“Director” means a director serving on the Board.

“Equity Securities” means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, partnership interest, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, senior or pari passu, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing (whether or not such derivative securities have actually been issued by such Person), or any Contract providing for the acquisition of any of the foregoing.


“Form F-3” means Form F-3 promulgated by the Commission under the Securities Act or any successor form or substantially similar form then in effect.

“Form S-3” means Form S-3 promulgated by the Commission under the Securities Act or any successor form or substantially similar form then in effect.

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Shareholders’ Agreement
“Governmental Authority” means any government of any nation or any federation, province or state or any other political subdivision thereof, any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the PRC or any other country, or any political subdivision thereof (including any entity or enterprise owned or controlled by a government), any court, tribunal or arbitrator, any public international organization and any self-regulatory organization.

“Governmental Order” means any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority.

“Group Company” means each of the Company, the HK Company, the WFOE, Dian Guan and the Domestic Companies, together with each Subsidiary of any of the foregoing, and “Group” refers to all of the Group Companies collectively.

“Holders” means the holders of Registrable Securities who are parties to this Agreement from time to time, and their permitted transferees that become parties to this Agreement from time to time.

“Hong Kong” means the Hong Kong Special Administrative Region of the People’s Republic of China.

“Indebtedness” of any Person means, without duplication, actual or contingent obligations in respect of each of the following of such Person: (i) all indebtedness for borrowed money, (ii) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business), (iii) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (iv) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced that are incurred in connection with the acquisition of properties, assets or businesses, (v) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (vi) all obligations that are capitalized in accordance with Accounting Standards, (vii) all obligations under banker’s acceptance, letter of credit or similar facilities, (viii) all obligations to purchase, redeem, retire, defease or otherwise acquire for value any Equity Securities of such Person, (ix) all obligations in respect of any interest rate swap, hedge or cap agreement, and (x) all guarantees issued in respect of the Indebtedness referred to in clauses (i) through (ix) above of any other Person, but only to the extent of the Indebtedness guaranteed.

“Indemnification Agreement” has the meaning given to such term in the Series B1 Share Purchase Agreement.

“Information Rights Holder” means a holder of any Preferred Shares.

“Initiating Holders” means, with respect to a request duly made under Section 2.1 or Section 2.2 to Register any Registrable Securities, the Holders initiating such request.
“Intellectual Property” means any and all (i) patents, patent rights and applications therefor and reissues, reexaminations, continuations, continuations-in-part, divisions, and patent term extensions thereof, (ii) inventions (whether patentable or not), discoveries, improvements, concepts, innovations, utility models and industrial models, (iii) registered and unregistered copyrights, copyright registrations and applications, mask works and registrations and applications therefor, author’s rights and works of authorship (including artwork, software, computer programs, source code, object code and executable code, firmware, development tools, files, records and data, and related documentation), (iv) URLs, web sites, web pages and any part thereof, (v) technical information, know-how, trade secrets, drawings, designs, design protocols, specifications, proprietary data, customer lists, databases, proprietary processes, technology, formulae, and algorithms and other intellectual property, (vi) trade names, trade dress, trademarks, domain names, service marks, logos, business names, and registrations and applications therefor, and (vii) the goodwill symbolized or represented by the foregoing and any similar rights situated in any country and the benefit (subject to the burden) of any of the foregoing (in each case whether registered or unregistered and including applications for the grant of any of the foregoing and the right to apply for any of the foregoing in any part of the world).

“IPO” means the first firm underwritten registered public offering by the Company of its Ordinary Shares pursuant to a Registration Statement that is filed with and declared effective by either the Commission under the Securities Act or another Governmental Authority for a public offering in a jurisdiction other than the United States.

“Law” or “Laws” means any and all provisions of any applicable constitution, treaty, statute, law, regulation, ordinance, code, rule, or rule of common law, any governmental approval, concession, grant, franchise, license, agreement, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, in each case as amended, and any and all applicable Governmental Orders.

“Liabilities” means, with respect to any Person, all liabilities, obligations, Indebtedness and commitments of such Person of any nature, accrued, absolute, contingent or otherwise, due or to become due, liquidated or unliquidated, and whether or not of a nature required to be disclosed in the accounts of any Person.

“Lien” means any claim, charge, easement, encumbrance, lease, covenant, security interest, lien, option, pledge, rights of others, or restriction (whether on voting, sale, transfer, disposition or otherwise), whether imposed by Contract, understanding, law, equity or otherwise.

“Memorandum and Articles” means the Fourth Amended and Restated Memorandum of Association of the Company and the Fourth Amended and Restated Articles of Association of the Company, as each may be amended and/or restated from time to time.

“Ordinary Share Equivalents” means any Equity Security which is by its terms convertible into or exchangeable or exercisable for Ordinary Shares or other share capital of the Company, including without limitation, the Preferred Shares.
“Ordinary Shares” means the Company’s ordinary shares, par value US$0.0001 per share.

“Person” means any individual, sole proprietorship, partnership, limited partnership, limited liability company, firm, joint venture, estate, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or governmental or regulatory authority or other enterprise or entity of any kind or nature.

“PRC” means the People’s Republic of China, but solely for the purposes of this Agreement, excluding Hong Kong, the Macau Special Administrative Region and the islands of Taiwan.

“Preferred Shares” means the Series A Preferred Shares, the Series A1 Preferred Shares, the Series B1 Preferred Shares, the Series B2 Preferred Shares and the Series B3 Preferred Shares.

“Public Official” means any executive, official, or employee of a Governmental Authority, political party or member of a political party, political candidate; executive, employee or officer of a public international organization; or director, officer or employee or agent of a wholly owned or partially state-owned or controlled enterprise, including a PRC state-owned or controlled enterprise.

“Qualified IPO” has the meaning given to such term in the Memorandum and Articles.


“Registrable Securities” means (i) the Ordinary Shares issued or issuable upon conversion of the Preferred Shares, (ii) any Ordinary Shares of the Company issued or issuable as a dividend or other distribution with respect to, in exchange for, or in replacement of, the shares referenced in (i) herein, and (iii) any Ordinary Shares owned or hereafter acquired by the Investors; excluding in all cases, however, any of the foregoing sold by a Person in a transaction other than an assignment pursuant to Section 20.4. For purposes of this Agreement, Registrable Securities shall cease to be Registrable Securities when such Registrable Securities have been disposed of pursuant to an effective Registration Statement.

“Registration” means a registration effected by preparing and filing a Registration Statement and the declaration or ordering of the effectiveness of that Registration Statement; and the terms “Register” and “Registered” have meanings concomitant with the foregoing.

“Registration Statement” means a registration statement prepared on Form F-1, F-3, S-1, or S-3 under the Securities Act, or on any comparable form in connection with registration in a jurisdiction other than the United States.

“Related Party” means any Affiliate, officer, director, supervisory board member, employee, or holder of any Equity Security of any Group Company, and any Affiliate or Associate of any of the foregoing, in each case, other than the Group Companies.

“Relative” of a natural person means the spouse of such person and any parent, step-parent, grandparent, child, step-child, grandchild, sibling, step-sibling, cousin, in-law, uncle, aunt, nephew, niece or great-grandparent of such person or spouse.
“Restricted Persons I” means persons listed in Part I of Exhibit B, which may be updated once every financial year of the Company with the consents of Mr. Tan Siliang (谭思亮), Chengwei, the Series A1 Investor and Tencent.

“Restricted Persons II” means persons as listed in Part II of Exhibit B, which may be updated once every financial year of the Company with the consents of Mr. Tan Siliang (谭思亮), Chengwei, the Series A1 Investor and Tencent.

“SAFE” means the State Administration of Foreign Exchange of the PRC.

“Securities Act” means the United States Securities Act of 1933, as amended.

“Series A Issue Price” means US$6.5520, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series A Preferred Shares.

“Series A Majority” means the holders of at least a majority of the voting power of the outstanding Series A Preferred Shares and the Series A1 Preferred Shares (voting together as a single class and on an as converted basis).

“Series A Preferred Shares” means the Series A Preferred Shares of the Company, par value US$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles of the Company.

“Series A1 Issue Price” means US$7.28, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series A1 Preferred Shares.

“Series A1 Preferred Shares” means the Series A1 Preferred Shares of the Company, par value US$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles of the Company.

“Series B Investors” means the Series B1 Investor, the Series B2 Investors and the Series B3 Investors.

“Series B Majority” means (i) the holders of at least a majority of the voting power of the outstanding Series B1 Preferred Shares, the Series B2 Preferred Shares and the Series B3 Preferred Shares (voting together as a single class and on an as converted basis) and Tencent (provided that Tencent holds a majority of the voting power of the outstanding Series B1 Preferred Shares and the Series B2 Preferred Shares (voting together as a single class and on an as converted basis)); or (ii) the holders of at least a majority of the voting power of the outstanding Series B1 Preferred Shares, the Series B2 Preferred Shares and the Series B3 Preferred Shares (voting together as a single class and on an as converted basis) provided that Tencent fails to hold a majority of the voting power of the outstanding Series B1 Preferred Shares and the Series B2 Preferred Shares (voting together as a single class and on an as converted basis).

“Series B1 Closing” shall refer to the Closing as provided in the Series B1 Share Purchase Agreement.

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“Series B1 Issue Price” means US$19.3722 as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series B1 Preferred Shares.

“Series B1 Preferred Shares” means the Series B1 Preferred Shares of the Company, par value US$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles of the Company.

“Series B2 Closing” shall refer to the Closing as provided in the Series B2 Share Purchase Agreement.

“Series B2 Issue Price” means US$23.6156 as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series B2 Preferred Shares.

“Series B2 Preferred Shares” means the Series B2 Preferred Shares of the Company, par value US$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles of the Company.

“Series B3 Closing” shall refer to the Closing as provided in the Series B3 Share Purchase Agreement.

“Series B3 Issue Price” means US$25.9772 as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to the Series B3 Preferred Shares.

“Series B3 Preferred Shares” means the Series B3 Preferred Shares of the Company, par value US$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles of the Company.

“Shareholder” means a holder of any Shares.

“Shares” means the Ordinary Shares and the Preferred Shares.

“Share Sale” means a transaction or series of related transactions in which a Person, or a group of related Persons, acquires any Equity Securities of the Company such that, immediately after such transaction or series of related transactions, such Person or group of related Persons holds Equity Securities of the Company representing more than fifty percent (50%) of the outstanding voting power of the Company.

“Subsidiary” means, with respect to any given Person, any other Person that is Controlled directly or indirectly by such given Person, at any time and from time to time.

“Tencent” means Image Flag Investment (HK) Limited, a company incorporated with limited liability under the laws of Hong Kong.

“Transaction Documents” means, and includes, the “Transaction Documents” as defined in the Series B3 Share Purchase Agreement.

“US” means the United States of America.
“United States Person” means United States person as defined in Section 7701(a)(30) of the Code.

1.2 Other Defined Terms. The following terms shall have the meanings defined for such terms in the Sections set forth below:

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1.3 Interpretation. For all purposes of this Agreement, except as otherwise expressly herein provided, (i) the terms defined in this Section 1 shall have the meanings assigned to them in this Section 1; and include the plural as well as the singular, (ii) all accounting terms not otherwise defined herein have the meanings assigned under the Accounting Standards, (iii) all references in this Agreement to designated “Sections” and other subdivisions are to the designated Sections and other subdivisions of the body of this Agreement, (iv) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, (v) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision, (vi) all references in this Agreement to designated Schedules, Exhibits and Appendices are to the Schedules, Exhibits and Appendices attached to this Agreement, (vii) references to this Agreement, any other Transaction Documents and any other document shall be construed as references to such document as the same may be amended, supplemented or novated from time to time, (viii) the term “or” is not exclusive, (ix) the term “including” will be deemed to be followed by “, but not limited to,” (x) the terms “shall,” “will,” and “agrees” are mandatory, and the term “may” is permissive, (xi) the phrase “directly or indirectly” means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning, (xii) the term “voting power” refers to the number of votes attributable to the Shares (on an as-converted basis) in accordance with the terms of the Memorandum and Articles, (xiii) the headings used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement, (xiv) references to laws include any such law modifying, re-enacting, extending or made pursuant to the same or which is modified, re-enacted, or extended by the same or pursuant to which the same is made, and (xv) all references to dollars or to “US$” are to currency of the United States of America and all references to RMB are to currency of the PRC (and each shall be deemed to include reference to the equivalent amount in other currencies).

2. Demand Registration.

2.1 Registration Other Than on Form F-3 or Form S-3. Subject to the terms of this Agreement, at any time or from time to time after the earlier of (i) the date that is six (6) months after the closing of the IPO, or the date that the lock-up by underwriters is partially or wholly released, Holders holding twenty percent (20%) or more of the voting power of the then outstanding Registrable Securities held by all Holders may request in writing that the Company effect a Registration of Registrable Securities having an anticipated aggregate offering price, net of underwriting discounts and commissions, of US$100,000,000. Upon receipt of such a request, the Company shall (x) promptly (but in no event more than three (3) business days thereafter) give written notice of the proposed Registration to all other Holders and (y) as soon as practicable, use its reasonable best efforts to cause the Registrable Securities specified in the request, together with any Registrable Securities of any Holder who requests in writing to join such Registration within fifteen (15) days after the Company’s delivery of written notice, to be Registered as the Initiating Holders may request. The Company shall be obligated to effect no more than three (3) Registrations pursuant to this Section 2.1 that have been declared and ordered effective; provided that if the sale of all of the Registrable Securities sought to be included pursuant to this Section 2.1 is not consummated, such Registration shall not be deemed to constitute one of the Registration rights granted pursuant to this Section 2.1.
2.2 **Registration on Form F-3 or Form S-3.** The Company shall use its best efforts to qualify for registration on Form F-3 or Form S-3. Subject to the terms of this Agreement, if the Company qualifies for registration on Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States), any Holder(s) may request the Company to file, in any jurisdiction in which the Company has had a registered underwritten public offering, a Registration Statement on Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States), including without limitation any shelf registration statement filed under the Securities Act providing for the registration of, and the sale on a continuous or a delayed basis by the Holders of, all of the Registrable Securities pursuant to Rule 415 under the Securities Act and/or any similar rule that may be adopted by the Commission (a “Shelf Registration Statement”). Upon receipt of such a request, the Company shall (i) promptly (but in no event more than three (3) business days thereafter) give written notice of the proposed Registration to all other Holders and (ii) as soon as practicable, use its reasonable best efforts to cause the Registrable Securities specified in the request, together with any Registrable Securities of any Holder who requests in writing to join such Registration within fifteen (15) days after the Company’s delivery of written notice, to be Registered and qualified for sale and distribution in such jurisdiction. The Company shall be obligated to effect no more than two (2) Registrations that have been declared and ordered effective within any twelve (12)-month period pursuant to this Section 2.2; provided that if the sale of all of the Registrable Securities sought to be included pursuant to this Section 2.2 is not consummated pursuant to Section 2.4 or for any reason other than solely due to the action or inaction of the Holders including Registrable Securities in such Registration, such Registration shall not be deemed to constitute one of the Registration rights granted pursuant to this Section 2.2.

(a) **Continued Effectiveness.** The Company shall use its reasonable best efforts to keep any Shelf Registration Statement continuously effective under the Securities Act in order to permit the prospectus forming part of the Shelf Registration Statement to be usable by Holders until the earlier of: (i) the date as of which all Registrable Securities have been sold pursuant to the Shelf Registration Statement or another Registration Statement filed under the Securities Act (but in no event prior to the applicable period referred to in Section 4(a)(3) of the Securities Act and Rule 174 thereunder); and (ii) the date as of which no Holder holds Registrable Securities (such period of effectiveness, the “Shelf Period”). Subject to Section 2.3, the Company shall be deemed not to have used its reasonable best efforts to keep the Shelf Registration Statement effective during the Shelf Period if the Company voluntarily takes any action or omits to take any action that would result in Holders of the Registrable Securities covered thereby not being able to offer and sell any Registrable Securities pursuant to such Shelf Registration Statement during the Shelf Period, unless such action or omission is required by applicable Law.
(b) Shelf Takedown. At any time the Company has an effective Shelf Registration Statement with respect to a Holder’s Registrable Securities, by notice to the Company specifying the intended method or methods of disposition thereof, any Holder with Registrable Securities covered by the applicable Shelf Registration Statement (or to any Holders if such Shelf Registration Statement is undesignated) may make a written request (a “Shelf Takedown Request”) to the Company to effect a public offering, including an underwritten shelf takedown, of all or a portion of such Holder’s Registrable Securities that have been Registered under such Shelf Registration Statement, and as soon as practicable the Company shall amend or supplement the Shelf Registration Statement as necessary for such purpose. Upon receipt of such a request, the Company shall (i) promptly (but in no event more than three (3) business days thereafter) give written notice of the proposed shelf takedown to all other Holders with Registrable Securities covered by the applicable Shelf Registration Statement (or to all other Holders if such Shelf Registration Statement is undesignated) and (ii) as soon as practicable, use its reasonable best efforts to cause the Registrable Securities specified in the request, together with any Registrable Securities of any Holder who requests in writing to join such Registration within fifteen (15) days (or such shorter period as may be reasonably requested in connection with an underwritten “block trade”) after the Company’s delivery of written notice, to be Registered and qualified for sale and distribution in such jurisdiction.

2.3 Right of Deferral.

(a) The Company shall not be obligated to Register or qualify Registrable Securities pursuant to this Section 2:

(1) if, within three (3) Business Days of the receipt of any request of the Holders to Register any Registrable Securities under Section 2.1 or Section 2.2, the Company gives notice to the Initiating Holders of its bona fide intention to effect the filing for its own account of a Registration Statement of Ordinary Shares within sixty (60) days of receipt of that request; provided, that the Company is actively employing in good faith its reasonable best efforts to cause that Registration Statement to become effective within sixty (60) days of receipt of that request; provided, further, that the Holders are entitled to join such Registration in accordance with Section 4 (other than an Exempt Registration (as defined below));

(2) during the period starting with the date of filing by the Company of, and ending ninety (90) days following the effective date of any Registration Statement filed pursuant to Section 2.1 or 2.2 (or subject to Section 3.1) hereof other than an Exempt Registration;

(3) in any jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such Registration or qualification, unless the Company is already subject to service of process in such jurisdiction; or

(4) with respect to the registration on Form F-3 or Form S-3 (or any comparable form for Registration in a jurisdiction other than the United States), if Form F-3 is not available for such offering by the Holders.

(b) If, after receiving a request from Holders pursuant to Section 2.1 or Section 2.2 hereof, the Company furnishes to the Holders a certificate signed by the chief executive officer of the Company stating that, in the good faith judgment of the Board, it would be materially detrimental to the Company or its members for a Registration Statement to be filed in the near future, then the Company shall have the right to defer such filing for a period during which such filing would be materially detrimental, provided, that the Company may not utilize this right for more than sixty (60) days on any one occasion or more than once during any twelve (12) month period; provided, further, that the Company may not Register any other its Securities during such period (except for Exempt Registrations).

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2.4 Underwritten Offerings. If, in connection with a request to Register Registrable Securities under Section 2.1 or Section 2.2, the Initiating Holders seek to distribute such Registrable Securities in an underwritten offering, they shall so advise the Company as a part of the request, and the Company shall include such information in the written notice to the other Holders described in Section 2.1 and Section 2.2. In such event, the right of any Holder to include its Registrable Securities in such Registration shall be conditioned upon such Holder’s participation in such underwritten offering and the inclusion of such Holder’s Registrable Securities in the underwritten offering (unless otherwise mutually agreed by the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwritten offering shall enter into an underwriting agreement in customary form with the underwriter or underwriters of internationally recognized standing selected for such underwritten offering by the holders of at least a majority of the voting power of all Registrable Securities proposed to be included in such Registration. Any Holder(s) of the Registrable Securities proposed to be distributed by such underwriter(s) shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Holder, such Holder’s title to the Registrable Securities, such Holder’s intended method of distribution and any other representations to be made by such Holder as are generally prevailing in agreements of that type, and the aggregate amount of the liability for such Holder under such agreement shall not exceed such Holder’s proceeds from the sale of its Registrable Securities in the offering, net of underwriting discounts and commissions but before expenses. Notwithstanding any other provision of this Agreement, if the managing underwriter advises the Company in writing that marketing factors (including without limitation the aggregate number of securities requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of Registrable Securities to be underwritten in a Registration pursuant to Section 2.1 or Section 2.2, the underwriters may exclude up to seventy percent (70%) of the Registrable Securities requested to be Registered but only after first excluding all other Equity Securities from the Registration and underwritten offering and so long as the number of shares to be included in the Registration on behalf of the non-excluded Holders is allocated among all Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities requested by such Holders to be included, provided that any Initiating Holder shall have the right to withdraw its request for Registration from the underwriting by written notice to the Company and the underwriters delivered at least three (3) days prior to the effective date of the Registration Statement, and such withdrawn request for Registration shall not be deemed to constitute one of the Registration rights granted pursuant to Section 2.1 or Section 2.2, as the case may be. If any Holder disapproves the terms of any underwriting, the Holder may also elect to withdraw therefrom by written notice to the Company and the underwriters delivered at least three (3) days prior to the effective date of the Registration Statement. Any Registrable Securities excluded or withdrawn from such underwritten offering shall be withdrawn from the Registration. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to a Holder to the nearest one hundred (100) shares.
3. Piggyback Registrations

3.1 Registration of the Company’s Securities. Subject to the terms of this Agreement, if the Company proposes to Register for its own account any of its Equity Securities, or for the account of any holder (other than a Holder) of Equity Securities any of such holder’s Equity Securities, in connection with the public offering of such securities (except for Exempt Registrations), the Company shall promptly (but in no event fewer than twenty (20) days prior to the proposed date of filing such Registration Statement, or in the case of a Shelf Registration Statement, the anticipated pricing or trade date) give each Holder written notice of such Registration and, upon the written request of any Holder given within fifteen (15) days after delivery of such notice, the Company shall use its reasonable best efforts to include in such Registration any Registrable Securities thereby requested to be Registered by such Holder. If a Holder decides not to include all or any of its Registrable Securities in such Registration by the Company, such Holder shall nevertheless continue to have the right to include any Registrable Securities in any subsequent Registration Statement or Registration Statements as may be filed by the Company, all upon the terms and conditions set forth herein.

3.2 Right to Terminate Registration. The Company shall have the right to terminate or withdraw any Registration initiated by it under Section 3.1 prior to the effectiveness of such Registration, whether or not any Holder has elected to participate therein, without prejudice, however, to the rights of any Holders entitled to request that such Registration be effected under Section 2.1 or Section 2.2, as the case may be. The expenses of such withdrawn Registration shall be borne by the Company in accordance with Section 4.3.

3.3 Underwriting Requirements.

In connection with any offering involving an underwriting of the Company’s Equity Securities, the Company shall not be required to Register the Registrable Securities of a Holder under this Section 3 unless such Holder’s Registrable Securities are included in the underwritten offering and such Holder enters into an underwriting agreement in customary form with the underwriter or underwriters of internationally recognized standing selected by the Company and setting forth such terms for the underwritten offering as have been agreed upon between the Company and the underwriters. Any Holder(s) of the Registrable Securities proposed to be distributed by such underwriter(s) shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Holder, such Holder’s title to the Registrable Securities, such Holder’s intended method of distribution and any other representations to be made by such Holder as are generally prevailing in agreements of that type, and the aggregate amount of the liability for such Holder under such agreement shall not exceed such Holder’s proceeds from the sale of its Registrable Securities in the offering, net of underwriting discounts and commissions but before expenses. In the event the underwriters advise Holders seeking Registration of Registrable Securities pursuant to this Section 3 in writing that market factors (including the aggregate number of Registrable Securities requested to be Registered, the general condition of the market, and the status of the Persons proposing to sell securities pursuant to the Registration) require a limitation of the number of Registrable Securities to be underwritten, the underwriters may exclude up to seventy percent (70%) of the Registrable Securities, but in any case only after first excluding all other Equity Securities (except for securities sold for the account of the Company) from the Registration and underwriting and so long as the Registrable Securities to be included in such Registration on behalf of any non-excluded Holders are allocated among all Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities requested by such Holders to be included. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to a Holder to the nearest one hundred (100) shares.
If any Holder disapproves the terms of any underwriting, the Holder may elect to withdraw therefrom by written notice to the Company and the underwriters delivered at least three (3) days prior to the effective date of the Registration Statement. Any Registrable Securities excluded or withdrawn from the underwritten offering shall be withdrawn from the Registration.

3.4 Exempt Registrations. The Company shall have no obligation to Register any Registrable Securities under this Section 3 in connection with a Registration by the Company (i) relating solely to the sale of securities to participants in a Company share plan, or (ii) relating to a corporate reorganization or other transaction under Rule 145 of the Securities Act (or comparable provision under the Laws of another jurisdiction, as applicable) (collectively, “Exempt Registrations”).

4. Registration Procedures.

4.1 Registration Procedures and Obligations. Whenever required under this Agreement to effect the Registration of any Registrable Securities held by the Holders, the Company shall, as expeditiously as reasonably possible:

(a) Prepare the required Registration Statement, which shall be furnished to the Holders of the Registrable Securities covered by such Registration Statement, and make such changes concerning the Holders in such documents as such Holders, or their counsel, may reasonably request prior to the filing thereof;

(b) File with the Commission a Registration Statement with respect to those Registrable Securities and use its reasonable best efforts to cause that Registration Statement to become effective, and, (i) in the case of a Registration Statement other than a Shelf Registration Statement, keep the Registration Statement effective until the shorter of (x) one hundred eighty (180) days or (y) such date on which the distribution thereunder has been completed, and (ii) in the case of a Shelf Registration Statement, in compliance with Section 2.2(a);

(c) Prepare and file with the Commission amendments and supplements to that Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to comply with the provisions of Applicable Securities Laws with respect to the disposition of all securities covered by the Registration Statement;

(d) Furnish to the Holders the number of copies of a prospectus, including a preliminary prospectus, required by Applicable Securities Laws, and any other documents as they may reasonably request in order to facilitate the disposition of Registrable Securities owned by them;

(e) To the extent the Company is eligible under the relevant provisions of Rule 430B under the Securities Act, if the Company files any Shelf Registration Statement, the Company shall include in such Shelf Registration Statement such disclosures as may be required by Rule 430B under the Securities Act (referring to the unnamed selling security holders in a generic manner by identifying the initial offering of the securities to the Holders) in order to ensure that the Holders may be added to such Shelf Registration Statement at a later time through the filing of a prospectus supplement rather than a post-effective amendment;

(f) Use its reasonable best efforts to Register and qualify the securities covered by the Registration Statement under the securities Laws of any jurisdiction, as reasonably requested by the Holders, provided, that the Company shall not be required to qualify to do business or file a general consent to service of process in any such jurisdictions;
(g) In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement, in customary form, with the managing underwriter(s) of the offering;

(h) Promptly notify each Holder of Registrable Securities covered by the Registration Statement at any time when a prospectus relating thereto is required to be delivered under Applicable Securities Laws of (a) any written comments by the Commission, or any request by the Commission or any applicable Governmental Authority for amendments or supplements to such Registration Statement, or for additional information (whether before or after the effective date of the Registration Statement) or any other correspondence with the Commission relating to, or which may affect, the Registration, (b) the issuance of any stop order by the Commission, or (c) the happening of any event or the existence of any condition as a result of which any prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances under which they were made, or if in the opinion of counsel for the Company it is necessary to supplement or amend such prospectus to comply with applicable Laws, and at the request of any such Holder promptly prepare and furnish to such Holder a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made or such prospectus, as supplemented or amended, shall comply with applicable Laws;

(i) Furnish, at the request of any Holder requesting Registration of Registrable Securities pursuant to this Agreement, on the date that such Registrable Securities are delivered for sale in connection with a Registration pursuant to this Agreement, (A) an opinion, dated the date of the sale, of the counsel representing the Company for the purposes of the Registration, in form and substance as is customarily given to underwriters in an underwritten public offering; and (B) comfort letters dated as of (x) the effective date of the registration statement covering such Registrable Securities, and (y) the date of the sale as contemplated in Rule 159 under the Securities Act, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering, addressed to the underwriters;

(j) Otherwise comply with all rules and regulations of the Commission to the extent applicable to the applicable registration statement, prospectus or free writing prospectus and use its reasonable best efforts to make generally available to its security holders (or otherwise provide in accordance with Section 11(a) of the Securities Act) an earnings statement satisfying the provisions of Section 11(a) of the Act, no later than forty-five (45) days after the end of a twelve (12) month period (or ninety (90) days, if such period is a financial year) beginning with the first month of the Company’s first fiscal quarter commencing after the effective date of such registration statement, which statement shall cover such twelve (12) month period, subject to any proper and necessary extensions;

(k) Not, without the written consent of the holders of at least a majority of voting power of the then outstanding Registrable Securities, make any offer relating to the Securities that would constitute a “free writing prospectus,” as defined in Rule 405 promulgated under the Act,
(l) Provide a transfer agent and registrar for all Registrable Securities Registered pursuant to the Registration Statement and, where applicable, a number assigned by the Committee on Uniform Securities Identification Procedures for all those Registrable Securities, in each case not later than the effective date of the Registration;

(m) Use its reasonable best efforts to cause all Registrable Securities covered by the applicable Registration Statement to be listed on each securities exchange on which any of the Company’s equity securities are then listed or quoted and on each inter-dealer quotation system on which any of the Company’s equity securities are then quoted; and

(n) Take all reasonable action necessary to list the Registrable Securities on the primary exchange on which the Company’s securities are then traded or, in connection with a Qualified IPO, the primary exchange on which the Company’s securities will be traded.

4.2 Information from Holder. It shall be a condition precedent to the obligations of the Company to take any action pursuant to this Agreement with respect to the Registrable Securities of any selling Holder that such Holder shall furnish to the Company such information regarding itself, the Registrable Securities held by it, and the intended method of disposition of such securities as shall be required to effect the Registration of such Holder’s Registrable Securities.

4.3 Expenses of Registration. All expenses, including the underwriting discounts and selling commissions applicable to the sale of Registrable Securities pursuant to this Agreement, incurred in connection with Registrations, filings or qualifications pursuant to this Agreement, including (without limitation) all Registration, filing and qualification fees (including to the Commission and FINRA), printers’ and accounting fees, fees and expenses in connection with compliance with any securities or “Blue Sky” laws (including reasonable fees and disbursements of counsel for the underwriters in connection with blue sky qualifications of the Registrable Securities), fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange or quotation of the Registrable Securities on any inter-dealer quotation system, “roadshow” expenses to the extent the underwriters recommend a “roadshow” by the Company’s management to facilitate the sale of Registrable Securities, fees and disbursements of counsel for the Company, reasonable fees and disbursement of counsel for all selling Holders and any reasonable fees and expenses of underwriters customarily paid by issuers or seller of securities shall be borne by the Company. The Company shall not, however, be required to pay for any expenses of any Registration proceeding begun pursuant to Section 2.1 or Section 2.2 of this Agreement if the Registration request is subsequently withdrawn at the request of the Holders holding at least a majority of the voting power of the Registrable Securities requested to be Registered by all Holders in such Registration (in which case all participating Holders shall bear such expenses pro rata based upon the number of Registrable Securities that were to be thereby Registered in the withdrawn Registration) unless the Holders of at least a majority of the voting power of the Registrable Securities then outstanding agree that such registration constitutes the use by the Holders of one (1) demand registration pursuant to Section 2.1 (in which case such registration shall also constitute the use by all Holders of Registrable Securities of one (1) such demand registration); provided, however, that if at the time of such withdrawal, the Holders have learned of a material adverse change in the condition, business or prospects of the Company from that known to the Holders at the time of their request and have withdrawn the request with reasonable promptness following disclosure by the Company of such material adverse change, then the Holders shall not be required to pay any of such expenses and the Company shall pay any and all such expenses.
5. **Registration-Related Indemnification.**

5.1 **Company Indemnity.**

(a) To the maximum extent permitted by Law, the Company will indemnify and hold harmless each Holder, such Holder’s partners, shareholders, members, each partner, shareholder and member of each such partner, shareholder or member, each of their respective affiliates, officers directors, shareholders, employees, advisors (including legal counsel) and agents, any underwriter (as defined in the Securities Act) and each Person, if any, who controls (as defined in the Securities Act or the Exchange Act) such Holder or underwriter, against any losses, claims, damages or liabilities (joint or several) to which they may become subject under Laws which are applicable to the Company and relate to action or inaction required of the Company in connection with any Registration, qualification, or compliance, insofar as such losses, claims, damages, or liabilities (or actions in respect thereof) arise out of or are based upon any of the following statements, omissions or violations (each a “Violation”): (a) any untrue statement or alleged untrue statement of a material fact contained in such Registration Statement under which such Registrable Securities are registered or sold under the Securities Act (including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto or any documents incorporated by reference therein) or any other disclosure document produced by or on behalf of the company or any of its subsidiaries including any report or other document filed under the Exchange Act, (b) the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a preliminary or final prospectus, in light of the circumstances under which they were made) not misleading, or (c) any violation or alleged violation by the Company of Applicable Securities Laws, or any rule or regulation promulgated under Applicable Securities Laws. The Company will reimburse, as incurred, each such Holder, underwriter or controlling person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such loss, claim, damage, liability or action.

(b) The indemnity agreement contained in this Section 5.1 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld or delayed), nor shall such indemnity apply in any such case for any such loss, claim, damage, liability or action to the extent that it arises solely out of or is solely based upon a Violation that occurs in reliance upon and in conformity with written information furnished specifically for use in such Registration by any such Holder, such Holder’s partners, officers, directors, and legal counsel, any underwriter (as defined in the Securities Act) and each Person, if any, who controls (as defined in the Securities Act) such Holder or underwriter.
5.2 Holder Indemnity.

(a) To the maximum extent permitted by Law, each selling Holder that has included Registrable Securities in a Registration will, severally and not jointly, indemnify and hold harmless the Company, its directors and officers, any other Holder selling securities in connection with such Registration and each Person, if any, who controls (within the meaning of the Securities Act or the Exchange Act) the Company, such underwriter or other Holder, against any losses, claims, damages or liabilities (joint or several) to which any of the foregoing persons may become subject, under Applicable Securities Laws, or any rule or regulation promulgated under Applicable Securities Laws, insofar as such losses, claims, damages or liabilities (or actions in respect thereto) arise out of or are based upon any Violation, in each case to the extent (and only to the extent) that such Violation occurs solely in reliance upon and in conformity with written information furnished by such Holder specifically for use in such Registration; and each such Holder will reimburse, as incurred, any Person intended to be indemnified pursuant to this Section 5.2, for any legal or other expenses reasonably incurred by such Person in connection with investigating or defending any such loss, claim, damage, liability or action. No Holder's liability under this Section 5.2 (when combined with any amounts paid by such Holder pursuant to Section 5.4) shall exceed the net proceeds received by such Holder from the offering of securities made in connection with that Registration.

(b) The indemnity contained in this Section 5.2 shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Holder (which consent shall not be unreasonably withheld or delayed).

5.3 Notice of Indemnification Claim. Promptly after receipt by an indemnified party under Section 5.1 or Section 5.2 of notice of the commencement of any action (including any governmental action), such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under Section 5.1 or Section 5.2, deliver to the indemnifying party a written notice of the commencement thereof and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other indemnifying party similarly noticed, to assume the defense thereof with counsel mutually satisfactory to the indemnifying parties. An indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one (1) separate counsel, with the reasonably incurred fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such proceeding. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action, if prejudicial to its ability to defend such action, shall relieve such indemnifying party, to the extent so prejudiced, of any liability to the indemnified party under this Section 5, but the omission to deliver written notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 5. No indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or the plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation.

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5.4 **Contribution.** If any indemnification provided for in Section 5.1 or Section 5.2 is held by a court of competent jurisdiction to be unavailable to an indemnified party with respect to any loss, liability, claim, damage or expense referred to herein, the indemnifying party, in lieu of indemnifying such indemnified party hereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such loss, liability, claim, damage or expense in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and of the indemnified party, on the other, in connection with the statements or omissions that resulted in such loss, liability, claim, damage or expense, as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties’ relative intent, knowledge, access to information, and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case: (A) no Holder will be required to contribute any amount (after combined with any amounts paid by such Holder pursuant to Section 5.2) in excess of the net proceeds to such Holder from the sale of all such Registrable Securities offered and sold by such Holder pursuant to such Registration Statement; and (B) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

5.5 **Underwriting Agreement.** To the extent that the provisions on indemnification and contribution contained in the underwriting agreement entered into in connection with the underwritten public offering are in conflict with the foregoing provisions, the provisions in the underwriting agreement shall control.

5.6 **Survival.** The obligations of the Company and Holders under this Section 5 shall survive the completion of any offering of Registrable Securities in a Registration Statement under this Agreement, regardless of the expiration of any statutes of limitation or extensions of such statutes.

6. **Additional Registration-Related Undertakings.**

6.1 **Reports under the Exchange Act.** With a view to making available to the Holders the benefits of Rule 144, Rule 144A and Regulation S promulgated under the Securities Act and any comparable provision of any Applicable Securities Laws that may at any time permit a Holder to sell securities of the Company to the public without Registration or pursuant to a Registration on Form F-3 or Form S-3 (or any comparable form in a jurisdiction other than the United States), the Company agrees to:

(a) make and keep public information available, as those terms are understood and defined in Rule 144 (or comparable provision, if any, under Applicable Securities Laws in any jurisdiction where the Company’s securities are listed), at all times following ninety (90) days after the effective date of the first Registration under the Securities Act filed by the Company for an offering of its securities to the general public;

(b) file with the Commission in a timely manner all reports and other documents required of the Company under all Applicable Securities Laws; and

(c) at any time following ninety (90) days after the effective date of the first Registration under the Securities Act filed by the Company for an offering of its securities to the general public by the Company, promptly furnish to any Holder holding Registrable Securities, upon request (a) a written statement by the Company that it has complied with the reporting requirements of all Applicable Securities Laws at any time after it has become subject to such reporting requirements or, at any time after so qualified, that it qualifies as a registrant whose securities may be resold pursuant to Form F-3 or Form S-3 (or any form comparable thereto under Applicable Securities Laws of any jurisdiction where the Company’s securities are listed), (b) a copy of the most recent annual or quarterly report of the Company and such other reports and documents as filed by the Company with the Commission, and (c) such other information as may be reasonably requested in availing any Holder of any rule or regulation of the Commission, that permits the selling of any such securities without Registration or pursuant to Form F-3 or Form S-3 (or any form comparable thereto under Applicable Securities Laws of any jurisdiction where the Company’s Securities are listed); and
(d) take such further action as any Holder may reasonably request, all to the extent required from time to time to enable such Holder to Sell Registrable Securities without Registration under the Securities Act in transactions that would otherwise be permitted by this Agreement and within the limitation of the exemption provided by Rule 144, Rule 144A or Regulation S under the Securities Act, as such rules may be amended from time to time, or any comparable provision of any Applicable Securities Laws.

6.2 No Inconsistent Agreements; Limitations on Subsequent Registration Rights. Neither the Company nor any of its subsidiaries shall hereafter enter into, and neither the Company nor any of its subsidiaries is currently a party to, any agreement with respect to its securities that is inconsistent with the rights granted to the Holders by this Agreement. From and after the date of this Agreement, the Company shall not, without the written consent of holders of at least a majority of the voting power of the then outstanding Registrable Securities held by all Holders (calculated on an as-converted basis), enter into any agreement with any holder or prospective holder of any Equity Securities of the Company that would allow such holder or prospective holder (i) to include such Equity Securities in any Registration filed under Section 2 or Section 3, unless under the terms of such agreement such holder or prospective holder may include such Equity Securities in any such Registration only to the extent that the inclusion of such Equity Securities will not reduce the amount of the Registrable Securities of the Holders that are included, (ii) to demand Registration of their Equity Securities, or (iii) cause the Company to include such Equity Securities in any Registration filed under Section 2 or Section 3 hereof on a basis pari passu with or more favorable to such holder or prospective holder than is provided to the Holders of Registrable Securities.

6.3 “Market Stand-Off” Agreement. Each holder of Registrable Securities agrees, if so required by the managing underwriter(s), that it will not during the period commencing on the date of the final prospectus relating to the Company’s IPO and ending on the date specified by the Company and the managing underwriter (such period not to exceed one hundred eighty (180) days from the date of such final prospectus) (i) lend, offer, pledge, hypothecate, hedge, sell, make any short sale of, loan, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Equity Securities of the Company owned immediately prior to the date of the final prospectus relating to the Company’s IPO (other than those included in such offering), or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Equity Securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Equity Securities of the Company or such other securities, in cash or otherwise; provided, that (a) the foregoing provisions of this Section shall not apply to the sale of any securities of the Company to an underwriter pursuant to any underwriting agreement, and shall not be applicable to any Holder unless all directors, officers and all other holders of at least one percent (1%) of the outstanding share capital of the Company (calculated on an as-converted to Ordinary Share basis) are bound by restrictions at least as restrictive as those applicable to any such Holder pursuant to this Section, (y) this Section shall not apply to a Holder to the extent that any other Person subject to substantially similar restrictions is released in whole or in part, and (z) the lockup agreements shall permit a Holder to transfer their Registrable Securities to their respective Affiliates so long as the transferees enter into the same lockup agreement. The Series A Investors, Series A1 Investors, Series B1 Investor, Series B2 Investors and the Series B3 Investors agree to execute and deliver to the underwriters a lock-up agreement containing substantially similar terms and conditions as those contained herein.

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6.4 Termination of Registration Rights. The registration rights set forth in Section 2 and Section 3 of this Agreement shall terminate on the earlier of (i) the date that is five (5) years from the date of closing of a Qualified IPO, and (ii) with respect to any Holder, the date on which such Holder no longer holds any Registrable Securities.

6.5 Exercise of Ordinary Share Equivalents. Notwithstanding anything to the contrary provided in this Agreement, the Company shall have no obligation to Register Registrable Securities which, if constituting Ordinary Share Equivalents, have not been exercised, converted or exchanged, as applicable, for Ordinary Shares as of the effective date of the applicable Registration Statement, but the Company shall cooperate and facilitate any such exercise, conversion or exchange as requested by the applicable Holder.

6.6 Intent. The terms of Sections 2 through 6 are drafted primarily in contemplation of an offering of securities in the United States of America. The parties recognize, however, the possibility that securities may be qualified or registered for offering to the public in a jurisdiction other than the United States of America where registration rights have significance or that the Company might effect an offering in the United States of America in the form of American Depositary Receipts or American Depositary Shares. Accordingly:

(a) it is their intention that, whenever this Agreement refers to a Law, form, process or institution of the United States of America but the parties wish to effectuate qualification or registration in a different jurisdiction where registration rights have significance, reference in this Agreement to the Laws or institutions of the United States shall be read as referring, mutatis mutandis, to the comparable Laws or institutions of the jurisdiction in question; and

(b) it is agreed that the Company will not undertake any listing of American Depositary Receipts, American Depositary Shares or any other security derivative of the Ordinary Shares unless arrangements have been made reasonably satisfactory to the holders of at least a majority of the voting power of the then outstanding Registrable Securities held by all Holders (calculated on an as-converted basis) to ensure that the spirit and intent of this Agreement will be realized and that the Company is committed to take such actions as are necessary such that the Holders will enjoy rights corresponding to the rights hereunder to sell their Registrable Securities in a public offering in the United States of America as if the Company had listed Ordinary Shares in lieu of such derivative securities.

7. Preemptive Right.

7.1 Preemptive Right. The Company hereby grants to each Investor the right of first refusal to purchase all (or any part) of such Investor’s Preemptive Pro Rata Share (as defined in Section 7.2 below) and any oversubscription, as provided below of any New Securities (as defined below) that the Company may from time to time issue after the date of this Agreement (the “Preemptive Right”).

7.2 Preemptive Pro Rata Share. Each Investor’s “Preemptive Pro Rata Share” for purposes of the Preemptive Rights under this Section 7 is the ratio of (a) the number of Ordinary Shares (including Preferred Shares on an as-converted basis) held by such Investor, to (b) the total number of Ordinary Shares (including Preferred Shares on an as-converted basis) then outstanding immediately prior to the issuance of New Securities giving rise to the Preemptive Rights. Each Investor may apportion, at its sole discretion, its Preemptive Pro Rata Share among its Affiliates in any proportion, provided that, for so long as Tencent together with its Affiliates hold more than 50% of the Series B1 Preferred Shares it acquired at the Series B1 Closing (as adjusted for share splits, share dividends, combinations, recapitalizations and similar events), such Affiliates shall not be any of the Restricted Persons II without prior written consent of Tencent).
7.3 **New Securities.** For purposes hereof, “New Securities” shall mean any Equity Securities of the Company issued after the date hereof, except for:

(a) Ordinary Shares and/or options or warrants therefor issued to employees, officers, directors, contractors, advisors or consultants of the Group Companies pursuant to the equity incentive, purchase or participation plan, duly approved in accordance with Section 18 herein;

(b) Ordinary Shares actually issued upon the conversion or exchange of Convertible Securities, provided such issuance is pursuant to the terms of such Convertible Security and the issuance of the Convertible Security has been duly approved in accordance with Section 18 herein;

(c) any Equity Securities of the Company issued pursuant to a bona fide firmly underwritten public offering duly approved in accordance with Section 18 herein;

(d) any Equity Securities of the Company issued pursuant to a bona fide business acquisition of all or substantially all of the assets or fifty percent (50%) or more of the equity ownership or voting power of another corporation or entity by the Company by consolidation, merger, purchase of assets, or other reorganization in a single transaction or a series of related transactions, in each case, duly approved in accordance with Section 18 herein;

(e) any Ordinary Shares issued or issuable upon the conversion of the Preferred Shares.

7.4 **Procedures.**

(a) **First Participation Notice.** In the event that the Company proposes to undertake an issuance of New Securities (in a single transaction or a series of related transactions), it shall give to each Investor written notice of its intention to issue New Securities (the “First Participation Notice”), describing the amount and type of New Securities, the price and other material terms upon which the Company proposes to issue such New Securities. The Investors shall have ten (10) Business Days from the date of receipt of the First Participation Notice (the “First Participation Period”) to agree in writing to purchase up to such Investor’s Preemptive Pro Rata Share of such New Securities for the price and upon the terms and conditions specified in the First Participation Notice by giving written notice to the Company and stating therein the quantity of New Securities to be purchased (not to exceed such Investor’s Preemptive Pro Rata Share). If any Investor fails to so respond in writing within such ten (10) Business Day period, then such Investor shall forfeit the right hereunder to purchase its Preemptive Pro Rata Share of such New Securities, but shall not be deemed to forfeit any right with respect to any other issuance of New Securities.
(b) Second Participation Notice; Oversubscription. If any Investor fails or declines to exercise its Preemptive Rights in full in accordance with subsection (a) above, the Company shall promptly give notice (the “Second Participation Notice”, together with the First Participation Notice, the “Participation Notice”) to the investors who exercised in full their Preemptive Rights (the “Oversubscription Participants”) in accordance with subsection (a) above, specifying the aggregate number of unpurchased New Securities that remain eligible for purchase by all the Oversubscription Participants. Each Oversubscription Participant shall have five (5) Business Days from the date of the Second Participation Notice (the “Second Participation Period”, together with the First Participation Period, the “Participation Period”) to notify the Company of its desire to purchase more New Securities, stating the number of the additional New Securities it proposes to buy (the “Additional Number”). Such notice may be made by telephone if confirmed in writing within two (2) Business Days. If, as a result thereof, such oversubscription exceeds the total number of the remaining New Securities available for purchase, each Oversubscription Participant will be cut back by the Company with respect to its oversubscription to such number of remaining New Securities equal to the lesser of (x) the Additional Number and (y) the product obtained by multiplying (i) the number of the remaining New Securities available for subscription by (ii) a fraction, the numerator of which is the number of Ordinary Shares (including Preferred Shares on an as-converted basis) held by such Oversubscription Participant and the denominator of which is the total number of Ordinary Shares (including Preferred Shares on an as-converted basis) held by all the Oversubscription Participants.

7.5 Failure to Exercise. In the event no Investor exercises its Preemptive Right within the First Participation Period, or there are otherwise remaining New Securities following the exercise of the Investors’ respective Preemptive Right, the Company shall have ninety (90) days after the First or Second Participation Period (as applicable) to complete the sale of the New Securities described in the Participation Notice with respect to which the Preemptive Right hereunder were not exercised at the same or higher price and upon non-price terms not more favorable to the purchasers thereof than specified in the Participation Notice, (provided that, for so long as Tencent together with its Affiliates hold more than 50% of the Series B1 Preferred Shares it acquired at the Series B1 Closing (as adjusted for share splits, share dividends, combinations, recapitalizations and similar events), such purchaser shall not be any of the Restricted Persons II without prior written consent of Tencent). In the event that the Company has not issued and sold such New Securities within such ninety (90) day period, then the Company shall not thereafter issue or sell any New Securities without again first offering such New Securities to the Investors pursuant to this Section 7.

8. Restriction on Transfers.

8.1 Principals and Holding Companies. No Principal or Principal Holding Company, regardless of such Principal’s employment status with any Group Company, shall directly or indirectly sell, assign, transfer, pledge, hypothecate, or otherwise encumber or dispose of in any way or otherwise grant any interest or right with respect to ("Transfer") all or any part of any interest in any Equity Securities of the Company now or hereafter owned or held by such Principal or Principal Holding Company prior to a Qualified IPO, without the prior written consents of the Series A Majority and the Series B Majority. In the event a Transfer is approved by the Series A Majority and the Series B Majority, such Transfer shall take effect strictly in accordance with Sections 9 through 11 hereof.
8.2 Investors. Each Investor may freely Transfer any Equity Securities of the Company (except for any Ordinary Shares, which shall be subject to the Right of First Refusal the Investors described in Sections 9) now or hereafter owned or held by it without limitation; provided that (i) such Transfer is effected in compliance with all applicable Laws, (ii) unless with prior consent of Mr. Tan Siliang (谭思亮), the transferee shall not be any one of the Restricted Persons I, (iii) the transferee shall execute and deliver a joinder deed in substantially the form attached hereto as Exhibit A to join in and be bound by the terms of this Agreement as a holder of the relevant Preferred Shares subject to the Transfer (if not already a Party hereto) upon the closing of such Transfer and a scanned copy of such joinder deed shall be promptly delivered to each of the other Investors, (iv) prior to such Transfer, such Investor shall notify the Company of such Transfer in writing and (v) if such Investor is proposing to Transfer any Ordinary Shares to any Person, such transfer shall be subject to the Right of First Refusal the Investors described in Sections 9. The Company shall update its register of members upon the consummation of any such permitted Transfer. The rights of first refusal and co-sale of the other Investors as provided in Sections 9 to 11 shall not apply to any Transfer of any Preferred Shares by any Investor. Each Investor shall be entitled to disclose to any bona fide proposed transferee any information, documents or materials concerning any Group Company known to or in possession of such Investor, and the Principals shall and shall procure the Group Companies to, provide any assistance or cooperation reasonably requested by such Investor or the proposed transferee in connection with such proposed transferee’s due diligence investigation of the Group Companies, provided however that such proposed transferee shall be subject to reasonable confidentiality obligations and execute relevant non-disclosure agreements in advance.

8.3 Ordinary Shareholders. Each Ordinary Shareholder may freely Transfer any Equity Securities of the Company now or hereafter owned or held by it without limitation; provided that (i) such Transfer is effected in compliance with all applicable Laws, (ii) unless with prior consent of Mr. Tan Siliang (谭思亮), the transferee shall not be any one of the Restricted Persons I, (iii) unless with the prior written consent of Tencent, the transferee shall not be any one of the Restricted Persons II, (iv) such transfer shall be subject to the Right of First Refusal the Investors described in Sections 9, (v) the transferee shall execute and deliver a joinder deed in substantially the form attached hereto as Exhibit A to join in and be bound by the terms of this Agreement as a holder of the relevant transferred Ordinary Shares (if not already a Party hereto) upon the closing of such Transfer and a scanned copy of such joinder deed shall be promptly delivered to each of the Investors, and (iv) prior to such Transfer, such Ordinary Shareholder shall notify the Company of such Transfer in writing. The Company shall update its register of members upon the consummation of any such permitted Transfer. Each Ordinary Shareholder shall be entitled to disclose to any bona fide proposed transferee any information, documents or materials concerning any Group Company known to or in possession of such Ordinary Shareholder, and the Principals shall and shall procure the Group Companies to, provide any assistance or cooperation reasonably requested by such Ordinary Shareholder or the proposed transferee in connection with such proposed transferee’s due diligence investigation of the Group Companies, provided however that such proposed transferee shall be subject to reasonable confidentiality obligations and execute relevant non-disclosure agreements in advance.

8.4 Prohibited Transfers Void. Any Transfer of Equity Securities of the Company not made in compliance with this Agreement shall be null and void as against the Company, shall not be recorded in the register of members of the Company and shall not be recognized by the Company or any other Party.
8.5 No Indirect Transfers. (a) Each Principal and each Principal Holding Company agrees, and (b) each Ordinary Shareholder agrees, in each case, not to circumvent or otherwise avoid the transfer restrictions or intent thereof set forth in this Agreement, whether by holding the Equity Securities of the Company indirectly through another Person (including a Principal Holding Company) or by causing or effecting, directly or indirectly, the Transfer or issuance of any Equity Securities by any such Person (including a Principal Holding Company), or otherwise. Each Principal and each Principal Holding Company furthermore agrees that, so long as such Principal is bound by this Agreement, the Transfer, sale or issuance of any Equity Securities of any Principal Holding Company of such Principal without the prior written consents of the Series A Majority and the Series B Majority shall be prohibited, and each such Principal and each such Principal Holding Company agrees not to make, cause or permit any Transfer, sale or issuance of any Equity Securities of such Principal Holding Company without the prior written consents of the Series A Majority and the Series B Majority. Any purported Transfer, sale or issuance of any Equity Securities of any Principal Holding Company in contravention of this Agreement shall be void and ineffective for any and all purposes and shall not confer on any transferee or purported transferee any rights whatsoever, and no Party (including without limitation, any Principal or Principal Holding Company) shall recognize any such Transfer, sale or issuance.

8.6 Domestic Companies. Unless expressly permitted under any of the Transaction Documents or with the prior written consent of the Investors, (a) each Principal shall not, and shall not cause or permit any other Person (including its Permitted Transferees) to Transfer, through one or a series of transactions any equity interest held or Controlled by him in any Domestic Company to any Person. Any Transfer in violation of this Section 8.6 shall be void and each Domestic Company hereby agrees it will not effect such a Transfer nor will it treat any alleged transferee as the holder of such equity interest, and (b) each Domestic Company shall not, and each Principal shall not cause or permit such Domestic Company to, issue to any Person any equity interest of such Domestic Company or any options or warrants for, or any other securities exchangeable for or convertible into, such equity interest of such Domestic Company.

8.7 Performance. Each Principal irrevocably agrees to cause and guarantee the performance by each of such Principal’s Holding Companies of all of their respective covenants and obligations under this Agreement.

8.8 Exempt Transaction. Notwithstanding any provision to the contrary contained herein, Sections 8 through 13 of this Agreement shall not apply with respect to a transfer made pursuant to Section 15 of this Agreement or Article 119 of the Memorandum and Articles.

8.9 Legend. Each existing or replacement certificate for Equity Securities of the Company now owned or hereafter acquired by any Principal or Principal Holding Company and their permitted transferees shall bear the following legend:

“THE SALE, PLEDGE, HYPOTHECATION, ASSIGNMENT OR TRANSFER OF THESE SECURITIES IS SUBJECT TO THE TERMS AND CONDITIONS OF A CERTAIN SHAREHOLDERS AGREEMENT (AS AMENDED FROM TIME TO TIME) BY AND BETWEEN THE SHAREHOLDER, THE COMPANY AND CERTAIN OTHER PARTIES THERETO.”

(a) The Company may annotate its register of members with an appropriate, corresponding legend. At such time as the related Equity Securities are no longer subject to this Agreement, the Company shall, at the request of the holder of such Equity Securities, issue replacement certificates for such Equity Securities without such legend.
In order to ensure compliance with the terms of this Agreement, the Company may issue appropriate “stop transfer” instructions to its transfer agent, if any, and, if the Company acts as transfer agent for its own securities, it may make appropriate notations to the same effect in its own records.

9. Rights of First Refusal.

9.1 Transfer Notice. To the extent the applicable consents of the Series A Majority and the Series B Majority have been given pursuant to Section 8, if any Principal, Principal Holding Company or any Ordinary Shareholder proposes to Transfer any Equity Securities of the Company or any interest therein to any Person or any Investor proposes to Transfer any Ordinary Shares to any Person, then such Principal, Principal Holding Company, Ordinary Shareholder or Investor (in each case, a “Transferor”) shall give the Investors and the Company, written notice of the Transferor’s intention to make the Transfer (the “Transfer Notice”), which shall include (i) a description of the Equity Securities to be transferred (the “Offered Shares”), (ii) the identity and address of the prospective transferee, and (iii) the consideration and the material terms and conditions upon which the proposed Transfer is to be made. The Transfer Notice shall certify that the Transferor has received a definitive offer from the prospective transferee and in good faith believes a binding agreement for the Transfer is obtainable on the terms set forth in the Transfer Notice. The Transfer Notice shall also include a copy of any written proposal, term sheet or letter of intent or other agreement relating to the proposed Transfer.

9.2 Option of Investors.

(a) Each Investor shall have an option for a period of ten (10) Business Days following receipt of the Transfer Notice (as may be extended pursuant to Section 9.4(b), the “Option Period”) to elect to purchase all or any portion of its respective ROFR Pro Rata Share (as defined in Section 9.2(b) below) of the Offered Shares at the same price and subject to the same terms and conditions as described in the Transfer Notice, by notifying the Transferor in writing before the expiration of the Option Period as to the number of such Offered Shares that it wishes to purchase.

(b) For the purposes of this Section 9.2(b), an Investor’s “ROFR Pro Rata Share” of the Offered Shares shall be equal to (i) the total number of such Offered Shares, multiplied by (ii) a fraction, the numerator of which shall be the aggregate number of Ordinary Shares held by such Investor on the date of the Transfer Notice (including any Preferred Shares held by such Investor on an as-converted basis) and the denominator of which shall be the total number of Ordinary Shares held by all Investors on such date (including all Preferred Shares held by such Investors on an as-converted basis).

(c) If any Investor fails to exercise its right to purchase its full ROFR Pro Rata Share of the Offered Shares, the Transferor shall deliver written notice thereof (the “Second Notice”), within two (2) Business Days after the expiration of the Option Period, to each Investor that elected to purchase its entire ROFR Pro Rata Share of the Offered Shares (an “Exercising Shareholder”). The Exercising Shareholders shall have a right of re-allotment, and may exercise an additional right to purchase such unpurchased Offered Shares by notifying the Transferor in writing within ten (10) Business Days after receipt of the Second Notice (the “Re-allotment Period”); provided, however, that if the Exercising Shareholders desire to purchase in the aggregate more than the number of such unpurchased Offered Shares, then such Exercising Shareholders will be cut back by the Company with respect to its re-allotment to such number of remaining Offered Shares equal to the lesser of (x) the unpurchased Offered Shares and (y) the product obtained by multiplying (i) the number of the unpurchased Offered Shares by (ii) a fraction, the numerator of which is the number of Ordinary Shares (including Preferred Shares on an as-converted basis) held by such Exercising Shareholders and the denominator of which is the total number of Ordinary Shares (including Preferred Shares on an as-converted basis) held by all the Exercising Shareholders.
Subject to applicable Laws, each Investor shall be entitled to apportion Offered Shares to be purchased among its Affiliates, provided that such Investor notifies the Transferor in writing and such Affiliates shall execute and deliver such documents and take such other actions as may be necessary for such Affiliates to join in and be bound by the terms of this Agreement as a holder of Preferred Shares (if not already a Party hereto) upon and after such Transfer.

9.3 Procedure. If any Investor gives the Transferor notice that it desires to purchase Offered Shares, and, as the case may be, conversion or, then payment for the Offered Shares to be purchased shall be made by check (if agreeable to the Transferor), or by wire transfer in immediately available funds of the appropriate currency, against delivery of such Offered Shares to be purchased, at a place agreed to by the Transferor and all the Exercising Shareholders, and at the time of the scheduled closing therefor, but if they cannot agree, then at the principal executive offices of the Company on the 45th day after the expiration of the Option Period. The said forty-five (45)-day period shall be extended for an additional period of up to forty-five (45) days if necessary to obtain any Consent required for such purchase and payment. The Company shall update its register of members upon the consummation of any such Transfer. Such Offered Shares shall be free and clear of any Lien (other than Liens arising hereunder or attributable to actions by the Investor acquiring such Offered Shares), and the Transferor shall so represent and warrant. The Transferor shall also represent and warrant that it is the beneficial and record owner of such Offered Shares.

9.4 Valuation of Property.

(a) Should the purchase price specified in the Transfer Notice be payable in property other than cash or evidences of indebtedness, the Exercising Shareholders shall have the right to pay the purchase price in the form of cash equal in amount to the fair market value of such property.

(b) The cash value of such property shall be determined by (i) agreement of the Transferor and the Exercising Shareholders, or (ii) if the Transferor and the Exercising Shareholders cannot agree on such cash value within the Option Period, the valuation shall be made by an appraiser of internationally recognized standing jointly selected by the mutual agreement of the Transferor and the Exercising Shareholders or, if they cannot agree on an appraiser within the Option Period, each such Person shall select an appraiser of internationally recognized standing and such appraisers shall designate another appraiser of internationally recognized standing, whose appraisal shall be determinative of such value and shall be final and binding on the Transferor and the Exercising Shareholders. The Option Period shall be extended to expire after the later of (x) the tenth (10th) Business Days following receipt of the Transfer Notice, and (y) the fifth (5th) Business Days after the cash value of such property is determined pursuant to this Section 9.4(b).
10. **Right of Co-Sale.**

10.1 To the extent the Investors do not exercise their respective rights of first refusal as to all the Offered Shares proposed to be sold by the Transferor to the transferee identified in the Transfer Notice, the Transferor (other than any Ordinary Shareholder or any Investor proposing to Transfer Ordinary Shares) shall promptly give written notice (the “Co-Sale Notice”) thereof to each Investor not exercising its right of first refusal pursuant to Section 9 (specifying in such Co-Sale Notice the number of the remaining Offered Shares as well as the number of Shares that such Investor may participate in such sale). Each such Investor shall have the right to participate in such sale to the transferee identified in the Transfer Notice of the remaining Offered Shares not purchased pursuant to Section 9, on the same terms and conditions as specified in the Transfer Notice (but in no event less favorable than the terms and conditions offered to the Transferor) (and for the same consideration on an as converted basis) by notifying the Transferor in writing within ten (10) Business Days following the date of the Co-Sale Notice (each such electing Investor, also a “Selling Shareholder”). Such Selling Shareholder’s notice to the Transferor shall indicate the number of Equity Securities the Selling Shareholder wishes to sell under its right to participate. To the extent one or more Investors exercise such right of participation in accordance with the terms and conditions set forth below, the number of Offered Shares that the Transferor may sell in the Transfer to the prospective transferee identified in the Transfer Notice shall be correspondingly reduced.

10.2 The total number of Equity Securities that each Selling Shareholder may elect to sell shall be equal to the product of (i) the aggregate number of the remaining Offered Shares being transferred to the prospective transferee identified in the Transfer Notice after giving effect to the exercise of all rights of first refusal pursuant to Section 9 hereof, multiplied by (ii) a fraction, the numerator of which is the number of Ordinary Shares (including Preferred Shares on an as-converted basis) owned by such Selling Shareholder on the date of the Transfer Notice and the denominator of which is the total number of Ordinary Shares (including Preferred Shares on an as-converted basis) owned by the Transferor and all Selling Shareholders on the date of the Transfer Notice.

10.3 Each Selling Shareholder shall effect its participation in the sale by promptly delivering to the Company, upon the applicable closing, one or more certificates, which represent the type and number of Equity Securities which such Selling Shareholder elects to sell; provided that if the prospective purchaser objects to the delivery of Ordinary Share Equivalents in lieu of Ordinary Shares, such Selling Shareholder shall only deliver Ordinary Shares (and therefore shall convert any such Ordinary Share Equivalents into Ordinary Shares) and certificates corresponding to such Ordinary Shares, and the Company shall effect any such conversion concurrent with the actual transfer of such shares to the purchaser and contingent on such transfer.

10.4 The share certificate or certificates that a Selling Shareholder delivers to the Company pursuant to this Section 10 shall be cancelled in consummation of the sale of the Equity Securities pursuant to the terms and conditions specified in the Transfer Notice, and the Transferor shall concurrently therewith remit to such Selling Shareholder that portion of the sale proceeds to which the Selling Shareholder is entitled by reason of its participation in such sale. The Company shall update its register of members upon the consummation of any such Transfer.
10.5 To the extent that any prospective purchaser prohibits the participation by a Selling Shareholder exercising its co-sale rights hereunder in a proposed Transfer or otherwise refuses to purchase Equity Securities from a Selling Shareholder exercising its co-sale rights hereunder, the Transferor shall not sell to such prospective purchaser any Equity Securities unless and until, simultaneously with such sale, the Transferor shall purchase from such Selling Shareholder such Equity Securities that such Selling Shareholder would otherwise be entitled to sell to the prospective purchaser pursuant to its co-sale rights for the same or no less favorable consideration and on the same or no less favorable terms and conditions as the proposed transfer described in the Transfer Notice. Each Selling Shareholder shall not be required to give any representations or warranties with respect to such proposed Transfer or with respect to the Company, except for the ownership and title of such Selling Shareholder’s Equity Securities co-sold in such proposed Transfer.


11.1 If the Investors do not elect to purchase all of the Offered Shares in accordance with Section 9, then, subject to the right of the Investors to exercise their rights to participate in the sale of Offered Shares within the time periods specified in Section 10, the Transferor shall have a period of ninety (90) days from the expiration of the Option Period in which to sell the remaining Offered Shares that have not been taken up under Section 9 and Section 10, to the transferee identified in the Transfer Notice upon terms and conditions (including the purchase price) no more favorable to the purchaser than those specified in the Transfer Notice, so long as any such sale is effected in accordance with all applicable Laws. The Parties agree that each such transferee, prior to and as a condition to the consummation of any sale, shall execute and deliver to the Parties documents and other instruments assuming the obligations of such Transferor under this Agreement and Memorandum and Articles, including a joinder deed in substantially the form attached hereto as Exhibit A to join in and be bound by the terms of this Agreement as a holder of Ordinary Shares (if not already a Party hereto) upon the closing of such Transfer and a scanned copy of such joinder deed shall be promptly delivered to each of the Investors, and the transfer shall not be effective and shall not be recognized by any Party until such documents and instruments are so executed and delivered.

11.2 In the event the Transferor does not consummate the sale of such Offered Shares to the transferee identified in the Transfer Notice within such ninety (90) day period, the rights of the Investors under Section 9 and Section 10, respectively, shall be re-invoked and shall be applicable to each subsequent disposition of such Offered Shares by the Transferor until such rights terminate in accordance with the terms of this Agreement.

11.3 The exercise or non-exercise of the rights of the Investors under Section 9 and Section 10 to purchase Equity Securities from a Transferor or participate in the sale of Equity Securities by a Transferor (as the case may be) shall not adversely affect their rights to make subsequent purchases from the Transferor of Equity Securities or subsequently participate in sales of Equity Securities by the Transferor hereunder.
12. Limitations to Rights of First Refusal and Co-Sale.

12.1 Subject to the requirements of applicable Law, the restrictions under Section 8 and the right of first refusal and right of co-sale under Section 9 and Section 10 shall not apply to (a) any sale of Equity Securities of the Company to the public pursuant to a Qualified IPO, (b) Transfer of any Equity Securities of the Company by a Principal or his Principal Holding Company to a company that is wholly owned by such Principal, and (c) Transfer of any Equity Securities of the Company now or hereafter held by a Principal or his Principal Holding Company to such Principal’s parents, children, spouse, or to a trustee, executor, or other fiduciary for the benefit of such Principal or such Principal’s parents, children, spouse for bona fide estate planning purposes (each such transferee pursuant to clause (b) or (c) above, a “Permitted Transferee”, and collectively, the “Permitted Transferees”); provided, that (i) such Transfer is effected in compliance with all applicable Laws, including without limitation, the SAFE Rules and Regulations, (ii) with respect to any Transfer pursuant to clause (c) above, the Principal has provided the Series A Majority and the Series B Majority reasonable evidence of the bona fide estate planning purposes for such Transfer and reasonable evidence of the satisfaction of all applicable filings or registrations required by SAFE under the SAFE Rules and Regulations, (iii) such Transfer will not constitute a Share Sale or a Deemed Liquidation Event, and (iv) each such Permitted Transferee, prior to the completion of the Transfer, shall have executed a joinder deed in substantially the form attached hereto as Exhibit A assuming the obligations of such Principal or Principal Holding Company under this Agreement as a Principal or Principal Holding Company, with respect to the transferred Equity Securities and the scanned copy of such joinder deed shall be sent to each of the Investor upon such the closing of such Transfer; provided further, that the Transferor shall remain liable for any breach by such Permitted Transferee of any provision under this Agreement, and if any Permitted Transferee in clause (c) or (d) above ceases to be a Permitted Transferee, he/she/it shall immediately Transfer all Equity Securities of the Company held by it to the relevant Principal, Principal Holding Company or any other Permitted Transferee.

13. Prohibited Transfers.

13.1 In the event the Transferor should sell any Equity Securities in contravention of the co-sale rights of the Investors under Section 10 (a “Prohibited Transfer”), each Investor, in addition to such other remedies as may be available at law, in equity or hereunder, shall have the put option provided below, and such Transferor shall be bound by the applicable provisions of such option.

(a) Put Option. In the event of a Prohibited Transfer, each Investor shall have the right to sell to the Transferor the type and all or a portion of the number of Equity Securities equal to the number of Equity Securities such Investor would have been entitled to transfer to the prospective purchaser under Section 10 hereof had the Prohibited Transfer been effected pursuant to and in compliance with the terms hereof. Such sale shall be made on the following terms and conditions.

(i) The price per share at which the Equity Securities are to be sold to the Transferor shall be equal to the price per Offered Share that would have been paid by the prospective purchaser to such Investor and the Transferor in the Prohibited Transfer. The Transferor shall also reimburse each Investor for any and all reasonable and documented fees and expense, including legal fees and expenses, incurred pursuant to the exercise or the attempted exercise of such Investor’s rights under Sections 8 through 12.
(ii) Within sixty (60) days after the later of the dates on which an Investor (x) received notice of the Prohibited Transfer or (y) otherwise becomes aware of the Prohibited Transfer, such Investor shall, if exercising the option created hereby, deliver to the Transferor an instrument of transfer and either the certificate or certificates representing Equity Securities to be sold under this Section 13 by such Investor, each certificate to be properly endorsed for transfer, or an affidavit of lost certificate. The Transferor shall, immediately upon receipt of the foregoing, pay the aggregate purchase price therefor and the amount of reimbursable fees and expenses, in cash by wire transfer of immediately available funds or by other means acceptable to such Investor. The Company shall concurrently therewith record such transfer on its books and update its register of members and will promptly thereafter and in any event within five (5) days reissue certificates, as applicable, to the Transferor and such Investor reflecting the Equity Securities held by them following giving effect to such transfer.

(b) Voidability of Prohibited Transfer. Notwithstanding anything to the contrary contained herein and the rights afforded to the Investors in this Section 13, any attempt by a Transferor to transfer Equity Securities in violation of any of Sections 8, 9, 10, 11 and 12 shall be void, and the Company agrees it will not effect such a transfer nor will it treat any alleged transferee as the holder of such shares.


In addition to but not in lieu of any other transfer restriction contained herein, each Principal and each Principal Holding Company agrees that such Person will not during the period commencing on the date of the final prospectus relating to the first underwritten registered public offering of the Ordinary Shares (or any other Equity Securities of any Group Company) and ending on the date specified by the Company and the managing underwriter (i) lend, offer, pledge, hypothecate, hedge, sell, make any short sale of, loan, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly, any Equity Securities of the Company or any Principal Holding Company (other than those included in such offering) or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such Equity Securities, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Equity Securities of the Company or other securities, in cash or otherwise. The underwriters in connection with such public offering are intended third party beneficiaries of this Section 14 and shall have the right, power and authority to enforce the provisions hereof as though they were a party hereto. Each Principal and Principal Holding Company agrees to execute and deliver to the underwriters a lock-up agreement containing substantially similar terms and conditions as those contained herein.


15.1 Drag-Along Obligations. At any time from the Series B1 Closing and prior to a Qualified IPO, if (i) the Series A Majority, (ii) the Series B Majority and (iii) holders representing a majority of the Ordinary Shares (together as the “Drag Holders”) propose to enter into a transaction or a series of transactions that constitute a Share Sale or a Deemed Liquidation Event (the “Drag-Along Sale”) with any Person (the “Offeror”), provided that such proposed Drag-Along Sale implies a sale price per Share no less than two (2) times the Series B1 Issue Price (as adjusted for share splits, share dividends, combinations, recapitalizations and similar events), the Drag Holders may, at their option, by delivery of a written notice (the “Drag-Along Notice”), require all of the other Shareholders, including Principals and Principal Holding Companies, (the “Dragged Holders”) to, and whereupon each Dragged Holder shall:

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(a) sell, at the same time as the Drag Holders sell, to the Offeror, in the Drag-Along Sale, all of its Equity Securities of the Company or the same percentage of its Equity Securities of the Company as the Drag Holders sell, upon substantially the same terms and conditions as were agreed to by the Drag Holders; provided, however, that such terms and conditions, including with respect to price paid or received per Equity Security of the Company, may differ as between different classes of Equity Securities of the Company in accordance with their relative liquidation preferences as set forth in the Memorandum and Articles and provided further that some Shareholders may be given the right or opportunity to exchange or roll a portion of their Equity Securities of the Company for Equity Securities of the acquirer or an Affiliate thereof in the Drag-Along Sale, but in such event there shall be no obligation to afford such right or opportunity to all of the Shareholders (provided further, that, if such right is given to any Shareholder, it shall also be offered to all the Investors);

(b) vote all of its Equity Securities of the Company (a) in favor of such Drag-Along Sale, (b) against any other consolidation, recapitalization, amalgamation, merger, sale of securities, sale of assets, business combination, or transaction that would interfere with, delay, restrict, or otherwise adversely affect such Drag-Along Sale, and (c) against any action or agreement that would result in a breach of any covenant, representation or warranty or any other obligation or agreement of the Company under the definitive agreement(s) related to such Drag-Along Sale or that could result in any of the conditions to the closing obligations under such agreement(s) not being fulfilled, and, in connection therewith, to be present (in person or by proxy) at all relevant meetings of the Shareholders (or adjournments thereof) or to approve and execute all relevant written consents in lieu of a meeting;

(c) not exercise any dissenters’ or appraisal rights under applicable Law with respect to such Drag-Along Sale;

(d) take all necessary actions in connection with the consummation of such Drag-Along Sale as reasonably requested by the Drag Holders, including the execution and delivery of any share transfer or other agreements prepared in connection with such Drag-Along Sale, and the delivery, at the closing of such Drag-Along Sale involving a sale of Shares, of all certificates representing Shares held or controlled by such holder, duly endorsed for transfer or accompanied by a duly executed share transfer form, or affidavits and indemnity undertakings with respect to lost certificates; and

(e) approve any restructuring of the Company in connection with such Drag-Along Sale, as and if reasonably requested by the Drag Holders.
In any such Drag-Along Sale, (i) each such Dragged Holder shall make representations and warranties regarding such holder’s title to and ownership of the Shares, due authorization, enforceability, no violation or breach of or default by such Dragged Holder under (with or without the giving of notice or the lapse of time or both) any law or regulation applicable to such Dragged Holders or any material contract to which such Dragged Holder is a party or by which it is bound as a result of such Dragged Holder participating in the Drag-Along Sale, obtaining all requisite Consents in connection with the Drag-Along Sale, to the extent that such Consents can be obtained without incurring significant expenses, (ii) each such Dragged Holder shall bear a proportionate share (based on the relative proceeds received in such transaction) of the Drag Holder's reasonable and documented fees and expenses incurred in the Drag-Along Sale transaction, including legal, accounting and investment banking fees and expenses, and if approved by such Dragged Holder, by deducting such fees and expenses from the proceeds payable to such Dragged Holder, and (iii) each such Dragged Holder shall severally, not jointly, join on a pro rata basis (based upon the relative proceeds received in such transaction) in any indemnification obligations of the Company that are part of the terms and conditions of such Drag-Along Sale (other than those that relate specifically to a particular holder, such as indemnification with respect to representations and warranties given by such holder regarding such holder’s title to and ownership of the Shares, due authorization, enforceability, and no conflicts, which shall instead be given solely by such holder). In no event shall a holder of Preferred Shares be required to (i) assume any obligations in connection with the Drag-Along Sale other than any customary obligations (which, for the avoidance of doubt, shall not include any non-compete provisions, non-solicitation provisions, exclusivity provisions or other restriction on the business of such holder of Preferred Shares or its Affiliates); or (ii) be liable for the inaccuracy of any representation, warranty or covenant made by, or any obligation of, any other party to the Drag-Along Sale, other than the Company.

15.2 Other Provisions. In the event that any Dragged Holder fails for any reason to take any of the foregoing actions under this Section 15 following the Drag-Along Notice, such holder hereby grants an irrevocable power of attorney and proxy to any Director to take all necessary actions and execute and deliver all documents deemed by such Director to be reasonably necessary to effectuate the terms hereof.

15.3 Distribution of Proceeds. The proceeds from any Drag-Along Sale shall be distributed in accordance with the terms of Article 8.2(A) of the Memorandum and Articles. Each of the Shareholder hereby agrees and shall procure that the Offeror shall distribute the proceeds of such Drag-Along Sale to the Shareholders in accordance with this Section 15.3.

15.4 Transfer Restrictions. None of the other transfer restrictions set forth herein shall apply in connection with a Drag-Along Sale, notwithstanding anything contained to the contrary herein.

16. Information and Inspection Rights.

16.1 Delivery of Financial Statements. The Group Companies shall deliver to each Information Rights Holder the following documents or reports:

(a) within ninety (90) days after the end of each financial year of Jifen, a consolidated income statement and statement of cash flows for Jifen for such financial year and a consolidated balance sheet for Jifen as of the end of the financial year, prepared in accordance with the applicable Accounting Standards consistently applied throughout the period and audited and certified by the Auditor, and a management report including a comparison of the financial results of such financial year with the corresponding annual budget, all prepared in Chinese and in accordance with the Accounting Standards applicable in PRC consistently applied throughout the period; and within ninety (90) days after the end of each financial year of the Company, a consolidated income statement and statement of cash flows for the Company for such financial year and a consolidated balance sheet for the Company as of the end of the financial year, all prepared in accordance with applicable Accounting Standards consistently applied throughout the period and audited and certified by the Auditor;
(b) within forty-five (45) days of the end of each of the first three fiscal quarters, an unaudited consolidated income statement and statement of cash flows for such quarter and an unaudited consolidated balance sheet for each of the Company and Jifen as of the end of such quarter, and a comparison of the financial results of such quarter with the corresponding quarterly budget, all prepared in accordance with the applicable Accounting Standards consistently applied throughout the period (except for customary year-end adjustments and except for the absence of notes), and certified by the chief executive officer or chief financial officer of the Company;

(c) within thirty (30) days of the end of each month, an unaudited consolidated income statement and statement of cash flows for such month and an unaudited consolidated balance sheet for each of the Company and Jifen as of the end of such month, all prepared in accordance with the applicable Accounting Standards consistently applied throughout the period (except for customary year-end adjustments and except for the absence of notes), and certified by the chief executive officer or chief financial officer of the Company;

(d) an annual budget and business plan no later than thirty (30) days prior to the beginning of each financial year, setting forth: the projected income statements for each quarter during such financial year of each Group Company; projected detailed budgets for each such quarter; any dividend or distribution projected to be declared or paid; the projected incurrence, assumption or refinancing of indebtedness; and all other material matters relating to the operation, development and business of the Group Companies;

(e) the updated capitalization of the Company within thirty (30) days of any change to the capitalization of the Company;

(f) copies of all documents or other information sent to any other Shareholders and any reports publicly filed by the Company with any relevant securities exchange or Governmental Authority, no later than five (5) days after such documents or information are filed by the Company;

(g) as soon as practicable, any other information reasonably requested by any such Information Rights Holder.

16.2 Inspection Rights. The Group Companies and the Principals covenant and agree that each Information Rights Holder who solely, or collectively with its Affiliates, hold(s) no less than three percent (3%) of the total issued Shares of the Company shall have the right, at its own expenses, to reasonably inspect facilities, properties, records and books of each Group Company at any time during regular working hours on at least fourteen (14) days prior notice to such Group Company and the right to discuss the business, operation and conditions of a Group Company with any Group Company’s directors, officers, employees, accounts, legal counsels and investment bankers. Each Information Rights Holder shall exercise the foregoing inspection rights no more than four (4) times a year.
17. Election of Directors.

17.1 Board of Directors and Observer. The Company shall have, and the Parties hereto agree to cause the Company to have, a Board consisting of no more than seven (7) authorized directors with the composition of the Board determined as follows: (i) the holders of a majority of the outstanding Ordinary Shares (voting as a separate class) shall be exclusively entitled to designate, appoint, remove, replace and reappoint at any time or from time to time five (5) directors on the Board (each an “Ordinary Director”), (ii) Chengwei shall be exclusively entitled to designate, appoint, remove, replace and reappoint at any time or from time to time one (1) director on the Board (the “Series A Director”), and (iii) Tencent shall be exclusively entitled to designate, appoint, remove, replace and reappoint at any time or from time to time one (1) director on the Board (the “Series B1 Director”). Any committee formed by the Board (except for any audit committee which will be formed upon the closing of an IPO) shall include at least the Series A Director and the Series B1 Director. For the avoidance of doubt, if the holders of a majority of the outstanding Ordinary Shares (voting as a separate class) fail to appoint all of the five (5) Ordinary Directors, Mr. Tan Siliang (谭思亮) as an Ordinary Director shall have such number of votes in addition to the one (1) vote of Tan Siliang (谭思亮) as an Ordinary Director that is equal to five (5) less the number of Ordinary Directors that have been appointed. Each of (w) the Series A1 Investor, (x) Redpoint, (y) People Better Limited and Shunwei Growth III Limited jointly upon the closing of their subscription of the Series B2 Preferred Shares and (z) Long Range L.P. upon the closing of its subscription of the Series B2 Preferred Shares shall be entitled to appoint a representative (each, an “Observer”, and collectively, the “Observers”) to attend meetings of the Board in a nonvoting observer capacity and the Company shall give such Observers copies of all notices, minutes, consents and other materials that it provides to its directors at the same time and in the same manner as provided to such directors.

17.2 Voting Agreements.

(a) With respect to each election of directors of the Board, each holder of voting securities of the Company shall vote at each meeting of shareholders of the Company, or in lieu of any such meeting shall give such holder’s written consent with respect to, as the case may be, all of such holder’s voting securities of the Company as may be necessary (i) to keep the authorized size of the Board at seven (7) directors, (ii) to cause the election or re-election as members of the Board, and during such period to continue in office, each of the individuals designated pursuant to Section 17.1, and (iii) against any nominees not designated pursuant to Section 17.1.

(b) Any Director designated pursuant to Section 17.1 may be removed from the Board, either for or without cause, only upon the vote or written consent of the Person or group of Persons then entitled to designate such Director pursuant to Section 17.1, and the Parties agree not to seek, vote for or otherwise effect the removal of any such Director without such vote or written consent. Any Person or group of Persons then entitled to designate any individual to be elected as a Director on the Board shall have the exclusive right at any time or from time to time to remove any such Director occupying such position and to fill any vacancy caused by the death, disability, retirement, resignation or removal of any Director occupying such position or any other vacancy therein, and each other Party agrees to cooperate with such Person or group of Persons in connection with the exercise of such right. Each holder of voting securities of the Company agrees to always vote such holder’s respective voting securities of the Company at a meeting of the members of the Company (or give written consents in lieu thereof) in support of the foregoing.
17.3 Board Meeting; Quorum. Subject to the provisions of the Memorandum and Articles, the Directors may regulate their proceedings as they think fit, provided however that the board meetings shall be held at least once every three (3) months unless the Board otherwise approves (so long as such approval includes the approvals of the Series A Director and the Series B1 Director) and that a written notice of each meeting, agenda of the business to be transacted at the meeting and all documents and materials to be circulated at or presented to the meeting shall be sent to all Directors entitled to receive notice of the meeting at least five (5) Business Days before the meeting and a copy of the minutes of the meeting shall be sent to such Persons. A meeting of the Board shall only proceed where there are present (whether in person or by means of a conference telephone or another equipment which allows all participants in the meeting to speak to and hear each other simultaneously) a majority of the number of the Directors in office elected in accordance with Section 17.1 that includes at least (i) one (1) Ordinary Director, (ii) the Series A Director and (iii) the Series B1 Director, and the Parties shall cause the foregoing to be the quorum requirements for the Board. Notwithstanding the foregoing and subject to Section 18.2, if notice of the board meeting has been duly delivered to all directors of the Board prior to the scheduled meeting in accordance with the notice procedures under the Charter Documents of the applicable Group Company, and the number of directors required to be present under this Section 17.3 for such meeting to proceed is not present within one half hour from the time appointed for the meeting solely because of the absence of the Series A Director or the Series B1 Director, each holder of voting securities of the Company, or the applicable Group Company, as the case may be, shall procure that the directors present at the meeting shall adjourn the meeting to the seventh (7th) following Business Day at the same time and place (or to such other time or such other place as the directors may determine) with notice delivered to all directors three (3) Business Day prior to the adjourned meeting in accordance with the notice procedures under the Charter Documents of the applicable Group Company and, if at the adjourned meeting, the number of directors required to be present under this Section 17.3 for such meeting to proceed is not present within one half hour from the time appointed for the meeting solely because of the absence of the same Director who was absent at the initial board meeting, then the presence of such director shall not be required at such adjourned meeting solely for purpose of determining if a quorum has been established, provided that at such adjourned meeting the business not included in the notice shall not be transacted.

17.4 Expenses. The Company will promptly pay or reimburse each non-employee Board member for all reasonable out-of-pocket expenses incurred in connection with attending board or committee meetings and otherwise performing their duties as directors and committee members.

17.5 Alternates. Subject to applicable Law and this Agreement, each Director shall be entitled to appoint an alternate to serve at any Board meeting, and such alternate shall be permitted to attend all Board meetings and vote on behalf of the director for whom she or he is serving as an alternate.

17.6 Subsidiary Board. Each holder of Preferred Shares shall have the right to: (a) require that the size of the board of each Group Company (other than the Company) be of the same size as the Board and (b) to appoint a number of director(s) to the board of such Group Company equal to the number of director(s) it is entitled to appoint to the Board. Each Party shall cause its nominees on the board of directors of any Group Company (whether nominated directly or through any Person) to vote in the manner duly determined by the Board and shall cause any director who fails to vote in such manner to be removed.

17.7 Indemnification Agreement. The Company shall maintain a valid and binding Indemnification Agreement with respect to the Series A Director and the Series B1 Director and directors nominated by Chengwei and Tencent on the boards of the other Group Companies as appointed from time to time in accordance with this Section 17. The Charter Documents of the Company shall at all times provide that the Company shall indemnify such directors to the maximum extent permitted by applicable law.

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18.1 Acts of the Group Companies Requiring Approval of Series A Majority and Series B Majority. Regardless of anything else contained herein or in the Charter Documents of any Group Company, no Group Company shall take, permit to occur, approve, authorize, or agree or commit to do any of the following, and each Party shall procure each Group Company not to, and the Shareholders of the Company shall procure the Company not to, take, permit to occur, approve, authorize, or agree or commit to do any of the following, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved in writing by the Series A Majority and the Series B Majority:

(a) any amendment or change of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, any series of Preferred Shares (including without limitation the change of the size or composition of the Board or the board of directors of any other Group Company);

(b) any action that creates, authorizes the creation of or issues any Equity Security or other security convertible into or exercisable for any Equity Security, or change the authorized number of shares of any series of Preferred Shares or Ordinary Shares or any reorganization or restructuring of its share capital (other than the Restructuring); provided that in case that the Company proposes a Qualified IPO, the holders of Preferred Shares or their Directors (if applicable) shall not unreasonably disapprove the proposal relating to such Qualified IPO.

(c) any purchase, repurchase, redemption or retirement of any Equity Securities, other than repurchases pursuant to share restriction agreements approved by the Board upon termination of a Director, employee or consultant;

(d) any amendment or modification to or waiver under any of the Charter Documents in a manner adverse to any series of Preferred Shares;

(e) any declaration, set aside or payment of a dividend or other distribution, or the adoption of, or any change to, the dividend policy;

(f) (i) any amendment of the maximum number of Equity Securities that may be granted under the Current ESOP; and (ii) the adoption, amendment or termination of any equity incentive, purchase or participation plan for the benefit of employees, officers, directors, contractors, advisors or consultants other than the Current ESOP (each such plan, a “New ESOP”);

(g) (i) any transaction(s) with any Related Party (other than the Principals and their respective Associates and Tencent and its Affiliates), either individually or together with any other transactions with such party, having an aggregate transaction value exceeding US$3,000,000 in any financial year, (ii) any transactions with any Related Party (other than the Principals and their Associates) that are on terms that are less favorable than arm’s length terms for the relevant Group Company; and (iii) any transactions with a Principal or its Associate;

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(h) the commencement of or consent to any proceeding seeking (i) to adjudicate it as bankrupt or insolvent, (ii) liquidation, winding up, dissolution, reorganization, or other arrangement under law relating to bankruptcy, insolvency or reorganization or relief of debtors, or (iii) the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property;

(i) any investment in, or divestiture or sale of an interest in a Subsidiary, partnership or joint venture;

(j) any transaction or a series of transactions that constitute a Share Sale or a Deemed Liquidation Event, provided that, for so long as Tencent together with its Affiliates hold more than 50% of the Series B1 Preferred Shares it acquired at the Series B1 Closing (as adjusted for share splits, share dividends, combinations, recapitalizations and similar events), the transferee, target, offeror or other counterparty to the transaction(s) shall not be any of the Restricted Persons II without prior written consent of Tencent;

(k) approval of, or any deviation from or amendment of, the annual budget or the business and financial plan;

(l) incurrence of Indebtedness or guarantees of Indebtedness in excess of 10% of the net book value of the total assets of the Group as at the end of the preceding financial year;

(m) any sale, transfer, or other disposal of, or the incurrence of any Lien on, any assets valued in excess of 10% of the net book value of the total assets of the Group as at the end of the preceding financial year;

(n) any change in the direct or indirect equity ownership of the Domestic Company or any amendment or modification to or waiver under any of the Control Documents;

(o) any material change to the business scope or nature of business, or cessation of any business line (including entering into any business not within the scope of the Business); or

(p) any action by a Group Company to authorize, approve or enter into any agreement or obligation with respect to any of the actions listed above.

Notwithstanding anything to the contrary contained herein, where any act listed in clauses (a) through (p) above requires the approval of the Shareholders of the Company in accordance with the applicable Laws, and if the Shareholders vote in favor of such act but the approval of the Series A Majority, the Series B Majority or Tencent (as applicable) has not yet been obtained, then the Series A Majority, the Series B Majority or Tencent (as the case may be) shall, in such vote, have the voting rights equal to the aggregate voting power of all the Shareholders who vote in favor of the resolution plus one.

18.2 Acts of the Group Companies Requiring Board Approval. Regardless of anything else contained herein or in the Charter Documents of any Group Company, no Group Company shall take, permit to occur, approve, authorize, or agree or commit to do any of the following, and no Party shall permit any Group Company to, and the Shareholders of the Company shall not permit the Company to, take, permit to occur, approve, authorize, or agree or commit to do any of the following, whether in a single transaction or a series of related transactions, whether directly or indirectly, and whether or not by amendment, merger, consolidation, scheme of arrangement, amalgamation, or otherwise, unless approved by the Board (which approval must include the approvals of the Series A Director and the Series B1 Director):

(a) incurrence of Indebtedness or guarantees of Indebtedness in excess of the lower of (i) US$3,000,000; (ii) 5% of the net book value of the total assets of the Group as at the end of the preceding financial year in the aggregate during any financial year;
(b) purchase or lease of any business and/or assets valued in excess of the lower of (i) US$3,000,000; (ii) 5% of the net book value of the total assets of the Group as at the end of the preceding financial year in the aggregate during any financial year

(c) any capital commitment or expenditure in excess of the lower of (i) US$3,000,000; (ii) 5% of the net book value of the total assets of the Group as at the end of the preceding financial year;

(d) the investment in any other entity exceeding US$5,000,000 individually or US$10,000,000 in the aggregate during any financial year, or enter into any joint venture or partnership;

(e) appointment or removal of any auditor, material change in accounting policies or change of financial year; or

(f) any action by a Group Company to authorize, approve or enter into any agreement or obligation with respect to any of the actions listed above.

19. Additional Covenants.

19.1 Business of the Group Companies. The business of each Group Company shall be restricted to the Business, except with the approval of the Board and any required approvals under Section 18.

19.2 SAFE Registration. Each Principal and Ordinary Shareholder, where applicable, shall have complied with the registration requirements under Circular 37. As soon as practicable after the Series B1 Closing, each applicable Principal and any other holder or beneficial owner of any Equity Security of a Group Company, who is a “Domestic Resident” as defined in Circular 37 and is subject to any of the registration or reporting requirements of Circular 37, shall, where applicable, comply with all reporting and/or registration requirements (including filings of amendments to existing registrations) under Circular 37 and all applicable rules and regulations, and obtain an SAFE registration certificate with respect to his/her interest in the Company in form and substance satisfactory to the Series A Investors, the Series A1 Investor and Tencent.

19.3 Control Documents. The Principals, the Principal Holding Companies, and the Group Companies shall ensure that each party to the relevant Control Documents fully perform its/his/her respective obligations thereunder and carry out the terms and the intent thereof. If any of the Control Documents becomes illegal, void or unenforceable under PRC Laws after the date hereof, the Parties shall cooperate with each other in good faith and shall devise a feasible alternative legal structure reasonably satisfactory to the Investors which gives effect to the intentions of the parties in each Control Document and the economic arrangement thereunder as closely as possible.

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19.4 Control of Subsidiaries. The Company shall institute and keep in place such arrangements as are reasonably satisfactory to the Series A Majority and the Series B Majority such that the Company (i) will at all times Control the operations of each other Group Company, and (ii) will at all times be permitted to properly consolidate the financial results for each other Group Company in the consolidated financial statements for the Company prepared under the Accounting Standards.

19.5 Compliance with Laws; Registrations.

(a) The Group Companies shall, and each Principal and the Principal Holding Company shall cause the Group Companies to, conduct their respective business in compliance in all material respects with all applicable Laws, including but not limited to Laws regarding foreign investments, corporate registration and filing, import and export, customs administration, foreign exchange, telecommunication and e-commerce, intellectual property rights, labor and social welfare, and taxation, and obtain, make and maintain in effect, all Consents from the relevant Governmental Authority or other Person required in respect of the due and proper establishment and operations of each Group Company as now conducted in accordance with applicable Laws. Without limiting the generality of the foregoing, none of the Group Companies shall, and the Parties (other than the Investors) shall cause each Group Company not to, and the Parties (other than the Investors) shall ensure that its and their respective Affiliates and its respective officers, directors, and representatives shall not, directly or indirectly, (a) offer or give anything of value to any Public Official with the intent of obtaining any improper advantage, affecting or influencing any act or decision of any such Person, assisting any Group Company in obtaining or retaining business for, or with, or directing business to, any Person, or constituting a bribe, kickback or illegal or improper payment to assist any Group in obtaining or retaining business, (b) take any other action, in each case, in violation of the Foreign Corrupt Practices Act of the United States of America, as amended (as if it were a US Person), or any other applicable similar anti-corruption, recordkeeping and internal controls Laws, or (c) establish or maintain any fund or assets in which any Group Company has proprietary rights that have not been recorded in its books and records of Group Company.

(b) Without limiting the generality of the foregoing, each Principal, Principal Holding Company, and each Group Company shall ensure that all filings and registrations with the PRC Governmental Authorities so required by them shall be duly completed in accordance with the relevant rules and regulations, including without limitation any such filings and registrations with the Ministry of Commerce, the Ministry of Information Industry, the State Administration of Industry and Commerce, the State Administration for Foreign Exchange, tax bureau, customs authorities, product registration authorities, and the local counterpart of each of the aforementioned governmental authorities, in each case, as applicable.

19.6 Current ESOP. Notwithstanding any provisions provided herein, none of the transfer restrictions set forth in this Agreement shall apply in connection with any bona fide transfer or disposal of: (a) the 10,000,000 Ordinary Shares held by Qu Word Limited to the Persons who are entitled to receive such Ordinary Shares pursuant to the 2017 ESOP and (b) the 2,964,141 Ordinary Shares reserved for the 2018 ESOP (as defined in Series B3 Share Purchase Agreement) on the date hereof to any Person, in each case, in compliance with the Current ESOP except that the transferee shall not be one of the Restricted Persons I or the Restricted Persons II without the prior written consent of Tencent.
19.7 **Intellectual Property Protection.** Except with the written consent of the Series A Majority and the Series B Majority, the Group Companies shall take all reasonable steps to protect their respective material Intellectual Property rights, including without limitation, registering their material respective trademarks, brand names, domain names and copyrights, and shall require each employee and consultant of each Group Company to enter into an employment agreement in form and substance reasonably acceptable to the Series A Majority and the Series B Majority, and a confidentiality and intellectual property assignment agreement and a non-competition and non-solicitation agreement requiring such persons to protect and keep confidential such Group Company’s confidential information, intellectual property and trade secrets, prohibiting such persons from competing with such Group Company for a reasonable time after their termination of employment with any Group Company, and requiring such persons to assign all ownership rights in their work product to the relevant Group Company, in each case in form and substance reasonably acceptable to the Series A Majority and the Series B Majority.

19.8 **Non-compete.** Unless the Series A Majority and the Series B Majority otherwise consent in writing, each Principal (a) so long as such Principal is an employee of or a service provider to a Group Company, shall devote his full time and attention (if he is an employee) or reasonable time and attention (if he is a service provider) to the business of the Group Companies and will use his best efforts to develop the business and interests of the Group Companies, unless an alternative arrangement is approved by the Series A Majority and the Series B Majority, and (b) so long as such Principal is a director, officer, employee or a direct or indirect holder of Equity Securities of a Group Company and for two (2) years after such Principal is no longer a director, officer, employee, service provider or a direct or indirect holder of Equity Securities of a Group Company, shall not, and shall cause his Affiliate or direct Associate not to, directly or indirectly, (i) own, manage, engage in, operate, control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation or control of, any business, whether in corporate, proprietorship or partnership form or otherwise, that competes with the businesses of the Group Companies, being the operation of mobile content aggregation platforms and any other major business operations any Group Company may engage in from time to time (a “Restricted Business”); provided, however, that the restrictions contained in this clause (i) shall not apply to (X) such Principal’s investment in an investment fund managed by a professional management company that is not a Related Party of any of the Principals while such Principal does not hold more than 20% equity in such investment fund or management company and is not a member of the investment committee of such investment fund or management company, or (Y) such Principal’s passively owning, directly or indirectly, less than three percent (3%) of the outstanding share capital of any publicly traded company engaged in a Restricted Business or less than five (5%) of the outstanding share capital of any private company engaged in a Restricted Business, in each case, so long as such Principal is not a director, officer, employee or service provider of such company or otherwise participating in the management of such company’s business, (ii) solicit any Person who is or has been at any time a customer of the Group Companies for the purpose of offering to such customer goods or services similar to or competing with those offered by any Group Company, or canvass or solicit any Person who is or has been at any time a supplier or licensor or customer of any Group Company for the purpose of inducing any such Person to terminate its business relationship with such Group Company, or (iii) solicit or entice away or endeavor to solicit or entice away any director, officer, consultant or employee of any Group Company. The Principals expressly agree that the limitations set forth in this Section 19.8 are reasonably tailored and reasonably necessary in light of the circumstances. Furthermore, if any provision of this Section is more restrictive than permitted by the Laws of any jurisdiction in which a Party seeks enforcement thereof, then this Section will be enforced to the greatest extent permitted by Law. Each of the undertakings contained in this Section 19.8 shall be enforceable by each of the Group Companies and each Series A Investor, Series A1 Investor, Series B1 Investor, Series B2 Investor and Series B3 Investor separately and independently. For the avoidance of doubt, if the Group Companies enter into a new business that is approved in accordance with Section 18, and any Principal has been engaged in such new business, such Principal shall duly and timely report to the Board regarding the affairs of such new business, such Principal may continue to engage in such new business and such engagement shall not be deemed to be in breach of his non-compete obligations hereunder.

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19.9 No Avoidance; Voting Trust. Each of the Principals, the Principal Holding Companies and the Group Companies will not, by any voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be performed by it hereunder, and each of the foregoing Persons will at all times in good faith assist and take action as appropriate in the carrying out of all of the provisions of this Agreement. Each holder of Shares agrees that it shall not enter into any other agreements or arrangements of any kind with respect to the voting of any Shares or deposit any Shares in a voting trust or other similar arrangement.

19.10 Confidentiality.

(a) The terms and conditions of the Transaction Documents (collectively, the “Confidential Information”), including their existence, shall be considered confidential information and shall not be disclosed by any of the Parties to any other Person except that (i) each Party (other than the Investors), as appropriate, may disclose any of the Confidential Information to its current or bona fide prospective investors, prospective permitted transferees, employees, investment bankers, lenders, accountants and attorneys, (ii) each Series A Investor and Series A1 Investor may disclose any of the Confidential Information to its shareholders, direct or indirect partners, fund manager and Affiliates of the foregoing and the employees thereof; (iii) each Series B1 Investor, each Series B2 Investor and each Series B3 Investor may disclose any of the Confidential Information to its current or bona fide prospective investors, its Affiliates and its and its Affiliates’ respective shareholders, partners, directors, employees or advisers (including without limitation bankers, consultants, financial advisers, accountants, legal counsel or members of advisory boards), so long as, in each case of (i) to (iii) above, the recipients of the disclosure are receiving such disclosure on a need-to-know basis, have been informed of the confidential nature of the Confidential Information and are under appropriate nondisclosure obligations substantially similar to those set forth herein, and (iv) if any Party is requested or becomes legally compelled (including without limitation, pursuant to securities Laws) to disclose the existence or content of any of the Confidential Information in contravention of the provisions of this Section, such Party shall promptly provide the other Parties with written notice of that fact so that such other Parties may seek a protective order, confidential treatment or other appropriate remedy and in any event shall furnish only that portion of the information that is legally required and shall exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information.

(b) The provisions of this Section shall replace and supersede the provisions of any separate nondisclosure agreement executed by any of the Parties hereto with respect to the transactions contemplated hereby, including without limitation, any term sheet, letter of intent, memorandum of understanding or other similar agreement entered into by the Company and the Series A Investors, the Company and the Series A1 Investor, the Company and Series B1 Investor, the Company and the Series B2 Investor(s) and the Company and the Series B3 Investor(s) in each case, in respect of the transactions contemplated hereby.
19.11 Option to Purchase the Domestic Companies.

(a) The Parties hereby acknowledge and agree that, as part of the consideration for the Investors’ investment in the Company and other valuable consideration, the Company has the option, exercisable by the Company or any Subsidiary thereof at any time (provided that such purchase by the Company or such Subsidiary is permitted under the then applicable Laws of the PRC and the exercise timing has been agreed by Mr. Tan Siliang (谭思亮)), to purchase the entire equity interest of the Domestic Companies from the shareholders of Domestic Companies or require the shareholders of the Domestic Companies to transfer such equity interest to an Affiliate of the Company, in each case, at the lowest amount permitted under the Laws of the PRC then applicable. The Parties further agree to effect such transfer of equity interest in the Domestic Companies with respect to the Series A Investors only upon receipt of the written request of the Series A Majority and with respect to the Series B1 Investor, Series B2 Investors and Series B3 Investors the Series B Majority, provided that such transfer shall at the time of such request be permissible under the Laws of the PRC then applicable.

(b) The Parties hereby acknowledge and agree that, as part of the consideration for the Investor’s investment in the Company and other valuable consideration, each Investor has the option, exercisable by it at any time following the occurrence of any event, occurrence, fact, condition, change or development that, in the reasonable opinion of such Investor based on objective and reasonable evidence, has had, or could reasonably be expected to have, a material adverse effect on the Captive Structure and/or the Control Documents, or that the Control Documents may no longer be valid, legal and enforceable, pursuant to applicable Laws of the PRC (a “VIE Event”), to acquire, or designate an Affiliate incorporated under the Laws of the PRC to acquire, such equity interest in Jifen, whether through a subscription of the equity interest of Jifen or a transfer by the then shareholders of their respective equity interest in Jifen, in each case, at the lowest price permitted under the Laws of the PRC, such that following such acquisition, the Investor’s equity interest in Jifen will be the same as its then shareholding in the Company. Notwithstanding the foregoing, in the event the Series A Majority and the Series B Majority (on an as-converted basis calculated as a single class) approved an alternative arrangement, plan or other solution in response to the foregoing VIE Event (the “Alternative Plan”), such that each Investor’s economic interests, shareholders rights and other rights, preferences and privileges originally provided in the Company could be substantially realized to a reasonable extent under such Alternative Plan, such Investor shall provide cooperation in good faith with other Parties to effect the Alternative Plan in compliance with applicable Laws. To the greatest extent permitted by applicable PRC Laws, the Principals, Principal Holdings Companies and the Group Companies agree to execute all necessary documents, make all necessary filings and take all other necessary actions to give effect to this Section 19.11(b).
19.12 Tencent’s Right to be a Shareholder of Domestic Entities. Tencent shall have the right (such right, the “Equity Acquisition Right”) to acquire, at nominal value, a direct equity interest in the Domestic Company, Jifen, each wholly-owned subsidiary of the Company established in the PRC or VIE entity established by the Company from time to time and each of their respective wholly-owned subsidiaries, such equity interest to be in proportion to Tencent’s shareholding interest in the Company (on a non-diluted basis). Upon request by Tencent to the Company, the Company shall procure that the shareholder(s) of such entities transfer at nominal value, within 30 Business Days after Tencent’s request, the relevant equity interest in such company to Tencent (or its designated Affiliate), provided that Tencent (or its designated Affiliate) enters into applicable control documents that are substantially similar to the Control Documents or control documents then are entered into by the Company’s other nominee shareholders at such time. If Tencent exercises the Equity Acquisition Right, then each of the Series A Investors, Series A1 Investors, Series B2 Investors and Series B3 Investors may also exercise the Equity Acquisition Right, provided that: (a) the equity interest that may be acquired by it shall be in proportion to its shareholding interest in the Company (on a non-diluted basis) and (b) it shall also enter into applicable control documents described in the preceding sentence.

19.13 PFIC and CFC. (i) Immediately after the Series B1 Closing, the Company will not be a CFC. The Company shall make due inquiry with its tax advisors on at least an annual basis regarding the Company’s status as a CFC and regarding whether any portion of the Company’s income is “subpart F income” (as defined in Section 952 of the Code) (“Subpart F Income”). Each Series A Investor shall reasonably cooperate with the Company to provide information about such Series A Investor and such Series A Investor’s Partners in order to enable the Company’s tax advisors to determine the status of such Series A Investor and/or any of such Series A Investor’s Partners as a “United States Shareholder” within the meaning of Section 951(b) of the Code. No later than 60 days following the end of each Company taxable year, the Company shall provide the following information to the Investors: (i) the Company’s capitalization table as of the end of the last day of such taxable year and (ii) a report regarding the Company’s status as a CFC. In addition, the Company shall provide the Investors with access to such other Company information as may be necessary for the Investors to determine the Company’s status as a CFC and to determine whether Series A Investor or any of the Investor’s Partners is required to report its pro rata portion of the Company’s Subpart F Income on its United States federal income tax return, or to allow such Investor or such Investor’s Partners to otherwise comply with applicable United States federal income tax laws. For purposes of the foregoing as well as the representations contained in this Section 19.15, (i) the term “Investor’s Partners” shall mean each of the Investor’s partners and any direct or indirect equity owners of such partners, and (ii) the “Company” shall mean the Company and any of the Group Companies.

(ii) The Company has never been, and, to the best of its knowledge after consultation with its tax advisors, will not be with respect to its taxable year during which the Series B1 Closing occurs, a PFIC. The Company shall use its best efforts to avoid being a PFIC. In connection with a “Qualified Electing Fund” election made by any of Series A Investor’s Partners pursuant to Section 1295 of the Code or a “Protective Statement” filed by any of Series A Investor’s Partners pursuant to Treasury Regulation Section 1.1295-3, as amended (or any successor thereto), the Company shall provide annual financial information to the Investor in the form provided in the attached hereto as Exhibit C (PFIC Exhibit) (or in such other form as may be required to reflect changes in applicable law) as soon as reasonably practicable following the end of each taxable year of the Company (but in no event later than 60 days following the end of each such taxable year), and shall provide the Investor with access to such other Company information as may be required for purposes of filing U.S. federal income tax returns of Investor’s Partners in connection with any such Qualified Electing Fund election or Protective Statement.
(iii) The Company shall take such actions, including making an election to be treated as a corporation or refraining from making an election to be treated as a partnership, as may be required to ensure that at all times the company is classified as corporation for United States federal income tax purposes so long as such actions do not adversely affect the Investors.

(iv) The Company shall make due inquiry with its tax advisors (and shall cooperate with the Investor’s tax advisors with respect to such inquiry) on at least an annual basis regarding whether the Investor’s or any Investor’s Partner’s direct or indirect interest in the Company is subject to the reporting requirements of either or both of Sections 6038 and 6038B of the Code (and the Company shall duly inform the Investor of the results of such determination), and in the event that the Investor’s or any Investor’s Partner’s direct or indirect interest in Company is determined by the Company’s tax advisors or the Investor’s tax advisors to be subject to the reporting requirements of either or both of Sections 6038 and 6038B Company agrees, upon a request from the Investor, to provide such information to the Investor as may be necessary to fulfill the Investor’s or Investor’s Partner’s obligations thereunder.

19.14 Anti-Dilution Rights for Series B Investor. If the Company proposes to adopt any New ESOP(s) after the Series B1 Closing, the Series B2 Closing and the Series B3 Closing, and the aggregate number of Ordinary Shares reserved under any such New ESOP(s) is less than or equal to 10% of the Company’s share capital as at the Series B2 Closing on a fully diluted basis (i.e. 6,859,869 Ordinary Shares, as appropriately adjusted for share splits, share dividends, combinations, recapitalizations and similar events after the B2 Closing) (the “10% ESOP Quota”), the Company shall issue to each Series B Investor a number of additional Series B1 Preferred Shares Series B2 Preferred Shares or the Series B3 Preferred Shares (with respect to a Series B1 Investor, the Series B1 Preferred Shares; with respect to a Series B2 Investor, the Series B2 Preferred Shares; with respect to a Series B3 Investor, the Series B3 Preferred Shares) at a consideration equal to the par value of such shares at the same time as the reservation of shares for the New ESOP(s) to ensure that such Series B Investor’s shareholding percentage only with respect to its applicable Series B1 Preferred Shares, Series B2 Preferred Shares or Series B3 Preferred Shares in the Company shall not be diluted by any such New ESOP(s) (“New ESOP Anti-dilution Right”). For the avoidance of doubt, if the number of Ordinary Shares reserved under the New ESOP(s) cumulatively exceeds the 10% ESOP Quota, the Series B Investors shall not have any New ESOP Anti-dilution Right with respect to the portion of Ordinary Shares reserved under the New ESOP(s) which exceeds the 10% ESOP Quota while each Series B Investor shall still be entitled to the New ESOP Anti-dilution Right with respect to the portion of Ordinary Shares reserved under the New ESOP(s) up to the 10% ESOP Quota. For the avoidance of doubt, any grant or exercise of such New ESOP(s) shall follow the procedures specified in the ESOP plan. The New ESOP Anti-dilution Right shall expire upon the IPO of the Company.

19.15 Put Right for Series B Investors.

(a) If Mr. Tan commits any fraud or criminal acts, each Series B Investor shall have the right (the “Put Right”) to sell to Mr. Tan and require Mr. Tan to purchase from such Series B Investor all or part of its Preferred Shares at the purchase price equal to the applicable Redemption Price (as defined in the Memorandum and Articles) per share (the “Put Consideration”).
(b) Each Series B Investor may exercise the Put Right by giving written notice to Mr. Tan (“Put Notice”). The Put Notice shall include the number of Redeeming Preferred Shares that such Series B Investor intends to sell to Mr. Tan.

(c) Mr. Tan shall pay such Series B Investor the Put Consideration for the number of Preferred Shares requested to be purchased in the Put Notice in immediately available funds within thirty (30) days after delivery of the Put Notice.

19.16 Coin Offerings. Without the prior written approval of Tencent, the Series A Majority and the Series B Majority, no Group Company shall (a) sell, issue or distribute any Company-created digital tokens, coins or cryptocurrency (collectively, “Tokens”) for fundraising purposes, whether through a Simple Agreement for Future Tokens or any other agreement, pre-sale, initial coin offering, token distribution event or crowdfunding; or (b) develop any computer network either incorporating Tokens or permitting the generation of Tokens by network participants.

20. Miscellaneous.

20.1 Termination. This Agreement shall terminate (i) against all Parties, upon the unanimous consent of all Parties hereto, and (ii) against any one Party, if such Party ceases to own any Equity Securities of the Company. The provisions of Sections 7 through 19 (except for Section 14, Section 19.5 and Section 19.10) shall terminate on the consummation of the Qualified IPO. If this Agreement terminates, the Parties shall be released from their obligations under this Agreement, except in respect of any obligation stated, explicitly or otherwise, to continue to exist after the termination of this Agreement (including those under Sections 2 through 6 and Section 19.5, Section 19.10 and this Section 20). If any Party breaches this Agreement before the termination of this Agreement, it shall not be released from its obligations arising from such breach notwithstanding the termination of this Agreement.

20.2 [Intentionally Deleted]

20.3 Further Assurances. Upon the terms and subject to the conditions herein, each of the Parties hereto agrees to use its commercially reasonable efforts to take or cause to be taken all action, to do or cause to be done, to execute such further instruments, and to assist and cooperate with the other Parties hereto in doing, all things necessary, proper or advisable under applicable Laws or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement. Each Principal irrevocably agrees to cause each Principal Holding Company to perform and comply with all of its respective covenants and obligations under this Agreement.

20.4 Assignments and Transfers; No Third Party Beneficiaries. Except as otherwise provided herein, this Agreement and the rights and obligations of the Parties hereunder shall inure to the benefit of, and be binding upon, their respective successors, assigns and legal representatives, but shall not otherwise be for the benefit of any third party. The rights of any Investor hereunder (including registration rights) are assignable (together with the related obligations) in connection with the transfer of Equity Securities of the Company held by such Investor but only to the extent of such transfer in accordance with the provisions of this Agreement. This Agreement and the rights and obligations of each Party (other than the Investors) hereunder shall not otherwise be assigned without the mutual written consent of the Investors, except as expressly provided herein.
20.5 **Governing Law.** This Agreement shall be governed by and construed under the Laws of Hong Kong, without regard to principles of conflict of laws thereunder.

20.6 **Dispute Resolution.**

(a) Any dispute, controversy or claim (each, a “Dispute”) arising out of or relating to this Agreement, or the interpretation, breach, termination, validity or invalidity thereof, shall be referred to arbitration upon the demand of the claimant to the dispute with notice (the “Arbitration Notice”) to the respondent(s) to the dispute.

(b) The Dispute shall be settled by arbitration in Hong Kong by the Hong Kong International Arbitration Centre (the “HKIAC”) in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the “HKIAC Rules”) in force when the Arbitration Notice is submitted in accordance with the HKIAC Rules. There shall be three (3) arbitrators. The claimant(s) to the dispute shall jointly select one arbitrator and the respondent(s) to the dispute shall jointly select one arbitrator. All selections shall be made within 30 days after the selecting Party gives or receives the demand for arbitration. Such arbitrators shall be freely selected, and the Parties shall not be limited in their selection to any prescribed list. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice law in Hong Kong.

(c) The arbitral proceedings shall be conducted in English. To the extent that the HKIAC Rules are in conflict with the provisions of this Section, including the provisions concerning the appointment of the arbitrators, the provisions of this Section shall prevail.

(d) Each party to the arbitration shall cooperate with each other parties to the arbitration in making full disclosure of and providing complete access to all information and documents requested by such other party in connection with such arbitral proceedings, subject only to any confidentiality obligations binding on such party.

(e) The award of the arbitral tribunal shall be final and binding upon the parties thereto, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award.

(f) The arbitral tribunal shall decide any Dispute submitted by the parties to the arbitration strictly in accordance with the substantive Laws of Hong Kong, without regard to principles of conflict of laws thereunder, and shall not apply any other substantive Law.

(g) Any party to the Dispute shall be entitled to seek preliminary injunctive relief from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(h) During the course of the arbitral tribunal’s adjudication of the Dispute, this Agreement shall continue to be performed except with respect to the part in dispute and under adjudication.

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Shareholders’ Agreement
20.7 Notices. Any notice required or permitted pursuant to this Agreement shall be given in writing and shall be given either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to the address of the relevant Party as shown on Schedule C (or at such other address as such Party may designate by fifteen (15) days’ advance written notice to the other Parties to this Agreement given in accordance with this Section). Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a written confirmation of delivery, and to have been effected at the earlier of (i) delivery (or when delivery is refused) and (ii) expiration of two (2) Business Days after the letter containing the same is sent as aforesaid. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid, if such day is a Business Day and if sent during normal business hours of the recipient, otherwise the next Business Day. Notwithstanding the foregoing, to the extent a “with a copy to” address is designated, notice must also be given to such address in the manner above for such notice, request, consent or other communication hereunder to be effective.

20.8 Expenses. If any action at law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to reasonable attorneys’ fees, costs and necessary disbursements in addition to any other relief to which such Party may be entitled.

20.9 Rights Cumulative; Specific Performance. Each and all of the various rights, powers and remedies of a Party hereto will be considered to be cumulative with and in addition to any other rights, powers and remedies which such Party may have at Law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such Party. Without limiting the foregoing, the Parties hereto acknowledge and agree irreparable harm may occur for which money damages would not be an adequate remedy in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunction to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement.

20.10 Successor Indemnification. If the Company or any of its successors or assignees consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger, then to the extent necessary, proper provision shall be made so that the successors and assignees of the Company assume the obligations of the Company with respect to indemnification of members of the Board of Directors as in effect immediately before such transaction, whether such obligations are contained in the Memorandum and Articles, or elsewhere, as the case may be.

20.11 Severability. In case any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. If, however, any provision of this Agreement shall be invalid, illegal, or unenforceable under any such applicable Law in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such Law, or, if for any reason it is not deemed so modified, it shall be invalid, illegal, or unenforceable only to the extent of such invalidity, illegality, or limitation on enforceability without affecting the remaining provisions of this Agreement, or the validity, legality, or enforceability of such provision in any other jurisdiction.
**20.12 Amendments and Waivers.** Any provision in this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only by the written consent of (i) the Company; (ii) (1) the Series A Majority (in connection with any reserved matter approved in accordance with Section 18 in order to reflect the terms of the transaction contemplated under such approved reserved matter), or (2) the holders of a majority of the Series A Shares and the holders of a majority of the Series A1 Shares (in any other cases than those provided in the foregoing item (1)); (iii) the Series B Majority, and (iv) holders of at least a majority of the Ordinary Shares held by all the Principals and the Principal Holding Companies. Any amendment or waiver effected in accordance with this Section shall be binding upon all the Parties hereto. Notwithstanding the foregoing, no amendment may adversely affect any holder of an existing class of Preferred Shares in a manner that is disproportionate to the other holders of the same class of Preferred Shares, unless otherwise consented by all holders of the relevant class of Preferred Shares; and any Party may waive its rights (but not obligations) under any provision of this Agreement (either generally or in a particular instance and either retroactively or prospectively) by an instrument in writing signed by such Party without obtaining the consent of any other Party.

**20.13 No Waiver.** Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

**20.14 Delays or Omissions.** No delay or omission to exercise any right, power or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing.

**20.15 No Presumption.** The Parties acknowledge that any applicable Law that would require interpretation of any claimed ambiguities in this Agreement against the Party that drafted it has no application and is expressly waived. If any claim is made by a Party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any Party or its counsel.

**20.16 Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.
20.17 Entire Agreement. This Agreement (including the Schedules hereto) constitutes the full and entire understanding and agreement among the Parties with regard to the subjects hereof and thereof, and supersedes all other agreements between or among any of the Parties with respect to the subject matter hereof, including but not limited to the Series B1 Shareholders Agreement.

20.18 Control. In the event of any conflict or inconsistency between any of the terms of this Agreement and any of the terms of any of the Charter Documents for any of the Group Companies (other than Article 28A of the Memorandum and Articles, which shall not be deemed to be a conflict or inconsistency with this Agreement), or in the event of any dispute related to any such Charter Document, the terms of this Agreement shall prevail in all respects, the Parties shall give full effect to and act in accordance with the provisions of this Agreement over the provisions of the Charter Documents, and the Parties hereto shall exercise all voting and other rights and powers (including to procure any required alteration to such Charter Documents to resolve such conflict or inconsistency) to make the provisions of this Agreement effective, and not to take any actions that impair any provisions in this Agreement.

20.19 Adjustments for Share Splits, Etc. Wherever in this Agreement there is a reference to a specific number of Shares of the Company, then, upon the occurrence of any subdivision, combination or share dividend of the relevant class or series of the Shares, the specific number of shares so referenced in this Agreement shall automatically be proportionally adjusted, as appropriate, to reflect the effect on the outstanding shares of such class or series of Shares by such subdivision, combination or share dividend.

20.20 Grant of Proxy. Upon the failure of any Principal or Principal Holding Company to vote its Equity Securities of the Company held thereby, to implement the provisions of and to achieve the purposes of this Agreement, such Principal or Principal Holding Company hereby grants to a Person designated by the Company a proxy, coupled with an interest in all Equity Securities of the Company held by such Principal or Principal Holding Company, which proxy shall be irrevocable until this Agreement terminates pursuant to its terms or this Section is amended to remove such grant of proxy in accordance with Section 20.20 hereof, to vote all such Equity Securities to implement the provisions of and to achieve the purposes of this Agreement.

20.21 Future Significant Holders. If so requested by the Board, the Company shall cause a future holder of more than one percent (1%) of the Ordinary Shares or a future holder of Equity Securities (other than Preferred Shares) convertible, exchangeable or exercisable for more than one percent (1%) of the Ordinary Shares (in any case, as designated by the Series A Majority and Series B Majority jointly) to enter into this Agreement and become subject to the terms and conditions hereof as a Principal. The Parties hereto hereby agree that such future holders shall become parties to this Agreement by executing a joinder deed in substantially the form attached hereto as Exhibit A, without any amendment of this Agreement, or any consent or approval of any other Party, provided that the scanned copy of such joinder deed shall be sent to each of the Investor upon and after its execution.

20.22 No Use of Name.

(a) Notwithstanding anything to the contrary in this Agreement, without the prior written consent of any Investor, and whether or not it or any Affiliate thereof is then a Shareholder of the Company, no Party (other than such Investor and its Affiliates) shall, or shall permit any Affiliate thereof to, use, publish or reproduce the name or logo of such Investor or any similar name, trademark or logo in any manner, context or format (including references on or links to websites, in press releases, or in other public announcements); and
(b) Without limiting the generality of the foregoing, without the prior written consent of Tencent, and whether or not Tencent or any of its Affiliates is then a shareholder of the Company, none of the Parties shall, and each Party shall cause its Affiliates and the Group Companies not to:


(ii) represent, directly or indirectly, that any product or services provided by any Group Company or any of their respective Affiliates has been approved or endorsed by Tencent or any of its Affiliates.

(iii) Without the prior written consent of People Better Limited ("Xiaomi") or any of its Affiliate (if applicable), and whether or not Xiaomi then holds any Shares of the Company, none of the Group Companies or any shareholders of the Group Companies shall, by itself or by instructing a third party, use, publish or reproduce the name or logo of Xiaomi, including but not limited to "雷军", "小米", "小米商城", "小米网", "红米", "米兔", "米家", "小米生态链", "MI", "mi", "Xiaomi", "MIUI", "MIJIA", or any other names, trademarks or logos that are registered under the name of Xiaomi or its Affiliates.

20.23 Use of English Language. This Agreement has been executed and delivered in the English language. Any translation of this Agreement into another language shall have no interpretive effect. All documents or notices to be delivered pursuant to or in connection with this Agreement shall be in the English language or, if any such document or notice is not in the English language, accompanied by an English translation thereof, and the English language version of any such document or notice shall control for purposes thereof.
20.24 Aggregation of Shares. All the Shares held by any Investor or its Affiliates shall be aggregated for the purposes of determining the availability of any rights of such Investor under this Agreement.

20.25 Liability.

(a) The liabilities of the Investors (including their respective successors, permitted assigns and transferees) under this Agreement shall be several, and not joint or joint and several.

(b) Notwithstanding any provision to the contrary in Section 7.7(iv) (Indemnity) of the Series A Share Purchase Agreement, Section 7.7(iv) (Indemnity) of the Series A1 Share Purchase Agreement, Section 7.6(d) (Indemnity) of the Series B1 Share Purchase Agreement, Section 7.6(d) (Indemnity) of the Series B2 Share Purchase Agreement or Section 7.6(d) (Indemnity) of the Series B3 Share Purchase Agreement, the aggregate indemnification liability of a Principal under Section 7.7 (Indemnity) of the Series A Share Purchase Agreement, Section 7.7 (Indemnity) of the Series A1 Share Purchase Agreement, Section 7.6 (Indemnity) of the Series B1 Share Purchase Agreement, Section 7.6(d) (Indemnity) of the Series B2 Share Purchase Agreement or Section 7.6(d) (Indemnity) of the Series B3 Share Purchase Agreement with respect to any Investor seeking indemnification (including all of its relevant Indemnified Parties (as defined in the Series A Share Purchase Agreement, the Series A1 Share Purchase Agreement, the Series B1 Share Purchase Agreement, the Series B2 Share Purchase Agreement and the Series B3 Share Purchase Agreement, as applicable)) shall be limited to an amount equal to: the fair market value of all the Ordinary Shares then held by such Principal in the Company (through his Principal Holding Company), multiplied by a fraction, the numerator of which is the number of the applicable Preferred Shares then held by such Investor, and the denominator of which is the aggregate number of issued and outstanding Preferred Shares then held by all the Investors seeking indemnification (in each case, on an as-converted basis), provided that this Section 20.25(b) shall not apply if there is a Disqualifying Event (as defined in the Series B1 Share Purchase Agreement, the Series B2 Share Purchase Agreement and the Series B3 Share Purchase Agreement respectively).

[The remainder of this page has been intentionally left blank.]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

GROUP COMPANIES:

Qtech Ltd.
By: /s/ Tan Siliang
Name: Tan Siliang (谭思亮)
Title: Director

InfoUniversal Limited
By: /s/ Tan Siping
Name: Tan Siping (谭思萍)
Title: Director

上海趣蕴网络科技有限公司
By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Legal Representative

上海基分文化传播有限公司
By: /s/ Chen Sihui
Name: Chen Sihui (陈思晖)
Title: Legal Representative

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

GROUP COMPANIES:

上海溪客信息技术服务有限公司
By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Legal Representative

上海推乐信息技术服务有限公司
By: /s/ Chen Sihui
Name: Chen Sihui (陈思晖)
Title: Legal Representative

安徽掌端网络科技有限公司
By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Legal Representative

北京趣看点网络科技有限公司
By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Legal Representative

上海点冠网络科技有限公司
By: /s/ Liang Xiang
Name: Liang Xiang (梁湘)
Title: Legal Representative

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

PRINCIPALS:

Tan Siliang (谭思亮)

/s/ Tan Siliang

Li Lei (李磊)

/s/ Li Lei

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

PRINCIPAL COMPANIES:

Innotech Overseas Investment Ltd.

By: /s/ Tan Siliang
Name: Tan Siliang (谭思亮)
Title: Director

Innotech Group Holdings Ltd.

By: /s/ Tan Siliang
Name: Tan Siliang (谭思亮)
Title: Director

News Optimizer (BVI) Ltd.

By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Director

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES A INVESTORS:

CW_toutiao Limited

By: /s/ Aline Moulia

Title: Authorized Signatory
Name: Aline Moulia

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES A INVESTORS:

xInternet Limited

By: /s/ ANQI TONG
Title: Authorized Signatory
Name: ANQI TONG

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES A INVESTORS:

ACE Redpoint Ventures China I, L.P.
By: ACE Redpoint Ventures China I GP, L.P.,
   its general partner
By: ACE Redpoint Ventures China I GP, Ltd.,
   its general partner
   /s/ David Egglishaw
Name:    David Egglishaw
Title:   Director

ACE Redpoint Associates China I, L.P.
By: ACE Redpoint Ventures China I GP, Ltd.,
   its general partner
   /s/ David Egglishaw
Name:    David Egglishaw
Title:   Director

ACE Redpoint China Strategic I, L.P.
By: ACE Redpoint Ventures China I GP, L.P.,
   its general partner
By: ACE Redpoint Ventures China I GP, Ltd.,
   its general partner
   /s/ David Egglishaw
Name:    David Egglishaw
Title:   Director

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES A1 INVESTOR:

CMC Queen Holdings Limited

By: /s/ Peter LI
Title: Authorized Signatory
Name: Peter LI

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

ORDINARY SHAREHOLDER:

Morning Sea Limited

By: /s/ Qi Yujie
Title: Authorized Signatory
Name: Qi Yujie

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

ORDINARY SHAREHOLDER:

Pebble Capital Management Limited

By: /s/ Gao Rong

Title: Authorized Signatory
Name: Gao Rong

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

ORDINARY SHAREHOLDER:

Precious Lead Limited

By:  /s/ Jia Huili

Title: Authorized Signatory

Name: Jia Huili

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

ORDINARY SHAREHOLDER:

Double Excel Investment Limited

By: /s/ Rose Jiang

Title: Authorized Signatory
Name: Rose Jiang

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

ORDINARY SHAREHOLDER:

L&L LIMITED

By: /s/ Li Jialin
Title: Authorized Signatory
Name: Li Jialin

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

ORDINARY SHAREHOLDER:

Eton International Investment Limited

By: /s/ Weijun Hu
Title: Authorized Signatory
Name: Weijun Hu

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

ORDINARY SHAREHOLDER:  

EASTWEST HOLDINGS GROUP CO., LTD.

By: /s/ LING CHAO
Title: Authorized Signatory
Name: LING CHAO

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

ORDINARY SHAREHOLDER:

ACE Redpoint Ventures China I, L.P.
By: ACE Redpoint Ventures China I GP, L.P.,
its general partner
By: ACE Redpoint Ventures China I GP, Ltd.,
its general partner
By: /s/ David Egglishaw
Name: David Egglishaw
Title: Director

ACE Redpoint Associates China I, L.P.
By: ACE Redpoint Ventures China I GP, Ltd.,
its general partner
By: /s/ David Egglishaw
Name: David Egglishaw
Title: Director

ACE Redpoint China Strategic I, L.P.
By: ACE Redpoint Ventures China I GP, L.P.,
its general partner
By: ACE Redpoint Ventures China I GP, Ltd.,
its general partner
By: /s/ David Egglishaw
Name: David Egglishaw
Title: Director

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

ORDINARY SHAREHOLDER:

SHANG QIANG LIMITED

By: /s/ Xu Ivan
   Title: Authorized Signatory
   Name: Xu Ivan

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

ORDINARY SHAREHOLDER:

Advantage Ace Investment Limited

By: /s/ Wong Kok Wai
Title: Authorized Signatory
Name: Wong Kok Wai

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

ORDINARY SHAREHOLDER:

Membrane Star LLC

By: /s/ Gong Jie
Title: Authorized Signatory
Name: Gong Jie

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

ORDINARY SHAREHOLDER:

Qu World Limited

By: /s/ CHEN You Rui
Title: Authorised Signature(s)
Name: CHEN You Rui

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

ORDINARY SHAREHOLDER:

Under Blinky Hold Limited

By: /s/ Liu Wei
Title: Authorized Signature(s)
Name: Liu Wei

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B1 INVESTOR:

Image Flag Investment (HK) Limited

By:  /s/ Ma Huateng
Title:  Director
Name:  Ma Huateng

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B2 INVESTOR:

Long Range L.P.

By its general partner, Green Vision Partners Limited

By: /s/ Wong Kok Wai
Name: Wong Kok Wai
Title: Director

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B2 INVESTOR:

By: /s/ Chew Shouzi
Name: Chew Shouzi
Title: Authorized Signatory

People Better Limited

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B2 INVESTOR: Shunwei Growth III Limited

By: /s/ Tuck Lye KOH
Name: Tuck Lye KOH
Title: Director

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B2 INVESTOR:

Shanghai ChuangVest Venture Investment Partnership (Limited Partnership) (上海创伴创业投资合伙企业(有限合伙))

By: /s/ LU Yihao
   Name: LU Yihao
   Title: Managing Partner

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B2 INVESTOR:

Double Excel Investment Limited

By: /s/ Rose Jiang

Name: Rose Jiang
Title: Director

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B2 INVESTOR:

<table>
<thead>
<tr>
<th>Lighthouse Capital International Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>By: /s/ Zheng Xuanle</td>
</tr>
<tr>
<td>Name: Zheng Xuanle</td>
</tr>
<tr>
<td>Title: Authorized Signature(s)</td>
</tr>
</tbody>
</table>

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B2 INVESTOR:

CMC Queen Holdings Limited

By: /s/ Peter LI
Name: Peter LI
Title: Authorized Signatory

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B2 INVESTOR:

ACE Redpoint Ventures China I, L.P.
By: ACE Redpoint Ventures China I GP, L.P.,
its general partner
By: ACE Redpoint Ventures China I GP, Ltd.,
its general partner
By: /s/ David Egglishaw
Name: David Egglishaw
Title: Director

ACE Redpoint Associates China I, L.P.
By: ACE Redpoint Ventures China I GP, Ltd.,
its general partner
By: /s/ David Egglishaw
Name: David Egglishaw
Title: Director

ACE Redpoint China Strategic I, L.P.
By: ACE Redpoint Ventures China I GP, L.P.,
its general partner
By: ACE Redpoint Ventures China I GP, Ltd.,
its general partner
By: /s/ David Egglishaw
Name: David Egglishaw
Title: Director

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B3 INVESTOR: 

Harvest Ceres Fund, L.P

By: /s/ Cho Xiaochuan
Name: Cho Xiaochuan
Title: Director

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B3 INVESTOR:

Hundreds TWC Fund Limited Partnership

By: /s/ HE YANQING

Name: HE YANQING
Title: Director of Hundreds Capital, the General Partner of Hundreds TWC Fund Limited Partnership

[Signature Page to the Third Amended and Restated Shareholders Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B3 INVESTOR:

Vision Global Capital Limited

By: /s/ ZHU DAPENG
Name: ZHU DAPENG
Title: Director

[Signature Page to the Third Amended and Restated Shareholders Agreement]
### SCHEDULE A

**List of Principals and Principal Holding Companies**

<table>
<thead>
<tr>
<th>Principal</th>
<th>PRC ID Card Number/Passport Number</th>
<th>Principal Holding Company</th>
<th>Ownership Interest Percentage Held by Principal in the Principal Holding Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tan Siliang (谭思亮)</td>
<td>[REDACTED]</td>
<td>Innotech Overseas Investment Ltd. Innotech Group Holdings Ltd. News Optimizer (BVI) Ltd.</td>
<td>100%</td>
</tr>
<tr>
<td>Li Lei (李磊)</td>
<td>[REDACTED]</td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

Schedule A  Shareholders’ Agreement
# SCHEDULE B

## Part A

### List of Series A Investors

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Preferred Shares Purchased</th>
</tr>
</thead>
<tbody>
<tr>
<td>CW toutiao Limited</td>
<td>3,071,428</td>
</tr>
<tr>
<td>xInternet Limited</td>
<td>225,275</td>
</tr>
<tr>
<td>ACE Redpoint Ventures China I, L.P.</td>
<td>1,539,560</td>
</tr>
<tr>
<td>ACE Redpoint Associates China I, L.P.</td>
<td>87,363</td>
</tr>
<tr>
<td>ACE Redpoint China Strategic I, L.P.</td>
<td>21,429</td>
</tr>
</tbody>
</table>

## Part B

### List of Series A1 Investor

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Preferred Shares Purchased</th>
</tr>
</thead>
<tbody>
<tr>
<td>CMC Queen Holdings Limited</td>
<td>1,373,626</td>
</tr>
</tbody>
</table>

## Part C

### Series B1 Investor

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Preferred Shares Purchased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Image Flag Investment (HK) Limited</td>
<td>5,420,144</td>
</tr>
</tbody>
</table>

Schedule B

Shareholders’ Agreement
### Part D

#### List of Series B2 Investors

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Preferred Shares Purchased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Range L.P.</td>
<td>1,371,974</td>
</tr>
<tr>
<td>People Better Limited</td>
<td>342,993</td>
</tr>
<tr>
<td>Shunwei Growth III Limited</td>
<td>342,993</td>
</tr>
<tr>
<td>Shanghai Shanghai ChuangVest Venture Investment Partnership(Limited</td>
<td>211,724</td>
</tr>
<tr>
<td>Partnership) (上海创伴创业投资合伙企业 (有限合伙))</td>
<td>716,145</td>
</tr>
<tr>
<td>Double Excel Investment Limited</td>
<td>127,035</td>
</tr>
<tr>
<td>Lighthouse Capital International Inc.</td>
<td>423,449</td>
</tr>
<tr>
<td>CMC Queen Holdings Limited</td>
<td></td>
</tr>
<tr>
<td>ACE Redpoint Ventures China I, L.P.</td>
<td>423,449</td>
</tr>
<tr>
<td>ACE Redpoint Associates China I, L.P.</td>
<td>19,049</td>
</tr>
<tr>
<td>ACE Redpoint China Strategic I, L.P.</td>
<td>4,673</td>
</tr>
</tbody>
</table>

### Part E

#### List of Series B3 Investors

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Preferred Shares Purchased</th>
</tr>
</thead>
<tbody>
<tr>
<td>Harvest Ceres Fund, LP</td>
<td>654,421</td>
</tr>
<tr>
<td>Hundreds TWC Fund Limited Partnership</td>
<td>962,384</td>
</tr>
<tr>
<td>Vision Global Capital Limited</td>
<td>134,734</td>
</tr>
</tbody>
</table>

Schedule B Shareholders’ Agreement
Part F

List of Ordinary Shareholders

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Ordinary Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Morning Sea Limited</td>
<td>96,136</td>
</tr>
<tr>
<td>Pebble Capital Management Limited</td>
<td>3,054,218</td>
</tr>
<tr>
<td>Precious Lead Limited</td>
<td>563,187</td>
</tr>
<tr>
<td>Double Excel Investment Limited</td>
<td>977,650</td>
</tr>
<tr>
<td>L&amp;L LIMITED</td>
<td>84,690</td>
</tr>
<tr>
<td>Eton International Investment Limited</td>
<td>42,345</td>
</tr>
<tr>
<td>EASTWEST HOLDINGS GROUP CO., LTD.</td>
<td>211,724</td>
</tr>
<tr>
<td>ACE Redpoint Ventures China I, L.P.</td>
<td>46,881</td>
</tr>
<tr>
<td>ACE Redpoint Associates China I, L.P.</td>
<td>2,660</td>
</tr>
<tr>
<td>ACE Redpoint China Strategic I, L.P.</td>
<td>653</td>
</tr>
<tr>
<td>SHANG QIANG LIMITED</td>
<td>211,724</td>
</tr>
<tr>
<td>Advantage Ace Investment Limited</td>
<td>163,276</td>
</tr>
<tr>
<td>Membrane Star LLC</td>
<td>296,414</td>
</tr>
<tr>
<td>Qu World Limited</td>
<td>9,500,000</td>
</tr>
<tr>
<td>Under Blinky Hold Limited</td>
<td>500,000</td>
</tr>
</tbody>
</table>

Schedule B

Shareholders’ Agreement
SCHEDULE C

ADDRESS FOR NOTICES

If to the Group Companies:

Address: 申江路5005弄星创科技广场3号楼11层
Tel: [REDACTED]
Fax: N/A
Attention: Tan Siliang (谭思亮)

Principals and Principal Holding Companies:

Address: 申江路5005弄星创科技广场3号楼11层
Tel: [REDACTED]
Fax: N/A
Attention: Tan Siliang (谭思亮)

If to Chengwei:

Address: Lane 672, Changle Road, Suite 33C
Shanghai 200040, P.R. China
Tel: [REDACTED]
Attention: Sha Ye

If to xInternet Limited:

Address: Room 703, No. 988 Changping Road, Jingan District, Shanghai, China
Email: [REDACTED]
Attention: FENG Yinan

If to Redpoint:

Address: 1539 Nanjing Road West, Kerry Center, Tower 2, Suite 1801, Shanghai
Attn: Nancy Shi
Tel: [REDACTED]
Fax: [REDACTED]
Email: [REDACTED]

If to CMC:

Address: Level 35, HKRI Taikoo Hui Center I, 288 Shimen Yi Road, Jing’an District, Shanghai 200041
Attn: Peter Li
Tel: [REDACTED]
Fax: [REDACTED]
Email: [REDACTED]
If to Tencent:

c/o Tencent Holdings Limited
29/F., Three Pacific Place, No. 1 Queen’s Road East, Wanchai, Hong Kong
Attention: Compliance and Transactions Department
E-mail: [REDACTED]

with a copy (which shall not constitute notice) to:
Tencent Building, Kejizhongyi Avenue, Hi-tech Park, Nanshan District, Shenzhen, 518057, P.R.China
Attention: Mergers and Acquisitions Department
E-mail: [REDACTED]

with a copy (which shall not constitute notice) to:
Paul, Weiss, Rifkind, Wharton & Garrison LLP
12th Floor, The Hong Kong Club Building,
3A Chater Road, Central, Hong Kong
Attention: Jeanette K. Chan, Esq.
Fax No. (852) 2840-4300
E-mail: [REDACTED]

If to Long Range L.P.:

Address: Suites 1702-03, 17/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong
Tel: [REDACTED]
Fax: [REDACTED]
Attention: Director

If to People Better Limited:

Address: 海淀区清河顺事嘉业创业园F栋1楼111
Tel: [REDACTED]
Attention: 孙志超

If to Shunwei Growth III Limited:

Attention: MR. TUCK LYE KOH (许达来)
Address: Vistra Corporate Services Center, Wickhams Cay II, Road Town,
Tortola, VG 1110, British Virgin Islands
Email: [REDACTED]

With a copy to:
Attention: Mr. Tuck Lye Koh (许达来)
Address: Unit 1309A, 13/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen
Wan, N.T., Hong Kong
Email: [REDACTED]
Telephone: [REDACTED]
Fax: [REDACTED]

Schedule C
Shareholders’ Agreement
If to Shanghai CC:

Address: Room 508, 98 Zhen Ning Road, Shanghai, PRC
Attention: Mont Gu (顾蒙特)
Tel: [REDACTED]

If to Double Excel Investment Limited:

Address: 上海市虹桥路2188弄57号
Tel: [REDACTED]
Attention: 蒋蔚婷 Jiang Weiting

If to Lighthouse Capital International Inc.:

Address: 上海市银城中路 168号2605室
Tel: [REDACTED]
Attention: 郑烜乐

If to Harvest Ceres Fund, LP:

Address: 北京市东城区建国门北大街 8号华润大厦8层
Tel: [REDACTED]
Fax: N/A
Attention: Ying Qin (秦颖)

If to Hundreds TWC Fund Limited Partnership:

Address: 北京市朝阳区北辰东路 8号辰运大厦403
Tel: [REDACTED]
Fax: N/A
Attention: Ben Yu 于奔

If to Vision Global Capital Limited:

Address: Austin Road West, 67B Diamond Sky, The Cullinan, Kowloon, Hong Kong.
Tel: [REDACTED]
Fax: N/A
Attention: Dapeng ZHU

If to Ordinary Shareholder:

Address: 申江路5005弄星创科技广场3号楼11层
Tel: [REDACTED]
Fax: N/A
Attention: Tan Siliang (谭思亮)

Schedule C
Shareholders’ Agreement
EXHIBIT A

FORM OF JOINDER DEED

This Joinder deed ("Joinder Deed") is executed by the undersigned (the "Purchaser") pursuant to the terms of that certain Third Amended and Restated Shareholders’ Agreement dated on __________ , 2018 (the "Agreement") by and among Qtch Ltd., a Cayman Islands exempted company (the "Company") and certain of its shareholders and in consideration of the Shares (as defined below) acquired/subscribed by the Purchaser thereunder and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged. By the execution of this Joinder Deed, the Purchaser agrees as follows:

1. **Interpretation.** Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Agreement.

2. **Acknowledgment.** The Purchaser acknowledges that the Purchaser is acquiring/subscribing [number] [Series A Preferred/Series A1 Preferred/Series B1 Preferred/Series B2 Preferred/Series B3 Preferred/Ordinary] Shares of the Company (the "Shares") from [name of transferor/the Company], subject to the terms and conditions of the Agreement and [certain transfer or subscription agreement].

3. **Agreement.** Immediately upon the closing of the subscription/transfer of the Shares, the Purchaser (i) agrees that the Shares acquired by the Purchaser shall be bound by and subject to the terms of the Agreement applicable to the Shares, and (ii) hereby adopts and accedes to the terms of, agrees to be bound by, and assumes all rights and obligations under the terms and conditions of, the Agreement with the same force and effect as [a/an Principal/Principal Holding Company/Ordinary Shareholder/Series A Investor/Series A1 Investor/Series B1 Investor/Series B2 Investor/Series B3 Investor].

4. **Governing Law.** This Joinder Deed shall be governed by and construed in all respects in accordance with the laws of the Hong Kong, without regard to principles of conflict of laws thereunder.

5. **Notice.** Any notice required or permitted by the Agreement shall be given to the Purchaser at the address listed beside the Purchaser’s signature below.

6. **No Use of Name.** Without limiting the generality of the provisions in **Section 20.22** of the Agreement, without the prior written consent of the Purchaser or any of its Affiliates if applicable, and whether or not Purchaser or any of its Affiliates is then a shareholder of the Company, no Party shall, nor shall any Party permit any of its Affiliates to:

   (i) use in advertising, publicity, announcements, or otherwise the name of [*] (the "Mark"), so long as the Mark is a trademark registered under the name of the Purchaser or its Affiliate; or

   (ii) represent, directly or indirectly, that any product or services provided by any Group Company or any of their respective Affiliates has been approved or endorsed by the Purchaser or any of its Affiliates.

Exhibit A

Shareholders’ Agreement
IN WITNESS WHEREOF, this Joinder has been executed as a deed on the date first above written.

THE COMPANY

SIGNED, SEALED AND DELIVERED AS A DEED on behalf of QTECH LTD., a company incorporated in the Cayman Islands, by [ ], being a Person who, in accordance with the Law of that place, is acting under the authority of the company in the presence of:

__________________________________________
Signature of witness

__________________________________________
Name of witness (block letters)

__________________________________________
Address of witness

By executing this document the signatory warrants that the signatory is duly authorized to execute this document on behalf of Qtech Ltd.

Exhibit A
Shareholders’ Agreement
IN WITNESS WHEREOF, this Joinder has been executed as a deed on the date first above written.

THE NEW SHAREHOLDER

SIGNED, SEALED AND DELIVERED

AS A DEED on behalf of [NAME OF NEW SHAREHOLDER], a company

incorporated in the [jurisdiction of incorporation of the New Shareholder],

by

being a Person who, in accordance with the law of that place, is acting under the authority of the company in the presence of:

By executing this document the signatory warrants that the signatory is duly authorized to execute this document on behalf of [name of the New Shareholder]

Signature of witness

Name of witness (block letters)

Address of witness

Exhibit A

Shareholders’ Agreement
EXHIBIT B

Part 1

LIST OF RESTRICTED PERSONS I

Exhibit B

Shareholders’ Agreement
Part II

LIST OF RESTRICTED PERSONS II

Exhibit B

Shareholders’ Agreement
This questionnaire applies to the taxable year of [Company] “Company” beginning on January 1, 20    , and ending on December 31, 20    .

Please check here if 75% or more of the company’s gross income constitutes passive income.

 Passive income: For purposes of this test, passive income includes:

• Dividends, interests, royalties, rents and annuities, excluding, however, rents and royalties which are received from an unrelated party in connection with the active conduct of a trade or business.

• Net gains from the sale or exchange of property—
  • which gives rise to dividends, interest, rents or annuities (excluding, however, property used in the conduct of a banking, finance or similar business, or in the conduct of an insurance business);
  • which is an interest in a trust, partnership, or REMIC; or
  • which does not give rise to income.

• Net gains from transactions in commodities.

• Net foreign currency gains.

• Any income equivalent to interest.

 Look-through rule: If the company owns, directly or indirectly, 25% of the stock by value of another corporation, the company must take into account its proportionate share of the income received by such other corporation.

Please check here if the average fair market value during the taxable year of passive assets held by the company equals 50% or more of the average fair market value of all of the company’s assets.

Note: This test is applied on a gross basis; no liabilities are taken into account.

Passive Assets: For purposes of this test, “passive assets” are those assets which generate (or are reasonably expected to generate) passive income (as defined above). Assets which generate partly passive and partly non-passive income are considered passive assets to the extent of the relative proportion of passive income (compared to non-passive income) generated in a particular taxable year by such assets. Please note the following:
A trade or service receivable is non-passive if it results from sales or services provided in the ordinary course of business.

Intangible assets that produce identifiable items of income, such as patents or licenses, are characterized in terms of the type of income produced.

Goodwill and going concern value must be identified to a specific income producing activity and are characterized in accordance with the nature of that activity.

Cash and other assets easily convertible into cash are passive assets, even when used as working capital.

Stock and securities (including tax-exempt securities) are passive assets, unless held by a dealer as inventory.

**Average value**: For purposes of this test, “average fair market value” equals the average quarterly fair market value of the assets for the relevant taxable year.

**Look-through rule**: if the Company owns, directly or indirectly, 25% of the stock by value of another corporation, the Company must take into account its proportionate share of the passive assets of such other corporation.

(4) **PLEASE CHECK HERE IF** (A) **MORE THAN 50% OF THE COMPANY’S STOCK (BY VOTING POWER OR BY VALUE) IS OWNED BY FIVE OR FEWER U.S. PERSONS OR ENTITIES AND** (B) **THE AVERAGE AGGREGATE ADJUSTED TAX BASES (AS DETERMINED UNDER U.S. TAX PRINCIPLES) DURING THE TAXABLE YEAR OF THE PASSIVE ASSETS HELD BY THE COMPANY EQUALS 50% OR MORE OF THE AVERAGE AGGREGATE ADJUSTED TAX BASES OF ALL OF THE COMPANY’S ASSETS.**

**Average value**: For purposes of this test, “average aggregate adjusted tax bases” equals the average quarterly aggregate adjusted tax bases of the assets for the relevant taxable year.

**Look-through rule**: if the Company owns, directly or indirectly, 25% of the stock by value of another corporation, the Company must take into account its proportionate share of the passive assets of such other corporation.


Ordinary Earnings: ________________ (as determined under U.S. income tax principles)

Net Capital Gain: ________________ (as determined under U.S. income tax principles)

Exhibit C

Shareholders’ Agreement
Pro Rata Share: For purposes of the foregoing, the shareholder’s pro rata share equals the amount that would have been distributed with respect to the shareholder’s stock if, on each day during the taxable year of the Company, the Company had distributed to each shareholder its pro rata share of that day’s ratable share (determined by allocating to each day of the year, an equal amount of the Company’s aggregate ordinary earnings and aggregate net capital gain for such year) of the Company’s ordinary earnings and net capital gain for such year. Determination of a shareholder's pro rata share will require reference to the Company’s charter, certificate of incorporation, articles of association or other comparable governing document.

(6) The amount of cash and fair market value of other property distributed or deemed distributed by Company to [Investor] during the taxable year specified in paragraph 1. is as follows:

Cash: ________________

Fair Market Value of Property: ________________

(7) Company will permit [Investor] to inspect and copy Company’s permanent books of account, records, and such other documents as may be maintained by Company that are necessary to establish that PFIC ordinary earnings and net capital gain, as provided in Section 1293(e) of the U.S. Internal Revenue Code of 1986, as amended (or any successor provision thereto), are computed in accordance with U.S. income tax principles.

Exhibit C

Shareholders’ Agreement
THIRD AMENDED AND RESTATED SHAREHOLDERS' AGREEMENT

Dated April 27, 2018
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**EXHIBITS**
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EXHIBIT B   PART 1 – LIST OF RESTRICTED PERSONS I – PART I
PART 2 – LIST OF RESTRICTED PERSONS II

EXHIBIT C   DISCLOSURE SCHEDULE
Qutoutiao Inc.
11/F, Block 3
XingChuang Technology Center
Shen Jiang Road 5005
Pudong New Area
Shanghai 200120
People’s Republic of China

Dear Sir or Madam

Qutoutiao Inc.

We have acted as Cayman Islands legal advisers to Qutoutiao Inc. (the “Company”) in connection with the Registration Statement (as defined in Schedule 1), filed with the Securities and Exchange Commission pursuant to Rule 462(b) under the U.S. Securities Act of 1933, as amended, relating to the offering by the Company of American depositary shares (the “ADSs”) representing the Company’s Class A ordinary shares of a par value of US$0.0001 each (the “Ordinary Shares”). We are furnishing this opinion as exhibit 5.1 to the Registration Statement.

For the purposes of giving this opinion, we have examined and relied upon the originals, copies or translations of the documents listed in Schedule 1.

In giving this opinion we have relied upon the assumptions set out in Schedule 2, which we have not independently verified.

We are Cayman Islands Attorneys at Law and express no opinion as to any laws other than the laws of the Cayman Islands in force and as interpreted at the date of this opinion. We have not, for the purposes of this opinion, made any investigation of the laws, rules or regulations of any other jurisdiction. Except as explicitly stated herein, we express no opinion in relation to any representation or warranty contained in any of the documents cited in this Opinion nor upon matters of fact or the commercial terms of the transactions the subject of this Opinion.

Based upon the foregoing examinations and assumptions and upon such searches as we have conducted and having regard to legal considerations which we consider relevant, and subject to the qualifications set out in Schedule 3, and under the laws of the Cayman Islands, we give the following opinions in relation to the matters set out below.

1. The Company is an exempted company duly incorporated with limited liability, validly existing under the laws of the Cayman Islands and in good standing with the Registrar of Companies in the Cayman Islands (the “Registrar”).
2. Based on our review of the A&R M&A (as defined in Schedule 1), the authorised share capital of the Company, with effect immediately prior to the completion of the Company’s initial public offering of the ADSs representing the Ordinary Shares, will be US$ divided into Class A Ordinary Shares of par value of US$0.0001 each, Class B Ordinary Shares of par value of US$0.0001 each and shares of par value of US$0.0001 each of such class or classes (however designated) as the Board of Directors may determine in accordance with the A&R M&A.

3. The issue and allotment of the Ordinary Shares pursuant to the Registration Statement has been duly authorised. When allotted, issued and fully paid for as contemplated in the Registration Statement and when appropriate entries have been made in the Register of Members of the Company, the Ordinary Shares will be validly issued, allotted and fully paid, and there will be no further obligation on the holder of any of the Ordinary Shares to make any further payment to the Company in respect of such Ordinary Shares.

4. The statements under the caption “Taxation” in the prospectus forming part of the Registration Statement, to the extent that they constitute statements of Cayman Islands law, are accurate in all material respects. Such statements constitute our opinion.

We hereby consent to the use of this opinion in, and the filing hereof, as an exhibit to the Registration Statement and to the reference to our firm under the headings “Enforceability of Civil Liabilities”, “Legal Matters” and elsewhere in the prospectus included in the Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the Rules and Regulations of the Commission thereunder.

This opinion is limited to the matters referred to herein and shall not be construed as extending to any other matter or document not referred to herein.

This opinion shall be construed in accordance with the laws of the Cayman Islands.

Yours faithfully

WALKERS
WALKERS

SCHEDULE 1

LIST OF DOCUMENTS EXAMINED

1. The Certificate of Incorporation dated 17 July 2017, Certificate of Incorporation on Change of Name dated 11 July 2018, Fourth Amended and Restated Memorandum and Articles of Association as adopted on 27 April 2018 (the “Memorandum and Articles”) and Fifth Amended and Restated Memorandum and Articles of Association as conditionally adopted by special resolution on 2018 and effective immediately prior to the completion of the initial public offering of the Company’s ADSs representing its Ordinary Shares (the “A&R M&A”), the Register of Members and Register of Directors of the Company, copies of which have been provided to us by its registered office in the Cayman Islands (together the “Company Records”).


3. A copy of executed written resolutions of the Board of Directors of the Company dated 2018 (the “First Board Resolutions”), a copy of executed written resolutions of the Board of Directors of the Company dated 2018 (the “Second Board Resolutions”), and a copy of executed written resolutions of the shareholders of the Company dated 2018 (the “Shareholder Resolutions”, together with the First Board Resolutions and the Second Board Resolutions, the “Resolutions”).

4. A certificate from a director of the Company dated 2018, a copy of which is attached hereto (the “Director’s Certificate”).

5. The Company’s registration statement on Form F-1 (the “Registration Statement”).

Page 3
1. The originals of all documents examined in connection with this opinion are authentic. All documents purporting to be sealed have been so sealed. All copies are complete and conform to their originals. Any translations are a true translation of the original document they purport to translate.

2. The Company Records are complete and accurate and all matters required by law and the Memorandum and Articles to be recorded therein are completely and accurately so recorded.

3. The contents of the Director's Certificate are true and accurate as at the date of this opinion and there is no information not contained in the Director's Certificate that will in any way affect this Opinion.

4. The conversion of the any shares in the capital of the Company will be effected via legally available means under Cayman law.
WALKERS

QUALIFICATIONS

1. Our opinion as to good standing is based solely upon receipt of the Certificate of Good Standing issued by the Registrar. The Company shall be deemed to be in good standing under section 200A of the Companies Law on the date of issue of the certificate if all fees and penalties under the Companies Law have been paid and the Registrar has no knowledge that the Company is in default under the Companies Law.

2. We accept no responsibility for any liability in relation to any opinion which was given in reliance on the Director's Certificate.
Walkers
15th Floor
Alexandra House
18 Chater Road, Central
Hong Kong

Dear Sirs,

Qutoutiao Inc. (the “Company”) – Director’s Certificate

I, , being a director of the Company, am aware that you are being asked to provide a legal opinion (the “Opinion”) in relation to certain aspects of Cayman Islands law. Capitalised terms used in this certificate have the meaning given to them in the Opinion. I hereby certify that:

1. the A&R M&A of the Company as adopted by special resolution passed on 2018 remain in full force and effect and are otherwise unamended;

2. the Shareholder Resolution were executed (and where by a corporate entity such execution has been duly authorised if so required) by and on behalf of all shareholders in the manner prescribed in the articles of association of the Company, the signatures and initials thereon are those of a person or persons in whose name the resolutions have been expressed to be signed, are in full force and effect at the date hereof and have not been amended, varied or revoked in any respect;

3. the Board Resolutions were executed by all the directors in the manner prescribed in the articles of association of the Company, the signatures and initials thereon are those of a person or persons in whose name the resolutions have been expressed to be signed, are in full force and effect at the date hereof and have not been amended, varied or revoked in any respect; and

4. there is no contractual or other prohibition (other than as arising under Cayman Islands law) binding on the Company prohibiting it from issuing and allotting the Ordinary Shares.

I confirm that you may continue to rely on this Certificate as being true and correct on the day that you issue the Opinion unless I have previously notified you personally to the contrary.

[Signature Page to Follow]
Ladies and Gentlemen:

We have acted as U.S. counsel to Qutoutiao Inc., a Cayman Islands company (the “Company”), in connection with the registration statement on Form F-1 (File No. 333-                            ) (the “Registration Statement”), filed on the date hereof by the Company with the U.S. Securities and Exchange Commission (the “Commission”) under the U.S. Securities Act of 1933, as amended, relating to the registration of Class A ordinary shares, par value US$0.0001 per share, of the Company (“ordinary shares”), which will be represented by American depositary shares (“ADSs”) evidenced by American depositary receipts.

We have examined the Registration Statement (including the form of prospectus contained therein (the “Prospectus”)) and a form of deposit agreement among the Company, The Bank of New York Mellon, as depositary, and holders from time to time of ADSs (the “Deposit Agreement”), including the form of American depositary receipt. In addition, we have examined, and have relied as to matters of fact upon, originals, or duplicates or certified or conformed copies, of such records, agreements, documents and other instruments and such certificates or comparable documents of public officials and of officers and representatives of the Company, and have made such other and further investigations as we have deemed necessary or appropriate as a basis for the opinion hereinafter set forth. In such examination, we have assumed the accuracy of the factual matters described in the Registration Statement. We have also assumed that the Deposit Agreement will be executed in the form reviewed by us, that the Deposit Agreement will be a valid and legally binding obligation of each of the parties thereto and that all ordinary shares are validly issued and fully paid.
In rendering the opinion set forth below, we have assumed the genuineness of all signatures, the legal capacity of natural persons, the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as duplicates or certified or conformed copies and the authenticity of the originals of such latter documents.

Based upon the foregoing, and subject to the qualifications, assumptions and limitations stated herein and in the Prospectus, we hereby confirm that the discussion set forth in the Prospectus under the caption “Taxation – Certain United States Federal Income Tax Considerations,” insofar as such discussion relates to matters of United States federal income tax law, constitutes our opinion as to the United States federal income tax consequences to United States Holders (as such term is defined in the Prospectus) of the ownership and disposition of the Company’s ADSs and ordinary shares.

We note that, because the determination of the Company’s status as a passive foreign investment company (a “PFIC”) for United States federal income tax purposes is based on an annual determination that cannot be made until the close of a taxable year, and involves extensive factual investigation, we do not express any opinion herein with respect to the Company’s PFIC status in any taxable year.

We do not express any opinion herein concerning any law other than the United States federal income tax law.
We hereby consent to the filing of this opinion with the Commission as an exhibit to the Registration Statement and to the reference to our firm under the heading “Taxation” in the Prospectus.

Very truly yours,

SIMPSON THACHER & BARTLETT LLP
THIS Share Pledge Agreement (this "Agreement") is executed on October 13, 2017 by and among the following parties in Shanghai, the People’s Republic of China (the “PRC” or “China”):

1. **Siliang Tan**, Chinese, ID No.: [REDACTION];
2. **Lei Li**, Chinese, ID No.: [REDACTION];
3. **Tianjin Shanshi Technology L.P.**, a limited partnership established and validly existing under PRC law with its registered address at Room 102, Unit 2, Block 3, 600 Luoyang Dao, Haifeng Logistics Park, Tianjin Pilot Free Trade Zone (Dongjiang Bonded Port Area) (Tianjin Dongjiang Commercial Service Commercial Secretary Service Limited Company trustee No. 276);
4. **Shanghai Xihu Cultural Transmission Co., Ltd.**, a limited liability company established and validly existing under PRC law with its registered address at Room J2805, Block 2, 4268 Zhennan Road, Jiading District, Shanghai. (together with Siliang Tan, Lei Li and Tianjin Shanshi Technology L.P., are respectively or collectively referred to, as the “Pledgor” or “Pledgors”); and
5. **Shanghai Quyun Internet Technology Co., Ltd.**, a limited liability company established and validly existing under PRC law with its registered address at Room 408, Floor 4, Block 5, 1082 Huyi Road, Nanxiang Town, Jiading District, Shanghai. (the “Pledgee”);
6. **Shanghai Jifen Culture Communications Co., Ltd.**, a limited liability company established and validly existing under PRC law with its registered address at Room 3190, Area A, Floor 3, Block 7, 88 Chenxiang Road, Jiading District, Shanghai. (the “Company”);

In this Agreement, the above parties hereto may be individually referred to as a “Party” and collectively referred to as the “Parties”.

Whereas:

1. The Pledgors are registered shareholders of the Company, collectively holding 100% of the Company’s equity interests. As of the date of this Agreement, the respective amount of capital contribution and proportion of shareholding of the Pledgors in the Company are as stated in Schedule I.
2. Pursuant to the Exclusive Option Agreement (including the Agreement itself and any of its amendments or restatements, hereinafter referred to as the “Option Agreement”) executed by and among the Parties on the date of this Agreement, the Pledgors and/or the Company shall, as per requested by the Pledgee and to the extent permitted under the PRC law, transfer all or part of the equity interest held by the Pledgors and/or all or part of the assets in the Company to the Pledgee and/or any other entity or individual designated by the Pledgee.
3. Pursuant to the Loan Agreement (including the Agreement itself and any of its amendments or restatements, hereinafter referred to as the “Loan Agreement”) executed by the Pledgors and the Pledgee on the date of this Agreement, the Pledgee agrees to provide loans to the Pledgors in accordance with the terms and conditions stipulated in the Loan Agreement.

4. Pursuant to the Voting Rights Proxy Agreement (including the Agreement itself and any of its amendments or restatements, hereinafter referred to as the “Voting Rights Proxy Agreement”) executed by the Parties on the date of this Agreement, the Pledgors have irrevocably and fully authorized the person appointed by the Pledgee at that time to represent the Pledgors to exercise all their voting rights as shareholders in the Company.

5. Pursuant to the Exclusive Technical and Consulting Services Agreement (including the Agreement itself and any of its amendments or restatements, hereinafter referred to as the “Consulting Services Agreement”) executed by the Company and the Pledgee on the date of this Agreement, the Company has exclusively engaged the Pledgee to provide the Company relevant technical support and consultation services, and has agreed to pay corresponding service fees to the Pledgee for such provision of services.

6. To secure the performance of the Pledgors and the Company of the Contractual Obligations (as defined below) and the repayment of the Secured Indebtedness (as defined below), the Pledgors agree to pledge all of their equity interests in the Company in favor of the Pledgee, and grant the Pledgee the first priority right of pledge.

By friendly negotiation, the Parties agree as follows:

1. Definitions

   Unless otherwise provided herein, the following words and terms shall have the respective meanings set forth below:

   1.1 “Contractual Obligations” means all Contractual Obligations of the Pledgors and/or the Company under the Loan Agreement, the Consulting Service Agreement, the Option Agreement, the Voting Rights Proxy Agreement and this Agreement (and any of its amendments or restatements thereof).

   1.2 “Pledge” means the security interest granted by the Pledgors to the Pledgee in accordance with Article 2 of this Agreement, which refers to the right to be compensated on a preferential basis with the conversion, auction or sales price of the equity interest enjoyed by the Pledgee.

   1.3 “Transaction Agreements” means the Loan Agreement, the Option Agreement, the Voting Rights Proxy Agreement and the Consulting Service Agreement.
1.4 “Secured Indebtedness” includes all service fees as well as the interests incurred accordingly that shall be payable to the Pledgee and the repayment of the loan along with the interests incurred that shall be made by the Pledgors to the Pledgee under the Transaction Agreements; the amount of all direct, indirect and predictable loss of benefits arising out of any Event of Default (as defined below) caused by the Pledgors and/or the Company as determined by the Pledgee on its sole discretion (to the extent permitted by PRC law), which shall be fully binding on the Pledgors and the Company; all expenses of the Pledgee incurred from forcing the Pledgors and/or the Company to perform the Contract Obligations, and fees and expenses for the enforcement of the Pledge (including but not limited to the legal fees, arbitration fees, costs of assessment and auction of the Pledged Interests and etc.).

1.5 “Pledged Interests” means all of the Company’s equity interests legally owned by the Pledgors as of the date of effectiveness of this Agreement which shall, pursuant to this Agreement, be pledged to the Pledgee as collateral security for the performance of the Contractual Obligations (as specifically stated in Schedule I).

1.6 “Term of the Pledge” refers to the term set forth in Article 3 of this Agreement.

1.7 “Event of Default” refers to any of the circumstances listed in Article 7 of this Agreement.

1.8 “Notice of Default” refers to the notice issued by the Pledgee in accordance with this Agreement declaring an Event of Default.

2. Pledge of Equity Interests

Pursuant to this Agreement, the Pledgors hereby agree to pledge, all of the equity interests which are legally held and are entitled to be disposed by the Pledgors (collectively representing 100% equity interest in the Company) to the Pledgee, as a jointly liability guarantee to secure the performance of the Contractual Obligations and the repayment of the Secured Indebtedness of the Pledgors and the Company.

3. Term of the Pledge

3.1 This Pledge shall become effective on such date when the pledge of the equity interest contemplated herein is registered with a competent authority of the Administration for Industry and Commerce (“AIC”). The Pledge shall continue until all Contractual Obligations have been fully performed by the Pledgors and the Company and all Secured Indebtedness have been paid in full, or all of the Transaction Agreements have been terminated or turned invalid, or the Contractual Obligations have been terminated for legal reasons.
3.2 The Pledgors and the Company shall (1) record the Pledge made under this Agreement on the Company’s register of shareholders when appropriate after the execution of this Agreement, and (2) file the Pledge with the appropriate AIC to complete the pledge registration of the Pledged Interests under this Agreement after the execution of this Agreement when appropriate. Such registration of Pledged Interests shall be completed within 20 working days after the date of this Agreement or any other time period agreed by the Parties, and the certification documents concerning the registration with AIC shall be delivered to and kept by the Pledgee. The Parties jointly confirm that, in order to complete the procedure of pledge registration with AIC, the Parties and other shareholders of the Company shall submit this Agreement, or a Pledge Contract executed in compliance with the requirements of the AIC of the registered place of the Company, which truly reflects the information in Pledge under this Agreement (“Pledge Agreement for AIC Registration”) to AIC. Matters that are not specified in the Pledge Agreement for AIC Registration shall be subject to the provisions of this Agreement. The Pledgors and the Company shall, as per required by relevant AIC and pursuant to the PRC laws and regulations, submit all necessary documents and complete all necessary procedures to ensure that the Pledge will be registered as soon as possible after filing the application.

3.3 In case of any Event of Default, the Pledgee shall be entitled to dispose the Pledged Interests in accordance with Article 8 of this Agreement.

3.4 Within the Term of Pledge, the Pledgors may, after obtaining prior consent from the Pledgee, receive dividends, bonuses or other profits generated from the Pledged Interests. The Pledgors agree that during the duration of the pledge of the equity interests, the Pledgee shall have the right to receive any dividend or bonus generated from the Pledged Interests. The Company shall pay such portion of fund to the bank account designated by the Pledgee.

4. **Custody of Pledge Certificate**

Within the Term of Pledge set forth in this Agreement, the Pledgors shall deliver the capital contribution certificate for the equity interest in the Company and the register of shareholders containing the Pledge to the Pledgee for the Pledgee’s custody of such items. The Company shall not set up any register of shareholders other than the aforesaid one. The Pledgors shall deliver the above-mentioned capital contribution certificate and the register of shareholders to the Pledgee on the date of this Agreement, and the Pledgee shall maintain custody of such items throughout the entire Term of Pledge.

5. **Representations and Warranties of the Pledgors**

5.1 The Pledgors are the legal owners of the Pledged Interests and there is no existing dispute in relation to the ownership of the Pledged Interests.
5.2 The Pledged Interests are free to be pledged and transferred according to laws, and the Pledgors have full rights and authorities to pledge the Pledged Interests to the Pledgee in accordance with the provisions of this Agreement.

5.3 The Pledgors have not placed any right of pledge or other security interests on the Pledged Interests except for the Pledge.

5.4 The Pledge under this Agreement constitutes the first priority right of pledge placed on the Pledged Interests.

5.5 The Pledgors and the Company warrant to the Pledgee that the above-mentioned representations and warranties are true and correct and will be completely complied with in any case before the Contract Obligations have been fully performed or the Secured Indebtedness has been completely repaid.

6. The Pledgors’ Covenants and Acknowledgements

6.1 The Pledgors hereby covenant to the Pledgee, that during the term of this Agreement, the Pledgors shall:

6.1.1 not transfer the Pledged Interests or create or permit the existence of any guarantee or other encumbrance on the Pledged Interests without prior written consent from the Pledgee, except for the performance of the Option Agreement;

6.1.2 comply with and execute all the laws and regulations applicable to the pledge of rights, present the notice, order or recommendation issued or promulgated by relevant competent authorities regarding the Pledge to the Pledgee within 5 days upon receipt such item, and comply with the aforementioned notice, order or recommendation, or, as per reasonable requested or consent of the Pledgee, submit objections and representations with respect to the aforementioned matters;

6.1.3 promptly notify the Pledgee of any event or notice received by the Pledgors that may have an impact on the Pledgee’s rights to the equity interests or any portion thereof, and any event or notice received by the Pledgors that may have an impact on any warrant, obligation of the Pledgors or their performance of this Agreement.

6.2 The Pledgors agree that the right enjoyed by the Pledgee under the terms of this Agreement with respect to the Pledge shall not be interrupted or harmed by the Pledgors or any successor or representative of the Pledgors or any other person through any legal proceeding.
6.3 The Pledgors guarantee the Pledgee that, in order to protect or perfect the security interests granted under this Agreement securing the payment of the consulting and service fees under the Transaction Agreements, the Pledgors agree to execute in good faith and to cause other parties who have an interest in the Pledge to execute all certificates, agreements, and/or perform and cause other parties who have an interest in the Pledge to perform as required by the Pledgee. The Pledgors further agree to facilitate the exercise by the Pledgee of its rights and authorities granted thereto by this Agreement, and to enter into all relevant documents regarding the ownership of equity interest with the Pledgee or designees of the Pledgee (individuals/legal entities). The Pledgors agree to provide the Pledgee within a reasonable time with all notices, orders and decisions regarding the Pledge that are required by the Pledgee.

6.4 The Pledgors guarantee the Pledgee that the Pledgors will comply with and perform all the guarantees, promises, agreements, representations and conditions under this Agreement. If the Pledgors are not performing or fail to fully perform its guarantees, promises, agreements, representations and conditions, the Pledgors shall compensate the Pledgee for all losses suffered thereby.

7. Event of Default

7.1 Each of the following circumstances shall be considered as Event of Default:

7.1.1 Any breach of any of the Pledgors and/or the Company of any Contractual Obligation under the Loan Agreement, the Option Agreement, the Voting Rights Proxy Agreement, the Consulting Service Agreement, and/or this Agreement (and any amendment or restatement thereof);

7.1.2 Except for Article 6.1.1 of this Agreement, any waiver of the Pledgors of the Pledged Interests or any transfer or intended transfer of the Pledged Interests without written consent from the Pledgee;

7.1.3 When a request is made for any external loan, guarantee, compensation, commitment or other payment liability of any of the Pledgors and/or the Company to be repaid or performed in advance, or when any of the above become expired and cannot be repaid or performed as scheduled, and which, at Pledgee’s discretion, may be considered to have a material and adverse effect on the ability of the Pledgors and/or the Company to perform its obligations hereunder;

7.1.4 Any occurrence of any material adverse change to the property of the Pledgors and/or the Company, which, at Pledgee’s discretion, may be considered materially affect the ability of the Pledgors and/or the Company to perform its obligations hereunder.

7.2 Upon notice or awareness of the occurrence of any circumstance or event that may lead to the above-mentioned circumstances described in Article 7.1, the Pledgors shall immediately notify the Pledgee in writing accordingly.
8. **Exercise of the Pledge**

8.1 The Parties hereby agree that in the Event of Default, the Pledgee shall have the right to exercise all the rights and authorities of remedy for breach of contract enjoyed under the PRC laws, Transaction Agreements and this Agreement, including (but not limited to) auction or sale of the Pledged Interests and to be compensated in priority from what it gains after giving written notice to the Pledgors. The Pledgee is not responsible for any loss caused by its lawful and reasonable exercise of such rights and authorities.

8.2 Before the full payment of the consultation service fees and other fees under the Transaction Agreements has been made, the Pledgors shall not transfer the Pledge or the equity interest held in the Company without the Pledgee’s written consent.

8.3 For reasonable expenses incurred when the Pledgee exercises any or all of the above-mentioned rights and authorities, the Pledgee shall have the right to deduct such expenses from the funds obtained from the exercise of its rights and authorities, based on the actual situation.

8.4 The fund obtained from the exercise of the Pledgee of its rights and authorities shall be processed in the following order:

   Firstly, to pay for all expenses (including paying the emoluments of its attorneys and agents) arising from the disposal of the Pledged Interests and the exercise of the Pledgee of its rights and authorities;

   Secondly, to pay payable taxes arising from the disposal of the Pledged Interests;

   Thirdly, repay the Secured Indebtedness to the Pledgee;

   The remaining fund after the deduction of the aforesaid items shall be returned by the Pledgee to the Pledgors or other person who enjoyed the right to the fund under relevant laws and regulations, or be deposited to the local notary office of the location of the Pledgee (any cost generated arising from such deposit shall be undertaken by the Pledgee).

8.5 When the Pledgee disposes the Pledge in accordance with this Agreement, the Pledgors and the Company shall provide necessary assistance to enable the Pledgee to realize its Pledge.

8.6 The Pledgee shall be entitled to choose to, simultaneously or successively, exercise any of the remedies it enjoys for breach of contract. The Pledgee is not required to exercise any other remedy for breach of contract before exercising the right to auction or sell the Pledged Interests under this Agreement. The Pledgors or the Company does not have the right to challenge the Pledgee whether to exercise part of the Pledge or the sequential order of the exercise of the Pledge.
9. **Assignment**

9.1 The Pledgors shall not grant or transfer its rights and obligations under this Agreement without prior consent from the Pledgee.

9.2 This Agreement shall be binding on the Pledgors, their successors and authorized assignees, and shall be valid to the Pledgee and each of its successors and assignees.

9.3 The Pledgee may assign all or any of its rights and obligations under the Transaction Agreements to its designees (individuals/legal entities) at any time. In such case, the assignee shall have the rights and obligations that the Pledgee enjoys and undertakes under this Agreement, as if it was the original party to this Agreement. When the Pledgee assigns the rights and obligations under the Transaction Agreements, the Pledgors shall, upon the Pledgee’s request, execute relevant agreements and/or documents relating to such assignment.

9.4 In the event of a change of the Pledgee due to the assignment, at the request of the Pledgee, the Pledgors shall execute a new pledge agreement with the new Pledgee on the same terms and conditions as this Agreement, and shall register such pledge with the relevant AIC.

9.5 The Pledgors shall strictly comply with the provisions of this Agreement and other relevant agreements jointly or respectively executed by the Parties, including the Exclusive Option Agreement and the Power of Attorney granted to the Pledgee, fulfill the obligations under each agreement, and refrain from any action/omission that may affect the effectiveness and enforceability of the Agreement. Any remaining right of the Pledgors with respect to the Pledged Interests hereunder shall not be exercised by the Pledgors except in accordance with written instructions from the Pledgee.

10. **Termination**

The term of this Agreement shall not expire until the Contractual Obligations have been fully fulfilled or the Transaction Agreements have been terminated or become invalid, or been terminated for legal reasons, or the Secured Indebtedness have been completely paid off (which occurs earlier shall prevail), unless otherwise agreed by the Parties.

11. **Service fees and other expenses**

All fees and actual expenses relating to this Agreement, including but not limited to legal fees, costs of production, stamp duties, and any other tax, fee and etc. shall be borne by the Company.
12. **Confidentiality**

Each Party hereto acknowledges and confirms to treat any oral or written material relating to this Agreement, the content of this Agreement and exchanged among for preparing or performing this Agreement as confidential information. Each party shall maintain the confidentiality of all such confidential information and shall not disclose any confidential information to any third party without the written consent of the other Parties, except for (a) any information is or will be known by the public (provided that it is not the result of an unauthorized disclosure made to the public by a party who received the confidential information); (b) any information required to be disclosed under the applicable laws and regulations, stock trading rules, or orders of government departments or courts; or (c) information required to be disclosed by any Party to its shareholders, investors, legal or financial counsels regarding the transaction stated in this Agreement, and such shareholders, legal or financial counsels shall also be required to comply with the confidentiality duties similar to those contained within this clause. Any disclosure by staff or agencies hired by a Party should be deemed as a disclosure by such party and such party shall be liable for breach of this Agreement. This article shall survive regardless of the termination of this Agreement for any reason.

13. **Applicable Law and Dispute Resolution**

13.1 The execution, effectiveness, interpretation, implementation, amendment and termination of this Agreement and the resolution of disputes shall be governed by PRC law.

13.2 Any dispute arising from the interpretation and implementation of this Agreement shall be firstly solved by the Parties through friendly negotiation. If the dispute cannot be resolved within 30 days after one party send written notice to the other requesting negotiation and resolution, any party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration in accordance with the arbitration rules then effective. The arbitration shall be conducted in Beijing and the language used shall be Chinese. The award of the arbitral tribunal shall be final and binding on the Parties.

13.3 When any dispute arising from interpretation and implementation of this Agreement occurs and when any dispute is under arbitration, except for the matters under dispute, the Parties shall continue to exercise their other rights under this Agreement and perform their other obligations under this Agreement.

14. **Notices**

14.1 All notices and other communications required or sent under this Agreement shall be delivered personally, registered post, postage paid or business express service or fax to the Party’s following address. Each notice shall also be delivered by email. The dates on which the notices shall be deemed to have been effectively delivered shall be determined as follows:
14.2 For notices delivered by personal delivery, express service or registered post, postage paid, the date of delivery or refusal at the address specified for notices shall be deemed the date of effective delivery.

14.3 For the notices delivered by fax, the date of successful delivery (as evidenced by an automatically generated confirmation of transmission) shall be deemed the date of effective delivery.

14.4 For the purpose of notice, the addresses of the Parties are as follows:

**The Pledgors:**

Siliang Tan  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTION]  
Fax: N/A

Lei Li  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTION]  
Fax: N/A

Tianjin Shanshi Technology L.P.  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTION]  
Fax: N/A

Shanghai Xihu Cultural Transmission Co., Ltd.  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTION]  
Fax: N/A

**The Pledgee:** Shanghai Quyun Internet Technology Co., Ltd.  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTION]  
Fax: N/A
14.5 Any Party may at any time send notice to other Parties in accordance with this Article to change its address for the purpose of receiving notice.

15. Severability

If one or several provisions of this Agreement are found to be invalid, illegal or unenforceable according to any law or regulation in any aspect, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or damaged in any aspect. The Parties shall strive, through sincere negotiations, to replace, as far as possible, those invalid, illegal or unenforceable provisions with effective provisions that are compliant with the law and the expectations of the Parties. The economic effects of such effective provisions shall be as close as possible to that of those invalid, illegal or unenforceable provisions.

16. Effectiveness

16.1 Any amendment, supplement or change to this Agreement shall be made in writing and shall become effective upon completion of the governmental filing procedures (if applicable) after execution or affixing with seals of the Parties.

16.2 This Agreement is written in Chinese in six (6) originals. Each Party of this Agreement shall have one (1) and all the originals shall have equal legal validity.

[The remainder of this page intentionally left blank.]
IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

Siliang Tan  
Signature: /s/ Siliang Tan

Lei Li  
Signature: /s/ Lei Li

Tianjin Shanshi Technology L.P.  
(Seal)  
Signature: /s/ Wanting Xu  
Name: Wanting Xu  
Title: Delegated Representative

Shanghai Xihu Cultural Transmission Co., Ltd.  
(Seal)  
Signature: /s/ Siping Tan  
Name: Siping Tan  
Title: Legal Representative

Shanghai Quyun Internet Technology Co., Ltd.  
(Seal)  
Signature: /s/ Lei Li  
Name: Lei Li  
Title: Legal Representative

Shanghai Jifen Cultural Communications Co., Ltd.  
Signature: /s/ Sihui Chen  
Name: Sihui Chen  
Title: Legal Representative

The Signature Page of Share Pledge Agreement
# Schedule I

Company Name: Shanghai Jifen Culture Communications Co., Ltd.,

Shareholding Structure:

<table>
<thead>
<tr>
<th>Shareholder Name</th>
<th>Amount of Contribution of Company’s registered capitals (RMB/Yuan)</th>
<th>Shareholding Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Siliang Tan</td>
<td>675,000</td>
<td>45%</td>
</tr>
<tr>
<td>Lei Li</td>
<td>225,000</td>
<td>15%</td>
</tr>
<tr>
<td>Tianjin Shanshi Technology L.P.</td>
<td>300,000</td>
<td>20%</td>
</tr>
<tr>
<td>Shanghai Xihu Cultural Transmission Co., Ltd.</td>
<td>300,000</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,500,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Shareholders’ Voting Rights Proxy Agreement

THIS Shareholders’ Voting Rights Proxy Agreement (this “Agreement”) is executed on October 13, 2017 by and among the following parties in Shanghai, the People’s Republic of China (“PRC”):

1. **Siliang Tan**, Chinese, ID No.: [REDACTED];
2. **Lei Li**, Chinese, ID No.: [REDACTED];
3. **Tianjin Shanshi Technology L.P.**, a limited partnership established and validly existing under PRC law with its registered address at Room 102, Unit 2, Block 3, 600 Luoyang Dao, Haifeng Logistics Park, Tianjin Pilot Free Trade Zone (Dongjiang Bonded Port Area) (Tianjin Dongjiang Commercial Service Commercial Secretary Service Limited Company trustee No. 276);
4. **Shanghai Xihu Cultural Transmission Co., Ltd.**, a limited liability company established and validly existing under PRC law with its registered address at Room J2805, Block 2, 4268 Zhennan Road, Jiading District, Shanghai. (together with Siliang Tan, Lei Li and Tianjin Shanshi Technology L.P. are respectively or collectively referred to as the “Shareholders”);
5. **Shanghai Quyun Internet Technology Co., Ltd.**, a limited liability company established and validly existing under PRC law with its registered address at Room 408, Floor 4, Block 5, 1082 Huyi Road, Nanxiang Town, Jiading District, Shanghai. (the “Sole Corporation”); and
6. **Shanghai Jifen Culture Communications Co., Ltd.**, a limited liability company established and validly existing under PRC law with its registered address at Room 3190, Area A, Floor 3, Block 7, 88 Chenxiang Road, Jiading District, Shanghai. (the “Company”).

In this Contract, the above parties hereinafter shall be individually referred to as a “Party” and collectively referred to as the “Parties”.

Whereas:

1. The Shareholders, being the Company’s current shareholders, collectively hold 100% equity interest of the Company. As of the date of this Agreement, the amount of contribution and proportion of shareholding in the Company are as stated in Schedule I;
2. The Shareholders intend to delegate a person appointed by the Sole Corporation to exercise the Shareholders’ voting rights in the Company and the Sole Corporation intend to appoint a person to accept such delegation.
The Parties come to an agreement as follows by friendly negotiations:

Article 1 Voting Rights Proxy

1.1 The Shareholders hereby irrevocably agree that after the Sole Corporation appoints someone other than staff of the Sole Corporation as an Assignee (definite as follows), the Shareholders will execute the Power of Attorney, the contents and format of which are as stated in Schedule II of this Agreement, authorizing the person designated by the Sole Corporation at that time (the “Assignee”) to, at his own will and discretion and on behalf of the Shareholders, exercise the following rights respectively enjoyed by the Shareholders under the articles of association of the Company then effective (“Delegated Right”):

(1) propose to convene and attend a shareholders meeting of the Company according to the Company’s articles of association as the proxy of each of the Shareholders;

(2) exercise the voting rights on behalf of the Shareholders on the matters which are required to be discussed and resolved in the shareholders meeting, including, but not limited to the appointment and election of the directors of the Company and other senior management that should be appointed or dismissed by the Shareholders;

(3) exercise other Shareholders’ voting rights under the Company’s article of association (including any other voting right of the Shareholders specified after the modification of such article of association).

1.2 The above-mentioned authorization and delegation shall be subject to the condition that the Assignee is Chinese and that the Sole Corporation agrees with such an authorization and delegation. The Assignee may recommit other person or entity to handle such matters. There is no need for the Assignee to send prior notice to relevant shareholders and to obtain the consent of relevant shareholders. When and only when the Sole Corporation sends a written notice to the Shareholders to dismiss or replace the Assignee, the Shareholders shall immediately authorize another Chinese person designated by the Sole Corporation to exercise such right. The new appointment shall replace the former one immediately upon execution and except for such situation, the Shareholders shall not revoke the delegation and authorization to the Assignee.

1.3 The Assignee shall prudently and diligently perform the Delegated Right within the scope of authorization specified in this Agreement. The Shareholders agree to recognize and be responsible for any legal liability arising from the Assignee’s exercise of the above-mentioned Delegated Right.
The Shareholders hereby confirm that the Assignee may exercise such Delegated Right without asking for the Shareholders' opinion in advance. However, the Assignee shall timely inform the Shareholders of the resolutions or proposals for convening temporary shareholders meetings are made.

Article 2 Right to Know

2.1 For the purpose of exercising the rights hereunder, the Assignee shall be entitled to access related information with respect to the Company's operation, business, clients, finances, staff, etc. and to look up related materials. The Company shall sufficiently cooperate with this.

Article 3 Exercise of the Delegated Right

3.1 The shareholders will provide sufficient assistance with respect to the exercise of the Delegated Right by the Assignee, including prompt execution of the Resolution of the shareholders meeting or other related legal documents made by the Assignee when necessary (to satisfy the requirements of the governmental authorities with respect to the documents submitted for approval, registration and filing).

3.2 If, at any time during the term of this Agreement, the authorization or exercise of the Delegated Right under this Agreement becomes unenforceable for any reason (except for breach of contract of the Shareholders or the Company), the Parties shall seek an alternative solution that is most similar to the unenforceable provision and, if necessary, execute the supplementary agreement to amend or adjust the terms of this Agreement to make sure the purpose of this Agreement can be realized.

Article 4 Exemption and Indemnification

4.1 The Parties acknowledge that the Sole Corporation shall not be required to be liable for any responsibility to other parties or any third party, or compensate them, economically or otherwise, as a result of the exercise of Delegated Right by Assignee under this Agreement.

4.2 The Shareholders and the Company agree to indemnify in full and ensure the Sole Corporation suffers no harm from any loss incurred or likely to incur by appointing the Assignee to exercise the Delegated Right, including but not limited to any loss caused by lawsuits, requests for compensation, arbitration, or claims brought by any third party against it, as well as any administrative investigation and punishments given by government departments, unless such loss is resulting from wilful misconduct or gross negligence of the Assignee.
Article 5 Representations and Warranties

5.1 The Shareholders hereby respectively and jointly represent and warrant the Sole Corporation that:

5.1.1 He/It is a Chinese citizen with full capacity or a limited liability company/limited partnership duly registered and validly existing under laws of domicile. He/It has complete and independent legal status and ability and is properly authorized to execute, deliver and perform this Agreement and can be a subject of litigation independently.

5.1.2 He/It has the complete right and authorization to execute and deliver this Agreement and all other documents he/it is going to execute related to the transaction stated hereunder and has the full right and authorization to complete such transaction. This Agreement is executed and delivered legally and appropriately. This Agreement constitutes a legal and binding obligation of him/it and can be enforceable according to the provisions of this Agreement.

5.1.3 He/It is a legally registered shareholder of the Company as of the effectiveness of this Agreement. Except for the rights set according to this Agreement, the Share Pledge Agreement and the Exclusive Option Agreement executed on the same date of this Agreement among the Shareholders, the Company and the Sole Corporation, there is no other third-party rights on the Delegated Right. In accordance with this Agreement, the Assignee may completely and sufficiently exercise its Delegated Right according to the Company’s article of association then effective.

5.2 The Sole Corporation and the Company hereby respectively represents and warrants that:

5.2.1 It is a limited liability company duly registered and validly existing under the laws of domicile and has independent legal personality. It has complete and independent legal status and the ability to execute, deliver and perform this Agreement and can be a subject of litigation independently.

5.2.2 It has the complete internal rights and the authorization of the Company to execute and deliver this Agreement, as well as all other documents relating to the transaction stated hereunder that it is going to execute. It has the full right and authorization to complete such a transaction.
The Company further represents and warrants that:

5.3.1 The Shareholders are legally registered shareholders of the Company as of the effectiveness of this Agreement. Except for the right set according to this Agreement, the Share Pledge Agreement and Exclusive Option Agreement executed among the Shareholders, the Company and the Sole Corporation, there is no other third-party rights on the Delegated Right. In accordance with this Agreement, the Assignee may completely and sufficiently exercise its Delegated Right according to the Company’s article of association then effective.

Article 6 Term of Agreement

6.1 Subject to Article 6.2 of this Agreement, this Agreement shall come into effect on the date the Parties executed formally. Unless terminated early by the Parties’ written agreement or in accordance with Article 9.1 of this Agreement, the term of this Agreement shall be ten (10) years. Unless the Agreement is no longer being extended as a result of a notice provided by the Sole Corporation thirty (30) days in advance, this Agreement shall automatically be extended for one (1) year upon expiration, and so on.

6.2 This Agreement shall be terminated under the situation that the Company or the Sole Corporation does not complete the approval and registration procedure of extending the operating period when it expires.

6.3 This Agreement shall automatically be terminated if the Shareholders transfer all the equity interest of the Company they held to the Sole Corporation or the entity appointed by the Sole Corporation with the Sole Corporation’s prior written consent.

Article 7 Notice

7.1 All notices and other communications required or sent under this Agreement shall be delivered personally, registered post, postage paid or business express service or fax to the Party’s following address. Each notice shall also be delivered by email. The dates on which the notices shall be deemed to have been effectively delivered shall be determined as follows:

7.1.1 For notices delivered by personal delivery, express service or registered post, postage paid, the date of delivery or refusal at the address specified for notices shall be deemed the date of effective delivery.

7.1.2 For the notices delivered by fax, the date of successful delivery, (as evidenced by an automatically generated confirmation of transmission), shall be deemed the date of effective delivery.
For the purpose of notice, the addresses of the Parties are as follows:

**Shareholders:**
Siliang Tan  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTED]  
Fax: N/A  

Lei Li  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTED]  
Fax: N/A  

Tianjin Shanshi Technology L.P.  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTED]  
Fax: N/A  

Shanghai Xihu Cultural Transmission Co., Ltd.  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTED]  
Fax: N/A  

**The Sole Corporation:** Shanghai Quyun Internet Technology Co., Ltd.  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTED]  
Fax: N/A  

**The Company:** Shanghai Jifen Culture Communications Co., Ltd.  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTED]  
Fax: N/A  

Any Party may at any time send notice to other Parties in accordance with this Article to change its address for the purpose of receiving notices.
Article 8 Confidentiality

8.1 Regardless of the termination of this Agreement, the Parties shall maintain the confidentiality of all information relating to other party’s trade secret, proprietary information, client information and all other information with confidentiality acknowledged during the course of execution and performance of this Agreement (“Confidential Information”). The Party receiving the Confidential Information shall not disclose any Confidential Information to any third party except with the disclosing party of the Confidential Information’s prior written consent or required by provisions of related laws, regulations or the listing location of the affiliated company of One Party to disclose to third parties; Except for the purpose of performing this Agreement, the recipient shall not use or indirectly use any Confidential Information.

8.2 The following information is not deemed as Confidential Information:
(a) Any information is acknowledged by the recipient previously through legitimate form which could be evidenced by written proof;
(b) Information of the public which is not due to the recipient’s fault; or
(c) Information obtained through another legitimate form by the recipient after the recipient received the information.

8.3 The Party receiving the Confidential Information can disclose the information to its relevant staff, agents or professionals hired by the Party. However, the recipient shall make sure that such persons will comply with the related terms and conditions of this Agreement and the recipient shall be liable for such person’s breaching of the relating terms and conditions in this Agreement.

8.4 The effect of this Article shall not be influenced by the termination of this Agreement, regardless of the status other provisions in this Agreement.

Article 9 Default Liability

9.1 The Parties agree and confirm that any substantial violation of any of the provisions under this Agreement by any Party (“Defaulting Party”), or any substantial failure of, or any delay on, performing any obligation under this Agreement will constitute a default under this Agreement (the “Default”) and any party who is not a Defaulting Party (“Non-Defaulting Party”) shall have the right to require the Defaulting Party to correct or take remedial measures within a reasonable time period. If the Defaulting Party does not correct or take remedial measures within a reasonable time period or ten (10) days after the other party informs the Defaulting Party in written of compensation requirements, then:

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9.1.1 If the Shareholders or the Company is the Defaulting Party, the Sole Corporation shall have the right to terminate this Agreement and require the Defaulting Party to compensate.

9.1.2 If the Sole Corporation is the Defaulting Party, the Non-Defaulting Parties shall have the right to require the Defaulting Party to compensate. However, unless otherwise specified in laws, the Non-Defaulting Parties are not entitled to terminate or relieve this Agreement under any circumstance.

9.1.3 Regardless of any provision otherwise agreed under this Agreement, the effectiveness of this Article shall not be affected by suspension or termination of this Agreement.

Article 10 Miscellaneous

10.1 This Agreement is written in Chinese in six (6) originals. Each Party of this Agreement shall have one (1) and all the originals shall have equal legal validity.

10.2 PRC law will apply to the execution, effectivity, implementation, amendment, interpretation and termination of this Agreement.

10.3 Any dispute arising from the interpretation and implementation of this Agreement shall be firstly resolved by the Parties through friendly negotiation. If the dispute cannot be resolved in thirty (30) days after the written notice is sent by one party to the other requesting negotiation and resolution, any party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration in accordance with the arbitration rules then effective. The arbitration shall be conducted in Beijing and the language used shall be Chinese. The award of the arbitral tribunal shall be final and binding on all Parties.

10.4 Any right, power and remedy empowered to any Party by any provision of this Agreement shall not exclude any other right, power and remedy enjoyed by such Party in accordance with laws and other provisions under this Agreement, and a Party’s exercise of its rights, powers and remedies shall not exclude its exercise of other rights, powers and remedies enjoyed.

10.5 Any Party’s failure or delay to exercise any right, power and remedy enjoyed by this Agreement or laws (“the Party’s Rights”) shall not cause waiver of such rights. In addition, the waiver of any single or part of the Party’s Right shall not exclude such Party’s exercising such rights in other ways or its exercise of other rights.
10.6 The titles of Articles in this Agreement are set for reference only, and such titles shall not be used to or affect the interpretation of Articles in this Agreement under any circumstance.

10.7 Each provision of this Agreement can be severable and independent from any other provision. If one or several provisions of this Agreement are found to be invalid, illegal or unenforceable at any time, the validity, legality or enforceability of remaining provisions of this Agreement shall not be affected.

10.8 Any amendment, supplement of this Agreement shall be made in written form and come into effect after proper execution by the Parties to this Agreement. Regardless of any provision otherwise agreed in this Agreement, without Sole Corporation’s prior written consent, Shareholders shall not revoke the delegation of the Delegated Right under this Agreement and Shareholders and the Company shall not terminate this Agreement. However, the Sole Corporation may, at any time inform the Shareholders and the Company to terminate this Agreement by sending written notice thirty (30) days in advance.

10.9 Without prior written consent from the Sole Corporation, other Parties are not allowed to transfer any right and/or obligation under this Agreement to any third party; the Shareholders and the Company hereby agree that the Sole Corporation has the right to transfer its any right and/or obligation under this Agreement to any third party without prior notice to related Shareholders or the Company or their consent.

10.10 This Agreement shall be binding on the legal successors of the Parties.

10.11 Every of the Shareholders shall be jointly liable for the obligations of the other Shareholders under this Agreement.

[The remainder of this page intentionally left blank.]
IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

Siliang Tan  
Signature: /s/ Siliang Tan

Lei Li  
Signature: /s/ Lei Li

Tianjin Shanshi Technology L.P.  
(Seal)  
Signature: /s/ Wanting Xu  
Name: Wanting Xu  
Title: Delegated Representative

Shanghai Xihu Cultural Transmission Co., Ltd.  
(Seal)  
Signature: /s/ Sihui Tan  
Name: Sihui Tan  
Title: Legal Representative

Shanghai Quyun Internet Technology Co., Ltd.  
(Seal)  
Signature: /s/ Lei Li  
Name: Lei Li  
Title: Legal Representative

Shanghai Jifen Culture Communications Co., Ltd.  
(Seal)  
Signature: /s/ Sihui Chen  
Name: Sihui Chen  
Title: Legal Representative

股东表决权委托协议签署页  
The Signature Page of the Voting Rights Proxy Agreement
### Schedule I

Company Name: Shanghai Jifen Culture Communications Co., Ltd.

Shareholding Structure:

<table>
<thead>
<tr>
<th>Shareholder Name</th>
<th>Amount of Contribution of Company’s Registered Capitals (RMB/Yuan)</th>
<th>Shareholding Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Siliang Tan</td>
<td>675,000</td>
<td>45%</td>
</tr>
<tr>
<td>Lei Li</td>
<td>225,000</td>
<td>15%</td>
</tr>
<tr>
<td>Tianjin Shanshi Technology L.P.</td>
<td>300,000</td>
<td>20%</td>
</tr>
<tr>
<td>Shanghai Xihu Cultural Transmission Co., Ltd.</td>
<td>300,000</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,500,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
Power of Attorney

This Power of Attorney (hereinafter referred to as the “POA”) is executed by Siliang Tan (ID No. [REDACTION]) on [REDACTION], 2017 and provided to (ID No. [REDACTION]) (hereinafter referred to as “Assignee”).

I, Siliang Tan, hereby irrevocably grant the Assignee a comprehensive power of attorney, authorize the Assignee to represent me as my proxy, in the name of me, at his/her own will and discretion to exercise the following rights enjoyed for being a shareholder of Shanghai Ji Fen Culture Communications Co., Ltd. (hereinafter referred to as the “Company”):

(1) propose to convene and attend shareholders meeting of the Company according to the Company’s articles of association as my proxy;

(2) exercise the voting rights as my proxy on the matters which are required to be discussed and resolved on the shareholders meeting, including, but not limited to the appointment and election of the directors of the Company and other senior management that shall be appointed or dismissed by the shareholders meeting;

(3) exercise other Shareholder’s voting rights as my proxy under the Company’s article of association (including any other voting right of Shareholders specified after the modification of such article of association).

The Assignee has the right to recommit. In terms of the above-mentioned matters, the Assignee may recommit other person or entity to handle such matters, and there is no requirement to send prior notice to me and to obtain my consent.

I, hereby irrevocably confirm that, unless [ ] (“Sole Corporation”) requires me to change the Assignee, the period of validity of this POA shall continue until the Voting Rights Proxy Agreement executed by the Sole Corporation, the Company and the Shareholders on [ ] [REDACTION], 2017 expires or terminates early.

Hereby authorized.

Name:

Signature: _________________

Date: [REDACTION], 2017.
Power of Attorney

This Power of Attorney (hereinafter referred to as the “POA”) is executed by Lei Li (ID No. [REDACTION]) on [REDACTION], 2017 and provided to [REDACTION] (hereinafter referred to as “Assignee”)

I, Lei Li, hereby irrevocably grant the Assignee a comprehensive power of attorney, authorize the Assignee to represent me as my proxy, in the name of me, at his/her own will and discretion to exercise the following rights enjoyed for being a shareholder of Shanghai Ji Fen Culture Communications Co., Ltd. (hereinafter referred to as the “Company”):

1. propose to convene and attend shareholders meeting of the Company according to the Company’s articles of association as my proxy;
2. exercise the voting rights as my proxy on the matters which are required to be discussed and resolved on the shareholders meeting, including, but not limited to the appointment and election of the directors of the Company and other senior management that shall be appointed or dismissed by the shareholders meeting;
3. exercise other Shareholder’s voting rights as my proxy under the Company’s article of association (including any other voting right of Shareholders specified after the modification of such article of association).

The Assignee has the right to recommit. In terms of the above-mentioned matters, the Assignee may recommit other person or entity to handle such matters, and there is no requirement to sending prior notice to me and to obtain my consent.

I, hereby irrevocably confirm that, unless [REDACTION] (“Sole Corporation”) requires me to change the Assignee, the period of validity of this POA shall continue until the Voting Rights Proxy Agreement executed by the Sole Corporation, the Company and the Shareholders on [REDACTION], 2017 expires or terminates early.

Hereby authorized.

Name:
Signature: _________________
Date: _____, 2017.
Power of Attorney

This Power of Attorney (hereinafter referred to as the “POA”) is executed by Tianjin Shanshi Technology L.P. on [date], 2017 and provided to [Assignee] (ID No. [ID number]) (hereinafter referred to as “Assignee”).

The Partnership, Tianjin Shanshi Technology L.P., hereby irrevocably grants the Assignee a comprehensive power of attorney, authorizes the Assignee to represent the Partnership as proxy, in the name of the Partnership, at his/her own will and discretion to exercise the following rights enjoyed for being a shareholder of Shanghai Ji Fen Culture Communications Co., Ltd. (hereinafter referred to as the “Company”):

1. propose to convene and attend shareholders meeting of the Company according to the Company’s articles of association as the Partnership’s proxy;
2. exercise the voting rights as the Partnership’s proxy on the matters which are required to be discussed and resolved on the shareholders meeting, including, but not limited to the appointment and election of the directors of the Company and other senior management that shall be appointed or dismissed by the shareholders meeting;
3. exercise other Shareholder’s voting rights as the Partnership’s proxy under the Company’s article of association (including any other voting right of Shareholders specified after the modification of such article of association).

The Assignee has the right to recommit. In terms of the above-mentioned matters, the Assignee may recommit other person or entity to handle such matters, and there is no requirement to send prior notice to the Partnership and obtain its consent.

The Partnership, hereby irrevocably confirm that, unless [Sole Corporation] requires the Partnership to change the Assignee, the period of validity of this POA shall continue until the Voting Rights Proxy Agreement executed by the Sole Corporation, the Company and the Shareholders on [date], 2017 expires or terminates early.

Hereby authorized.

Name: __________________________________________
Signature: ______________________________________
Date: _____, 2017.
Power of Attorney

This Power of Attorney (hereinafter referred to as the “POA”) is executed by Shanghai Xihu Cultural Transmission Co., Ltd. on [date], 2017 and provided to (ID No. [ID number]) (hereinafter referred to as “Assignee”).

The Corporation, Shanghai Xihu Culture Communication Co., Ltd., hereby irrevocably grants the Assignee a comprehensive power of attorney, authorizes the Assignee to represent the Corporation as proxy, in the name of the Corporation, at his/her own will and discretion to exercise the following rights enjoyed for being a shareholder of Shanghai Ji Fen Culture Communications Co., Ltd. (hereinafter referred to as the “Company”):

1. propose to convene and attend shareholders meeting of the Company according to the Company’s articles of association as the Corporation’s proxy;
2. exercise the voting rights as the Corporation’s proxy on the matters which are required to be discussed and resolved on the shareholders meeting, including, but not limited to the appointment and election of the directors of the Company and other senior management that shall be appointed or dismissed by the shareholders meeting;
3. exercise other Shareholder’s voting rights as the Corporation’s proxy under the Company’s article of association (including any other voting right of Shareholders specified after the modification of such article of association).

The Assignee has the right to recommit. In terms of the above-mentioned matters, the Assignee may recommit other person or entity to handle such matters, and there is no requirement to send prior notice to the Corporation and obtain its consent.

The Corporation, hereby irrevocably confirm that, unless [ ] (“Sole Corporation”) requires the Corporation to change the Assignee, the period of validity of this POA shall continue until the Voting Rights Proxy Agreement executed by the Sole Corporation, the Company and the Shareholders on [date], 2017 expires or terminates early.

Hereby authorized.

Name:
Signature: _________________
Date: _____, 2017.
Exhibit 10.5
Exclusive Technical and Consulting Service Agreement

THIS Exclusive Technical and Consulting Service Agreement (this “Agreement”) is made on October 13, 2017 by the following two parties in Shanghai, the People’s Republic of China (“PRC”):

1. Shanghai Quyun Internet Technology Co., Ltd., a limited liability company established and validly existing under PRC law with its registered address at Room 408, Floor 4, Block 5, 1082 Huyi Road, Nanxiang Town, Jiading District, Shanghai. (“Party A”); and

2. Shanghai Jifen Culture Communications Co., Ltd., a limited liability company established and validly existing under PRC law with its registered address at Room 3190, Area A, Floor 3, Block 7, 88 Chenxiang Road, Jiading District, Shanghai. (“Party B”)

Party A and Party B are hereinafter referred to individually as “a Party” and collectively as “Parties”.

Whereas: Party B wishes to engage Party A to operate and act as its service provider to provide Party B with certain technical support and consulting services.

By friendly negotiation, the Parties agree as follows:

1. Service Provision

1.1 Pursuant to the terms and conditions of this Agreement, during the term of this Agreement, Party B hereby appoints Party A as Party B’s exclusive service provider to provide Party B with comprehensive technical support, business support and relevant consulting services, which shall include services as determined necessary by Party A from time to time within the approved business scope of Party B, including but not limited to technical services, business consultations, assets equipment leasing, market consultancy, system integration, product research and system maintenance.

1.2 Party B agrees to accept the consultations and services provided by Party A. Party B further agrees that during the term of this Agreement, in terms of the services or other matters stipulated in this Agreement, it shall neither, directly or indirectly, accept from any third party any consultation and/or service that is the same as or similar to that which is provided under this Agreement, nor establish any similar cooperative relationship with any third party regarding the matters stated in this Agreement without Party A’s prior written consent. The Parties agree that Party A may appoint any other party (who may be designated to enter into certain agreements with Party B as described in Article 1.3), to provide Party B with the services and/or supports described under this Agreement.
1.3 Services Delivery

1.3.1 Party A and Party B agree that during the term of this Agreement, Party B may enter into further technical service agreements and consulting service agreements with Party A or other parties designated by Party A, as appropriate, and each further agreement shall describe the specific contents, manner, personnel and fees for each technical service and consulting service provided.

1.3.2 For better performance of this Agreement, the Parties agree that within the term of this Agreement, Party B will, as appropriate, and based on the needs of business development, enter into Equipment/Asset Leasing Agreements with Party A or its designated party, following which Party A or its designated party shall provide related equipment and assets to Party B.

2. Service Fees and Payment

The Parties agree that in consideration of the all the services provided by Party A to Party B under this Agreement, Party A shall provide bills to Party B based on the price determined by Party A as well as the volume of services provided to Party B. Party B shall pay relevant service fees (“Service Fees”) to Party A in accordance with the date and amount specified in the bills. Party A may unilaterally make other arrangements with respect to the payment of Service Fees at any time. If Party A adjusts the amount of Service Fees and informs Party B by prior written notice for such adjusted Service Fees, Party B shall pay the Service Fees at the adjusted amount. Service Fees shall be settled monthly on the basis of the actual services provided by Party A to Party B; Party B shall, within 30 days from the last day of each month, (a) provide Party A with the management statement, operating statistics and other financial information for the current month, including the income of Party B during the month; (b) pay the monthly Service Fees to Party A (“Monthly Service Fee”). Party B shall, within 90 days from the end of every financial year, (a) provide Party A with the audited financial statement of the current financial year, which shall be audited and certified by the independent chartered accountant approved by Party A; (b) if according to the audited financial statement, the total amount of the payment by Party B to Party A has any deficiency within the financial year, Party B shall pay Party A the outstanding balance.

3. Intellectual Property and Confidentiality

3.1 To the extent permitted under the PRC law, Party A shall have the exclusive rights and interests in all rights, ownership, interests and intellectual properties arising out of or created during the performance of this Agreement, which shall include, but is not limited to, copyrights, patents, patent applications, software, technology secrets, trade secrets and other rights and interests. Party B shall sign all necessary documents, take all appropriate actions, submit all the documents and/or applications, provide all proper assistances and take all other actions solely determined by Party A as necessary to give all the ownership, rights and interests of such intellectual property to Party A, and/or perfect the protection of Party A’s intellectual property rights.
3.2 The Parties acknowledge and confirm that any oral or written information exchanged between the Parties related to this Agreement, the content of this Agreement, and for preparing or performing this Agreement is confidential information. Each party shall maintain the confidentiality of the information and without the written consent of the other party, it shall not disclose any confidential information to any third parties, excluding the following: (a) any information is or will be known by the public (provided that it is not the result of an unauthorized disclosure made to the public by a party who receives the confidential information); (b) any information required to be disclosed under the applicable laws and regulations, stock trading rules, or orders of government departments or courts; or (c) information required to be disclosed by any Party to its shareholders, investors, legal or financial counsels regarding the transaction stated in this Agreement, and such shareholders, legal or financial counsels shall also be required to comply with the confidentiality duties similar to those contained within this clause. Any disclosure by staff or agencies hired by a Party should be deemed as a disclosure by such party and such party shall be liable for breach of this Agreement. This article shall survive regardless of the termination of this Agreement for any reason.

3.3 Both Parties agree that this article shall survive and remain in full force and effect regardless of any modification, rescission or termination of this Agreement.

4. **Representations and Warranties**

   4.1 Party A hereby represents and warrants as follows:

   4.1.1 Party A is an exclusively foreign-owned enterprise legally registered and validly existing in accordance with PRC laws.

   4.1.2 Party A has taken necessary corporate actions, achieved necessary authorizations, and obtained all consents and approvals by third parties and governmental authorities (if needed) for the execution and performance of this Agreement. The execution and performance of this Agreement by Party A does not violate any specific provision of laws or regulations.

   4.1.3 This Agreement constitutes legal, valid and binding obligations of Party A, which are enforceable against it pursuant hereto.

4.2 Party B hereby represents and warrants as follows:

   4.2.1 Party B is an enterprise legally registered and validly existing in accordance with PRC laws. Party B has obtained the permits and licenses issued by the governmental authorities required for engaging in main business.
4.2.2 Party B has taken necessary corporate actions, achieved necessary authorizations, and obtained all consents and approvals by third parties and governmental authorities (if needed) for the execution and performance of this Agreement. The execution and performance of this Agreement by Party B does not violate any specific provision of laws or regulations.

4.2.3 This Agreement constitutes legal, valid and binding obligations of Party B, which are enforceable against it pursuant hereto.

5. **Effectiveness and Term of the Agreement**

5.1 This Agreement is executed and takes effect on the date written first above. Unless earlier terminated in accordance with the terms of this Agreement or other agreements executed between the Parties, the term of this Agreement shall be ten (10) years. Despite the aforesaid, both Parties shall review the content of this Agreement every three (3) months after this Agreement is executed to determine whether to modify or supplement the Agreement correspondingly based on the situation at that time.

5.2 Before the expiration of this Agreement, this Agreement can be extended by written consent of Party A. The extended term shall be determined by Party A and Party B shall agree unconditionally.

6. **Termination**

6.1 Unless renewed in accordance with this Agreement, this Agreement shall be terminated upon the date of expiration.

6.2 During the term of this Agreement, Party B shall not terminate this Agreement earlier without prior written consent by Party A. However, Party A can send a written notice to Party B to terminate this Agreement earlier 30 days in advance at any time.

6.3 The rights and obligations of both Parties under Article 3, 7 and 8 shall survive after the termination of this Agreement.

7. **Applicable Law and Dispute Resolution**

7.1 The execution, effectiveness, interpretation, implementation, amendment and termination of this Agreement and the resolution of disputes shall be governed by PRC law.
7.2 Any dispute arising from the interpretation and implementation of this Agreement shall be firstly solved by both Parties through friendly negotiation. If the dispute cannot be resolved within 30 days after the written notice sent from one party to the other for requesting negotiation and resolution, any party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration in accordance with the arbitration rules then effective. The arbitration shall be conducted in Beijing and the language used shall be Chinese. The award of the arbitral tribunal shall be final and binding on both Parties.

7.3 When any dispute arising from interpretation and implementation of this Agreement occurs and when any dispute is under arbitration, except for the matters under dispute, both Parties shall continue to exercise their other rights under this Agreement and perform their other obligations under this Agreement.

8. Indemnification

Party B shall indemnify in full and ensure Party A suffers no harm from any loss, damage, liability or fee arising from the lawsuits, requests or other demands against Party A arising from the consulting and service provided to Party B according to this Agreement, unless such losses, damages, liabilities or fees are resulting from gross negligence or wilful misconduct of Party A.

9. Notice

9.1 All notices and other communications required or sent under this Agreement shall be delivered personally, registered post, postage paid or business express service or fax to the Party’s following address. Each notice shall also be delivered by email. The dates on which the notices shall be deemed to have been effectively delivered shall be determined as follows:

For notices delivered by personal delivery, express service or registered post, postage paid, the date of delivery or refusal at the address specified for notices shall be deemed the date of effective delivery

For the notices delivered by fax, the date of successful delivery (as evidenced by an automatically generated confirmation of transmission) shall be deemed the date of effective delivery.

9.2 For the purpose of notice, the addresses of the Parties are as follows:

**Party A**  
**Shanghai Quyun Internet Technology Co., Ltd.**  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTED]  
Fax: N/A
9.3 Any Party may at any time change its address for notices by delivering a notice to the other Party in accordance with the terms hereof.

10. Assignment

10.1 Without Party A’s prior written consent, Party B shall not assign its rights and obligations to any third party.

10.2 Party B hereby agrees that Party A is entitled to assign its rights and obligations under this Agreement to any third party when necessary without prior notice to Party B or consent from Party B.

11. Severability

If one or several provisions of this Agreement are found to be invalid, illegal or unenforceable according to any law or regulation in any aspect, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or damaged in any aspect. The Parties shall strive, through sincere negotiations, to replace, as far as possible, those invalid, illegal or unenforceable provisions with effective provisions, that are compliant with the law and the expectations of both Parties. The economic effects of such effective provisions shall be as close as possible to that of those invalid, illegal or unenforceable provisions.

12. Amendments and supplements

Both Parties may make amendments and supplements to this Agreement by writing. The amendments and supplements regarding this Agreement executed by both Parties are the constituent parts of this Agreement and shall have equivalent legal effect as this Agreement.

13. Language and Copies

This Agreement is written in Chinese, with two originals. Each party shall retain one and all the originals shall be equally valid.

[The remainder of this page intentionally left blank.]
Shanghai Quyun Internet Technology Co., Ltd.
(Seal)
Signature:  /s/ Lei Li
Name: Lei Li
Title: Legal Representative

Shanghai Jifen Culture Communication Co., Ltd
(Seal)
Signature:  /s/ Sihui Chen
Name: Sihui Chen
Title: Legal Representative

The Signature Page of Exclusive Technical and Consulting Service Agreement
THIS Exclusive Option Agreement (this “Agreement”) is executed on October 13, 2017 by and among the following parties in Shanghai, the People’s Republic of China (“PRC”):

1. Siliang Tan, Chinese, ID No.: [REDACTION]
2. Lei Li, Chinese, ID No.: [REDACTION]
3. Tianjin Shanshi Technology L.P., a limited partnership established and validly existing under PRC law with its registered address at Room 102, Unit 2, Block 3, 600 Luoyang Dao, Haifeng Logistics Park, Tianjin Pilot Free Trade Zone (Dongjiang Bonded Port Area) (Tianjin Dongjiang Commercial Service Commercial Secretary Service Limited Company trustee No. 276)
4. Shanghai Xihu Cultural Transmission Co., Ltd., a limited liability company established and validly existing under PRC law with its registered address at Room J2805, Block 2, 4268 Zhennan Road, Jiading District, Shanghai. (together with Siliang Tan, Lei Li and Tianjin Shanshi L.P. are respectively or collectively referred to as the “Shareholders”)
5. Shanghai Quyun Internet Technology Co., Ltd., a limited liability company established and validly existing under PRC law with its registered address at Room 408, Floor 4, Block 5, 1082 Huyi Road, Nanxiang Town, Jiading District, Shanghai. (the “Sole Corporation”); and
6. Shanghai Jifen Culture Communications Co., Ltd., a limited liability company established and validly existing under PRC law with its registered address at Room 3190, Area A, Floor 3, Block 7, 88 Chenxiang Road, Jiading District, Shanghai. (the “Company”)

Whereas:

1. The Shareholders collectively hold 100% equity interests of the Company. As of the date of this Agreement, the amount of contribution and proportion of shareholding in the Company are as stated in Schedule I;
2. The Shareholders intend to grant the Sole Corporation an irrevocable and exclusive option to buy all the equity interest of the Company held by shareholders.
The Parties come to an agreement as follows by friendly negotiation:

1. **Sales and Purchase of Equity Interests**
   
   1.1 **Option Granted.**
   
   The Shareholders hereby irrevocably grant the Sole Corporation an irrevocable and exclusive right to purchase the equity interest without any additional condition ("Equity Interest Purchase Option"), pursuant to which the Sole Corporation is granted to require the Shareholders to perform and complete all the approval and registration procedure required by PRC law so as the Sole Corporation may, at the price stated in Article 1.3 in this Agreement and in accordance with the steps decided solely by itself to the extent permitted by PRC law, purchase, or designate a person or several persons (each, a "Designee") to purchase, once or at multiple times at any time, all or part of the equity interest held by the Shareholders. The Sole Corporation agrees to accept such Equity Interest Purchase Option. The Equity Interest Purchase Option shall be exclusive. Except for the Sole Corporation and its Designees, no other third parties shall have the Equity Interest Purchase Option or other rights related to the Shareholders' equity interest. The Company hereby agrees to the Shareholder's grant of the Equity Interest Purchase Option to the Sole Corporation. The term "Person" used in this Article and this Agreement shall refer to individuals, corporations, cooperative enterprises, partnerships, enterprises, trusts or non-corporate organizations.

   1.2 **Steps for Exercise.**
   
   Subject to the compliance with PRC laws and regulations, the Sole Corporation may exercise its Equity Interest Purchase Option by sending a written notice to the Shareholders ("Equity Interest Purchase Option Notice"), in which shall specify: (a) the decision of the Sole Corporation to exercise its Equity Interest Purchase Option; (b) the percentage of equity interest the Sole Corporation intends to purchase from the Shareholders ("Optioned Interests"); and (c) the date for purchasing/transferring the Optioned Interests ("Transferring Date").

   1.3 **Equity Interest Purchase Price.**
   
   When exercising its option, before the Shareholders are required to process the related Industry and Commerce Modification Registration, the Sole Corporation or its appointed entities or persons shall pay the Shareholders the corresponding transfer price. The transfer price paid shall be the lowest price permitted under the PRC law, given the percentage of the Company’s equity interest that is to be transferred. The Shareholders agree that upon receiving the transfer price, it shall, following specific instructions of the Sole Corporation, (i) use such transfer price to repay the loan under the Loan Contract (including the amendments, supplements and restatements from time to time) executed by the Shareholders and the Sole Corporation on the same date of this Agreement, and/or (ii) return to the Sole Corporation or its Designees by legal means.
1.4 Transfer of Optioned Interests

For each exercise of the Equity Interest Purchase Option by the Sole Corporation:

1.4.1 the Shareholders shall instruct the Company to convene a shareholders meeting in time, at which a resolution shall be adopted to approve the Shareholder’s transfer of the Optioned Interests to the Sole Corporation and/or the Designees.

1.4.2 the Shareholders shall obtain written statements from the other shareholders of the Company, in which such shareholders shall agree to the transfer and to waive the right of first refusal in terms of transferring the Optioned Interests to the Sole Corporation and/or the Designees from the Shareholders.

1.4.3 the Shareholders shall execute an Equity Transfer Contract for every transfer with the Sole Corporation and/or (if applicable) the Designee, according to the provisions of this Agreement and the Equity Interest Purchase Option Notice.

1.4.4 in the circumstances that there are no additional security interests, the relevant Parties shall execute all other necessary contracts, agreements or documents, obtain all necessary government permits and approvals and take all necessary actions to transfer the valid ownership of the Optioned Interests to the Sole Corporation and/or the Designees and cause the Sole Corporation and/or the Designees to become the registered owners of the Optioned Interests. For the purpose of this Article and this Agreement, the “Security Interests” shall include securities, mortgages, third party’s rights or interests, any purchase right, acquisition right, right of first refusal, right to offset, ownership retention or other guarantee arrangement; but for sake of clarity, it does not include any security interest created by this Agreement and the Share Pledge Agreement. The “Share Pledge Agreement” specified in this Article and this Agreement refers to the Share Pledge Agreement executed by the Sole Corporation, the Shareholders and the Company on the date of this Agreement. (“Share Pledge Agreement”)

2. Covenants

2.1 Covenants concerning the Company

The Shareholders and the Company hereby covenant as follows:

2.1.1 without prior written consent of the Sole Corporation, not to supplement, change or amend the Company’s articles of association, increase or decrease its registered capital, or change its registered capital structure in any other manner;

2.1.2 to maintain the Company’s existence, manage its business and deal with its affairs prudently and effectively in accordance with good financial and business standards and practices;
2.1.3 without prior written consent of the Sole Corporation, not to sell, transfer, mortgage, or in any other manner dispose, or to create any other security interest on any asset, business or legal right to collect interests or beneficial interest of the Company at any time after the execution of this Agreement;

2.1.4 without prior written consent of the Sole Corporation, not to create, succeed to, guarantee or permit any debt, except for (i) any debt incurred in the course of the ordinary or daily business operation other than through loans, and (ii) any debt disclosed to and agreed by the Sole Corporation in writing;

2.1.5 to manage all the business in the course of the Company’s ordinary business operation, to maintain the asset value of the Company, and not to conduct any action/omission which will affect its operating conditions and asset value;

2.1.6 without prior written consent of the Sole Corporation, not to execute any material contract, except for contracts executed in the course of the Company’s ordinary business operation (a contract will be deemed material if its total value exceeds RMB 500,000 in this Article);

2.1.7 without prior written consent of the Sole Corporation, not to provide a loan or financial credit to anyone;

2.1.8 to provide all information relating to the operation and financial condition of the Company, as required by the Sole Corporation;

2.1.9 to purchase and hold, if required by the Sole Corporation, the insurance related to its assets and business from insurance companies acceptable to the Sole Corporation, at an amount and with a type of coverage typical for companies that operate similar businesses;

2.1.10 without prior written consent of the Sole Corporation, not to merge or combine with, acquire or invest in, any person;

2.1.11 to inform the Sole Corporation immediately upon the occurrence or possible occurrence of any litigation, arbitration or administrative proceeding concerning the assets, business or income of the Company;

2.1.12 to the extent necessary to maintain the Company’s ownership of its all assets, to execute all necessary or appropriate documents, take all necessary or appropriate actions and bring all necessary or appropriate lawsuits or make all necessary and appropriate defense against all claims;
2.1.13 without prior written consent of the Sole Corporation, not to distribute dividends in any way to each shareholder, except required by the Sole Corporation, the Company shall immediately distribute all the allocable profit to each shareholder; and

2.1.14 to appoint anyone designated by the Sole Corporation to be the director of the Company as required by the Sole Corporation.

2.2 Covenants concerning the Shareholders

The Shareholders hereby covenant as follows:

2.2.1 without prior written consent of the Sole Corporation, not to sell, transfer, mortgage, or in any other manner dispose, or to create any security interest on the legal or beneficial interest of the shares of the Company held by the Shareholders, except for the pledge set according to the Shareholder’s Share Pledge Agreement;

2.2.2 to procure the Company’s Shareholders Meeting and/or Board of Directors to disapprove of any sale, transfer, mortgage, or any other manner of disposal, or creation of any security interest on the legal or beneficial interest of the equity interest of the Company held by the shareholders that has occurred without the prior written consent of the Sole Corporation, except for the pledge set according to the Shareholder’s Share Pledge Agreement;

2.2.3 without prior written consent of the Sole Corporation, to procure the Company’s Shareholders Meeting or the Board of Directors not to approve the Company to merge or combine with, acquire or invest in, any person;

2.2.4 to inform the Sole Corporation upon the occurrence or possible occurrence of any litigation, arbitration or administrative proceeding concerning the equity interest they held;

2.2.5 to procure the Company’s Shareholders Meeting or the Board of Directors to vote to approve the transferring of the Optioned Interest stated in this Agreement and take any other action as required by the Sole Corporation;

2.2.6 to the extent necessary to maintain its ownership of the equity interests, to execute all necessary or appropriate documents, take all necessary or appropriate actions and bring all necessary or appropriate lawsuits or make all necessary and appropriate defense against all claims.

2.2.7 to appoint anyone designated by the Sole Corporation to be the director and/or the executive director of the Company as required by the Sole Corporation.
2.2.8 as required by the Sole Corporation at any time, to transfer its equity interest immediately to the representative appointed by the Sole Corporation at any time without any condition according to the Equity Interest Purchase Option under this Agreement and waive its right of first refusal of transferring corresponding equity interest of any other shareholder; and

2.2.9 to strictly comply with this Agreement and any provision of other contracts executed by the Shareholders, the Company and the Sole Corporation jointly or respectively, to practically perform each of the obligations under such contracts and do not conduct any action/omission which is sufficient to affect the validity and enforceability of such contracts;

3. **Representations and Warranties**

The Shareholders and the Company hereby represent and warrant to the Sole Corporation, jointly and respectively, as of the date of this Agreement and as of each Transferring Date, that:

3.1 They have the authority to execute and deliver this Agreement, any share transfer contract executed for each assignment of the Optioned Interests (each referred to as a “Transfer Contract”) to which they are parties according to this Agreement, and have the authority and ability to perform their obligations under this Agreement and any of the Transfer Contracts. Upon the Sole Corporation’s exercise of the purchase options, the Shareholders and the Company agree to enter into Transfer Contracts that are consistent with the terms of this Agreement. This Agreement and the Transfer Contracts to which they are parties constitute or shall constitute legal, valid and binding obligations and shall be enforceable against them in accordance with the provisions signed upon execution;

3.2 The execution and delivery of this Agreement or any of the Transfer Contracts and the performance of the obligations under this Agreement or any of the Transfer Contracts shall not: (i) cause the violation of any related PRC law; (ii) be inconsistent with the articles of association or other constitutional documents; (iii) cause the violation of any contract or document to which they are parties or are binding to them, or constitute breach of contract under any contract or document to which they are parties or are binding to them; (iv) cause the violation of any condition for the grant and/or continued effectiveness of any permit or approval issued to any party; or (v) cause the suspension, or revocation of, or additional conditions to any permit or approval issued to any party;

3.3 The shareholders have a good and merchantable title on the equity interest of the Company, and have not placed any security interest on such equity interests except for the pledge set pursuant to Shareholders' Share Pledge Agreements;

3.4 The Company has a good and merchantable title to all the assets and the Company has not set any security interest on such assets.
3.5 The Company does not have any outstanding debt, except for (i) debts incurred in the ordinary course of business, and (ii) debts disclosed to and agreed by the Sole Corporation in writing;

3.6 The Company complies with all the laws and regulations applicable to the acquisition of equity interest and assets; and

3.7 There are no pending or threatening lawsuits, arbitrations or administrative proceedings related to equity interest, assets of the Company or the Company at present.

4. **Effective Date**

This Agreement shall come into effect upon the execution of this Agreement of the Parties. The term of validity shall be ten (10) years, and this may be unilaterally extended by the Sole Corporation. Regardless of any provision agreed in this Agreement, without prior written consent from the Sole Corporation, the Shareholders and the Company shall not revoke the Equity Interest Purchase Option under this Agreement or terminate this Agreement. Nevertheless, the Sole Corporation may, at any time inform the Shareholders and the Company to terminate this Agreement by sending written notice thirty (30) days in advance.

5. **Applicable Law and Dispute Resolution**

5.1 **Applicable Law**

The execution, effectiveness, interpretation, implementation, amendment and termination of this Agreement and the resolution of disputes shall be governed by officially issued PRC laws that are publically available. For the matters that are not regulated under officially issued PRC laws publically available, international laws and conventions shall apply.

5.2 **Dispute Resolution**

Any dispute arising from interpretation and implementation of this Agreement shall be firstly solved by the Parties through friendly negotiation. If the dispute cannot be resolved in 30 days after the written notice has been sent from one party to the other requesting negotiation and resolution, any party may submit the relevant dispute to the China International Economic and Trade Arbitration Commission for arbitration in accordance with the arbitration rules then effective. The arbitration shall be conducted in Beijing and the language used shall be Chinese. The award of the arbitral tribunal shall be final and binding on the Parties.
6. **Taxes and Expenses**

Each Party shall pay any and all of the taxes, costs and expenses for transfer and registration incurred thereby or levied thereon under PRC law in connection with the preparation and execution of this Agreement and other Transfer Contracts and the consummation of the transactions contemplated under this Agreement and other Transfer Contracts.

7. **Notice**

7.1 All notices and other communications required or sent under this Agreement shall be delivered personally, registered post, postage paid or business express service or fax to the Party’s following address. Each notice shall also be delivered by email. The dates on which the notices shall be deemed to have been effectively delivered shall be determined as follows:

7.1.1 For notices delivered by personal delivery, express service or registered post, postage paid, the date of delivery or refusal at the address specified for notices shall be deemed the date of effective delivery.

7.1.2 For the notices delivered by fax, the date of successful delivery (as evidenced by an automatically generated confirmation of transmission) shall be deemed the date of effective delivery.

7.2 For the purpose of notice, the addresses of the Parties are as follows:

**Shareholders:**
- **Siliang Tan**
  - Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square
  - Mobile: [REDACTED]
  - Fax: N/A

- **Lei Li**
  - Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square
  - Mobile: [REDACTED]
  - Fax: N/A

- **Tianjin Shanshi Technology L.P.**
  - Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square
  - Mobile: [REDACTED]
  - Fax: N/A

- **Shanghai Xihu Cultural Communication Co., Ltd.**
  - Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square
  - Mobile: [REDACTED]
  - Fax: N/A
7.3 Any Party may at any time send notice to other Parties in accordance with this Article to change its address for the purpose of receiving notices.

8. **Confidentiality**

Each Party hereto acknowledges and confirms to treat any oral or written materials relating to this Agreement, the content of this Agreement and exchanged among for preparing or performing this Agreement as confidential information. Each party shall maintain the confidentiality of all such confidential information and not disclose any confidential information to any third party without the written consent of the other Parties, except for (a) any information is or will be known by the public (provided that it is not a result of an unauthorized disclosure made to the public by a party who receives the confidential information); (b) any information required to be disclosed under the applicable laws and regulations, stock trading rules, or orders of government departments or courts; or (c) information required to be disclosed by any Party to its shareholders, investors, legal or financial counsels regarding the transaction stated in this Agreement, and such shareholders, legal or financial counsels shall also be required to comply with the confidentiality duties similar to the duties contained within this clause. Any disclosure by staff or agencies hired by a Party should be deemed as a disclosure by such party and such party shall be liable for breach of this Agreement. This article shall survive regardless of the termination of this Agreement for any reason.

9. **Further Covenants**

The Parties agree to promptly execute documents that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement and take further actions that are reasonably required for or are conducive to the implementation of the provisions and purposes of this Agreement.
10. **Miscellaneous**

10.1 **Revision, Amendment and Supplement**

Any revision, amendment or supplement to this Agreement shall be executed in a written agreement by each Party.

10.2 ** Entire Contract**

Except for the revisions, supplements or amendments in writing executed after the execution of this Agreement, this Agreement shall constitute an entire contract reached by and among the Parties hereto with respect to the subject matter hereof, replacing all prior oral or written negotiations, statements and contracts beforehand in terms of the object of this Agreement.

10.3 **Title**

The title of this Agreement is only set for convenience, which shall not be used to interpret, state or otherwise affect the meaning of all the provisions in this Agreement.

10.4 **Language**

This Agreement is written in Chinese in six (6) originals. Each Party of this Agreement shall have one (1) and all the originals shall have equal legal validity.

10.5 **Severability**

If one or several provisions of this Agreement are found to be invalid, illegal or unenforceable according to any law or regulation in any aspect, the validity, legality or enforceability of the remaining provisions of this Agreement shall not be affected or damaged in any aspect. The Parties shall strive, through sincere negotiations, to replace, as far as possible, those invalid, illegal or unenforceable provisions with effective provisions that are compliant with the law and the expectations of the Parties. The economic effects of such effective provisions shall be as close as possible to that of those invalid, illegal or unenforceable provisions.

10.6 **Assignment**

Without prior written consent from the Sole Corporation, the Shareholders or the Company are not allowed to transfer any right and/or obligation under this Agreement to any third party; the Shareholders and the Company hereby agree that the Sole Corporation has the right to transfer its any right and/or obligation under this Agreement to any third party without prior notice to the Shareholders or the Company or their consent.
10.7 Successors
This Agreement shall be binding on the successor of each party and the permitted transferee.

10.8 Survival
10.8.1 Any obligation caused or due by this Agreement upon the expiration or early termination of this Agreement shall survive and remain in force after the expiration or early termination of this Agreement.
10.8.2 Article 5, 7, 8 and 10.8 of this Agreement shall survive and remain in force after the termination of this Agreement.

10.9 Waivers
Any Party may waive the terms and conditions of this Agreement in writing with signatures of the Parties. No waiver by any Party in certain circumstances with respect to a breach by other Parties shall operate as a waiver by such a Party with respect to any similar breach in other circumstances.

[The remainder of this page intentionally left blank.]
IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

Siliang Tan  
Signature: /s/ Siliang Tan

Lei Li  
Signature: /s/ Lei Li

Tianjin Shanshi Technology L.P.  
(Seal)

Signature: /s/ Wanting Xu  
Name: Wanting Xu  
Title: Delegated Representative

Shanghai Xihu Cultural Transmission Co., Ltd.  
(Seal)

Signature: /s/ Siping Tan  
Name: Siping Tan  
Title: Legal Representative

Shanghai Quyun Internet Technology Co., Ltd.  
(Seal)

Signature: /s/ Lei Li  
Name: Lei Li  
Title: Legal Representative

Shanghai Jifen Culture Communications Co., Ltd.  
(Seal)

Signature: /s/ Sihui Chen  
Name: Sihui Chen  
Title: Legal Representative

The Signature Page of Exclusive Option Agreement
## Schedule I

Company Name: Shanghai Jifen Culture Communications Co., Ltd.

Shareholding Structure:

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<th>Shareholder Name</th>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,500,000</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
THIS Loan Agreement (this “Agreement”) is executed on October 13, 2017 in Shanghai, the People’s Republic of China (“PRC”) by and among the following parties:

1. Siliang Tan, Chinese, ID No.: [REDACTED];
2. Lei Li, Chinese, ID No.: [REDACTED];
3. Tianjin Shanshi Technology L.P., a limited liability partnership established and validly existing under the PRC law with its registered address at Room 102, Unit 2, Block 3, 600 Luoyang Dao, Haifeng Logistics Park, Tianjin Pilot Free Trade Zone (Dongjiang Bonded Port Area) (Tianjin Dongjiang Commercial Service Commercial Secretary Service Limited Company trustee No. 276);
4. Shanghai Xihu Cultural Transmission Co., Ltd., a limited liability company established and validly existing under the PRC law with its registered address at Room J2805, Block 2, 4268 Zhennan Road, Jiading District, Shanghai. (together with Siliang Tan, Lei Li and Tianjin Shanshi Technology L.P. are collectively referred to as the “Borrowers”, each as a “Borrower”); and
5. Shanghai Quyun Internet Technology Co., Ltd., a limited liability company established and validly existing under the PRC law with its registered address at Room 408, Floor 4, Building 5, 1082 Huyi Road, Nanxiang Town, Jiading District, Shanghai (the “Lender”);

In this Agreement, the above parties are individually referred to as a “Party” and are collectively referred to as “Parties”.

Whereas:

1. The Lender is a wholly foreign-owned enterprise registered and established under the PRC law;
2. As of the date of this Agreement, the Borrowers collectively own 100% of the equity interests in the Shanghai Jifen Culture Communications Co., Ltd. (the “Domestic Company”), and their respective capital contribution amount and shareholding ratios are shown in Schedule I attached hereto;
3. The Lender intends to provide the Borrowers with a loan for the purposes as specified in this Agreement.

Therefore, the Parties reached the agreements as follows through negotiation:

Article 1 Definitions

1.1 In this Agreement:

“Loan” means any and all loans provided by the Lender to the Borrower under this Agreement;
“Due date” shall have the meaning under Article 4.1 of this Agreement;

“Notice of Repayment” shall have the meaning under Article 4.2 of this Agreement;

“Repayment Application” shall have the meaning under Article 4.3 of this Agreement.

1.2 Relevant capitalized terms used and mentioned herein shall have the meanings given to them as below:

“Articles” shall be interpreted as articles in this Agreement unless the context of this Agreement stipulates otherwise;

“Taxes and Fees” shall be interpreted as a charge of any tax, fee, tariff, or other charges of equivalent nature (including, but not limited to, any fine or interest relating to the taxes and fees that are not paid or delayed).

The “Borrower” or “Borrowers” and the “Lender” shall be interpreted as including successors and assignees of all Parties.

1.3 Unless otherwise specified, any reference made herein to this Agreement or any other agreement or document shall, depending on the situation, be interpreted as references made to the amendments, changes, substitutions or supplements that have been made or could be made from time to time to this Agreement or to such other agreements or documents.

### Article 2 Loan

2.1 Based on the terms and conditions of this Agreement, the Lender agrees to provide loans to the Borrowers in accordance with the terms and conditions stipulated herein. The actual amount of the Loan shall be separately determined by the Borrowers and the Lender in written. The Borrowers agree to accept the aforesaid Loan provided by the Lender in accordance with the conditions and terms stipulated in this Agreement and to provide funds to the Domestic Company to develop its business. Without the consent of the Lender, the Borrower shall not use the Loan for any purpose other than those stipulated herein.

2.2 The Parties confirm that the Borrowers shall perform repayment obligations and other obligations under this Agreement to the Lender in accordance with the provisions of this Agreement.

2.3 According to the requirements of the Lender, the Borrowers have executed an Equity Pledge Agreement with the Lender, the Domestic Company and other shareholders of the Domestic Company on the date the same as the execution date hereof, pursuant to which the Borrowers have pledged all the shares of the Domestic Company owned by them to the Lender as a guarantee for the Loan.
Article 3 Interest

Unless otherwise agreed herein, the Lender acknowledges and confirms that the Loan under this Agreement shall be free of any interest whatsoever.

Article 4 Repayment

4.1 Unless the Parties unanimously agree to extend the Loan, any loan under this Agreement shall be fully repaid by the Borrowers at one time on one of the following dates, whichever occurs earlier ("Due Date"): (i) upon the expiration of ten (10) years after the execution of this Agreement, or (ii) upon the expiration of the operation term of the Lender, or (iii) upon the expiration of the operation term of the Domestic Company. Under such circumstance, to the extent that there is no violation of applicable laws and regulations, the Lender shall have the right to purchase or appoint a third party to purchase all the shares of the Domestic Company held by the Borrowers at that time at the lowest price permitted by the laws and regulations. The Parties agree to sign a separate agreement with other relevant parties with regard to the above matters.

4.2 From the execution date of this Agreement to the Due Date, the Lender may, at any time, decide to accelerate the maturity of the Loan on its absolute sole discretion by issuing a notice of repayment ("Repayment Notice") to the Borrowers thirty (30) days in advance, requiring the Borrowers to repay part or all of the Loan amount. Under the circumstance that the Lender requests the Borrowers to repay according to the aforesaid provisions, the Parties agree and confirm that the Borrowers shall repay the Loan provided by the Lender to the Borrowers hereunder only by way of the following: to the extent permitted under PRC laws and regulations, the Borrowers shall, according to the requirements specified in the written notice of the Lender, transfer the equity interests of the Domestic Company to the Lender or its designated person, and repay the Loan hereunder to the Lender with the proceeds gained from their equity transfer. The Lender shall provide unconditional financial support to the Domestic Company based on this Agreement or any other agreement. Regardless of any provision otherwise agreed under this Agreement, the Lender irrevocably agrees that, if Borrowers are not able to (i.e. not permitted by law) repay the Loan in accordance with the provisions of this Agreement, it shall waive the right of requesting the repayment of the Borrowers.

4.3 When the Loan is due and the Borrowers are required to transfer the equity interests to the Lender or the person designated by the Lender, if, due to legal requirements or other reasons, the actual transfer price of the equity interests (the "Equity") of the Domestic Company received by the Borrowers is higher than the principal of the Loan, the difference between the proceeds obtained from the Borrowers’ assignment of the Equity and the principal of the Loan shall be deemed as the interest of the Loan or as the cost for the occupation of funds, and shall be repaid to the Lender along with the principal of the Loan.

4.4 The Borrowers shall repay the aforementioned corresponding amount in cash or repay it in other forms determined by the resolution made by the Lender’s board of directors appropriately.
4.5 When the Borrowers repay the aforementioned corresponding amount in accordance with this Article 4, all Parties shall complete the agreed equity transfer matters at the same time, and ensure that the payment has been fully made. Meanwhile, the Lender or the third party designated by the Lender shall have legally and completely accepted the Equity of the Domestic Company according to the above-mentioned agreement, and there must not be any pledge or any other encumbrance on the equity interest. The Borrowers shall provide all reasonable assistance according to the foregoing agreement for the equity transfer of the Domestic Company, and make other shareholders of the Domestic Company waive their rights of first refusal.

4.6 Only when the Borrowers transfer all the equity interests they hold in the Domestic Company to the Lender or the third party designated by the Lender in accordance with this Article 4, and after the Loan is fully repaid (including the principal of the Loan and the maximum interest or cost of funds of the Loan as allowed by the applicable law at that time), shall it be deemed as a complete performance of the Borrower’s repayment obligations under this Agreement.

**Article 5 Taxes and Fees**

All taxes and fees related to the Loan shall be borne by the Lender.

**Article 6 Confidentiality**

6.1 Whether or not this Agreement has been terminated, the Borrowers shall maintain confidentiality of all the information relating to the Lender’s trade secret, proprietary information, client information (“Confidential Information”) known to or obtained by the Borrowers during the course of execution and performance of this Agreement. The Borrowers shall only use such Confidential Information for purpose of their performance of their obligations hereunder. Without the Lender’s written consent, any of the Borrowers shall not disclose any Confidential Information to any third party, otherwise such Borrower shall bear the default liabilities and compensate the losses incurred to the Lender.

6.2 The following information is not deemed as Confidential Information:

(a) Any information is known and obtained by the recipient previously through legitimate form which could be evidenced by proof;

(b) Information of the public which is not due to the recipient’s fault; or

(c) Information obtained through another legitimate form by the recipient after the recipient received the information.

6.3 Subsequent to the termination of this Agreement, the Borrowers shall return, destroy all the documents, materials or software containing the Confidential Information or dispose in other corresponding ways upon request from the Lender, and refrain from using such Confidential Information.
6.4 Notwithstanding any other provision hereunder, the effect of this Article 6 shall not be influenced by suspension or termination of this Agreement.

**Article 7 Representations and Warranties**

7.1 The Borrowers hereby irrevocably covenant and warrant that, without the prior written consent from the Lender, the Borrowers shall not make or authorize other person (including but not limited to the director of the Domestic Company nominated by the Lender) to make any resolution, instruction, consent or order in any way, to prompt the Domestic Company to make any transaction which will or may substantially affect the assets, rights, obligations or business (“Prohibited Transactions”) of the Domestic Company (including their branches and/or subsidiaries), including but not limited to:

1. borrow money from a third party or undertake any debt (except for the debts arising from normal daily business activities which amount does not exceed RMB 250,000 each, and any debt which amount in total does not exceed RMB 250,000 in successive six months);

2. provide guarantees to third parties for its own debt or provide any guarantee to a third party;

3. transfer any business, major assets, actual or potential business opportunities to a third party;

4. transfer or license any domain name, trademark, or other intellectual property (if any) that is legally owned by the Domestic Company to a third party;

5. transfer part or all of its equity interests in the Domestic Company to a third party;

6. any other major transaction;

or shall not execute any agreement, contract, memorandum or other form of transaction documents (“Prohibited Document”) concerning the Prohibited Transaction, and shall not indulge the process of any Prohibited Transaction or the execution of any Prohibited Document by any omission.

7.2 It will ensure that the directors and managers of the Domestic Company strictly abide by this Agreement when performing their duties as directors or managers, and that they do not conduct any action or omission which violates any aforementioned covenant in any way.
Article 8 Notice

8.1 All notices and other communications required or sent under this Agreement shall be delivered personally, through registered mail, postage paid or business express service or fax to the Party’s following address. Each notice shall also be delivered by email at the same time. The dates on which the notices deemed to have been effectively delivered shall be determined as follows:

8.1.1 For notices delivered by personal delivery, express service or registered mail, postage paid, the date of delivery or refusal of receipt at the address specified for notices shall be deemed the date of effective delivery.

8.1.2 For notices delivered by fax, the date of successful transmission (as evidenced by an automatically generated confirmation of transmission) shall be deemed the date of effective delivery.

8.2 For the purpose of notice, the addresses of the Parties are as follows:

**The Borrowers:**

Siliang Tan  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTED]  
Fax: N/A

Lei Li  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTED]  
Fax: N/A

Tianjin Shanshi Technology L.P.  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTED]  
Fax: N/A

Shanghai Xihu Cultural Transmission Co., Ltd.  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTED]  
Fax: N/A

**The Lender:** Shanghai Quyun Internet Technology Co., Ltd.  
Address: Floor 11, Block 3, 5005 Shenjiang Road, Xingchuang Tech Square  
Recipient: Siliang Tan  
Mobile: [REDACTED]  
Fax: N/A

8.3 Any Party may at any time change its address for notices by delivering a notice to the other Parties in accordance with the terms hereof.
Article 9 Default Liability

9.1 The Borrowers covenant that it will undertake liability for compensate to the Lender for any action, charge, claim, cost, damage, request, fee, liability, loss and procedure suffered or caused by the Borrower’s violation of any obligation under this Agreement.

9.2 Notwithstanding any other provision of this Agreement, the effectiveness of this Article will not be influenced by suspension or termination of this Agreement.

Article 10 Miscellaneous

10.1 This Agreement is written in Chinese and executed in six (6) copies. Each party of this Agreement shall have one (1) and all the copies shall have equal legal effect.

10.2 The conclusion, effectiveness, implementation, modification, interpretation and termination of this Agreement shall all be governed by PRC laws.

10.3 Any dispute arising under this Agreement or related to this Agreement shall be resolved through negotiation among the disputing Parties. If the disputing Parties cannot reach an agreement within thirty (30) days after the dispute arises, the dispute shall be submitted to China International Economic and Trade Arbitration Commission. The arbitration shall be conducted in Beijing according to the valid arbitration rules when submitting. The award of the arbitral tribunal shall be final and binding on all disputing Parties.

10.4 Any right, power, and remedy given to the Parties by any provision in this Agreement shall not exclude any other right, power or remedy the Party enjoys in accordance with the laws and other provisions under this Agreement. In addition, the exercise by one Party of its rights, powers and remedies shall not exclude such Party’s exercise of the other rights, powers and remedies it enjoys.

10.5 Any Party’s failure or delay to exercise any right, power and remedy enjoyed by this Agreement or laws (“Such Party’s Rights”) will not cause waiver of such rights. In addition, waiver of any single or part of Such Party’s Right will not exclude such Party’s exercising of such rights in other ways and exercising other rights.

10.6 The title of Articles in this Agreement is set for reference only, and such titles shall not be used to or affect the interpretation of Articles in this Agreement under any circumstance.
10.7 Each Article of this Agreement can be severable and independent from any other Article. If at any time any one or several Articles of this Agreement are found to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining Articles of this Agreement shall not be affected thereby.

10.8 This Agreement and the schedules hereof shall replace all verbal or written agreements, understandings and communications which covenanted previously by all Parties in respect of the standard contents of this Agreement and its schedules. Any amendment and supplement to this Agreement shall be made in writing and shall take effect after properly executed by the Parties hereto.

10.9 Without the prior written consent from the Lender, any Borrower shall not transfer any of its rights and/or obligations under this Agreement to any third party; The Lender shall have the right to transfer any of its rights under this Agreement to any third party it designates without prior notice to any Borrower or consent from any Borrower.

10.10 This Agreement shall be binding on legitimate assignees or successors of the Parties.

[The remainder of this page intentionally left in blank.]
IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed as of the date first above written.

Siliang Tan  
Signature: /s/ Siliang Tan

Lei Li  
Signature: /s/ Lei Li

Tianjin Shanshi Technology L.P.  
(Seal)  
Signature: /s/ Wanting Xu  
Name: Wanting Xu  
Title: Delegated Representative

Shanghai Xihu Cultural Transmission Co., Ltd.  
(Seal)  
Signature: /s/ Siping Tan  
Name: Siping Tan  
Title: Legal Representative

Shanghai Quyun Internet Technology Co., Ltd.  
(Seal)  
Signature: /s/ Lei Li  
Name: Lei Li  
Title: Legal Representative

The Signature Page of Loan Agreement
**SCHEDULE I**

Company Name: Shanghai Jifen Culture Communications Co., Ltd.

Shareholding Structure:

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QTECH LTD.
2017 EQUITY INCENTIVE PLAN
As approved and adopted by a Board Resolution passed on February 15, 2018.

1. **Explanatory Notes.**

   In July 2017, Qtech Ltd. (the “Company”) initiated a series of transactions constituting a reorganization (the “Reorganization”), the consummation of which made Shanghai Jifen Culture Communications Co., Ltd. (“Jifen”) and its subsidiaries in the People’s Republic of China (the “PRC”) variable interests entities of, and wholly controlled by, the Company. As a condition of the Reorganization, the Company agreed to assume Jifen’s obligations and duties under such options granted by Jifen from 2016 to 2017 (“Jifen’s Existing Options”). In order to preserve the rights, obligation and interests of the holders of the Jifen’s Existing Options, the Company has determined to adopt an equity incentive plan pursuant to which the Jifen’s Existing Options, as amended and restated, will be assumed.

2. **Purposes of the Plan.**

   The purposes of this Qtech Ltd. 2017 Equity Incentive Plan (the “Plan”) is to enable the Company to assume all rights, obligations and responsibilities under Jifen’s Existing Options, and to attract and retain the services of certain employees, directors, consultants and other service providers considered essential to the success of the Company and the Group Members (as defined below) (collectively, the “Group”) by granting Options to the holders of the Jifen’s Existing Options to replace such Jifen’s Existing Options. The Options granted under the Plan will replace the Jifen’s Existing Options in their entirety while maintaining the vesting schedules, expiration dates and other terms and conditions of the Jifen’s Existing Options.

3. **Definitions and Interpretation.**

   (a) **Definitions.** In this Plan, unless the context otherwise requires, the following expressions shall have the following meanings:

   “Administrator” means the Board or a Committee consisting of one or more member(s) of the Board or officer(s) of the Company whom the Board has delegated its authority to act as the Administrator as provided in Section 4(e).

   “Applicable Law” means the legal requirements relating to the Plan and the Options under applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders, and the rules of any applicable stock exchange or national market system, of any jurisdiction applicable to Options granted to residents therein.

   “Board” means the board of directors of the Company.

   “Business” means any Person that carries on activities for profit, and shall be deemed to include any affiliate of such Person.
“Cause” means, with respect to a Participant in the case of a particular Option, unless the particular Option Agreement states otherwise, (a) the applicable Group Member having “cause,” “just cause” or term of similar meaning or import, to terminate a Participant’s employment or service, as defined in any employment, consulting or services agreement between the Participant and such Group Member in effect at the time of such termination; or (b) in the absence of any such employment, consulting or services agreement (or the absence of any definition of “cause,” “just cause” or term of similar meaning or import contained therein), the following events or conditions, as determined by the Administrator in its sole discretion:

(i) any commission of an act of theft, embezzlement, fraud, dishonesty, ethical breach or other similar acts, or commission of a criminal offense;

(ii) any material breach of any agreement or understanding between the Participant and any Group Member including, without limitation, any applicable intellectual property and/or invention assignment, employment, non-competition, confidentiality or other similar agreement or the Group Member’s code of conduct or other workplace rules;

(iii) any material misrepresentation or omission of any material fact in connection with the Participant’s employment with any Group Member or service as a Service Provider or to satisfy the requirements or working standards of the applicable Group Member during any applicable probationary employment period;

(iv) any material failure to perform the customary duties as an Employee, Consultant or Director, to obey the reasonable directions of a supervisor or to abide by the policies or codes of conduct of the Company or any other Group Member; or

(v) any conduct that is materially adverse to the name, reputation or interests of the Group Members.

“Change in Control” means any of the following transactions:

(i) an amalgamation, arrangement, merger, consolidation or scheme of arrangement in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated or which following such transaction the holders of the Company’s voting shares immediately prior to such transaction own more than fifty percent (50%) of the voting shares of the surviving entity;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company (other than to a Subsidiary);

(iii) the completion of a voluntary or insolvent liquidation or dissolution of the Company;

(iv) any takeover, reverse takeover, scheme of arrangement, or series of related transactions culminating in a reverse takeover or scheme of arrangement (including, but not limited to, a tender offer followed by a takeover or reverse takeover) in which the Company survives but (A) the shares of the Company outstanding immediately prior to such transaction are converted or exchanged by virtue of the transaction into other property, whether in the form of shares, securities, cash or otherwise, or (B) the shares carrying more than fifty percent (50%) of the total combined voting power of the Company’s then outstanding shares are transferred to a person or persons different from those who held such shares immediately prior to such transaction culminating in such takeover, reverse takeover or scheme of arrangement, or (C) the Company issues new voting shares in connection with any such transaction such that holders of the Company’s voting shares immediately prior to the transaction no longer hold more than fifty percent (50%) of the voting shares of the Company after the transaction; or
(v) the acquisition in a single or series of related transactions by any person or related group of persons (other than Employees of one or more Group Members or entities established for the benefit of the Employees of one or more Group Members) of (A) control of the Board or the ability to appoint a majority of the members of the Board, or (B) beneficial ownership (within the meaning of Rule 13d-3 under the U.S. Securities Exchange Act) of shares carrying more than fifty percent (50%) of the total combined voting power of the Company’s issued and outstanding shares.


“Committee” means the Compensation Committee of the Board (or a subcommittee thereof), or such other committee of the Board to which the Board has delegated power to act pursuant to the provisions of the Plan; provided, that in the absence of any such committee, the term “Committee” shall mean the Board.

“Company” has the meaning set forth in Section 1.

“Competitor” means any Business that is engaged in or is about to become engaged in any activity of any nature that competes with a product, process, technique, procedure, device or service of any Group Member.

“Consultant” means any Person who is engaged by a Group Member to render consulting or advisory services to a Group Member.

“Director” means a member of the board of directors of a Group Member.

“Disability” means, unless in the case of a particular Option, the particular Option Agreement states otherwise, as to any Participant, (a) “Disability,” as defined in any employment, consulting or services agreement between the Participant and the applicable Group Member in effect at the time of such termination; or (b) in the absence of any such employment, consulting or services agreement (or in the absence of any definition of “Disability” contained therein), a disability, whether temporary or permanent, partial or total, as determined by the Administrator in its sole discretion; provided, that for purposes of Incentive Stock Options, “Disability” means a “permanent and total disability” as defined in Section 22(e)(3) of the Code means (unless otherwise defined in an Option Agreement) a disability, whether temporary or permanent, partial or total, as determined by the Administrator; provided, that for purposes of Incentive Stock Options, “Disability” means a “permanent and total disability” as defined in Section 22(e)(3) of the Code.

“Employee” means any person who has an employment relationship with any Group Member. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the relevant Group Member under Applicable Laws, or (ii) transfers between locations of Group Members.

“Fair Market Value” means, as of any date, the value of Shares determined as follows:

(i) If the Shares are listed on one or more established stock exchanges or traded on automated quotation systems, the Fair Market Value shall be the closing sales price for such Shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed or traded on the date of determination, as reported in Bloomberg or such other source as the Administrator deems reliable unless otherwise prescribed by any Applicable Law, or, if the date of determination is not a Trading Date, the closing price as quoted on the principal exchange or system on which the Shares are listed or traded on the Trading Date immediately preceding the date of determination;
(ii) If depositary receipts representing the Shares are listed on one or more established stock exchanges or traded on automated quotation systems, the Fair Market Value shall be the closing sales price for such depositary receipts (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on the date of determination, as reported in Bloomberg or such other source as the Administrator deems reliable, divided by the number of Shares that are represented by such depositary receipts, or, if the date of determination is not a Trading Date, the closing sales price for such depositary receipts as quoted on the principal exchange or system on which the Shares are listed or traded on the Trading Date immediately preceding the date of determination, divided by the number of Shares that are represented by such depositary receipts;

(iii) If the Shares or depositary receipts representing the Shares are regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value shall be the mean between the high bid and low asked prices for (a) the Shares on the date of determination; or (b) depositary receipts representing the Shares on the date of determination, divided by the number of Shares that are represented by such depositary receipts, as applicable; or

(iv) In the absence of an established market for the Shares, the Fair Market Value thereof shall be determined in good faith by the Administrator.

“Family Member” means (i) any person who is a “family member” of the Participant, as such term is used in the instructions to Form S-8 under the U.S. Securities Act (collectively, the “Immediate Family Members”, which includes any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, and any person sharing the Participant’s household (other than a tenant or employee); (ii) a trust solely for the benefit of the Participant and/or his or her Immediate Family Members; or (iii) a partnership or limited liability company whose only partners or shareholders are the Participant and/or his or her Immediate Family Members; or (iv) any other transferee as may be approved by the Administrator in its sole discretion in an Option Agreement or otherwise.

“Group” has the meaning set forth in Section 2.

“Group Member” means the Company, any Subsidiary or any Related Entity.

“Incentive Stock Option” means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

“Initial Public Offering” means the first firm underwritten registered public offering by the IPO Corporation of its equity securities pursuant to a Registration Statement that is filed with and declared effective by either the Commission under the U.S. Securities Act or another Governmental Authority for a public offering in a jurisdiction other than the United States.

“IPO Corporation” means the Company or any other entity which undertakes the Initial Public Offering.

“Nonstatutory Stock Option” means an Option not intended to qualify as an Incentive Stock Option.

“Option” means an option to purchase Shares granted pursuant to the Plan.

“Option Agreement” means any written agreement, contract, or other instrument or document evidencing an Option, printed or electronic medium, including an option grant notice.
“Participant” means the holder of an outstanding Option granted under the Plan.

“Person” means any natural person, firm, company, corporation, body corporate, partnership, association, government, state or agency of a state, local, municipal or provincial authority or government body, joint venture, trust, individual proprietorship, business trust or other enterprise, entity or organization (whether or not having separate legal personality).

“Plan” has the meaning set forth in Section 2.

“Related Entity” means any Person in or of which the Company or a Subsidiary holds a substantial economic interest, or possesses the power to direct or cause the direction of the management policies, directly or indirectly, through the ownership of voting securities, by contract, or other arrangements as trustee, executor or otherwise, but which, for purposes of the Plan, is not a Subsidiary and which the Administrator designates as a Related Entity. For purposes of the Plan, any Person in or of which the Company or a Subsidiary owns, directly or indirectly, securities or interests representing twenty percent (20%) or more of its total combined voting power of all classes of securities or interests shall be deemed a “Related Entity” unless the Administrator determines otherwise.

“Service Provider” means any Person who is an Employee, a Consultant or a Director; provided, that Options shall not be granted to any Consultant or Director in any jurisdiction in which, pursuant to Applicable Laws, grants to non-employees are not permitted. If any Person is a Service Provider by reason of being an Employee, Director or Consultant to the Company or any Subsidiary and such Person’s service is transferred to a Related Entity, then the Administrator, in its sole discretion, may determine that such Person’s service as a Service Provider has terminated as a result of such transfer for any or all purposes of any Option, Option Agreement and the Plan.

“Share” means an ordinary share of the Company, par value US$0.0001 per share, as adjusted in accordance with Section 9(a) below.

“Subsidiary” means any Person Controlled by the Company. “Control” means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person whether through the ownership of the voting securities of such Person or by contract or otherwise; provided, that for purposes of Incentive Stock Options, a Subsidiary shall mean only a corporation of which a majority of the outstanding voting securities or voting power is beneficially owned directly or indirectly by the Company. For purposes of the Plan, any “variable interest entity” that is consolidated into the consolidated financial statements of the Company under applicable accounting principles or standards as may apply to the consolidated financial statements of the Company shall be deemed a Subsidiary; provided, that solely as applied to Incentive Stock Options such “variable interest entity” is also a corporation of which a majority of the outstanding voting securities or voting power is beneficially owned directly or indirectly by the Company.

“Tax” means any income, employment, social welfare or other tax withholding obligations (including a Participant’s tax obligations) or any levies, stamp duties, charges or taxes required or permitted to be withheld or otherwise payable under Applicable Laws with respect to any taxable event concerning a Participant arising as a result of this Plan.

“Terminated for Cause” or “Termination for Cause” means, in the case of a Participant, (i) the termination of the Participant’s status as a Service Provider for Cause or (ii) the Participant’s termination without Cause or voluntary resignation as a Service Provider if the Administrator determines at any time that, before or after the Participant’s termination without Cause or resignation, a Group Member had Cause to terminate such Participant’s status as a Service Provider.
“Trading Date” means any day on which the Shares or depositary receipts representing the Shares are (i) publicly traded on one or more established stock exchanges or automated quotation systems under an effective registration statement or similar document under Applicable Law or (ii) quoted by a recognized securities dealer.

“U.S. Person” means each Person who is a “United States Person” within the meaning of Section 7701(a)(30) of the Code (i.e., a citizen or resident of the United States, including a lawful permanent resident, even if such individual resides outside of the United States).

“U.S. Securities Act” means the United States Securities Act of 1933 and the regulations thereunder, as amended from time to time.


(b) Interpretation. Unless expressly provided otherwise, or the context otherwise requires:

(i) the headings in this Plan are for convenience only and shall not affect its interpretation;
(ii) the terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa;
(iii) references to “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”;
(iv) references to “dollars” or “US$” shall be deemed references to the lawful money of the United States of America;
(v) references to clauses, sub-clauses, paragraphs, sub-paragraphs and schedules are to clauses, sub-clauses, paragraphs and sub-paragraphs of, and schedules to, this Plan;
(vi) use of any gender includes the other genders;
(vii) a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted;
(viii) a reference to any other document referred to in this Plan is a reference to that other document as amended, varied, novated or supplemented at any time; and
(ix) sections 8 and 19(3) of the Electronic Transactions Law (2003 Revision) of the Cayman Islands shall not apply.

4. Shares Subject to the Plan.

(a) Subject to the provisions of Sections 9 and paragraph (b) of this Section 4, the maximum aggregate number of Shares which may be subject to Options under the Plan is 10,000,000 Shares. Subject to Section 9 and paragraph (b) of this Section 4, the maximum number of Incentive Stock Options that may be granted is 10,000,000.
(b) If an Option (or any portion thereof) terminates, expires or lapses or is cancelled for any reason, any Shares subject to the Option (or such portion thereof) shall again be available for the grant of an Option pursuant to the Plan (unless the Plan has terminated). If any Option (in whole or in part) is settled in cash or other property in lieu of Shares, then the number of Shares subject to such Option (or such part) shall again be available for grant pursuant to the Plan. Shares that have actually been issued under the Plan shall not be returned to the Plan and shall not cause the number of Shares available to be subject to Options under the Plan to be increased, except that if the Company repurchases any Shares granted under any Option (or a portion thereof) in the event of a Participant’s joining a Competitor, Termination for Cause, or any of the other circumstances as set forth in Section 13(a), then such Shares shall form part of the authorized but unissued share capital of the Company and may become available for future grant under the Plan (to the extent permitted under Applicable Laws).

5. **Administration of the Plan**

   (a) **Administrator.** The Plan shall be administered by the Administrator (except as otherwise permitted herein).

   (b) **Duties and Powers of Administrator.** It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with its provisions. Subject to the provisions of the Plan, the Administrator shall have the power and authority, in its discretion:

   (i) to select the Service Providers to whom Options may from time to time be granted hereunder;

   (ii) to determine the type or types of Options to be granted to each Service Provider;

   (iii) to determine the exercise price of an Option;

   (iv) to determine the number of Shares to be covered by each such Option granted hereunder;

   (v) to prescribe the forms of Option Agreement for use under the Plan, which need not be identical for each Participant and to amend any Option Agreement; provided, that: (1) the rights or obligations of the Participant holding the Option that is the subject of any such Option Agreement are not affected adversely by such amendment; (2) the consent of the affected Participant is obtained; or (3) such amendment is otherwise permitted under the Plan. Any such amendment of an Option under the Plan need not be the same with respect to each Participant;

   (vi) to determine the terms and conditions of any Option granted hereunder (such terms and conditions to include, but not be limited to, the exercise price, the time or times when Options may be vested, issued or exercised as the case may be (which may be based on performance criteria), whether any Option may be paid in cash or Shares, any rules for tolling the vesting of Options upon an authorized leave of absence, any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Options or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine);

   (vii) to determine all matters and questions relating to whether a Participant’s status as a Service Provider has been terminated, including without limitation if such termination was for Cause or for Disability and, if so, to determine the effective date of such termination (which it may determine to be the date of notice of resignation or the date of an act or omission by such Participant constituting Cause) and all questions of whether particular leaves of absence constitute a termination of the Service Provider;
(viii) to determine whether a Business is a Competitor;

(ix) to prescribe, amend and rescind rules and regulations relating to the Plan and the administration of the Plan and all Option Agreements, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred Tax treatment under the tax laws of any jurisdiction;

(x) to allow the Participants to satisfy Tax withholding obligations by having the Company withhold from the Shares to be issued pursuant to an Option (or a portion thereof), that number of Shares having a Fair Market Value equal to the amount required to be withheld as set forth in Section 10(j) below;

(xi) to take any action, before or after an Option is made, that it deems advisable to obtain approval or comply with Applicable Laws or any necessary local governmental regulatory exemptions or approvals or listing requirements of any securities exchange or automated quotation system;

(xii) to construe, interpret, reconcile any inconsistency in, correct any defect in and/or supply any omission in, the terms of the Plan, any Option Agreement and any Option granted pursuant to the Plan; and

(xiii) make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

(c) Action by the Administrator. The Administrator may act at a meeting or in writing signed by all members in lieu of a meeting. The Administrator is entitled to, in good faith, rely or act upon any report or other information furnished by any officer or other employee of any Group Member, the Company’s independent certified public accountants, or any executive compensation consultant or other professional retained by the Company or the Administrator to assist in the administration of the Plan.

(d) Effect of Administrator’s Decision. The Administrator’s interpretation of the Plan, any Options granted pursuant to the Plan and any Option Agreement, and all decisions, determinations and interpretations of the Administrator shall be final, binding and conclusive for all purposes and upon all Participants.

(e) Delegation of Authority. To the extent permitted by Applicable Laws, the Administrator may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Options or to take other administrative actions pursuant to this Section 5. Any delegation hereunder shall be subject to the restrictions and limits that the Administrator specifies at the time of such delegation, and the Administrator may at any time rescind the authority so delegated or appoint a new delegate.

6. Eligibility.

(a) Subject to the terms of the Plan, Options may be granted to any Service Provider. Incentive Stock Options, however, may be granted only to employees of the Company or any “subsidiary corporation” (as defined in Section 424(f) of the Code) of the Company. Except for grants of Incentive Stock Options, for purposes of this Section 6(a), “Service Providers” shall include prospective Service Providers to whom Options are granted in connection with written offers of a service relationship with a Group Member.
An Option that is intended to be an Incentive Stock Option shall be so designated in the Option Agreement.

Neither the Plan nor any Option shall confer upon any Participant any right with respect to continuing the Participant’s relationship as a Service Provider with any Group Member, nor shall it interfere in any way with his or her right or any Group Member’s right to terminate such relationship at any time, with or without cause.

Unless the Administrator provides otherwise, vesting of Options granted hereunder shall be tolled during any unpaid leave of absence in accordance with such rules as the Administrator shall determine.

7. Terms of Options

(a) Term. The term of each Option shall be stated in the Option Agreement; provided, that the term shall be no more than ten (10) years from the date of grant thereof. Subject to the foregoing, except as limited by the requirements of Section 409A of the Code and regulations and rulings thereunder, the Administrator may extend the term of any outstanding Option, and may extend the time period during which vested Options may be exercised, in connection with any termination of Participant’s status as a Service Provider, and may amend any other term or condition of an Option relating to such termination.

(b) Timing of Granting of Options. The date of grant of an Option shall, for all purposes, be the date on which the Administrator makes the determination granting such Option or such other future date as is determined by the Administrator; provided, that an Option granted in substitution a Jifen’s Existing Option shall be deemed to have been granted on the same date on which the Jifen’s Existing Option for which it was substituted was granted. Notice of the determination shall be given to each Service Provider to whom an Option is so granted within a reasonable time after the date of such grant.

(c) Option Agreement. All Options shall be evidenced by an Option Agreement setting forth the number of Shares subject to the Option and the terms and conditions of the Option, which shall not be inconsistent with the Plan; provided, that if necessary to comply with Section 409A of the Code, for each U.S. Person the Shares subject to the Options shall be “service recipient stock” within the meaning of Section 409A of the Code or the Option shall otherwise comply with Section 409A of the Code, unless the Participant consents otherwise.

(d) Vesting. The period during which an Option, in whole or in part, vests shall be set by the Administrator, and the Administrator may determine that an Option may not vest in whole or in part for a specified period after it is granted. Such vesting may be based on service with a Group Member and/or any other criteria selected by the Administrator. At any time after grant of an Option, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which an Option vests. No portion of an Option which is unvested or unexercisable at the termination of Participant’s status of as a Service Provider shall thereafter become vested or exercisable, except as may be otherwise provided by the Administrator either in the Option Agreement or by action of the Administrator following the grant of the Option.

(e) Issuance of Shares. Shares issued upon exercise of an Option (or any portion thereof) shall be issued in the name of the Participant or, if requested by the Participant and if approved by the Administrator in its sole discretion, in the name of the Participant, in the name of one or more of his or her Family Members, and/or in the name of a trust whose settlors were/are designated by the Administrator.
(f) **Termination of Relationship as a Service Provider.** If a Participant’s status as a Service Provider terminates, such Participant may exercise any unexercised Option (to the extent exercisable) within such period of time as is specified in the Option Agreement to the extent that the Option is vested and exercisable on the date of termination (but in no event later than the expiration of the term of the Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, and except as provided in Sections 7(g), 7(h) and 7(i), Options shall remain exercisable for twelve (12) months following the Participant’s termination (but in no event later than the expiration of the term of the Option as set forth in the Option Agreement). Unless otherwise specified in the Option Agreement or otherwise determined by the Administrator, if, on the date of termination, the Participant is not vested as to his or her entire Option, the unvested portion of such Option shall be deemed cancelled and the Shares covered by the unvested portion of the Option shall revert to the Plan and again be available for grant under the Plan. If, after termination, the Participant does not exercise his or her Option within the time specified by the Administrator, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan and again be available for grant under the Plan.

(g) **Disability of Participant.** If a Participant’s status as a Service Provider terminates as a result of the Participant’s Disability, the Participant may exercise any unexercised Option (to the extent exercisable) within such period of time as is specified in the Option Agreement to the extent the Option is vested and exercisable on the date of termination (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement). In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twenty-four (24) months following the Participant’s termination (but in no event later than the expiration of the term of the Option as set forth in the Option Agreement). Unless otherwise specified in the Option Agreement or otherwise determined by the Administrator, if, on the date of termination, the Participant is not vested as to his or her entire Option, the unvested portion of such Option shall be deemed cancelled and the Shares covered by the unvested portion of the Option shall revert to the Plan and again be available for grant under the Plan. If, after termination, the Participant does not exercise his or her Option within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan and again be available for grant under the Plan.

(h) **Death of Participant.** If a Participant dies as a Service Provider, any unexercised Option (to the extent exercisable) may be exercised within such period of time as is specified in the Option Agreement to the extent that the Option is vested on the date of death of the Participant (but in no event later than the expiration of the term of such Option as set forth in the Option Agreement) by the Participant’s estate or by a person who acquires the right to exercise the Option by bequest or inheritance. In the absence of a specified time in the Option Agreement, the Option shall remain exercisable for twenty-four (24) months following the Participant’s death (but in no event later than the expiration of the term of the Option as set forth in the Option Agreement). Unless otherwise specified in the Option Agreement or otherwise determined by the Administrator, if, at the time of death, the Participant is not vested as to the entire Option, the unvested portion of such Option shall be deemed cancelled and the Shares covered by the unvested portion of the Option shall immediately revert to the Plan and again be available for grant under the Plan. If the Option is not so exercised within the time specified herein, the Option shall terminate, and the Shares covered by such Option shall revert to the Plan and again be available for grant under the Plan.
(i) **Termination for Cause.** Subject to Applicable Law, if a Participant is Terminated for Cause, all unexercised Options, whether vested or unvested, and all other unvested Options, shall be cancelled as of the date of such termination as determined by the Administrator in its sole discretion, and all Shares acquired pursuant to an Option by such Participant shall be subject to a right of repurchase by the Company in accordance with Section 13(b). Any Shares covered by cancelled Options, and any Shares so repurchased or forfeited pursuant to this Section 7(i), shall revert to the Plan and again be available for grant under the Plan.

(j) **Rights to Purchase.** After the Administrator determines that it will offer Options under the Plan, it shall advise the offeree in writing or electronically of the terms, conditions and restrictions related to such Options.

(k) **Exercise Price.** The exercise price per Share subject to an Option shall be determined by the Administrator and set forth in the Option Agreement which, unless otherwise determined by the Administrator, may be a fixed or variable price determined by reference to the Fair Market Value of the Shares over which such Option is granted; provided, that no Option may be granted to a U.S. Person with an exercise price per Share which is less than the Fair Market Value of such Shares on the date of grant (or date of adjustment pursuant to the following sentence), without compliance with Section 409A of the Code, or the Participant’s consent; provided, further, that Nonstatutory Stock Options may be granted with an exercise price lower than that set forth herein if such Option is granted pursuant to an assumption or substitution for an option granted by another company (including, for the avoidance of doubt, the Jifen’s Existing Options), whether in connection with an acquisition of such other company or otherwise; provided, further, that in the case of an Incentive Stock Option granted to an employee who, at the time of the grant of such Option, owns share representing more than 10% of the voting power of all classes of share of any member of the Company Group, the exercise price per share shall be no less than 110% of the Fair Market Value per share on the date of grant; provided, further, that the exercise price per Share shall not in any circumstances be less than the par value of the Share. The exercise price per Share subject to an Option may be amended or adjusted in the absolute discretion of the Administrator, provided, that such adjustment does not result in a materially adverse impact to the Participant; provided, further, that the exercise price per Share may not in any circumstances be reduced to less than the par value of the Share. For the avoidance of doubt, to the extent not prohibited by Applicable Laws, a downward adjustment of the exercise prices of Options mentioned in the preceding sentence shall be effective without the approval of the Board or the Company’s shareholders or the approval of the affected Participants.

(l) **Consideration.** The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant). Such consideration may consist of:

1. Cash;
2. Check;
3. Promissory note;
4. Subject to the consent of the Administrator, Shares (“Repurchased Shares”) (including Shares issuable upon exercise of such Options) which have a Fair Market Value on the date of repurchase equal to the aggregate exercise price of the Shares as to which such Option shall be exercised (“Delivered Shares”), provided that: (A) arrangements have been made for the repurchase by the Company of such Repurchased Shares and the paying up in full of the par value of the Delivered Shares as required under Applicable Laws; (B) such Repurchased Shares have been held by the Participant for such period as established from time to time by the Administrator in order to avoid adverse accounting treatment applying generally accepted accounting principles; and (C) any other reasonable requirements as may be imposed by the Administrator (including by means of attestation of ownership of a sufficient number of Shares in lieu of actual delivery of such Shares to the Company) have been satisfied;
(v) consideration received by the Company under a broker-assisted or similar cashless exercise program implemented by the Company in connection with the Plan; provided, that, where relevant, arrangements have been made for the payment in full of the par value of any Shares as required under Applicable Laws in connection with such program;

(vi) by such other consideration as may be approved by the Administrator from time to time to the extent permitted by Applicable Laws; or

(vii) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company.

(m) Procedure for Exercise. Any Option granted hereunder shall be exercisable according to the terms hereof at such times and under such conditions as determined by the Administrator and set forth in the Option Agreement. An Option may not be exercised for a fraction of a Share. An Option shall be exercised when the Company receives written or electronic notice of exercise (in accordance with the Option Agreement) from the person entitled to exercise the Option and payment of the exercise price and Taxes which are required to be withheld or paid by the relevant Group Member. Full payment may consist of any consideration and method of payment permitted under Section 7(l) above.

(n) Rights as a Shareholder. Until the Shares are evidenced as issued by entry in the Company’s register of shareholders, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall cause such Shares to be evidenced as issued by entry in the Company’s register of shareholders promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 9.


Options, and any interest therein, will not be transferable or assignable by the Participant, and may not be made subject to execution, attachment or similar process; provided, that (i) during a Participant’s lifetime, with the consent of the Administrator (on such terms and conditions as the Administrator determines appropriate), the Participant may transfer Options (except Incentive Stock Options) pursuant to domestic relations order in the settlement of marital property rights, (ii) the Administrator may permit transfer of an Option to Family Members (except Incentive Stock Options) in its sole discretion under such circumstances as it deems appropriate, (ii) the Participant may transfer, assign or donate Options (except Incentive Stock Options) to a trust whose settlors were/are approved by the Administrator, and (iv) following a Participant’s death, Options, to the extent they are vested upon the Participant’s death, may be transferred by will or by the laws of descent and distribution.

(a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of Shares covered by each outstanding Option, the number of Shares which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option, and the number of Shares subject to grant as Incentive Stock Options, as well as the price per Share covered by each such outstanding Option and any other affected terms of such Options, shall be proportionally and equitably adjusted for any increase or decrease in the number of issued Shares resulting from a subdivision or consolidation, share dividend, amalgamation, spin-off, arrangement or consolidation, combination or reclassification of Shares. Additionally, in the event of any other increase or decrease in the number of issued Shares effected without consideration by the Company, then the number of Shares covered by each outstanding Option, the number of Shares which have been authorized for issuance under the Plan but as to which no Options have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Option and the limitations on the number of Shares subject to grant as Incentive Stock Options, as well as the price per Share covered by each outstanding Option may be adjusted for any increase or decrease in the number of issued Shares resulting therefrom. The conversion of any convertible securities of the Company shall not be deemed to have been “effected without receipt of consideration.” The manner in which such adjustments under this Section 9(a) are to be accomplished shall be determined by the Board whose determination shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Option. For the avoidance of doubt, in the case of any extraordinary cash dividend, the Administrator shall make an equitable or proportionate adjustment to outstanding Options to reflect the effect of such extraordinary cash dividend.

(b) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Participant as soon as practicable prior to the effective date of commencement of such proposed dissolution or liquidation. The Administrator in its discretion may provide for a Participant to have the right to exercise his or her Options until fifteen (15) days prior to the commencement of such dissolution or liquidation as to all of the Shares covered thereby. To the extent it has not been previously exercised or paid out, all Options will terminate immediately prior to the commencement of such proposed dissolution or liquidation.

(c) Change in Control. Except as may otherwise be provided in any Option Agreement or any other written agreement entered into by and between the Company and a Participant, if a Change in Control occurs, the Company as determined in the sole discretion of the Administrator and without the consent of the Participant may take any of the following actions:

(i) accelerate the vesting, in whole or in part, of any Option;

(ii) purchase any Option for an amount of cash or shares equal to the value that could have been attained upon the exercise of such Option or realization of the Participant’s rights had such Option been currently exercisable or payable or fully vested (and, for the avoidance of doubt, if as of such date the Administrator determines in good faith that no amount would have been attained upon the exercise of such Option or realization of the Participant’s rights, then such Option may be terminated by the Company without payment); or

(iii) provide for the assumption, conversion or replacement of any Option by the successor or surviving company or a parent or subsidiary of the successor or surviving company with other rights (including cash) or property selected by the Administrator in its sole discretion or the assumption or substitution of such Option by the successor or surviving company, or a parent or subsidiary thereof, with such appropriate adjustments as to the number and kind of shares and prices as the Administrator deems, in its sole discretion, reasonable, equitable and appropriate. In the event the successor or surviving company refuses to assume, convert or replace outstanding Options, the Options shall fully vest and the Participant shall have the right to exercise or receive payment as to all of the Shares subject to the Option, including Shares as to which it would not otherwise be vested, exercisable or otherwise issuable (including at the time of the Change in Control).
(d) Prior to any payment or adjustment contemplated under this Section 9, the Committee may require a Participant to (i) represent and warrant as to the unencumbered title to the Participant’s Options; (ii) bear such Participant’s pro rata share of any post-closing indemnity obligations, and be subject to the same post-closing purchase price adjustments, escrow terms, offset rights, holdback terms, and similar conditions as the other holders of Shares, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code; and (iii) deliver customary transfer documentation as reasonably determined by the Committee.

10. Miscellaneous General Rules

(a) Share Certificates; Book Entry Procedures. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing Shares or ADSs (as defined in Section 10(e)) issued pursuant to the exercise of any Option, unless and until the Board has determined, with advice of counsel, that the issuance and/or delivery of such certificates, as applicable, is in compliance with all Applicable Laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded. All Share and ADS certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with all Applicable Laws, and the rules of any national securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Administrator may place legends on any Share and ADS certificate to reference restrictions applicable to the Share. In addition to the terms and conditions provided herein, the Board may require that a Participant make such reasonable covenants, agreements, and representations as the Board, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Administrator shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Option, including a window-period limitation, as may be imposed in the discretion of the Administrator. Notwithstanding further any other provision of the Plan, unless otherwise determined by the Administrator or required by any Applicable Law, the Company shall not deliver to any Participant certificates evidencing Shares or ADSs issued in connection with any Option and instead such Shares or ADSs shall be recorded in the books of the Company (or, as applicable, its transfer agent or share plan administrator).

(b) Paperless Administration. Subject to Applicable Laws, the Administrator may make Options, provide applicable disclosure and procedures for exercise of Options by an internet website, electronic mail or interactive voice response system for the paperless administration of Options.

(c) Applicable Currency. The Option Agreement shall specify the currency applicable to such Option. The Administrator may determine, in its sole discretion, that an Option denominated in one currency may be paid in any other currency based on the prevailing exchange rate as the Administrator deems appropriate. A Participant may be required to provide evidence that any currency used to pay the exercise price or purchase price of any Option was acquired and taken out of the jurisdiction in which the Participant resides in accordance with Applicable Laws, including foreign exchange control laws and regulations.

(d) Relationship to other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.
(c) Government and Other Regulations; Distribution of Shares. The obligation of the Company to make payment of Options in Shares or otherwise shall be subject to all Applicable Laws, rules, and regulations, and to such approvals by government agencies as may be required. The Company shall be under no obligation to register any of the Shares paid pursuant to the Plan under any Applicable Laws. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration under Applicable Laws the Company may restrict the transfer of such shares in such manner as it deems advisable to ensure the availability of any such exemption. Additionally, in the discretion of the Administrator, American depositary shares (“ADSs”) may be distributed in lieu of Shares in settlement of any Option; provided, that the ADSs shall be of equal value to the Shares that would have otherwise been distributed; provided, further, that, in lieu of issuing a fractional ADS, the Company shall make a cash payment to the Participant equal to the Fair Market Value of such fractional ADS. If the number of Shares represented by an ADS is other than on a one-to-one basis, the limitations contained in Section 3 shall be adjusted to reflect the distribution of ADSs in lieu of Shares.

(f) Expenses. The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

(g) Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

(h) Fractional Shares. No fractional Share shall be issued and the Administrator shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding down.

(i) No Rights to Options. No Participant, Employee, or other person shall have any claim to be granted any Option pursuant to the Plan, and neither the Company nor the Administrator is obligated to treat Participants, Employees, Consultants, Directors or any other persons uniformly.

(j) Taxes. No Shares shall be delivered, and no payment shall be made under the Plan to any Participant until such Participant has made arrangements acceptable to the Administrator for the satisfaction of Taxes and any other costs and expenses in connection with the grant, exercise or vesting of Options and/or the issuance and delivery of the Shares. The Company or the relevant Group Member shall have the authority and the right to deduct or withhold from any compensation payable to a Participant, or require a Participant to remit to the Company or the relevant Group Member, an amount sufficient to satisfy all Taxes. The Administrator may in its discretion and in satisfaction of the foregoing requirement allow or require a Participant to satisfy Taxes by electing to have the Company withhold Shares otherwise issuable under an Option (or other amounts payable under an Option) having a Fair Market Value equal to the Taxes. Notwithstanding any other provision of the Plan, the number of Shares otherwise issuable under an Option which may be withheld with respect to the grant, issuance, vesting, exercise or payment of any Option (or which may be repurchased from the Participant of such Option (or a portion thereof) after such Shares were acquired by the Participant from the Company) in order to satisfy all Taxes, unless specifically approved by the Administrator, be limited to the number of Shares otherwise issuable under an Option which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such Taxes. The Fair Market Value of the Shares otherwise issuable under an Option to be withheld shall be determined on the date that the amount of Taxes to be withheld is to be determined. All elections by the Participants to have Shares otherwise issuable under an Option withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable.

(k) Buy-Out. In the sole discretion of the Administrator, any Option (in whole or in part) under the Plan may be settled in cash or other property in lieu of Shares; provided, that payment in cash or other property in lieu of Shares shall not be made earlier than the time such Shares are deliverable pursuant to the terms of the Option.
(l) Valuation. For purposes of Section 9(c) where an Option is converted into or any underlying Share is substituted with cash or other property or securities (a “Substitute Property”), the valuation of such Option and its Substitute Property, or the exchange ratio between the two, shall be determined in good faith by the Administrator and supported by the valuation achieved in the relevant transaction, or in the absence of any such transaction, by an independent valuation expert selected by the Administrator.

(m) Effect of Plan upon Other Compensation Plans. The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Subsidiary or Related Entity. Nothing in the Plan shall be construed to limit the right of the Company, any Subsidiary or any Related Entity (a) to establish any other forms of incentives or compensation for Service Providers, or (b) to grant or assume options or other rights or Options otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, securities or assets of any corporation, partnership, limited liability company, firm or association.

(n) Section 409A. To the extent that the Administrator determines that any Option granted to a U.S. Person under the Plan is subject to Section 409A of the Code, the Option Agreement evidencing such Option shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and Option Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder. Notwithstanding any provision of the Plan to the contrary, in the event that the Administrator determines that any Option may be subject to Section 409A of the Code and related Department of Treasury guidance, the Administrator may adopt such amendments to the Plan and the applicable Option Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (i) exempt the Option from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Option, or (ii) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance and thereby avoid the application of any penalty taxes under such Section. The Administrator shall use commercially reasonable efforts to implement the provisions of this Section 16(n) in good faith; provided, that neither the Company, the Administrator nor any of the Company’s employees, directors or representatives shall have any liability to any Participant with respect to this Section 16(n).

(o) Indemnification. To the extent allowable pursuant to Applicable Laws, the Administrator (or any individual member of the Committee or the Board acting as the Administrator) shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by it or such member in connection with or resulting from any claim, action, suit, or proceeding to which it, he or she may be a party or in which it, he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by it, him or her in satisfaction of judgment in such action, suit, or proceeding against it, him or her; provided, that it, he or she gives the Company an opportunity, at its own expense, to handle and defend the same before it, he or she undertakes to handle and defend it on its, his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company’s memorandum and articles of association as amended from time to time, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

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Plan Language. The official language of the Plan shall be English. The Administrator, as deemed necessary and appropriate, may decide that any Option Agreements may be prepared only in a Chinese version.

(q) Other Provisions. The Option Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion.

11. Amendment and Termination of the Plan.

(a) Effective Date; Term of Plan. This Plan shall become effective as determined by the Board; provided, that to the extent any Options granted under the Plan are Incentive Stock Options, the Plan has been or will be approved by the shareholders of the Company within twelve (12) months before or after the date this Plan is adopted by the Board. This Plan shall continue in effect for a term of ten (10) years unless sooner terminated under this Section 11.

(b) Amendment and Termination. The Board in its sole discretion may terminate this Plan at any time. The Board may amend this Plan at any time in such respects as the Board may deem advisable; provided, that, if required to comply with Applicable Laws or stock exchange rules or the rules of any automated quotation systems (other than any requirement which may be disappplied by the Company following any available home country exemption), the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required.

(c) Effect of Termination. Except as otherwise provided in Section 9, any amendment or termination of this Plan shall not affect Options previously granted or issued, as the case may be, and such Options shall remain in full force and effect as if this Plan had not been amended or terminated, unless mutually agreed otherwise between the affected Participant and the Company, which agreement must be in writing and signed by the Participant and the Company.


(a) The Company intends that as long as it is not subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act, and is not an investment company registered or required to be registered under the Investment Company Act of 1940, as amended, all grants of Options and Shares issuable upon exercise or vesting of Options shall be exempt from registration under the provisions of Section 5 of the U.S. Securities Act, and this Plan shall be administered in such a manner so as to preserve such exemption. The Company intends for this Plan to constitute a written compensatory benefit plan within the meaning of Rule 701(b) of Title 17, Code of Federal Regulations, Section 230.701 (“Rule 701”), promulgated by U.S. Securities Act. Unless otherwise designated by the Administrator at the time an Option is granted, all Options granted under this Plan by the Company, and the issuance of any Shares pursuant thereto, are intended to be granted to (i) persons who meet the requirements of a “U.S. Person” as such term is defined in Regulation S, in reliance on Rule 701 or (ii) persons other than persons who meet the requirements of a “U.S. Person” as such term is defined in Regulation S, in compliance with Regulation S or otherwise be exempt from registration.
(b) The obligation of the Company to settle Options in Shares or other consideration shall be subject to all Applicable Laws, rules, and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Option to the contrary, the Company shall be under no obligation to offer to sell or to sell, and shall be prohibited from offering to sell or selling, any Shares pursuant to an Option unless such shares have been properly registered for sale pursuant to Applicable Laws or unless the Company has received an opinion of counsel, satisfactory to the Company, that such Shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall be under no obligation to register for sale under any Applicable Laws any of the Shares to be offered or sold under the Plan.

(c) The Administrator may cancel an Option or any portion thereof if it determines, in its sole discretion, that legal or contractual restrictions and/or blockage and/or other market considerations would make the Company’s acquisition of Shares from the public markets, the Company’s issuance of the Shares to the Participant, the Participant’s acquisition of the Shares from the Company and/or the Participant’s sale of Shares to the public markets, illegal, impracticable or inadvisable. If the Administrator determines to cancel all or any portion of an Option in accordance with the foregoing, the Company shall pay to the Participant an amount equal to the excess of (i) the aggregate Fair Market Value of the Shares subject to such Option or portion thereof canceled (determined as of the applicable exercise date, or the date that the Shares would have been vested or delivered, as applicable), over (ii) the aggregate exercise price. Such amount shall be delivered to the Participant as soon as practicable following the cancellation of such Option or portion thereof.

(d) Notwithstanding any provision of the Plan to the contrary, in no event shall a Participant be permitted to exercise an Option in a manner that the Administrator determines would violate the United States Sarbanes-Oxley Act of 2002, or any other Applicable Law or the applicable rules and regulations of the U.S. Securities Exchange Commission or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or traded.


(a) All Options (whether vested or unvested) shall be cancelled as of the date of termination of the Participant as a Service Provider;

(b) All Shares issued pursuant to any Option (or a portion thereof) shall be subject to repurchase by the Company at the lesser of the (A) exercise price of such Shares, or (B) Fair Market Value or such other value of Shares as determined by the Administrator or as set forth in the applicable Option Agreement; and

(c) All proceeds, gains or other economic benefit actually or constructively received by the Participant upon any receipt or exercise of any Options (or a portion thereof) or upon the receipt or resale of any Shares underlying any Option (or a portion thereof), must be paid to the Company if:

(i) within twelve (12) months of termination as a Service Provider or such longer period determined by the Administrator and as set forth in the applicable Option Agreement, the Participant (A) directly or indirectly, establishes, incorporates, forms, enters into, or participates in the Business as an owner, partner, principal owner or other proprietor (other than through a purchase on the open market, solely as a passive investment, of not more than five percent (5%) of the interest) of any Competitor, or (B) has become, is or becomes an officer, director, employee, consultant, adviser of, or otherwise, directly or indirectly, enter the employ of, continue any employment with or render any services to or for, any Competitor, or (C) knowingly performs or has performed any act that may confer a competitive benefit or advantage upon any Competitor (in each case as determined by the Administrator); or

(ii) the Participant is Terminated for Cause.

(a) In connection with the grant, vesting, and/or exercise of any Option, the Administrator may require a Participant to execute and become a party to the Shareholders’ Agreement (as amended from time to time, the “Shareholders’ Agreement”), among the Company and other parties thereto as a condition of such grant, vesting, and/or exercise of any Option by executing and delivering to the Company the Shareholders’ Agreement. To the extent that there is any conflict between the terms of the Plan and the Shareholders’ Agreement, the Shareholders’ Agreement shall govern and control.

(b) Any Shares issued upon the exercise of or in settlement of an Option shall be subject to such special forfeiture conditions, rights of repurchase or redemption, rights of first refusal, and other transfer restrictions as set forth in the Shareholders’ Agreement or, if there is no Shareholders’ Agreement or such provisions do not exist in the Shareholders’ Agreement, as the Administrator may determine as set forth in an Option Agreement (which restrictions shall apply in addition to any restrictions that may apply to holders of Shares generally).

(c) The Administrator has the authority to take any action required to ensure that each Participant holding Shares acquired pursuant to Options granted under the Plan receives shares (or other equity securities) and other rights in connection with an Initial Public Offering substantially equivalent to such Participant’s economic interest, governance, priority, vesting and other rights and privileges as such Participant has with respect to such Participant’s Shares immediately prior to such Initial Public Offering (determined without regard to any tax consequences to such Participant of the receipt and ownership of such shares, equity securities or other rights).

15. Governing Law.

This Plan shall be governed by the laws of the Cayman Islands.
I hereby certify that the foregoing Plan was duly adopted by the Board on February 15, 2018.

Executed on this 15th day of February 2018.

/s/ TAN Siliang
Authorized Director

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1. **Purposes of the Plan.**

   The purposes of this Qtech Ltd. 2018 Equity Incentive Plan (the “Plan”) is to enable Qtech Ltd., a Cayman Islands company (the “Company”) to attract and retain the services of employees, directors and consultants considered essential to the success of the Company and the Group Members (as defined below) (collectively, the “Group”) by providing additional incentives to promote the success of the Group as a whole. Options, Restricted Shares, Restricted Share Units, Dividend Equivalents, Share Appreciation Rights and Share Payments (each as defined below) may be granted under the Plan. Options granted under the Plan may be “Incentive Stock Options” or “Nonstatutory Stock Options,” as determined by the Administrator (as defined below) at the time of grant.

2. **Definitions and Interpretation.**

   (a) **Definitions.** In this Plan, unless the context otherwise requires, the following expressions shall have the following meanings:

   “**Administrator**” means the Board or a Committee consisting of one or more member(s) of the Board or officer(s) of the Company whom the Board has delegated its authority to act as the Administrator as provided in Section 4(e).

   “**Applicable Law**” means the legal requirements relating to the Plan and the Awards under applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders, and the rules of any applicable stock exchange or national market system, of any jurisdiction applicable to Awards granted to residents therein.

   “**Award**” means a Dividend Equivalent, Option, Restricted Share, Restricted Share Unit, Share Appreciation Right or Share Payment award granted to a Participant pursuant to the Plan.

   “**Award Agreement**” means any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

   “**Board**” means the board of directors of the Company.

   “**Business**” means any Person that carries on activities for profit, and shall be deemed to include any affiliate of such Person.

   “**Cause**” means, with respect to a Participant in the case of a particular Award, unless the particular Award Agreement states otherwise, (a) the applicable Group Member having “cause,” “just cause” or term of similar meaning or import, to terminate a Participant’s employment or service, as defined in any employment, consulting or services agreement between the Participant and such Group Member in effect at the time of such termination; or (b) in the absence of any such employment, consulting or services agreement (or the absence of any definition of “cause,” “just cause” or term of similar meaning or import contained therein), the following events or conditions, as determined by the Administrator in its sole discretion:

   (i) any commission of an act of theft, embezzlement, fraud, dishonesty, ethical breach or other similar acts, or commission of a criminal offense;
(ii) any material breach of any agreement or understanding between the Participant and any Group Member including, without limitation, any applicable intellectual property and/or invention assignment, employment, non-competition, confidentiality or other similar agreement or the Group Member’s code of conduct or other workplace rules;

(iii) any material misrepresentation or omission of any material fact in connection with the Participant’s employment with any Group Member or service as a Service Provider or to satisfy the requirements or working standards of the applicable Group Member during any applicable probationary employment period;

(iv) any material failure to perform the customary duties as an Employee, Consultant or Director, to obey the reasonable directions of a supervisor or to abide by the policies or codes of conduct of the Company or any other Group Member; or

(v) any conduct that is materially adverse to the name, reputation or interests of the Group Members.

“Change in Control” means any of the following transactions:

(i) an amalgamation, arrangement, merger, consolidation or scheme of arrangement in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated or which following such transaction the holders of the Company’s voting shares immediately prior to such transaction own more than fifty percent (50%) of the voting shares of the surviving entity;

(ii) the sale, transfer or other disposition of all or substantially all of the assets of the Company (other than to a Subsidiary);

(iii) the completion of a voluntary or insolvent liquidation or dissolution of the Company;

(iv) any takeover, reverse takeover, scheme of arrangement, or series of related transactions culminating in a reverse takeover or scheme of arrangement (including, but not limited to, a tender offer followed by a takeover or reverse takeover) in which the Company survives but (A) the shares of the Company outstanding immediately prior to such transaction are converted or exchanged by virtue of the transaction into other property, whether in the form of shares, securities, cash or otherwise, or (B) the shares carrying more than fifty percent (50%) of the total combined voting power of the Company’s then issued and outstanding shares are transferred to a person or persons different from those who held such shares immediately prior to such transaction culminating in such takeover, reverse takeover or scheme of arrangement, or (C) the Company issues new voting shares in connection with any such transaction such that holders of the Company’s voting shares immediately prior to the transaction no longer hold more than fifty percent (50%) of the voting shares of the Company after the transaction; or

(v) the acquisition in a single or series of related transactions by any person or related group of persons (other than Employees of one or more Group Members or entities established for the benefit of the Employees of one or more Group Members) of (A) control of the Board or the ability to appoint a majority of the members of the Board, or (B) beneficial ownership (within the meaning of Rule 13d-3 under the U.S. Securities Exchange Act) of shares carrying more than fifty percent (50%) of the total combined voting power of the Company’s then issued and outstanding shares.

“Committee” means the Compensation Committee of the Board (or a subcommittee thereof), or such other committee of the Board to which the Board has delegated power to act pursuant to the provisions of the Plan; provided, that in the absence of any such committee, the term “Committee” shall mean the Board.

“Company” has the meaning set forth in Section 1.

“Competitor” means any Business that is engaged in or is about to become engaged in any activity of any nature that competes with a product, process, technique, procedure, device or service of any Group Member.

“Consultant” means any Person who is engaged by a Group Member to render consulting or advisory services to a Group Member.

“Director” means a member of the board of directors of a Group Member.

“Disability” means, unless in the case of a particular Award, the particular Award Agreement states otherwise, as to any Participant, (a) “Disability,” as defined in any employment, consulting or services agreement between the Participant and the applicable Group Member in effect at the time of such termination; or (b) in the absence of any such employment, consulting or services agreement (or in the absence of any definition of “Disability” contained therein), a disability, whether temporary or permanent, partial or total, as determined by the Administrator in its sole discretion; provided, that for purposes of Incentive Stock Options, “Disability” means a “permanent and total disability” as defined in Section 22(e)(3) of the Code.

“Dividend Equivalent” means a right to receive (in cash or other property or, subject to Section 11, a reduction in exercise price or base price of the relevant outstanding Award) dividends paid on Shares underlying an Award (or an amount equal to the dividends which would have been paid on such Shares, as if such Shares had been issued and outstanding during the relevant period) as provided under Section 11.

“Employee” means any person who has an employment relationship with any Group Member. A Service Provider shall not cease to be an Employee in the case of (i) any leave of absence approved by the relevant Group Member under Applicable Laws, or (ii) transfers between locations of Group Members.

“Fair Market Value” means, as of any date, the value of Shares determined as follows:

(i) If the Shares are listed on one or more established stock exchanges or traded on automated quotation systems, the Fair Market Value shall be the closing sales price for such Shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed or traded on the date of determination, as reported in Bloomberg or such other source as the Administrator deems reliable unless otherwise prescribed by any Applicable Law, or, if the date of determination is not a Trading Date, the closing price as quoted on the principal exchange or system on which the Shares are listed or traded on the Trading Date immediately preceding the date of determination;

(ii) If depositary receipts representing the Shares are listed on one or more established stock exchanges or traded on automated quotation systems, the Fair Market Value shall be the closing sales price for such depositary receipts (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed or traded on the date of determination, as reported in Bloomberg or such other source as the Administrator deems reliable, divided by the number of Shares that are represented by such depositary receipts, or, if the date of determination is not a Trading Date, the closing sales price for such depositary receipts as quoted on the principal exchange or system on which the Shares are listed or traded on the Trading Date immediately preceding the date of determination, divided by the number of Shares that are represented by such depositary receipts;
(iii) If the Shares or depositary receipts representing the Shares are regularly quoted by a recognized securities dealer but selling prices are not reported, the Fair Market Value shall be the mean between the high bid and low asked prices for (a) the Shares on the date of determination; or (b) depositary receipts representing the Shares on the date of determination, divided by the number of Shares that are represented by such depositary receipts, as applicable; or

(iv) In the absence of an established market for the Shares, the Fair Market Value thereof shall be determined in good faith by the Administrator.

“Family Member” means (i) any person who is a “family member” of the Participant, as such term is used in the instructions to Form S-8 under the U.S. Securities Act (collectively, the “Immediate Family Members”, which includes any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, and any person sharing the Participant’s household (other than a tenant or employee); (ii) a trust solely for the benefit of the Participant and/or his or her Immediate Family Members; or (iii) a partnership or limited liability company whose only partners or shareholders are the Participant and/or his or her Immediate Family Members; or (iv) any other transferee as may be approved by the Administrator in its sole discretion in an Award Agreement or otherwise.

“Group” has the meaning set forth in Section 1.

“Group Member” means the Company, any Subsidiary or any Related Entity.

“Incentive Stock Option” means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

“Initial Public Offering” means the first firm underwritten registered public offering by the IPO Corporation of its Ordinary Shares pursuant to a Registration Statement that is filed with and declared effective by either the Commission under the U.S. Securities Act or another Governmental Authority for a public offering in a jurisdiction other than the United States.

“IPO Corporation” means the Company or any other entity which undertakes the Initial Public Offering.

“Nonstatutory Stock Option” means an Option not intended to qualify as an Incentive Stock Option.

“Option” means an option to purchase Shares granted pursuant to the Plan.

“Participant” means the holder of an outstanding Award granted under the Plan.

“Person” means any natural person, firm, company, corporation, body corporate, partnership, association, government, state or agency of a state, local, municipal or provincial authority or government body, joint venture, trust, individual proprietorship, business trust or other enterprise, entity or organization (whether or not having separate legal personality).

“Plan” has the meaning set forth in Section 1.
“Related Entity” means any Person in or of which the Company or a Subsidiary holds a substantial economic interest, or possesses the power to direct or cause the direction of the management policies, directly or indirectly, through the ownership of voting securities, by contract, or other arrangements as trustee, executor or otherwise, but which, for purposes of the Plan, is not a Subsidiary and which the Administrator designates as a Related Entity. For purposes of the Plan, any Person in or of which the Company or a Subsidiary owns, directly or indirectly, securities or interests representing twenty percent (20%) or more of its total combined voting power of all classes of securities or interests shall be deemed a “Related Entity” unless the Administrator determines otherwise.

“Restricted Share” means a Share subject to restrictions and repurchase rights granted pursuant to the Plan.

“Restricted Share Unit” means the right to receive a Share at a future date granted pursuant to the Plan.

“Service Provider” means any Person who is an Employee, a Consultant or a Director; provided, that Awards shall not be granted to any Consultant or Director in any jurisdiction in which, pursuant to Applicable Laws, grants to non-employees are not permitted. If any Person is a Service Provider by reason of being an Employee, Director or Consultant to the Company or any Subsidiary and such Person’s service is transferred to a Related Entity, then the Administrator, in its sole discretion, may determine that such Person’s service as a Service Provider has terminated as a result of such transfer for any or all purposes of any Award, Award Agreement and the Plan.

“Share” means an ordinary share of the Company, par value US$0.0001 per share, as adjusted in accordance with Section 14(a) below.

“Share Appreciation Right” means a right to receive a payment equal to the excess of the Fair Market Value of a specified number of Shares on the date the Share Appreciation Right is exercised over the base price as set forth in the applicable Award Agreement, granted pursuant to the Plan.

“Share Payment” means a payment in the form of Shares, as part of any bonus, deferred compensation or other cash compensation arrangement, made in lieu of all or any portion of such bonus, deferred compensation or other cash compensation arrangement, granted pursuant to the Plan.

“Subsidiary” means any Person Controlled by the Company. “Control” means, with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of a Person whether through the ownership of the voting securities of such Person or by contract or otherwise; provided, that for purposes of Incentive Stock Options, a Subsidiary shall mean only a corporation of which a majority of the outstanding voting securities or voting power is beneficially owned directly or indirectly by the Company. For purposes of the Plan, any “variable interest entity” that is consolidated into the consolidated financial statements of the Company under applicable accounting principles or standards as may apply to the consolidated financial statements of the Company shall be deemed a Subsidiary; provided, that, solely as applied to Incentive Stock Options, such “variable interest entity” is also a corporation of which a majority of the outstanding voting securities or voting power is beneficially owned directly or indirectly by the Company.

“Tax” means any income, employment, social welfare or other tax withholding obligations (including a Participant’s tax obligations) or any levies, stamp duties, charges or taxes required or permitted to be withheld or otherwise payable under Applicable Laws with respect to any taxable event concerning a Participant arising as a result of this Plan.
“Terminated for Cause” or “Termination for Cause” means, in the case of a Participant, (i) the termination of the Participant’s status as a Service Provider for Cause or (ii) the Participant’s termination without Cause or voluntary resignation as a Service Provider if the Administrator determines at any time that, before or after the Participant’s termination without Cause or resignation, a Group Member had Cause to terminate such Participant’s status as a Service Provider.

“Trading Date” means any day on which the Shares or depositary receipts representing the Shares are (i) publicly traded on one or more established stock exchanges or automated quotation systems under an effective registration statement or similar document under Applicable Law or (ii) quoted by a recognized securities dealer.

“U.S. Person” means each Person who is a “United States Person” within the meaning of Section 7701(a)(30) of the Code (i.e., a citizen or resident of the United States, including a lawful permanent resident, even if such individual resides outside of the United States).

“U.S. Securities Act” means the United States Securities Act of 1933 and the regulations thereunder, as amended from time to time.


(b) Interpretation. Unless expressly provided otherwise, or the context otherwise requires:

(i) the headings in this Plan are for convenience only and shall not affect its interpretation;

(ii) the terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa;

(iii) references to “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”;

(iv) references to “dollars” or “US$$” shall be deemed references to the lawful money of the United States of America;

(v) references to clauses, sub-clauses, paragraphs, sub-paragraphs and schedules are to clauses, sub-clauses, paragraphs and sub-paragraphs of, and schedules to, this Plan;

(vi) use of any gender includes the other genders;

(vii) a reference to any statute or statutory provision shall be construed as a reference to the same as it may have been, or may from time to time be, amended, modified or re-enacted;

(viii) a reference to any other document referred to in this Plan is a reference to that other document as amended, varied, novated or supplemented at any time; and

(ix) sections 8 and 19(3) of the Electronic Transactions Law (2003 Revision) of the Cayman Islands shall not apply.
3. Shares Subject to the Plan.

(a) Subject to the provisions of Sections 14 and paragraph (b) of this Section 3, the maximum aggregate number of Shares which may be subject to Awards under the Plan is 2,964,141 ordinary Shares. Subject to Section 14 and paragraph (b) of this Section 3, the maximum number of Incentive Stock Options that may be granted is 2,964,141. The Shares which may be subject to Awards are authorized but unissued Shares of the Company.

(b) If an Award (or any portion thereof) terminates, expires or lapses or is cancelled for any reason, any Shares subject to the Award (or such portion thereof) shall again be available for the grant of an Award pursuant to the Plan (unless the Plan has terminated). If any Award (in whole or in part) is settled in cash or other property in lieu of Shares, then the number of Shares subject to such Award (or such part) shall again be available for grant pursuant to the Plan. Shares that have actually been issued under the Plan, pursuant to Awards under the Plan shall not be returned to the Plan and shall not cause the number of Shares available to be subject to Awards under the Plan to be increased, except that if:

(i) any Restricted Shares are forfeited (or surrendered) or the Company repurchases unvested Restricted Shares pursuant to the terms of the Award Agreement, or

(ii) the Company repurchases any Shares granted under any Award (or a portion thereof) in the event of a Participant’s joining a Competitor, Termination for Cause, or any of the other circumstances as set forth in Section 18(a),

then such Restricted Shares or Shares shall form part of the authorized but unissued share capital of the Company and may become available for future grant under the Plan (to the extent permitted under Applicable Laws).

4. Administration of the Plan.

(a) Administrator. The Plan shall be administered by the Administrator (except as otherwise permitted herein).

(b) Duties and Powers of Administrator. It shall be the duty of the Administrator to conduct the general administration of the Plan in accordance with its provisions. Subject to the provisions of the Plan, the Administrator shall have the power and authority, in its discretion:

(i) to select the Service Providers to whom Awards may from time to time be granted hereunder;

(ii) to determine the type or types of Awards to be granted to each Service Provider;

(iii) to determine the exercise price of an Option or the base price of a Share Appreciation Right;

(iv) to determine the number of Shares to be covered by each such Award granted hereunder;

(v) to prescribe the forms of Award Agreement for use under the Plan, which need not be identical for each Participant and to amend any Award Agreement; provided, that: (1) the rights or obligations of the Participant holding the Award that is the subject of any such Award Agreement are not affected adversely by such amendment; (2) the consent of the affected Participant is obtained; or (3) such amendment is otherwise permitted under the Plan. Any such amendment of an Award under the Plan need not be the same with respect to each Participant;
(vi) to determine the terms and conditions of any Award granted hereunder (such terms and conditions to include, but not be limited to, the exercise price, the time or times when Awards may be vested, issued or exercised as the case may be (which may be based on performance criteria), the times at which Shares are issuable under a Restricted Share Unit, whether any Award may be paid in cash or Shares, any rules for tolling the vesting of awards upon an authorized leave of absence, any vesting acceleration or waiver of forfeiture restrictions, and any restriction or limitation regarding any Awards or the Shares relating thereto, based in each case on such factors as the Administrator, in its sole discretion, shall determine);

(vii) to determine all matters and questions relating to whether a Participant’s status as a Service Provider has been terminated, including without limitation if such termination was for Cause or for Disability and, if so, to determine the effective date of such termination (which it may determine to be the date of notice of resignation or the date of an act or omission by such Participant constituting Cause) and all questions of whether particular leaves of absence constitute a termination of the Service Provider;

(viii) to determine whether a Business is a Competitor;

(ix) to prescribe, amend and rescind rules and regulations relating to the Plan and the administration of the Plan and all Award Agreements, including rules and regulations relating to sub-plans established for the purpose of qualifying for preferred Tax treatment under the tax laws of any jurisdiction;

(x) to allow the Participants to satisfy Tax withholding obligations by having the Company withhold from the Shares to be issued pursuant to an Award (or a portion thereof), that number of Shares having a Fair Market Value equal to the amount required to be withheld as set forth in Section 15(j) below;

(xi) to take any action, before or after an Award is made, that it deems advisable to obtain approval or comply with Applicable Laws or any necessary local governmental regulatory exemptions or approvals or listing requirements of any securities exchange or automated quotation system;

(xii) to construe, interpret, reconcile any inconsistency in, correct any defect in and/or supply any omission in, the terms of the Plan, any Award Agreement and any Award granted pursuant to the Plan; and

(xiii) make all other decisions and determinations that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan.

(c) Action by the Administrator. The Administrator may act at a meeting or in writing signed by all members in lieu of a meeting. The Administrator is entitled to, in good faith, rely or act upon any report or other information furnished by any officer or other employee of any Group Member, the Company’s independent certified public accountants, or any executive compensation consultant or other professional retained by the Company or the Administrator to assist in the administration of the Plan.

(d) Effect of Administrator’s Decision. The Administrator’s interpretation of the Plan, any Awards granted pursuant to the Plan and any Award Agreement, and all decisions, determinations and interpretations of the Administrator shall be final, binding and conclusive for all purposes and upon all Participants.
Delegation of Authority. To the extent permitted by Applicable Laws, the Administrator may from time to time delegate to a committee of one or more members of the Board or one or more officers of the Company the authority to grant or amend Awards or to take other administrative actions pursuant to this Section 4. Any delegation hereunder shall be subject to the restrictions and limits that the Administrator specifies at the time of such delegation, and the Administrator may at any time rescind the authority so delegated or appoint a new delegate.

5. Eligibility.

(a) Subject to the terms of the Plan, all forms of Awards may be granted to any Service Provider. Incentive Stock Options, however, may be granted only to employees of the Company or any “subsidiary corporation” (as defined in Section 424(f) of the Code) of the Company. Except for grants of Incentive Stock Options, for purposes of this Section 5(a), “Service Providers” shall include prospective Service Providers to whom Awards are granted in connection with written offers of a service relationship with a Group Member.

(b) An Option that is intended to be an Incentive Stock Option shall be so designated in the Award Agreement.

(c) Neither the Plan nor any Award shall confer upon any Participant any right with respect to continuing the Participant’s relationship as a Service Provider with any Group Member, nor shall it interfere in any way with his or her right or any Group Member’s right to terminate such relationship at any time, with or without cause.

(d) Unless the Administrator provides otherwise, vesting of Awards granted hereunder shall be tolled during any unpaid leave of absence in accordance with such rules as the Administrator shall determine.

6. Terms of Awards.

(a) Term. The term of each Award shall be stated in the Award Agreement; provided, that the term shall be no more than ten (10) years from the date of grant thereof. Subject to the foregoing, except as limited by the requirements of Section 409A of the Code and regulations and rulings thereunder, the Administrator may extend the term of any outstanding Award, and may extend the time period during which vested Awards may be exercised, in connection with any termination of Participant’s status as a Service Provider, and may amend any other term or condition of an Award relating to such termination.

(b) Timing of Granting of Awards. The date of grant of an Award shall, for all purposes, be the date on which the Administrator makes the determination granting such Award or such other future date as is determined by the Administrator. Notice of the determination shall be given to each Service Provider to whom an Award is so granted within a reasonable time after the date of such grant.

(c) Stand-Alone and Tandem Awards. Awards granted pursuant to the Plan may, in the sole discretion of the Administrator, be granted either alone, in addition to, or in tandem with, any other Award granted pursuant to the Plan (or any other award granted pursuant to another compensation plan). Awards granted in addition to or in tandem with other Awards may be granted either at the same time as or at a different time from the grant of such other Awards (or any other award granted pursuant to another compensation plan).
(d) **Award Agreement.** All Awards shall be evidenced by an Award Agreement setting forth the number of Shares subject to the Award and the terms and conditions of the Award, which shall not be inconsistent with the Plan; provided, that if necessary to comply with Section 409A of the Code, for each U.S. Person the Shares subject to the Awards shall be “service recipient stock” within the meaning of Section 409A of the Code or the Award shall otherwise comply with Section 409A of the Code, unless the Participant consents otherwise.

(e) **Vesting.** The period during which an Award, in whole or in part, vests shall be set by the Administrator, and the Administrator may determine that an Award may not vest in whole or in part for a specified period after it is granted. Such vesting may be based on service with a Group Member and/or any other criteria selected by the Administrator. At any time after grant of an Award, the Administrator may, in its sole discretion and subject to whatever terms and conditions it selects, accelerate the period during which an Award vests. No portion of an Award which is unvested or unexercisable at the termination of Participant’s status as a Service Provider after the Award vests shall thereafter become vested or exercisable, except as may be otherwise provided by the Administrator either in the Award Agreement or by action of the Administrator following the grant of the Award.

(f) **Issuance of Shares.** Shares issued upon grant, exercise or vesting of an Award (or any portion thereof) shall be issued in the name of the Participant or, if requested by the Participant and if approved by the Administrator in its sole discretion, in the name of the Participant and/or in the name of one or more of his or her Family Members, and/or in the name of a trust whose settlors were/are approved by the Administrator.

(g) **Termination of Relationship as a Service Provider.** If a Participant’s status as a Service Provider terminates, such Participant may exercise any unexercised Award (to the extent exercisable) within such period of time as is specified in the Award Agreement to the extent that the Award is vested and exercisable on the date of termination (but in no event later than the expiration of the term of the Award as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, and except as provided in Sections 6(h), 6(i) and 6(j), Awards shall remain exercisable for three (3) months following the Participant’s termination (but in no event later than the expiration of the term of the Award as set forth in the Award Agreement). Unless otherwise specified in the Award Agreement or otherwise determined by the Administrator, if, on the date of termination, the Participant is not vested as to his or her entire Award, the unvested portion of such Award shall be deemed cancelled and the Shares covered by the unvested portion of the Award shall revert to the Plan and again be available for grant or award under the Plan. If, after termination, the Participant does not exercise his or her Award within the time specified by the Administrator, the Award shall terminate, and the Shares covered by such Award shall revert to the Plan and again be available for grant or award under the Plan.

(h) **Disability of Participant.** If a Participant’s status as a Service Provider terminates as a result of the Participant’s Disability, the Participant may exercise any unexercised Award (to the extent exercisable) within such period of time as is specified in the Award Agreement to the extent the Award is vested and exercisable on the date of termination (but in no event later than the expiration of the term of such Award as set forth in the Award Agreement). In the absence of a specified time in the Award Agreement, the Award shall remain exercisable for twelve (12) months following the Participant’s termination (but in no event later than the expiration of the term of the Award as set forth in the Award Agreement). Unless otherwise specified in the Award Agreement or otherwise determined by the Administrator, if, on the date of termination, the Participant is not vested as to his or her entire Award, the unvested portion of such Award shall be deemed cancelled and the Shares covered by the unvested portion of the Award shall revert to the Plan and again be available for grant or award under the Plan. If, after termination, the Participant does not exercise his or her Award within the time specified herein, the Award shall terminate, and the Shares covered by such Award shall revert to the Plan and again be available for grant or award under the Plan.
(i) **Death of Participant.** If a Participant dies while a Service Provider, any unexercised Award (to the extent exercisable) may be exercised within such period of time as is specified in the Award Agreement to the extent that the Award is vested on the date of death of the Participant (but in no event later than the expiration of the term of such Award as set forth in the Award Agreement) by the Participant’s estate or by a person who acquires the right to exercise the Award by bequest or inheritance. In the absence of a specified time in the Award Agreement, the Award shall remain exercisable for twelve (12) months following the Participant’s death (but in no event later than the expiration of the term of the Award as set forth in the Award Agreement). Unless otherwise specified in the Award Agreement or otherwise determined by the Administrator, if, at the time of death, the Participant is not vested as to the entire Award, the unvested portion of such Award shall be deemed cancelled and the Shares covered by the unvested portion of the Award shall immediately revert to the Plan and again be available for grant or award under the Plan. If the Award is not so exercised within the time specified herein, the Award shall terminate, and the Shares covered by such Award shall revert to the Plan and again be available for grant or award under the Plan.

(j) **Termination for Cause.** Subject to Applicable Law, if a Participant is Terminated for Cause, all unexercised Options or Share Appreciation Rights, whether vested or unvested, and all other unvested Awards, shall be cancelled as of the date of such termination as determined by the Administrator in its sole discretion, and all Shares acquired pursuant to an Award by such Participant shall be subject to a right of repurchase by the Company in accordance with Section 18(b). Any Shares covered by cancelled Awards, and any Shares so repurchased shall revert to the Plan and again be available for grant or award under the Plan.

7. **Options.**

(a) **Rights to Purchase.** After the Administrator determines that it will offer Options under the Plan, it shall advise the offeree in writing or electronically of the terms, conditions and restrictions related to such Options.

(b) **Exercise Price.** The exercise price per Share subject to an Option shall be determined by the Administrator and set forth in the Award Agreement which, unless otherwise determined by the Administrator, may be a fixed or variable price determined by reference to the Fair Market Value of the Shares over which such Award is granted; provided, that (i) the exercise price of an Incentive Stock Option shall not be less than the Fair Market Value of a Share on the date of grant and, in the case of an Incentive Stock Option granted to an employee who, at the time of the grant of such Option, owns stock representing more than 10% of the voting power of all classes of stock of any member of the Company Group, the exercise price per Share shall be no less than 110% of the Fair Market Value per Share on the date of grant; (ii) no Option may be granted to a U.S. Person with an exercise price per Share which is less than the Fair Market Value per Share on the date of grant or adjustment pursuant to the following sentence, without compliance with Section 409A of the Code, or the Participant’s consent; (iii) an Option may be granted with an exercise price lower than that set forth herein if such Option is granted pursuant to an assumption or substitution for an option granted by another company, whether in connection with an acquisition of such other company or otherwise; and (iv) the exercise price per Share shall not in any circumstances be less than the par value of the Share. The exercise price per Share subject to an Option may be amended or adjusted in the absolute discretion of the Administrator, provided, that such adjustment does not result in a materially adverse impact to the Participant; provided, further, that the exercise price per Share may not in any circumstances be reduced to less than the par value of the Share. For the avoidance of doubt, to the extent not prohibited by Applicable Laws, a downward adjustment of the exercise prices of Options mentioned in the preceding sentence shall be effective without the approval of the Board or the Company’s shareholders or the approval of the affected Participants.
(c) Consideration. The consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Administrator (and, in the case of an Incentive Stock Option, shall be determined at the time of grant). Such consideration may consist of:

(i) cash;

(ii) check;

(iii) promissory note;

(iv) subject to the consent of the Administrator, Shares (“Repurchased Shares”) (including Shares issuable upon exercise of such Options) which have a Fair Market Value on the date of repurchase equal to the aggregate exercise price of the Shares as to which such Option shall be exercised (“Delivered Shares”), provided that: (A) arrangements have been made for the repurchase by the Company of such Repurchased Shares and the paying up in full of the par value of the Delivered Shares as required under Applicable Laws; (B) such Repurchased Shares have been held by the Participant for such period as established from time to time by the Administrator in order to avoid adverse accounting treatment applying generally accepted accounting principles; and (C) any other reasonable requirements as may be imposed by the Administrator (including by means of attestation of ownership of a sufficient number of Shares in lieu of actual delivery of such Shares to the Company) have been satisfied;

(v) consideration received by the Company under a broker-assisted or similar cashless exercise program implemented by the Company in connection with the Plan; provided, that, where relevant, arrangements have been made for the payment in full of the par value of any Shares as required under Applicable Laws in connection with such program;

(vi) by such other consideration as may be approved by the Administrator from time to time to the extent permitted by Applicable Laws; or

(vii) any combination of the foregoing methods of payment. In making its determination as to the type of consideration to accept, the Administrator shall consider if acceptance of such consideration may be reasonably expected to benefit the Company.

(d) Procedure for Exercise. Any Option granted hereunder shall be exercisable according to the terms hereof at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. An Option may not be exercised for a fraction of a Share. An Option shall be exercised when the Company receives written or electronic notice of exercise (in accordance with the Award Agreement) from the person entitled to exercise the Option and payment of the exercise price and Taxes which are required to be withheld or paid by the relevant Group Member. Full payment may consist of any consideration and method of payment permitted under Section 7(c) above.

(e) Rights as a Shareholder. Until the Shares are evidenced as issued by entry in the Company’s register of shareholders, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Option. The Company shall cause such Shares to be evidenced as issued by entry in the Company’s register of shareholders promptly after the Option is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 14.
Substitution of Share Appreciation Rights. The Administrator may provide in the Award Agreement evidencing the grant of an Option that the Administrator, in its sole discretion, shall have the right to substitute a Share Appreciation Right for such Option at any time prior to or upon exercise of such Option; provided, that such Share Appreciation Right shall be exercisable with respect to the same number of Shares for which such substituted Option would have been exercisable.

8. Restricted Shares.

(a) Rights to Purchase. After the Administrator determines that it will offer Restricted Shares under the Plan, it shall advise the offeree in writing or electronically of the terms, conditions and restrictions related to such Restricted Shares.

(b) Restrictions. All Restricted Shares shall, in the terms of each individual Award Agreement, be subject to such restrictions and vesting requirements as the Administrator shall provide. Restricted Shares may not be sold or encumbered until all restrictions are terminated or expire in accordance with the terms of the relevant Award Agreement. All share certificates relating to Restricted Shares shall be held by the Company in escrow for the Participant until all restrictions on such Restricted Shares have been removed.

(c) Repurchase or Forfeiture of Restricted Shares. If the price for the Restricted Shares was paid by the Participant in services, then upon termination as a Service Provider, the Participant shall no longer have any right in the unvested Restricted Shares and such Restricted Shares shall be forfeited (and for these purposes the Participant shall be deemed to have surrendered such Restricted Shares), and thereupon either cancelled or surrendered to the Company without consideration. If a purchase price was paid by the Participant for the Restricted Shares (other than in services), then upon the Participant’s termination as a Service Provider, the Company shall have the right to repurchase from the Participant the unvested Restricted Shares then subject to restrictions at a cash price per share equal to the price paid by the Participant for such Restricted Shares or such other amount as may be specified in the Award Agreement.

(d) Rights as a Shareholder. Once the Restricted Shares are issued, subject only to the restrictions on such Restricted Shares as provided in the Award Agreement, the Participant shall have rights as a shareholder which are equivalent to the rights of other holders of Shares, and shall be a shareholder when he or she is recorded as the holder of such Restricted Shares upon entry in the Company’s register of shareholders. No adjustment shall be made for a dividend or other right in respect of any Restricted Share for which the record date is prior to the date the Participant is entered on the Company’s register of shareholders in respect of such Restricted Shares, except as provided in Section 14 of the Plan.

9. Restricted Share Units.

(a) Rights to Purchase. After the Administrator determines that it will offer Restricted Shares Units under the Plan, it shall advise the offeree in writing or electronically of the terms, conditions and restrictions related to such Restricted Shares Units.

(b) Rights as a Shareholder. Until a Share is issued in settlement of a Restricted Share Unit by entry in the Company’s register of shareholders, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Share. The Company shall cause such Share to be evidenced as issued by entry in the Company’s register of shareholders promptly after the Restricted Share Unit vests. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 14.
10. **Share Appreciation Rights.**

   (a) **Rights to Purchase.** After the Administrator determines that it will offer Share Appreciation Rights under the Plan, it shall advise the offeree in writing or electronically of the terms, conditions and restrictions related to such Share Appreciation Rights.

   (b) **Base Price.** The price per Share over which the appreciation of each Share Appreciation Right is to be measured shall be the base price as determined by the Administrator and set forth in the Award Agreement which may be a fixed or variable price determined by reference to the Fair Market Value of the Shares; provided, that for each U.S. Person such base price may not be established at less than the Fair Market Value on the date the Share Appreciation Right is granted, without such Share Appreciation Right either complying with Section 409A of the Code, or the Participant’s consent. The base price per Share so established for a Share Appreciation Right may be amended or adjusted in the absolute discretion of the Administrator; provided, that such adjustment does not result in a materially adverse impact to the Participant. For the avoidance of doubt, to the extent not prohibited by Applicable Laws, a downward adjustment in the base price mentioned in the preceding sentence shall be effective without the approval of the Board or the Company’s shareholders or the approval of the affected Participants.

   (c) **Payment.** Payment by the Company for a Share Appreciation Right shall be in cash, in Shares (based on their Fair Market Value as of the date the Share Appreciation Right is exercised) or a combination of both, as determined by the Administrator in the Award Agreement or, if the Award Agreement does not specifically so provide, by the Administrator at the time of exercise. To the extent any payment is effected in Shares, only that number of Shares actually issued in payment of the Share Appreciation Right shall be counted against the maximum number of Shares which may be issued under Section 3.

   (d) **Procedure for Exercise.** Any Share Appreciation Right granted hereunder shall be exercisable according to the terms hereof at such times and under such conditions as determined by the Administrator and set forth in the Award Agreement. A Share Appreciation Right shall be exercised when the Company receives written or electronic notice of exercise (in accordance with the Award Agreement) from the person entitled to exercise the Share Appreciation Right and payment of Taxes which are required to be withheld by the relevant Group Member. If Shares are issued upon exercise of a Share Appreciation Right, then such Shares shall be issued in the name of the Participant or, if requested by the Participant and if approved by the Administrator in its sole discretion, in the name of the Participant and/or in the name of one or more of his or her Family Members.

   (e) **Rights as a Shareholder.** Until the Shares are issued by entry in the Company’s register of members, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to the Shares, notwithstanding the exercise of the Share Appreciation Right. The Company shall issue (or cause to be issued) such Shares promptly after the Share Appreciation Right is exercised. No adjustment will be made for a dividend or other right for which the record date is prior to the date the Shares are issued, except as provided in Section 14.
11. Dividend Equivalents

The Administrator is authorized to grant Dividend Equivalents on any Award and to any Service Provider. Dividend Equivalents with respect to an Award may be granted by the Administrator based on dividends declared on the Shares underlying such Award (and, in the case of any such Shares which have not been issued, the Dividend Equivalent may entitle the holder of such Award to receive an amount equal to the dividends which would have been paid on such Shares, as if such Shares had been issued and outstanding during the relevant period), to be credited as of dividend payment dates during the period between the date the Dividend Equivalent is granted to a Participant and the date the Award with respect to which the Dividend Equivalent vests, is exercised, is distributed or expires, as determined by the Administrator. Such Dividend Equivalents shall be settled in cash, other property or a reduction in exercise price or base price of the relevant Award by such formula and at such time and subject to such limitations as may be determined by the Administrator and as set forth in the Award Agreement or otherwise. Dividend Equivalents shall not be granted on Options or Share Appreciation Rights granted to U.S. Persons.

12. Share Payments

The Administrator is authorized to grant Share Payments to any Service Provider in the manner determined from time to time by the Administrator; provided, that unless otherwise determined by the Administrator such Share Payments shall be made in lieu of base salary, bonus, or other cash compensation otherwise payable to such Participant, including any such compensation that has been deferred at the election of the Participant; provided, further, that not less than the par value of any Share shall be received by the Company in connection with its issue pursuant to any such Share Payment. In accordance with Applicable Law, such par value may be paid through the provision of services. The number of Shares issuable as a Share Payment shall be determined by the Administrator and may be based upon satisfaction of such specific criteria as determined appropriate by the Administrator, including specified dates for electing to receive such Share Payment at a later date and the date on which such Share Payment is to be made.

13. Non-Transferability of Awards

Awards, and any interest therein, will not be transferable or assignable by the Participant, and may not be made subject to execution, attachment or similar process; provided, that (i) during a Participant’s lifetime, with the consent of the Administrator (on such terms and conditions as the Administrator determines appropriate), the Participant may transfer Awards (except Incentive Stock Options and Restricted Share Units) pursuant to domestic relations order in the settlement of marital property rights, (ii) the Administrator may permit transfer of an Award to Family Members (except Incentive Stock Options) in its sole discretion under such circumstances as it deems appropriate, (iii) the Participant may transfer, assign or donate Options to a trust whose settlors were/are approved by the Administrator, and (iv) following a Participant’s death, Awards, to the extent they are vested upon the Participant’s death, may be transferred by will or by the laws of descent and distribution.

14. Adjustments Upon Changes in Capitalization, Change in Control

(a) Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of Shares covered by each outstanding Award, the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Award, and the number of Shares subject to grant as Incentive Stock Options, as well as the price per Share covered by each such outstanding Award and any other affected terms of such Awards, shall be proportionally and equitably adjusted for any increase or decrease in the number of issued Shares resulting from a subdivision or consolidation, share dividend, amalgamation, spin-off, arrangement or consolidation, combination or reclassification of Shares. Additionally, in the event of any other increase or decrease in the number of issued Shares effected without consideration by the Company, then the number of Shares covered by each outstanding Award, the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan upon cancellation or expiration of an Award and the limitations on the number of Shares subject to grant as Incentive Stock Options, as well as the price per Share covered by each outstanding Award may be adjusted for any increase or decrease in the number of issued Shares resulting therefrom. The conversion of any convertible securities of the Company shall not be deemed to have been “effected without receipt of consideration.” The manner in which such adjustments under this Section 14(a) are to be accomplished shall be determined by the Board whose determination shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Award. For the avoidance of doubt, in the case of any extraordinary cash dividend, the Administrator shall make an equitable or proportionate adjustment to outstanding Awards to reflect the effect of such extraordinary cash dividend.

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(b) **Dissolution or Liquidation.** In the event of the proposed dissolution or liquidation of the Company, the Administrator shall notify each Participant as soon as practicable prior to the effective date of commencement of such proposed dissolution or liquidation. The Administrator in its discretion may provide for a Participant to have the right to exercise his or her Option, or Share Appreciation Right until fifteen (15) days prior to the commencement of such dissolution or liquidation as to all of the Shares covered thereby. In addition, the Administrator may provide that any Company repurchase option or any vesting condition applicable to any Restricted Shares shall lapse as to all such Restricted Shares and any Shares issuable under any Restricted Share Units, or as Share Payments shall be issued as of such date; provided, that the proposed dissolution or liquidation commences at the time and in the manner contemplated by the proposed dissolution or liquidation. To the extent it has not been previously exercised or paid out, all Awards will terminate immediately prior to the commencement of such proposed dissolution or liquidation.

(c) **Change in Control.** Except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Participant, if a Change in Control occurs, the Company as determined in the sole discretion of the Administrator and without the consent of the Participant may take any of the following actions:

(i) accelerate the vesting, in whole or in part, of any Award;

(ii) purchase any Award for an amount of cash or shares equal to the value that could have been attained upon the exercise of such Award or realization of the Participant’s rights had such Award been currently exercisable or payable or fully vested (and, for the avoidance of doubt, if as of such date the Administrator determines in good faith that no amount would have been attained upon the exercise of such Award or realization of the Participant’s rights, then such Award may be terminated by the Company without payment); or

(iii) provide for the assumption, conversion or replacement of any Award by the successor or surviving company or a parent or subsidiary of the successor or surviving company or a parent or subsidiary thereof, with such appropriate adjustments as to the number and kind of shares and prices as the Administrator deems, in its sole discretion, reasonable, equitable and appropriate. In the event the successor or surviving company refuses to assume, convert or replace outstanding Awards, the Awards shall fully vest and the Participant shall have the right to exercise or receive payment as to all of the Shares subject to the Award, including Shares as to which it would not otherwise be vested, exercisable or otherwise issuable (including at the time of the Change in Control).
Prior to any payment or adjustment contemplated under this Section 14, the Committee may require a Participant to (i) represent and warrant as to the unencumbered title to the Participant’s Awards; (ii) bear such Participant’s pro rata share of any post-closing indemnity obligations, and be subject to the same post-closing purchase price adjustments, escrow terms, offset rights, holdback terms, and similar conditions as the other holders of Shares, subject to any limitations or reductions as may be necessary to comply with Section 409A of the Code; and (iii) deliver customary transfer documentation as reasonably determined by the Committee.

15. **Miscellaneous General Rules**

(a) **Share Certificates; Book Entry Procedures.** Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing Shares or ADSs (as defined in Section 15(e)) issued pursuant to the exercise of any Award, unless and until the Board has determined, with advice of counsel, that the issuance and/or delivery of such certificates, as applicable, is in compliance with all Applicable Laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded. All Share and ADS certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Administrator deems necessary or advisable to comply with all Applicable Laws, and the rules of any national securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Administrator may place legends on any Share or ADS certificate to reference restrictions applicable to the Share. In addition to the terms and conditions provided herein, the Board may require that a Participant make such reasonable covenants, agreements, and representations as the Board, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Administrator shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Administrator. Notwithstanding further any other provision of the Plan, unless otherwise determined by the Administrator or required by any Applicable Law, the Company shall not deliver to any Participant certificates evidencing Shares or ADSs issued in connection with any Award and instead such Shares or ADSs shall be recorded in the books of the Company (or, as applicable, its transfer agent or share plan administrator).

(b) **Paperless Administration.** Subject to Applicable Laws, the Administrator may make Awards, provide applicable disclosure and procedures for exercise of Awards by an internet website, electronic mail or interactive voice response system for the paperless administration of Awards.

(c) **Applicable Currency.** The Award Agreement shall specify the currency applicable to such Award. The Administrator may determine, in its sole discretion, that an Award denominated in one currency may be paid in any other currency based on the prevailing exchange rate as the Administrator deems appropriate. A Participant may be required to provide evidence that any currency used to pay the exercise price or purchase price of any Award was acquired and taken out of the jurisdiction in which the Participant resides in accordance with Applicable Laws, including foreign exchange control laws and regulations.

(d) **Relationship to other Benefits.** No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the Company or any Subsidiary except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.
(e) **Government and Other Regulations; Distribution of Shares.** The obligation of the Company to make payment of awards in Shares or otherwise shall be subject to all Applicable Laws, rules, and regulations, and to such approvals by government agencies as may be required. The Company shall be under no obligation to register any of the Shares paid pursuant to the Plan under any Applicable Laws. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration under Applicable Laws the Company may restrict the transfer of such shares in such manner as it deems advisable to ensure the availability of any such exemption. Additionally, in the discretion of the Administrator, American depositary shares (“ADSs”), may be distributed in lieu of Shares in settlement of any Award; provided, that the ADSs shall be of equal value to the Shares that would have otherwise been distributed; provided, further, that, in lieu of issuing a fractional ADS, the Company shall make a cash payment to the Participant equal to the Fair Market Value of such fractional ADS. If the number of Shares represented by an ADS is other than on a one-to-one basis, the limitations contained in Section 3 shall be adjusted to reflect the distribution of ADSs in lieu of Shares.

(f) **Expenses.** The expenses of administering the Plan shall be borne by the Company and its Subsidiaries.

(g) **Titles and Headings.** The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

(h) **Fractional Shares.** No fractional Share shall be issued and the Administrator shall determine, in its discretion, whether cash shall be given in lieu of fractional shares or whether such fractional shares shall be eliminated by rounding down.

(i) **No Rights to Awards.** No Participant, Employee, or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Administrator is obligated to treat Participants, Employees, Consultants, Directors or any other persons uniformly.

(j) **Taxes.** No Shares shall be issued, and no payment shall be made under the Plan to any Participant until such Participant has made arrangements acceptable to the Administrator for the satisfaction of Taxes and any other costs and expenses in connection with the grant, exercise or vesting of Awards and/or the issuance of the Shares. The Company or the relevant Group Member shall have the authority and the right to deduct or withhold from any compensation payable to a Participant, or require a Participant to remit to the Company or the relevant Group Member, an amount sufficient to satisfy all Taxes. The Administrator may in its discretion and in satisfaction of the foregoing requirement allow or require a Participant to satisfy Taxes by electing to have the Company withhold Shares otherwise issuable under an Award (or other amounts payable under an Award) having a Fair Market Value equal to the Taxes. Notwithstanding any other provision of the Plan, the number of Shares otherwise issuable under an Award which may be withheld with respect to the grant, issuance, vesting, exercise or payment of any Award (or which may be repurchased from the Participant of such Award (or a portion thereof) after such Shares were acquired by the Participant from the Company) in order to satisfy all Taxes, unless specifically approved by the Administrator, be limited to the number of Shares otherwise issuable under an Award which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such Taxes. The Fair Market Value of the Shares otherwise issuable under an Award to be withheld shall be determined on the date that the amount of Taxes to be withheld is to be determined. All elections by the Participants to have Shares otherwise issuable under an Award withheld for this purpose shall be made in such form and under such conditions as the Administrator may deem necessary or advisable.

(k) **Buy-Out.** In the sole discretion of the Administrator, any Award (in whole or in part) under the Plan may be settled in cash or other property in lieu of Shares; provided, that payment in cash or other property in lieu of Shares shall not be made earlier than the time such Shares are issuable pursuant to the terms of the Award.
(l) **Valuation.** For purposes of Section 14(c) where an Award is converted into or any underlying Share is substituted with cash or other property or securities (a “Substitute Property”), the valuation of such Award and its Substitute Property, or the exchange ratio between the two, shall be determined in good faith by the Administrator and supported by the valuation achieved in the relevant transaction, or in the absence of any such transaction, by an independent valuation expert selected by the Administrator.

(m) **Effect of Plan upon Other Compensation Plans.** The adoption of the Plan shall not affect any other compensation or incentive plans in effect for the Company or any Subsidiary or Related Entity. Nothing in the Plan shall be construed to limit the right of the Company, any Subsidiary or any Related Entity (a) to establish any other forms of incentives or compensation for Service Providers, or (b) to grant or assume options or other rights or awards otherwise than under the Plan in connection with any proper corporate purpose including without limitation, the grant or assumption of options in connection with the acquisition by purchase, lease, merger, consolidation or otherwise, of the business, securities or assets of any corporation, partnership, limited liability company, firm or association.

(n) **Section 409A.** To the extent that the Administrator determines that any Award granted to a U.S. Person under the Plan is subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and Award Agreements shall be interpreted in accordance with Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder. Notwithstanding any provision of the Plan to the contrary, in the event that the Administrator determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance, the Administrator may adopt such amendments to the Plan and the applicable Award Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Administrator determines are necessary or appropriate to (i) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (ii) comply with the requirements of Section 409A of the Code and related Department of Treasury guidance and thereby avoid the application of any penalty taxes under such Section. The Administrator shall use commercially reasonable efforts to implement the provisions of this Section 15(n) in good faith; provided, that neither the Company, the Administrator nor any of the Company’s employees, directors or representatives shall have any liability to any Participant with respect to this Section 15(n).

(o) **Indemnification.** To the extent allowable pursuant to Applicable Laws, the Administrator (or any individual member of the Committee or the Board acting as the Administrator) shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by it or such member in connection with or resulting from any claim, action, suit, or proceeding to which it, he or she may be a party or in which it, he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by it, him or her in satisfaction of judgment in such action, suit, or proceeding against it, him or her; provided, that it, he or she gives the Company an opportunity, at its own expense, to handle and defend the same before it, he or she undertakes to handle and defend it on its, his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company’s memorandum and articles of association as amended from time to time, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.
Plan Language. The official language of the Plan shall be English. To the extent that the Plan or any Award Agreements are translated from English into another language, the English version of the Plan and Award Agreements will always govern, in the event that there are inconsistencies or ambiguities which may arise due to such translation. Notwithstanding the foregoing, the Administrator, as deemed necessary and appropriate, may decide that the language of any Award Agreements prepared only in Chinese version.

Other Provisions. The Award Agreement shall contain such other terms, provisions and conditions not inconsistent with the Plan as may be determined by the Administrator in its sole discretion.

16. Amendment and Termination of the Plan.

(a) Effective Date; Term of Plan. This Plan shall become effective as determined by the Board; provided, that no Options or Share Appreciation Rights granted under this Plan shall be exercised, the Company’s right to repurchase Restricted Shares shall not lapse, no Dividend Equivalents shall be paid and no Shares shall be issued under a Restricted Share Unit or in the form of a Share Payment unless and until this Plan has been approved by the shareholders of the Company; provided, further, that to the extent any Awards granted under the Plan are Incentive Stock Options, the Plan has been or will be approved by the shareholders of the Company within twelve (12) months before or after the date this Plan is adopted by the Board. This Plan shall continue in effect for a term of ten (10) years unless sooner terminated under this Section 16.

(b) Amendment and Termination. The Board in its sole discretion may terminate this Plan at any time. The Board may amend this Plan at any time in such respects as the Board may deem advisable; provided, that, if required to comply with Applicable Laws or stock exchange rules or the rules of any automated quotation systems (other than any requirement which may be disapproved by the Company following any available home country exemption), the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required.

(c) Effect of Termination. Except as otherwise provided in Section 14, any amendment or termination of this Plan shall not affect Awards previously granted or issued, as the case may be, and such Awards shall remain in full force and effect as if this Plan had not been amended or terminated, unless mutually agreed otherwise between the affected Participant and the Company, which agreement must be in writing and signed by the Participant and the Company.


(a) The Company intends that as long as it is not subject to the reporting requirements of Section 13 or 15(d) of the U.S. Securities Exchange Act, and is not an investment company registered or required to be registered under the Investment Company Act of 1940, as amended, all grants of Awards and Shares issuable upon exercise or vesting of Awards shall be exempt from registration under the provisions of Section 5 of the U.S. Securities Act, and this Plan shall be administered in such a manner so as to preserve such exemption. The Company intends for this Plan to constitute a written compensatory benefit plan within the meaning of Rule 701(b) of Title 17, Code of Federal Regulations, Section 230.701 (“Rule 701”), promulgated by U.S. Securities Act. Unless otherwise designated by the Administrator at the time an Award is granted, all Awards granted under this Plan by the Company, and the issuance of any Shares pursuant thereto, are intended to be granted to (i) persons who meet the requirements of a “U.S. Person” as such term is defined in Rule 902(k) of Title 17, Code of Federal Regulations, Section 230.901 through 230.905, promulgated under the U.S. Securities Act (“Regulation S”) in reliance on Rule 701 or (ii) persons other than persons who meet the requirements of a “U.S. Person” as such term is defined in Regulation S, in compliance with Regulation S or otherwise be exempt from registration.
(b) The obligation of the Company to settle Awards in Shares or other consideration shall be subject to all Applicable Laws, rules, and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Award to the contrary, the Company shall be under no obligation to offer to sell or to sell, and shall be prohibited from offering to sell or selling, any Shares pursuant to an Award unless such shares have been properly registered for sale pursuant to Applicable Laws or unless the Company has received an opinion of counsel, satisfactory to the Company, that such Shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall be under no obligation to register for sale under any Applicable Laws any of the Shares to be offered or sold under the Plan.

(c) The Administrator may cancel an Award or any portion thereof if it determines, in its sole discretion, that legal or contractual restrictions and/or blockage and/or other market considerations would make the Company’s acquisition of Shares from the public markets, the Company’s issuance of the Shares to the Participant, the Participant’s acquisition of the Shares from the Company and/or the Participant’s sale of Shares to the public markets, illegal, impracticable or inadvisable. If the Administrator determines to cancel all or any portion of an Award in accordance with the foregoing, the Company shall pay to the Participant an amount equal to the excess of (i) the aggregate Fair Market Value of the Shares subject to such Award or portion thereof canceled (determined as of the applicable exercise date, or the date that the Shares would have been vested or issued, as applicable), over (ii) the aggregate exercise price or base amount or any amount payable as a condition of issuance of Shares (in the case of any other Award). Such amount shall be delivered to the Participant as soon as practicable following the cancellation of such Award or portion thereof.

(d) Notwithstanding any provision of the Plan to the contrary, in no event shall a Participant be permitted to exercise an Option in a manner that the Administrator determines would violate the United States Sarbanes-Oxley Act of 2002, or any other Applicable Law or the applicable rules and regulations of the U.S. Securities Exchange Commission or the applicable rules and regulations of any securities exchange or inter-dealer quotation system on which the securities of the Company are listed or traded.

18. **Joining a Competitor; Termination for Cause.**

   (a) All Awards (whether vested or unvested) shall be cancelled as of the date of termination of the Participant as a Service Provider;

   (b) All Shares issued pursuant to any Award (or a portion thereof) shall be subject to repurchase by the Company at (i) the lesser of the (A) original purchase price of such Shares (or in the event no payment was made or the price was paid in services, then the Shares will be forfeited and surrendered to the Company without payment), or (B) Fair Market Value or such other value of Shares as determined by the Administrator or as set forth in the applicable Award Agreement, or (ii) the par value of such Shares, if such Shares have been issued in exchange for services which shall be considered the original purchase price, or (iii) the par value of such Shares, if such Shares have been issued under Restricted Share Units or as Share Payments; and
(c) All proceeds, gains or other economic benefit actually or constructively received by the Participant upon any receipt or exercise of any Awards (or a portion thereof) or upon the receipt or resale of any Shares underlying any Award (or a portion thereof), must be paid to the Company if:

(i) within twelve (12) months of termination as a Service Provider or such longer period determined by the Administrator and as set forth in the applicable Award Agreement, the Participant (A) directly or indirectly, establishes, incorporates, forms, enters into, or participates in the Business as an owner, partner, principal or shareholder or other proprietor (other than through a purchase on the open market, solely as a passive investment, of not more than five percent (5%) of the interest) of any Competitor, or (B) has become, is or becomes an officer, director, employee, consultant, adviser of, or otherwise, directly or indirectly, enter the employ of, continue any employment with or render any services to or for, any Competitor, or (C) knowingly performs or has performed any act that may confer a competitive benefit or advantage upon any Competitor (in each case as determined by the Administrator); or

(ii) the Participant is Terminated for Cause.


(a) In connection with the grant, vesting, and/or exercise of any Award, the Administrator may require a Participant to execute and become a party to the Shareholders’ Agreement (as amended from time to time, the “Shareholders’ Agreement”), among the Company and other parties thereto as a condition of such grant, vesting, and/or exercise of any Award by executing and delivering to the Company the Shareholders’ Agreement. To the extent that there is any conflict between the terms of the Plan and the Shareholders’ Agreement, the Shareholders’ Agreement shall govern and control.

(b) Any Shares issued upon the exercise of or in settlement of an Award shall be subject to such special forfeiture conditions, rights of repurchase or redemption, rights of first refusal, and other transfer restrictions as set forth in the Shareholders’ Agreement or, if there is no Shareholders’ Agreement or such provisions do not exist in the Shareholders’ Agreement, as the Administrator may determine as set forth in an Award Agreement (which restrictions shall apply in addition to any restrictions that may apply to holders of Shares generally).

(c) The Administrator has the authority to take any action required to ensure that each Participant holding Shares acquired pursuant to Awards granted under the Plan receives shares (or other equity securities) and other rights in connection with an Initial Public Offering substantially equivalent to such Participant’s economic interest, governance, priority, vesting and other rights and privileges as such Participant has with respect to such Participant’s Shares immediately prior to such Initial Public Offering (determined without regard to any tax consequences to such Participant of the receipt and ownership of such shares, equity securities or other rights).


This Plan shall be governed by the laws of the Cayman Islands.
I hereby certify that the foregoing Plan was duly adopted by the Board on February 25, 2018.

Executed on this 25th day of February, 2018.

/s/ TAN Siliang
Chairman of the Board
THIS SERIES B1 PREFERRED SHARE PURCHASE AGREEMENT (this "Agreement") is made and entered into on March 4, 2018 by and among:

1. Qtech Ltd., a company organized under the Laws of Cayman Islands (the "Company"),
2. InfoUniversal Limited, a company organized under the Laws of Hong Kong (the "HK Company"),
3. Shanghai Qyun Internet Technology Co., Ltd. (上海趣蕴网络科技有限公司), a wholly foreign-owned enterprise incorporated under the Laws of the PRC and a wholly owned subsidiary of the HK Company (the "WFOE"),
4. Shanghai Jifen Culture Communications Co., Ltd. (上海基分文化传播有限公司), a limited liability company incorporated under the Laws of the PRC ("Jifen"),
5. Shanghai Xike Information Technology Service Co., Ltd. (上海溪客信息技术服务有限公司), a limited liability company incorporated under the Laws of the PRC ("Xike"),
6. Shanghai Tuile Information Technology Service Co., Ltd. (上海推乐信息技术服务有限公司), a limited liability company incorporated under the Laws of the PRC ("Tuile"),
7. Anhui Zhangduan Internet Technology Co., Ltd. (安徽掌端网络科技有限公司), a limited liability company incorporated under the Laws of the PRC ("Zhangduan"),
8. Beijing Qukandian Internet Technology Co., Ltd. (北京趣看点网络科技有限公司), a limited liability company incorporated under the Laws of the PRC ("Qukandian"; together with “Jifen”, “Xike”, “Tuile” and “Zhangduan”, the “Domestic Companies”),
9. Shanghai Dian Guan Network Technology Co., Ltd. (上海点冠网络科技有限公司), a limited liability company incorporated under the Laws of the PRC ("Dian Guan"),
10. the individuals listed on Schedule I attached hereto (each, a “Principal” and collectively, the “Principals”),
11. the holding companies listed on Schedule I attached hereto owned by the Principals set forth opposite each such Principals (each, a “Principal Holding Company” and collectively, the “Principal Holding Companies”), and
12. Image Flag Investment (HK) Limited, a company incorporated with limited liability under the laws of Hong Kong ("Tencent" or the “Series B1 Investor”).

Each of the parties listed above is referred to herein individually as a “Party” and collectively as the “Parties.”
RECITALS

A. The ownership structure among the companies listed above is as follows: (i) Company owns 100% interest in the HK Company; (ii) the HK Company owns 100% interest in the WFOE, (iii) the WFOE Controls Jifen by a Captive Structure, and (iv) the WFOE also owns 100% interest in Dian Guan. Such ownership structure shall be modified as agreed upon by the Parties.

B. The Domestic Companies and Dian Guan are engaged in the business of the operation of mobile content aggregation platforms under the name of “趣头条” and “趣多拍” or otherwise related advertising platforms (the “Business”). The Company seeks expansion capital to grow the Business and, correspondingly, seeks to secure an investment from the Series B1 Investor, on the terms and conditions set forth herein.

C. The Series B1 Investor wishes to invest in the Company by subscribing for 5,420,144 Series B1 Preferred Shares in aggregate (being 8.38% of the total issued share capital of the Company on a fully-diluted basis) to be issued by the Company at the Closing pursuant to the terms and subject to the conditions of this Agreement.

D. The Company wishes to issue and sell 5,420,144 Series B1 Preferred Shares in the aggregate at the Closing pursuant to the terms and subject to the conditions of this Agreement.

E. The Parties desire to enter into this Agreement and make the respective representations, warranties, covenants and agreements set forth herein on the terms and conditions set forth herein.

WITNESSETH

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties intending to be legally bound hereby agree as follows:

1. Definitions.
   1.1 Defined Terms. The following terms shall have the meanings ascribed to them below:

   "Accounting Standards" means generally accepted accounting principles in the United States or PRC, as applicable, applied on a consistent basis.

   "Action" means any charge, claim, action, complaint, petition, investigation, appeal, suit, litigation, grievance, inquiry or other proceeding, whether administrative, civil, regulatory or criminal, whether at law or in equity, or otherwise under any applicable Law, and whether or not before any mediator, arbitrator or Governmental Authority.

   "Affiliate" means, (a) with respect to a Person other than a natural person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person, and (b) in the case of a natural person, any other Person that is directly or indirectly Controlled by such a Person or is a Relative of such Person, provided that the Company and its Subsidiaries shall be deemed not to be Affiliates of the Series B1 Investor.
“Associate” means, with respect to any Person, (1) a corporation or organization (other than the Group Companies) of which such Person is an officer or partner or is, directly or indirectly, the record or beneficial owner of five percent (5%) or more of any class of Equity Securities of such corporation or organization, (2) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, or (3) any Relative of such Person and of such Person’s spouse.

“Benefit Plan” means any employment Contract, deferred compensation Contract, bonus plan, incentive plan (including the Current ESOP), profit sharing plan, retirement Contract or other employment compensation Contract or any other plan which provides or provided benefits for any past or present employee, officer, consultant, contractor and/or director of a Person or with respect to which contributions are or have been made on account of any past or present employee, officer, consultant, contractor and/or director of such a Person.

“Board” or “Board of Directors” means the board of directors of the Company.

“Bridge Investment Documents” means collectively, (1) the Convertible Note Purchase Agreement entered into by Long Range Investment Limited, which will be further transferred to Long Range L.P. (the “Note Purchaser”), on the one hand, and the Company, the Principals and certain other parties named therein, on the other hand on February 15, 2018, (2) the Convertible Promissory Notes dated February 15, 2018, issued by the Company to the Note Purchaser, (3) the Loan and Guarantee Agreement dated February 12, 2018 by and among Shanghai ChuangVest Venture Investment Partnership (Limited Partnership) (上海创伴创业投资合伙企业(有限合伙)) (“Shanghai CC”), the WFOE and Jifen and (4) the Warrant No. 1 to be issued to Shanghai CC, an executed copy or the agreed form of each of which has been provided to the Series B1 Investor.

“Business Cooperation Agreement” means the business cooperating agreement to be entered into by an Affiliate of Tencent and Jifen in relation to the provision of certain business cooperation resources to the Group on terms and conditions satisfactory to the Series B1 Investor.

“Business Day” means any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by law to be closed in the Cayman Islands, the United States, Hong Kong or the PRC.

“Captive Structure” means the structure under which the WFOE Controls Jifen through the Control Documents.

“CFC” means a controlled foreign corporation as defined in the Code.

“Charter Documents” means, with respect to a particular legal entity, the articles of incorporation, certificate of incorporation, formation or registration (including, if applicable, certificates of change of name), memorandum of association, articles of association, bylaws, articles of organization, limited liability company agreement, trust deed, trust instrument, operating agreement, joint venture agreement, business license, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity.
“Circular 37” means the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and Round Trip Investment via Special Purpose Companies issued by SAFE on July 4, 2014.


“Company Owned IP” means all Intellectual Property owned by, purported to be owned by, or exclusively licensed to, the Group Companies.

“Company Registered IP” means all Intellectual Property for which registrations are owned by or held in the name of, or for which applications have been made in the name of, any Group Company.

“Consent” means any consent, approval, authorization, release, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to, any Person, including any Governmental Authority.

“Contract” means, a contract, agreement, understanding, indenture, note, bond, loan, instrument, lease, mortgage, franchise, license, commitment, purchase order, and other legally binding arrangement, whether written or oral.

“Control” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by Contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors of such Person. The terms “Controlled” and “Controlling” have meanings correlative to the foregoing.

“Control Documents” means the following contracts collectively: (i) Exclusive Technology and Consulting Service Agreement (独家技术和咨询服务协议) entered into by and between the WFOE and Jifen, (ii) Exclusive Option Agreement (独家购买权合同) entered into by and among the WFOE, Jifen and the equity holders of Jifen, (iii) Voting Rights Proxy Agreement (表决权委托协议) entered into by and between the WFOE and the equity holders of Jifen, (iv) Loan Agreement (借款协议) entered into by and between the WFOE and the equity holders of Jifen, and (v) Share Pledge Agreement (股权质押协议) entered into by and among the WFOE, Jifen and the equity holders of Jifen, in each case as may be amended or supplemented (including any change to the parties to any agreement) from time to time in accordance with this Agreement and the Shareholders Agreement.

“Conversion Shares” means Ordinary Shares issuable upon conversion of any Series B1 Preferred Shares.

“Current ESOP” means (i) the 2017 Equity Incentive Plan of the Company duly adopted by the Company on February 15, 2018, a copy of which has been provided to the Series B1 Investor on February 26, 2018, with a maximum number of 10,000,000 Ordinary Shares of the Company (the “2017 ESOP”) to be granted or awarded under such 2017 ESOP, all of which are currently held by Mr. Tan and will be transferred prior to Closing to Qu World Limited, a wholly owned subsidiary and nominee of the trustee for a trust to be established for the benefit of the grantees or participants under the 2017 ESOP (the “Trust”), to hold such shares for the Trust and (ii) the 2018 Equity Incentive Plan duly adopted by the Company on February 25, 2018, a copy of which has been provided to the Series B1 Investor on February 26, 2018, with a maximum number of 2,946,141 Ordinary Shares of the Company (the “2018 ESOP”) to be granted or awarded under such 2018 ESOP, all of which have been reserved and allocated in the share capital of the Company.

4 Share Purchase Agreement
“Equity Securities” means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, partnership interest, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing (whether or not such derivative securities have actually been issued by such Person), or any Contract providing for the acquisition of any of the foregoing.

“FCPA” means Foreign Corrupt Practices Act of the United States of America, as amended from time to time.

“fully-diluted basis” means calculating the relevant share numbers based on the assumption that all Ordinary Shares of the Company then capable of being issued on the exercise of all conversion rights, option, warrants and other contractual rights have been issued, irrespective of whether or not such rights are then exercisable, which determination shall take into account the securities under the Current ESOP, and all classes of shares of the Company shall be deemed to be converted into Ordinary Shares.

“Fundamental Warranties” means collectively, the representations and warranties given by the Warrantors under Sections 3.1 (Organization, Good Standing and Qualification), 3.2 (Capitalization and Voting Rights), 3.3 (Corporate Structure; Subsidiaries), 3.4 (Authorization), 3.5 (Valid Issuance of Shares), 3.6 (Consents; No Conflicts), 3.7 (Offering) and 3.8 (Compliance with Laws; Consents), all of which are subject to the disclosures of the Disclosure Schedule, and a “Fundamental Warranty” means any one of them.

“Governmental Authority” means any government of any nation, federation, province or state or any other political subdivision thereof, any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the PRC or any other country, or any political subdivision thereof (including any entity or enterprise owned or controlled by a government), any court, tribunal or arbitrator, any public international organization and any self-regulatory organization.

“Governmental Order” means any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority.

“Group Company” means each of the Company, the HK Company, the WFOE, Dian Guan and the Domestic Companies, together with each Subsidiary of any of the foregoing, and “Group” refers to all of the Group Companies collectively.

“Hong Kong” means the Hong Kong Special Administrative Region of the PRC.
“Indebtedness” of any Person means, without duplication, actual or contingent obligations in respect of each of the following of such Person: (i) all indebtedness for borrowed money, (ii) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business), (iii) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (iv) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced that are incurred in connection with the acquisition of properties, assets or businesses, (v) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to reposition or sale of such property), (vi) all obligations that are capitalized (including capitalized lease obligations), (vii) all obligations under banker’s acceptance, letter of credit or similar facilities, (viii) all obligations to purchase, redeem, retire, defease or otherwise acquire for value any Equity Securities of such Person, (ix) all obligations in respect of any interest rate swap, hedge or cap agreement, and (x) all guarantees issued in respect of the Indebtedness referred to in clauses (i) through (ix) above of any other Person, but only to the extent of the Indebtedness guaranteed.

“Indemnifiable Loss” means, with respect to any Indemnified Party, any action, claim, cost, damage, deficiency, diminution in value of any investment, disbursement, expense, Liabilities, loss, obligation, penalty, judgment or settlement of any kind or nature imposed on or otherwise incurred or suffered by such Indemnified Party, including without limitation, legal, accounting and other professional fees and expenses reasonably incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement and Taxes payable by such Indemnified Party by reason of the indemnification.

“Intellectual Property” means any and all (i) patents, patent rights and applications therefor and reissues, reexaminations, continuations, continuations-in-part, divisions, and patent term extensions thereof, (ii) inventions (whether patentable or not), discoveries, improvements, concepts, innovations, utility models and industrial models, (iii) registered and unregistered copyrights, copyright registrations and applications, mask works and registrations and applications therefor, author’s rights and works of authorship (including artwork, software, computer programs, source code, object code and executable code, firmware, development tools, files, records and data, and related documentation), (iv) URLs, web sites, web pages and any part thereof, (v) technical information, know-how, trade secrets, drawings, designs, design protocols, specifications, proprietary data, customer lists, databases, proprietary processes, technology, formulae, and algorithms and other intellectual property, (vi) trade names, trade dress, trademarks, domain names, service marks, logos, business names, and registrations and applications therefor, and (vii) the goodwill symbolized or represented by the foregoing and any similar rights situated in any country and the benefit (subject to the burden) of any of the foregoing (in each case whether registered or unregistered and including applications for the grant of any of the foregoing and the right to apply for any of the foregoing in any part of the world).

“IPO” has the meaning set forth in the Shareholders Agreement.

“Key Employee” means all key employees of the Group Companies with positions of president, chief executive officer, chief financial officer, chief operating officer, chief technical officer, chief sales and marketing officer, general manager, and the list of all key employees of the Group Companies as of the date hereof is provided in Schedule IV attached hereto.

6 Share Purchase Agreement
“Law” or “Laws” means any and all provisions of any applicable constitution, treaty, statute, law, regulation, ordinance, code, rule, or rule of common law, any governmental approval, concession, grant, franchise, license, agreement, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, in each case as amended, and any and all applicable Governmental Orders.

“Liabilities” means, with respect to any Person, all liabilities, obligations, Indebtedness and commitments of such Person of any nature, accrued, absolute, contingent or otherwise, due or to become due, liquidated or unliquidated.

“Lien” means any claim, charge, easement, encumbrance, lease, covenant, security interest, lien, option, pledge, rights of others, or restriction (whether on voting, sale, transfer, disposition or otherwise), whether imposed by Contract, understanding, law, equity or otherwise.

“Material Adverse Effect” means any (i) event, occurrence, fact, condition, change or development that has had, has, or could reasonably be expected to have, individually or together with other events, occurrences, facts, conditions, changes or developments, a material adverse effect on the business, properties, assets, employees, operations, results of operations, condition (financial or otherwise), prospects, assets or liabilities of the Group, taken as a whole, (ii) material impairment of the ability of any Party (other than the Series B1 Investor) to perform the material obligations of such party under any Transaction Documents, or (iii) material impairment of the validity or enforceability of this Agreement or any other Transaction Document against any Party hereto or thereto (other than the Series B1 Investor).

“Memorandum and Articles” means the third amended and restated memorandum of association of the Company and the third amended and restated articles of association of the Company attached hereto as Exhibit A, to be adopted in accordance with applicable Law on or before the Closing.

“MOFCOM” means the Ministry of Commerce of the PRC or, with respect to any matter to be submitted for examination and approval by the Ministry of Commerce, any Governmental Authority which is similarly competent to examine and approve such matter under the laws of the PRC.

“Mr. Tan” means Mr. Tan Siliang (谭思亮), one of the Principals and the ultimate controlling shareholder of the Company.

“Order No. 10” means the Rules for Mergers with and Acquisitions of Domestic Enterprises by Foreign Investors 《关于外国投资者并购境内企业的规定》 jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission, the State Administration of Taxation, the SAIC, the China Securities Regulatory Commission and the SAFE on August 8, 2006.

“Ordinary Shares” means the Company’s ordinary shares, par value US$0.0001 per share.

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Share Purchase Agreement
“Permitted Liens” means (i) Liens for Taxes not yet delinquent or the validity of which are being contested in good faith and for which there are adequate reserves on the applicable financial statements, and (ii) Liens incurred in the ordinary course of business, which (x) do not individually or in the aggregate materially detract from the value, use, or transferability of the assets that are subject to such Liens, and (y) were not incurred in connection with the borrowing of money.

“Person” means any individual, sole proprietorship, partnership, limited partnership, limited liability company, firm, joint venture, estate, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or governmental or regulatory authority or other enterprise or entity of any kind or nature.

“PFIC” means a passive foreign investment company as defined in the Code.

“PRC” means the People’s Republic of China, but solely for the purposes of this Agreement and the other Transaction Documents, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the islands of Taiwan.

“Prohibited Person” means any Person that is (1) a national or resident of any U.S. embargoed or restricted country, (2) included on, or Affiliated with any Person on, the United States Commerce Department’s Denied Parties List, Entities and Unverified Lists; the U.S. Department of Treasury’s Specially Designated Nationals, Specially Designated Narcotics Traffickers or Specially Designated Terrorists, or the Annex to Executive Order No. 13224; the Department of State’s Debarred List; UN Sanctions, or (3) a Person with whom business transactions, including exports and re-exports, are restricted by a U.S. Governmental Authority, including, in each clause above, any updates or revisions to the foregoing and any newly published rules.

“Public Official” means any executive, official, or employee of a Governmental Authority, political party or member of a political party, political candidate; executive, employee or officer of a public international organization; or director, officer or employee or agent of a wholly owned or partially state-owned or controlled enterprise, including a PRC state-owned or controlled enterprise.

“Public Software” means any Software that contains, or is derived in any manner (in whole or in part) from, any software that is distributed as free software, open source software (e.g., Linux) or similar licensing or distribution models, including, without limitation, software licensed or distributed under any of the following licenses or distribution models, or licenses or distribution models similar to any of the following: (A) GNU’s General Public License (GPL) or Lesser/Library GPL (LGPL), (B) the Artistic License (e.g., PERL), (C) the Mozilla Public License, (D) the Netscape Public License, (E) the Sun Community Source License (SCSL), (F) the Sun Industry Standards License (SISL), (G) the BSD License, and (H) the Apache License.

“Related Party” means any Affiliate, officer, director, supervisory board member, employee, or holder of any Equity Security of any Group Company, and any Affiliate or Associate of any of the foregoing, in each case, other than the Group Companies.

“Relative” of a natural person means the spouse of such person and any parent, step-parent, grandparent, child, step-child, grandchild, sibling, step-sibling, cousin, in-law, uncle, aunt, nephew, niece or great-grandparent of such person or spouse.
“Share Restriction Agreements” means collectively (a) the Share Restriction Agreement entered into between Li Lei and the Company as of January 3, 2018, a copy of which has been provided to the Series B1 Investor prior to the date hereof, and (b) the Share Restriction Agreement entered into between Mr. Tan and the Company as of January 3, 2018, a copy of which has been provided to the Series B1 Investor on prior to the date hereof.

“Restructuring Documents” means collectively, (i) the Partnership Interest Transfer Agreement by and among Li Lei (李磊) and each of the limited partners of Tianjin Shan Shi LP under which such limited partners transfer all of their limited partnership interest in Tianjin Shan Shi LP to Li Lei (李磊) at nominal price, and (ii) the Equity Interest Transfer Agreement by and between Mr. Tan and all of the equity interest holders of Tianjin Shengxuan Information Technology Co., Ltd. (天津盛绚信息科技有限公司) (“Tianjin Shengxuan”) under which such equity interest holders transfer all of their equity interest in Tianjin Shengxuan to Mr. Tan at nominal price, in each case, in form and substance to the satisfaction of the Series B1 Investor.

“SAFE” means the State Administration of Foreign Exchange of the PRC.

“SAFE Rules and Regulations” means collectively, the Circular 37 and any other applicable SAFE rules and regulations.

“SAIC” means the State Administration of Industry and Commerce of the PRC or, with respect to the issuance of any business license or filing or registration to be effected by or with the State Administration of Industry and Commerce, any Governmental Authority which is similarly competent to issue such business license or accept such filing or registration under the laws of the PRC.

“Securities Act” means the U.S. Securities Act of 1933, as amended and interpreted from time to time.


“Series A Preferred Shares” means the Series A Preferred Shares of the Company, par value US$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.

“Series A Shareholders Agreement” means the Shareholders’ Agreement dated October 13, 2017 entered into by and among the Company, the Principals, the Principal Holding Company, the HK Company, the WFOE, the Domestic Companies, the Series A Investors.

“Series A Share Purchase Agreement” means the Series A Preferred Share Purchase Agreement dated September 8, 2017 by and among the Company, the Principals, the Principal Holding Company, the HK Company, the Domestic Companies and the Series A Investors (except xInternet Limited).

“Series A1 Investor” means CMC Queen Holdings Limited.
“Series A1 Preferred Shares” means the Series A1 Preferred Shares of the Company, par value US$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.

“Series A1 Shareholders Agreement” means the Amended and Restated Shareholders’ Agreement dated November 14, 2017 entered into by and among the Company, the Principals, the Principal Holding Company, the HK Company, the WFOE, the Domestic Companies, the Series A Investors and the Series A1 Investor.

“Series A1 Share Purchase Agreement” means the Series A1 Preferred Share Purchase Agreement dated October 14, 2017 by and among the Company, the Principals, the Principal Holding Company, the HK Company, the WFOE, the Domestic Companies and the Series A1 Investor.

“Series B1 Preferred Shares” means the Series B1 Preferred Shares of the Company, par value US$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.


“Series B2 Preferred Share Purchase Agreement” means the Series B2 Preferred Share Purchase Agreement to be entered into by and among the Series B2 Investors, the Company and certain other parties thereto.

“Shareholders Agreement” means the Second Amended and Restated Shareholders Agreement to be entered into by and among the parties named therein on or prior to the Closing, which shall be in the form attached hereto as Exhibit B.

“Social Insurance” means any form of social insurance required under applicable Laws, including without limitation, the PRC national and local contributions for pensions, medical insurance, unemployment insurance, work-related injury insurance, pregnancy benefits, and housing accumulation funds.

“Software” means any and all (A) computer programs and any set of instructions for execution by microprocessor, irrespective of application, language or medium, including any and all software implementations of algorithms, models and methodologies, including all source code and executable code, whether embodied in software, firmware or otherwise, documentation, development tools, designs, files, verilog files, RTL files, HDL, VHDL, net lists, records, data and mask works; and (B) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, and all rights therein.

“Subsidiary” means, with respect to any given Person, any other Person that is Controlled directly or indirectly by such given Person, at any time and from time to time.
“Tax” means (i) in the PRC: (a) any national, provincial, municipal, or local taxes, charges, fees, levies, deduction, withholding, impost, or other assessments, including, without limitation, all net income (including enterprise income tax and individual income withholding tax), turnover (including value-added tax, business tax, and consumption tax), resource (including urban and township land use tax), special purpose (including land value-added tax, urban maintenance and construction tax, and additional education fees), property (including urban real estate tax and land use fees), documentation (including stamp duty and deed tax), filing, recording, social insurance (including pension, medical, unemployment, housing, and other social insurance withholding), tariffs (including import duty and import value-added tax), and estimated and provisional taxes, charges, fees, levies, or other assessments of any kind whatsoever imposed, levied, collected, withheld or assessed by any local, municipal, regional, urban, governmental, state, national or other Governmental Authority, (b) all interest, penalties (administrative, civil or criminal), surcharge, fine or additional amounts in connection with any item described in clause (a) above, and (c) any form of transferee liability imposed by any Governmental Authority and any obligations to indemnify or otherwise assume or succeed to the liability of any other Person in connection with any item described in clauses (a) and (b) above, and (ii) in any jurisdiction other than the PRC, all similar taxes and liabilities as described in clause (i) above.

“Tax Return” means any return, disclosures, report or statement showing Taxes, used to pay Taxes, or required to be filed with respect to any Tax (including any elections, declarations, schedules or attachments thereto, and any amendment thereof), including any information return, claim for refund, amended return or declaration of estimated or provisional Tax.

“Tianjin Shan Shi LP” means Tianjin Shan Shi Technology Partnership (Limited Partnership) (天津珊石科技合伙企业（有限合伙）), one of the direct shareholders of Jifen holding 20% of the equity interest in Jifen.

“Transaction Documents” means this Agreement, the Shareholders Agreement, the Memorandum and Articles, the Business Cooperation Agreement, the Restructuring Documents, the Share Restriction Agreements, the Control Documents and each of the other agreements and documents otherwise required in connection with implementing the transactions contemplated by any of the foregoing.

“U.S. real property holding corporation” has the meaning as defined in the Code.

“Warrantors” means, collectively, the Group Companies, the Principals and the Principal Holding Companies.

1.2 Other Defined Terms. The following terms shall have the meanings defined for such terms in the Sections set forth below:

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2. **Purchase and Sale of Shares.**

2.1 **Sale and Issuance of the Shares.** Subject to the terms and conditions of this Agreement, at the Closing (as defined below), the Series B1 Investor agrees to subscribe for and purchase, and the Company agrees to issue and sell to the Series B1 Investor, that number of Series B1 Preferred Shares set forth opposite the Series B1 Investor’s name in the second column of the table of Schedule II (the “Subscription Shares”), attached hereto at a purchase price of US$19.37218 per Series B1 Preferred Share, amounting to the aggregate purchase price in respect of the Series B1 Investor set out opposite the Series B1 Investor’s name in the third column of the table of Schedule II (the “Subscription Price”).

2.2 **Closing.**

(a) The consummation of the sale and issuance of the Subscription Shares pursuant to Section 2.1 (the “Closing”, and the date of the Closing, the “Closing Date”) shall take place remotely via the exchange of documents and signatures as soon as practicable, but in no event later than seven (7) Business Days after all closing conditions specified in Section 5.1 and Section 5.2 hereof have been waived or satisfied, as applicable, or at such other time and place as the Company and the Series B1 Investor may mutually agree in writing.

(b) The capitalization table of the Company immediately prior to and after the Closing is shown on Schedule III attached hereto.

2.3 **Deliverables by the Company at the Closing.** At the Closing, in addition to any items the delivery of which is made an express condition to the Series B1 Investor’s obligations at the Closing pursuant to Section 5.1, the Company shall deliver or cause to be delivered to the Series B1 Investor:

(a) a copy of the updated register of members of the Company as of the Closing Date, certified by the registered agent of the Company to be a true, accurate and complete copy, reflecting the issuance to the Series B1 Investor of the Subscription Shares subscribed for by the Series B1 Investor at the Closing pursuant to Section 2.1;

(b) a copy of the duly executed share certificate issued in the name of the Series B1 Investor, certified by the registered agent of the Company to be a true, accurate and complete copy, representing the Subscription Shares subscribed for by the Series B1 Investor pursuant to Section 2.1; and within five (5) Business Days following the Closing, the Company shall deliver to the Series B1 Investor the original copy of such duly executed share certificate;

(c) a copy of the updated register of directors of the Company to be a true, accurate and complete copy as of the Closing Date, certified by the registered agent of the Company, evidencing the appointment of the Series B1 Director; and

(d) evidence to the reasonable satisfaction of the Series B1 Investor confirming that each of Jifen and the WFOE has duly amended its articles of association reflecting the establishment of a board of directors and the appointment of one (1) director nominated by the Series B1 Investor as a member of its board of directors;

Share Purchase Agreement
(e) scanned copies of the Board resolutions and the shareholders’ resolutions of the Company duly passed, approving (1) the adoption of the Memorandum and Articles, (2) the execution, delivery and performance of the Transaction Documents, (3) the issuance of the Subscription Shares to the Series B1 Investor, (4) any restructuring of the Company or transfer of any Equity Securities of the Company by any Principal or his Principal Holding Company(ies) since the date of consummation of the transactions contemplated under the Series A1 Share Purchase Agreement and (5) the appointment of the Series B1 Director; and within three (3) Business Days following the Closing, the Company shall deliver to the Series B1 Investor copies of such resolutions certified by a director of the Company as true, accurate and complete copies; and

(f) scanned copies of the Board resolutions and the shareholders’ resolutions of each of the Group Companies and the Principal Holding Companies duly passed, approving the execution, delivery and performance of the Transaction Documents to which it is a party and, in the case of Jifen and the WFOE, the appointment of the directors nominated by Tencent; and within five (5) Business Days following the Closing, each such party shall deliver to the Series B1 Investor certified true copies of such resolutions certified by a director of the Company as true, accurate and complete copies.

2.4 Deliverables by the Series B1 Investor at Closing. At the Closing, subject to the satisfaction or waiver of all the conditions set forth in Section 5.1 and the delivery by the Company of the deliverables set forth in Section 2.3, the Series B1 Investor shall deliver or cause to be delivered to the Company a copy of the irrevocable wiring instructions to its bank evidencing the payment of the Subscription Price by wire transfer of immediately available funds in U.S. dollars to the bank account as designated by the Company by written notice given to the Series B1 Investor at least seven (7) Business Days prior to the Closing.

2.5 Use of Proceeds. Subject to the terms of this Agreement, the Company shall use the proceeds from the issuance and sale of the Subscription Shares (the “Proceeds”) for purpose of business expansion, capital expenditures and general working capital needs of the Group Companies. The Proceeds shall not be used in the payment of any debts or obligations of any Group Company (except those occurred in the ordinary course of business) or in the repurchase or cancellation of securities held by any shareholders of the Group Companies or for any other purpose.

3. Representations and Warranties of the Warrantors. Subject to such exceptions as may be specifically set forth in the disclosure schedule delivered by the Warrantors to the Series B1 Investor as of the date hereof (the “Disclosure Schedule”, attached hereto as Exhibit C), the contents of which shall also be deemed to be representations and warranties of the Warrantors hereunder, each of the Warrantors jointly and severally represents and warrants to the Series B1 Investor that each of the statements contained in this Section 3 is true, correct and complete as of the date of this Agreement, and that each of such statements shall be true, correct and complete on and as of the Closing Date, with the same effect as if made on and as of the Closing Date.

3.1 Organization, Good Standing and Qualification.

(a) Each Group Company is duly incorporated, organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted, and to perform each of its obligations under the Transaction Documents to which it is a party. Each Group Company is qualified to do business and is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction. Each Group Company that is a PRC entity has a valid business license issued by the SAIC or its local branch or other relevant Government Authorities (a true and complete copy of which has been delivered to the Series B1 Investor), and has, since its establishment, carried on its business in compliance with the business scope set forth in its business license.
(b) Each Principal Holding Company is duly incorporated, organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Laws of the place of its incorporation or establishment and has all requisite power and authority to perform each of its obligations under the Transaction Documents to which it is a party. Each Principal Holding Company is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction.

3.2 Capitalization and Voting Rights.

(a) **Company.** The authorized share capital of the Company is and immediately prior to the Closing shall be US$50,000 divided into (a) a total of 484,365,447 authorized Ordinary Shares, 50,000,000 of which are issued and outstanding, and 10,000,000 of which (i) are, as of the date hereof, being held by Mr. Tan for the 2017 ESOP, and (ii) will, as of Closing, be held by a trust established for the 2017 ESOP, (b) a total of 4,945,055 authorized Series A Preferred Shares, all of which are issued and outstanding, (c) a total of 1,373,626 authorized Series A1 Preferred Shares, all of which are issued and outstanding, (d) a total of 5,420,144 authorized Series B1 Preferred Shares, none of which are issued and outstanding, and (e) a total of 3,895,728 authorized Series B-2 Preferred Shares, none of which are issued and outstanding. Schedule III sets forth the capitalization table of the Company, and [Section 3.2(a)] of the Disclosure Schedule sets forth the capitalization table of each Group Company, in each case, as of immediately prior to the Closing and immediately after the Closing, in each case reflecting all then outstanding and authorized Equity Securities of such Company and other Group Company, the record and beneficial holders thereof and the terms of any vesting schedule applicable thereto. Except as disclosed in [Section 3.2(a)] of the Disclosure Schedule, there is no nominee arrangement or any other similar arrangements for the direct or indirect interest in the Equity Security of any Group Company.

(b) **HK Company.** The authorized share capital of the HK Company is and immediately prior to and following the Closing shall be HK$10,000, divided into 10,000 shares of HK$1 each, 10,000 of which are issued and outstanding and held by the Company.

(c) **Domestic Companies.** The registered capital of each Domestic Company, Dian Guan and the WFOE is set forth opposite its name on [Section 3.2(c)] of the Disclosure Schedule, together with an accurate list of the record and beneficial owners of such registered capital.

(d) **No Other Securities.** Except for (a) the conversion privileges of the Subscription Shares, (b) certain rights provided in the Charter Documents of the Company as currently in effect, (c) certain rights provided in the Memorandum and Articles, the Shareholders Agreement and the Control Documents from and after the Closing, (d) the outstanding Equity Securities set forth in [Section 3.2(d)] of the Disclosure Schedule, and (e) options to purchase Ordinary Shares, restricted shares, RSUs or other Equity Securities pursuant to the current ESOP, (1) there are no and at the Closing there shall be no other authorized or outstanding Equity Securities of any Group Company; (2) no Equity Securities of any Group Company are subject to any preemptive rights, rights of first refusal (except to the extent provided by applicable PRC Laws) or other rights to purchase or create any Lien over such Equity Securities or any other rights or encumbrances with respect to such Equity Securities, and (3) no Group Company is a party or subject to any Contract that affects or relates to the voting or giving of written consents with respect to, or the right to cause the redemption, or repurchase of, any Equity Security of such Group Company. Except as set forth in the Shareholders Agreement (from and after the Closing), the Company has not granted any registration rights or information rights to any other Person, nor is the Company obliged to list, any of the Equity Securities of any Group Companies on any securities exchange. Except as contemplated under the Transaction Documents, there are no voting or similar agreements which relate to the share capital or registered capital of any Group Company.

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(e) **Issuance and Status.** All presently outstanding Equity Securities of each Group Company were duly and validly issued (or subscribed for) in compliance with all applicable Laws, preemptive or other similar rights of any Person, and applicable Contracts. All share capital or registered capital, as the case may be, of each Group Company have been duly and validly issued, are fully paid (or subscribed for) and nonassessable, and are and as of the Closing shall be free of any and all Liens (except for any restrictions on transfer under the Shareholders’ Agreement and applicable Laws). Except as contemplated under the Transaction Documents, there are no (a) resolutions pending to increase the share capital or registered capital of any Group Company or cause the liquidation, winding up, or dissolution of any Group Company, nor has any distress, execution or other process been levied against any Group Company, (b) dividends which have accrued or been declared but are unpaid by any Group Company, (c) obligations, contingent or otherwise, of any Group Company to repurchase, redeem, or otherwise acquire any Equity Securities, or (d) outstanding or authorized equity appreciation, phantom equity, equity plans or similar rights with respect to any Group Company. All dividends (if any) or distributions (if any) declared, made or paid by each Group Company, and all repurchases and redemptions of Equity Securities of each Group Company (if any), have been declared, made, paid, repurchased or redeemed, as applicable, in accordance with its Charter Documents and all applicable Laws.

(f) **Title.** Each Group Company is the sole record and beneficial holder of all of the Equity Securities set forth opposite its name on Section 3.2(f) of the Disclosure Schedule, free and clear of all Liens of any kind other than those arising under applicable Law.

3.3 **Corporate Structure; Subsidiaries.** [Section 3.3] of the Disclosure Schedule sets forth a true and complete structure chart showing the corporate structure of the Group Companies, as of the date hereof and as of the closing, and indicating the ownership and Control relationships among all Group Companies, as of the date hereof and as of the closing, and a description of such structure with such ownership and Control relationships, the nature of the legal entity which each Group Company constitutes, as of the date hereof and as of the closing, the jurisdiction in which each Group Company was or will be organized, and each jurisdiction in which each Group Company is required to be qualified or licensed to do business as a foreign Person as of the date hereof and as of the closing. No Group Company owns or Controls, or has ever owned or Controlled, directly or indirectly, any Equity Security, interest or share in any other Person or is or was a participant in any joint venture, partnership or similar arrangement. No Group Company is obligated to make any investment in or capital contribution in or on behalf of any other Person. The Company was formed solely to acquire and hold the equity interests in the HK Company and the HK Company was formed solely to acquire and hold the equity interests in the WFOE. Neither the Company nor the HK Company has engaged in any other business and has not incurred any Liability since its formation. The Domestic Companies and Dian Guan are and the WFOE will be engaged in the Business and have no other business. No Principal or Principal Holding Company, and none of their Affiliates (other than a Group Company), is engaged in the Business or has any assets in relation to the Business (other than through an advisory, employment or consulting relationship with a Group Company) or any Contract with any Group Company. None of the Principals and their Affiliates directly or indirectly own, manage, engage in, operate, control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation or control of, any business, whether in corporate, proprietorship or partnership form or otherwise, that competes with the businesses of the Group Companies, being the operation of mobile content aggregation platforms and any other major business operations of any Group Company.

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3.4 Authorization. Each Warrantor has all requisite power and authority to execute and deliver the Transaction Documents to which it is a party and to carry out and perform its obligations thereunder. All action on the part of each party to the Transaction Documents (other than the Series B1 Investor) (and, as applicable, its officers, directors and shareholders) necessary for the authorization, execution and delivery of the Transaction Documents, the performance of all obligations of each such party, and, in the case of the Company, the authorization, issuance (or reservation for issuance), sale and delivery of the Subscription Shares and the Conversion Shares, has been taken or will be taken prior to the Closing. Each Transaction Document has been duly executed and delivered by each party thereto (other than the Series B1 Investor) and constitutes valid and legally binding obligations of such party, enforceable against such party in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors’ rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

3.5 Valid Issuance of Shares. The Subscription Shares, when issued, delivered and paid for in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid and non-assessable, free from any Liens (except for any restrictions on transfer under applicable Laws and under the Shareholders Agreement). The Conversion Shares have been reserved for issuance and, upon issuance in accordance with the terms of the Charter Documents of the Company, will be duly and validly issued, fully paid and non-assessable, free from any Liens (except for any restrictions on transfer under applicable securities Laws and under the Shareholders Agreement). The issuance of the Subscription Shares and the Conversion Shares is not subject to any preemptive rights, rights of first refusal or similar rights.

3.6 Consents; No Conflicts. All Consents from or with any Governmental Authority or any other Person required in connection with the valid execution, delivery and performance of the Transaction Documents, and the consummation of the transactions contemplated by the Transaction Documents, in any case on the part of any party thereto (other than the Series B1 Investor) have been duly obtained or completed (as applicable) and are in full force and effect. The execution, delivery and performance of each Transaction Document by each party thereto (other than the Series B1 Investor) do not, and the consummation by such party of the transactions contemplated thereby will not, (i) result in any violation of, be in conflict with, or constitute a default under, require any Consent under, or give any Person rights of termination, amendment, acceleration or cancellation under, with or without the passage of time or the giving of notice, any Governmental Order, any provision of the Charter Documents of any Group Company, any applicable Laws (including without limitation, Order No. 10 and the SAFE Rules and Regulations), or any Material Contract, (ii) result in any termination, modification, cancellation, or suspension of any material right of, or any augmentation or acceleration of any material obligation of, any Group Company (including without limitation, any indebtedness of such Group Company), or (iii) result in the creation of any Lien upon any of the material properties or assets of any Group Company other than Permitted Liens. None of the execution, delivery and performance of any of the Restructuring Documents and the consummation of any transaction contemplated by the Restructuring Documents will have resulted in or will have been reasonably expected to result in any dispute, controversy or claim concerning the direct or indirect shareholders or partners of Shanghai Xi Hi and Tianjin Shan Shi LP.

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3.7 Offering. Subject in part to the accuracy of the Series B1 Investor’s representations set forth in Section 4 of this Agreement, the offer, sale and issuance of the Subscription Shares are, and the issuance of the Conversion Shares will be, exempt from the qualification, registration and prospectus delivery requirements of the Securities Act and any other applicable securities Laws.

3.8 Compliance with Laws; Consents.

(a) Each Group Company is, and has been, in compliance with all applicable Laws in all material aspects. No event has occurred and no circumstance exists that (with or without notice or lapse of time) (a) may constitute or result in a violation by any Group Company, or a failure on the part of such entity to comply with, any applicable Laws in any material aspect, or (b) may give rise to any obligation on the part of any Group Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature in any material aspect. None of the Group Companies has received any notice from any Governmental Authority regarding any of the foregoing. None of the Group Companies is, to the knowledge of the Warrantors, under investigation with respect to a violation of any Law.

(b) Neither the Captive Structure when implemented nor the Control Documents (individually or when taken together) when executed violate any applicable Laws (including without limitation, SAFE Rules and Regulations, Order No. 10 and any other applicable PRC rules and regulations).

(c) All Consents from or with the relevant Governmental Authority required in respect of the due and proper establishment and operations of each Group Company as now conducted, including but not limited to the Consents from or with MOFCOM, SAIC, SAFE, the Ministry of Information Industry, the Ministry of Culture, Press and Publication Administration, any Tax bureau, customs authorities, and product registration authorities, and the local counterpart thereof, as applicable (or any predecessors thereof, as applicable) (collectively, the “Required Governmental Consents”), has been duly obtained or completed in accordance with all applicable Laws.
No Required Governmental Consent contains any materially burdensome restrictions or conditions, and each Required Governmental Consent is in full force and effect and will remain in full force and effect upon the consummation of the transactions contemplated hereby. None of the Group Companies is in default under any Required Governmental Consent. There is no reason to believe that any Required Governmental Consent which is subject to periodic renewal will not be granted or renewed. None of the Group Companies has received any letter or other communication from any Governmental Authority threatening or providing notice of revocation of any Required Governmental Consent issued to such Group Company or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by such Group Company.

3.9 Tax Matters.

(a) All Tax Returns required to be filed on or prior to the date hereof with respect to each Group Company has been duly and timely filed by such entity within the requisite period and completed on a proper basis in accordance with the Accounting Standards and applicable Law, and are up to date and correct. All Taxes owed by each Group Company under applicable Laws (whether or not shown on every Tax Return) have been paid in full or provision for the payment thereof have been made, except such Taxes, if any, as are being contested in good faith and as to which adequate reserves (determined in accordance with the Accounting Standards) have been provided in the Financial Statements. No deficiencies for any Taxes with respect to any Tax Returns have been asserted in writing by, and no notice of any pending action with respect to such Tax Returns has been received from, any Tax authority, and no dispute relating to any Tax Returns with any such Tax authority is outstanding or contemplated. Each Group Company has timely paid all Taxes owed by it under applicable Law which are due and payable (whether or not shown on any Tax Return) and withheld and remitted to the appropriate Governmental Authority all Taxes which it is obligated to withhold and remit under applicable Law from amounts owing to any employee, creditor, customer or third party.

(b) No audit of any Tax Return of each Group Company and no formal investigation with respect to any such Tax Return by any Tax authority is currently in progress and no Group Company has waived any statute of limitations with respect to any Taxes, or agreed to any extension of time with respect to an assessment or deficiency for such Taxes.

(c) No written claim has been made by a Governmental Authority in a jurisdiction where the Group does not file Tax Returns that any Group Company is or may be subject to taxation by that jurisdiction.

(d) The assessment of any additional Taxes with respect to the applicable Group Company for periods for which Tax Returns have been filed is not expected to exceed the recorded Liability therefor in the most recent balance sheet in the Financial Statements (as defined below), and there are no unresolved questions or claims concerning any Tax Liability of any Group Company. Since the Statement Date (as defined below), no Group Company has incurred any liability for Taxes outside the ordinary course of business or otherwise inconsistent with past custom and practice. There is no pending dispute with, or notice from, any Tax authority relating to any of the Tax Returns filed by any Group Company, and there is no proposed Liability for a deficiency in any Tax to be imposed upon the properties or assets of any Group Company.
(e) No Group Company has been the subject of any examination or investigation by any Tax authority relating to the conduct of its business or the payment or withholding of Taxes that has not been resolved or is currently the subject of any examination or investigation by any Tax authority relating to the conduct of its business or the payment or withholding of Taxes. No Group Company is responsible for the Taxes of any other Person by reason of contract, successor liability or otherwise.

(f) All Tax credits and Tax holidays enjoyed by any Group Company established under the Laws of the PRC under applicable Laws since its establishment have been in compliance with all applicable Laws and is not subject to reduction, revocation, cancellation or any other changes (including retroactive changes) in the future, except through change in applicable Laws published by relevant Governmental Authority.

(g) No Group Company is or has ever been a PFIC or CFC or a U.S. real property holding corporation. No Group Company anticipates that it will become a PFIC or CFC or a U.S. real property holding corporation for the current taxable year or any future taxable year.

(h) The Company is treated as a corporation for U.S. federal income tax purposes.

3.10 Charter Documents; Books and Records. The Charter Documents of each Group Company is in the form provided to the Series B1 Investor. Each Group Company has been in compliance with its Charter Documents, and no Group Company has violated or breached any of their respective Charter Documents. Each Group Company maintains its books of accounts and records in the usual, regular and ordinary manner, on a basis consistent with prior practice, and which permits its Financial Statements (as defined below) to be prepared in accordance with the Accounting Standards. The register of members and directors (if applicable) of each Group Company are correct, there has been no notice of any proceedings to rectify any such register, and there are no circumstances which might lead to any application for its rectification. All documents required to be filed by each Group Company with the applicable Governmental Authority in respect of the relevant jurisdiction in which the relevant Group Companies is being incorporated have been properly made up and filed. There is no committee for any board of any Group Company.

3.11 Financial Statements.

(a) The Company has delivered to the Series B1 Investor the unaudited consolidated balance sheet (the “Balance Sheet”) and statements of operations and cash flows for Jifen as of and for year ending December 31, 2016, and as of and for the 11-month period ended November 30, 2017 (the “Statement Date”) as included in Annex II of the Disclosure Schedule (collectively, the financial statements referred to above, the “Financial Statements”). The Financial Statements (a) have been prepared in accordance with the books and records of Domestic Companies, (b) fairly present in all material respects the financial condition and position of Domestic Companies as of the dates indicated therein and the results of operations and cash flows of Domestic Companies for the periods indicated therein, except in the case of unaudited financial statements for the omission of notes thereto and normal year-end audit adjustments that are not expected to be material, and (c) were prepared in accordance with the applicable Accounting Standards applied on a consistent basis throughout the periods involved. All of the accounts receivable owing to any of the Group Companies, including without limitation all accounts receivable set forth on the Financial Statements, constitute valid and enforceable claims and are current and collectible in the ordinary course of business, net of any reserves shown on the Financial Statements (which reserves are adequate and were calculated on a basis consistent with the Accounting Standards), and no further goods or services are required to be provided in order to complete the sales and to entitle the applicable Group Company to collect in full in respect of any such receivables. There are no material contingent or asserted claims, refusals to pay, or other rights of set-off with respect to any accounts receivable of any Group Company.
Specifically, but not by way of limitation, the respective balance sheets included in the Financial Statements disclose all of the Group Companies’ Indebtedness, Liability, whether due or to become due, as of their respective dates to the extent such Indebtedness and Liabilities are required to be disclosed in accordance with the Accounting Standards, and each Group Company has good and marketable and unencumbered title to all assets set forth on the balance sheets of the respective Financial Statements.

(c) The Company has delivered to the Series B1 Investor the bank statements of all bank accounts of the Company, the HK Company and the WFOE, as of the date of this agreement, the cash balance in these bank accounts is US$46,000,000 in aggregate. And no material unpaid liabilities or contingent payment on the Company, the HK Company or the WFOE’s book.

3.12 Changes. Since the Statement Date, each Group Company (i) has operated its business in the ordinary course consistent with its past practice, (ii) used its reasonable best efforts to preserve its business, (iii) collected receivables and paid payables and similar obligations in the ordinary course of business consistent with past practice, and (iv) not engaged in any new line of business or entered into any agreement, transaction or activity or made any commitment except those in the ordinary course of business consistent with past practice. Since the Statement Date, there has not been any Material Adverse Effect or any material change in the way any Group Company conducts its business, and there has not been by or with respect to any Group Company:

(a) any purchase, acquisition, sale, lease, disposal of or other transfer of any assets that are individually or in the aggregate material to its business, whether tangible or intangible, other than the purchase or sale of inventory in the ordinary course of business consistent with its past practice or changes in the ordinary course of business;

(b) any acquisition (by merger, consolidation or other combination, or acquisition of stock or assets, or otherwise) of any business or other Person or division thereof, or any sale or disposition of any business or division thereof;

(c) any waiver, termination, cancellation, settlement or compromise by a Group Company of a material right, debt or claim owed to it;

(d) any incurrence, creation, assumption, repayment, satisfaction, or discharge of (1) any material Lien (other than Permitted Liens) or (2) any Indebtedness or guarantee, or the making of any loan or advance (other than reasonable and normal advances to employees for bona fide expenses that are incurred in the ordinary course of business consistent with its past practice), or the making of any investment or capital contribution;

(e) any amendment to or termination of any Material Contract, or any amendment to or waiver under any Charter Document.
(f) any change in any compensation arrangement or Contract with any employee of any Group Company, or adoption of any new Benefit Plan, or made any material change in any existing Benefit Plan;

(g) any declaration, setting aside or payment or other distribution in respect of any Equity Securities of any Group Company, or any issuance, transfer, redemption, purchase or acquisition of any Equity Securities by any Group Company;

(h) any material damage, destruction or loss, whether or not covered by insurance, on the assets, properties, financial condition, operation or business of any Group Company;

(i) any material change in accounting methods or practices or any revaluation of any of its assets;

(j) except in the ordinary course of business consistent with its past practice, entry into any agreement in respect of Taxes, settlement of any claim or assessment in respect of any Taxes, or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of any Taxes, entry or change of any Tax election, change of any method of accounting resulting in an amount of additional Tax or filing of any material amended Tax Return;

(k) any commencement or settlement of any Action;

(l) any authorization, sale, issuance, transfer, pledge or other disposition of any Equity Securities of any Group Company;

(m) any resignation or termination of any Key Employee of any Group Company or any material group of employees of any Group Company;

(n) (i) any transaction with any Related Party (other than the Principals and their respective associates) with an aggregate transaction amount greater than or equal to US$2,000,000, (ii) any transactions with any Related Party (other than the Principals and their respective associates) that are on terms that are less favorable than arm’s length terms for the relevant Group Company, and (iii) any transactions with a Principal or its Associate; or

(o) any agreement or commitment to do any of the things described in this Section 3.12.

3.13 Actions. There is no Action pending or to the Warrantors’ knowledge threatened in writing against or affecting any Group Company or any of its officers, directors or Key Employees with respect to its businesses or proposed business activities, or any officers, directors or Key Employees of any Group Company in connection with such person’s respective relationship with such Group Company. Without limiting the generality of the foregoing, there are no Actions pending against any of the Group Companies or, to the knowledge of the Warrantors, threatened against any of the Group Companies, relating to the use by any employee of any Group Company of any information, technology or techniques allegedly proprietary to any of their former employers, clients or other parties. There is no judgment or award unsatisfied against any Group Company, nor is there any Governmental Order in effect and binding on any Group Company or their respective assets or properties.
There is no Action pending by any Group Company against any third party nor does any Group Company intend to commence any such Action. No Governmental Authority has at any time challenged or questioned the legal right of any Group Company to conduct its business as presently being conducted.

3.14 Liabilities. No Group Company has any Liabilities except for (i) liabilities set forth in the Balance Sheet that have not been satisfied since the Statement Date, and (ii) current liabilities incurred since the Statement Date in the ordinary course of the Group’s business consistent with its past practices. No Group Company has any Indebtedness outside the ordinary course of business that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which the Group Company has otherwise become directly or indirectly liable. No Group Company is a guarantor or indemnitor of any Liabilities of any other Person (other than a Group Company).

3.15 Commitments.

(a) [Section 3.15(i)] of the Disclosure Schedule contains a complete and accurate list of all Material Contracts. “Material Contracts” means, collectively, each Contract to which a Group Company, or any of their properties or assets is bound or currently subject to that (a) involves outstanding obligations (contingent or otherwise) or outstanding payments in excess of RMB10,000,000, (b) involves Intellectual Property that is material to a Group Company or the Business (other than generally-available “off-the-shelf” shrink-wrap software licenses obtained by the Group on non-exclusive and non-negotiated terms), including without limitation, the Licenses, (c) restricts the ability of a Group Company to compete or to conduct or engage in any business or activity or in any territory, (d) relates to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any Equity Securities, (e) involves any provisions providing for exclusivity, “change in control”, “most favored nations”, rights of first refusal or first negotiation or similar rights, or grants a power of attorney, agency or similar authority, (f) is with a Related Party, (g) involves outstanding Indebtedness over RMB10,000,000, an extension of credit, a guaranty, surety or assumption of any obligation or any secondary or contingent Liabilities, deed of trust, or the grant of a Lien, (h) involves the lease, license, sale, use, disposition or acquisition of any material assets of the Group, (i) involves the waiver, compromise, or settlement of any dispute, claim, litigation or arbitration over RMB1,000,000, (j) involves the ownership or lease of, title to, use of, or any leasehold or other interest in, any real or personal property (except for personal property leases in the ordinary course of business and involving payments of less than RMB1,000,000), including without limitation, the Leases, (k) involves the establishment, contribution to, or operation of a partnership, joint venture, alliance or similar entity, or involving a sharing of profits or losses (including joint development and joint marketing Contracts), or any investment in, loan to or acquisition or sale of the securities, equity interests or assets of any Person, (l) is between any Domestic Company and another Group Company, (m) is with a Governmental Authority, state-owned enterprise, or sole-source supplier of any material product or service (other than utilities), (n) is a Benefits Plan, or a collective bargaining agreement or is with any labor union or other representatives of the employees, (o) is a brokerage or finder’s agreement, or (p) material sales agency, marketing or distributorship Contract valued at over RMB10,000,000, (q) is the Dian Guan Contract, (r) is any of the Bridge Investment Documents, (s) is any of the Restructuring Documents, (t) is any of the Share Restriction Agreements or (u) is outside of the ordinary course of business of any Group Company or is otherwise material to a Group Company or is one on which a Group Company is substantially dependent.

Share Purchase Agreement
A true, fully-executed copy of each Material Contract including all amendments and supplements thereto (and a written summary of all terms and conditions of each non-written Material Contract) has been delivered to the Series B1 Investor. Each Material Contract is a valid and binding agreement of the Group Company that is a party thereto, the performance of which does not and will not violate any applicable Law or Governmental Order, and is in full force and effect and enforceable against the parties thereto, except (x) as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and (y) as may be limited by laws relating to the availability of specific performance, injunctive relief or other remedies in the nature of equitable remedies. Each Group Company has duly performed all of its obligations under each Material Contract to the extent that such obligations to perform have accrued, and no breach or default, alleged breach or alleged default, has occurred, or as a result of the execution, delivery, and performance of the Transaction Documents will occur. No Group Company has given notice (whether or not written) that it intends to terminate a Material Contract or that any other party thereto has breached, violated or defaulted under any Material Contract. No Group Company has received any notice (whether written or not) that it has breached, violated or defaulted under any Material Contract or that any other party thereto intends to terminate such Material Contract, nor is any Warrantor aware of any circumstances that may lead to the termination of any Material Contract.

3.16 Anti-Bribery, Anti-Corruption, Anti-Money Laundering and Sanctions; Absence of Government Interests.

(a) Each Warrantor and its respective directors, officers, employees, agents and other persons acting on its behalf (collectively, “Representatives”) are familiar with and are and have been in compliance with all applicable Laws relating to anti-bribery, anti-corruption, anti-money laundering, record keeping and internal control laws (collectively, the “Compliance Laws”) including the FCPA, as if it were a U.S. Person. Furthermore, no Public Official (i) holds an ownership or other economic interest, direct or indirect, in any of the Group Companies or in the contractual relationship formed by this Agreement, or (ii) serves as an officer, director or employee of any Group Company. Without limiting the foregoing, neither any Group Company nor any Representative has, directly or indirectly, offered, authorized, promised, condoned, participated in, consummated, or received notice of any allegation of,

(i) the making of any gift or payment of anything of value to any Public Official by any Person to obtain any improper advantage, affect or influence any act or decision of any such Public Official, or assist any Group Company in obtaining or retaining business for, or with, or directing business to, any Person.

(ii) the taking of any action by any Person which (i) would violate the FCPA, if taken by an entity subject to the FCPA, or (ii) could reasonably be expected to constitute a violation of any applicable Compliance Law, or

(iii) the making of any false or fictitious entries in the books or records of any Group Company by any Person,
(iv) the using of any assets of any Group Company for the establishment of any unlawful or unrecorded fund of monies or other assets, or the making of any unlawful or undisclosed payment.

(b) No Group Company or any of its Representatives has ever been found by a Governmental Authority to have violated any criminal or securities Law or is subject to any indictment or any government investigation for bribery. None of the beneficial owners of any Equity Securities or other interest in any Group Company or the current or former Representatives of any Group Company are or were Public Officials.

(c) No Group Company or any of its Representatives is a Prohibited Person, and no Prohibited Person will be given an offer to become an employee, officer, consultant or director of any Group Company. No Group Company has conducted or agreed to conduct any business, or entered into or agreed to enter into any transaction with a Prohibited Person.

3.17 Title; Properties

(a) Title; Personal Property. Each Group Company has good and valid title to all of its respective assets, whether tangible or intangible (including those reflected in the Balance Sheet, together with all assets acquired thereby since the Statement Date, but excluding those that have been disposed of since the Statement Date), in each case free and clear of all Liens, other than Permitted Liens. The foregoing assets collectively represent all assets (including all rights and properties) necessary for the conduct of the business of each Group Company as presently conducted. Except for leased or licensed assets, no Person other than a Group Company owns any interest in any such assets. All leases of real or personal property to which a Group Company is a party are fully effective and afford the Group Company valid leasehold possession of the real or personal property that is the subject of the lease. All machinery, vehicles, equipment and other tangible personal property owned or leased by a Group Company are in good condition and repair (reasonable wear and tear excepted). There are no facilities, services, assets or properties which are used in connection with the business of the Group and which are shared with any other Person that is not a Group Company.

(b) Real Property. No Group Company owns or has legal or equitable title or other right or interest in any real property other than as held pursuant to Leases. [Section 3.17(ii)] of the Disclosure Schedule sets forth each leasehold interest pursuant to which any Group Company holds any real property (a “Lease”), indicating the parties to such Lease and the address of the property demised under the Lease, the rent payable under the Lease and the term of the Lease. The particulars of the Leases as set forth in [Section 3.17(ii)] of the Disclosure Schedule are true and complete. The lessor under each Lease is qualified and has obtained all Consents necessary to enter into such Lease, including without limitation any Consents required from the owner of the property demised pursuant to the Lease if the lessor is not such owner. There is no material claim asserted or, to the knowledge of the Warrantors, threatened in writing by any Person regarding the lessor’s ownership of the property demised pursuant to each Lease. Each Lease is in compliance with applicable Laws, including with respect to the ownership and operation of property and conduct of business as now conducted by the applicable Group Company which is a party to such Lease. Each Group Company which is party to a Lease has accepted possession of the property demised pursuant to the Lease and is in actual possession thereof and has not sublet, assigned or hypothecated its leasehold interest. No Group Company uses any real property in the conduct of its business except insofar as it has secured a Lease with respect thereto. The leasehold interests under the Leases held by each Group Company are adequate for the conduct of the business of such Group Company as currently conducted.

25 Share Purchase Agreement
3.18 Related Party Transactions. Other than as set forth in [Section 3.18] of the Disclosure Schedule (the “Related Party Transactions”), no Related Party has any Contract, understanding, or proposed transaction with, or is indebted to, any Group Company or has any direct or indirect interest in any Group Company other than as set forth in [Section 3.2(i)] of the Disclosure Schedule, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any Related Party (other than for accrued salaries, for the current pay period, reimbursable expenses or other standard employee benefits). The Related Party Transactions are entered into in the ordinary course of business of the relevant Group Company on terms that are no less favorable to the relevant Group Company than arm’s length terms. No Related Party has any direct or indirect interest in any Person with which a Group Company is affiliated or with which a Group Company has a material business relationship (including any Person which purchases from or sells, licenses or furnishes to a Group Company any goods, intellectual or other property rights or services), or in any Contract to which a Group Company is a party or by which it may be bound or affected, and no Related Party directly or indirectly competes with, or has any interest in any Person that competes with the businesses of the Group Companies, being the operation of mobile content aggregation platforms and any other major business operations of any Group Company, except those disclosed in Section 3.3 of the Disclosure Schedule.


(a) Company IP. Except as disclosed in [Section 3.19(i)] of the Disclosure Schedule, each Group Company owns or otherwise has sufficient rights (including but not limited to the rights of development, maintenance, licensing and sale) to or otherwise has the licenses to use all Intellectual Property necessary and sufficient to conduct its business as currently conducted and proposed to be conducted by such Group Company (“Company IP”) without any conflict with or infringement of the rights of any other Person. [Section 3.19(i)] of the Disclosure Schedule sets forth a complete and accurate list of all Company Registered IP for each Group Company, including for each the relevant name or description, registration/certification or application number, and filing, registration or issue date.

(b) IP Ownership. All Company Registered IP is owned by and registered or applied for solely in the name of a Group Company, is valid and subsisting and has not been abandoned, and all necessary registration, maintenance and renewal fees with respect thereto and currently due have been satisfied. No Group Company or any of its employees, officers or directors has taken any actions or failed to take any actions that would cause any Company Owned IP to be invalid, unenforceable or not subsisting. No funding or facilities of a Governmental Authority or a university, college, other educational institution or research center was used in the development of any material Company Owned IP. No material Company Owned IP is the subject of any Lien, license or other Contract granting rights therein to any other Person. No Group Company is or has been a member or promoter of, or contributor to, any industry standards bodies, patent pooling organizations or similar organizations that could require or obligate a Group Company to grant or offer to any Person any license or right to any material Company Owned IP. No Company Owned IP is subject to any proceeding or outstanding Governmental Order or settlement agreement or stipulation that (a) restricts in any manner the use, transfer or licensing thereof, or the making, using, sale, or offering for sale of any Group Company’s products or services, by any Group Company, or (b) may affect the validity, use or enforceability of such Company Owned IP. Each Principal has assigned and transferred to a Group Company any and all of his/her Intellectual Property related to the Business. No Group Company has (a) transferred or assigned any Company IP; (b) authorized the joint ownership of, any Company IP; or (c) permitted the rights of any Group Company in any Company IP to lapse or enter the public domain.

26 Share Purchase Agreement
(c) **Infringement, Misappropriation and Claims.** No Group Company has violated, infringed or misappropriated any Intellectual Property of any other Person, nor has any Group Company received any written notice alleging any of the foregoing. To the knowledge of each of the Warrantors, no Person has violated, infringed or misappropriated any Company IP of any Group Company, and no Group Company has given any written notice to any other Person alleging any of the foregoing. No Person has challenged the ownership or use of any Company IP by a Group Company. No Group Company has agreed to indemnify any Person for any infringement, violation or misappropriation of any Intellectual Property by such Person.

(d) **Assignments and Prior IP.** Except as disclosed in [Section 3.19(iv)] of the Disclosure Schedule, all inventions and know-how conceived by employees of a Group Company related to the business of such Group Company are currently owned exclusively by a Group Company. All employees, contractors, agents and consultants of a Group Company who are or were involved in the creation of any Intellectual Property for such Group Company have executed an assignment of inventions agreement that vests in a Group Company exclusive ownership of all right, title and interest in and to such Intellectual Property, to the extent not already provided by Law. All employee inventors of Company Owned IP have received reasonable reward and remuneration from a Group Company for his/her service inventions or service technology achievements in accordance with the applicable PRC Laws. It will not be necessary to utilize any Intellectual Property of any such Persons made prior to their employment by a Group Company and none of such Intellectual Property has been utilized by any Group Company, except for those that are exclusively owned by a Group Company. None of the employees, consultants or independent contractors, currently or previously employed or otherwise engaged by any Group Company, (a) is in violation of any current or prior confidentiality, non-competition or non-solicitation obligations to such Group Company or to any other Persons, including former employers, or (b) is obligated under any Contract, or subject to any Governmental Order, that would interfere with the use of his or her best efforts to promote the interests of the Group Companies or that would conflict with the business of such Group Company as presently conducted.

(e) **Licenses.** [Section 3.19(v)] of the Disclosure Schedule contains a complete and accurate list of the Licenses. The “Licenses” means, collectively, (a) all licenses, sublicenses, and other Contracts to which any Group Company is a party and pursuant to which any third party is authorized to use, exercise or receive any benefit from any material Company IP, and (b) all licenses, sublicenses and other Contracts to which any Group Company is a party and pursuant to which such Group Company is authorized to use, exercise, or receive any benefit from any material Intellectual Property of another Person, in each case except for (1) agreements involving “off-the-shelf” commercially available software, and (2) non-exclusive licenses to customers of the Business in the ordinary course of business consistent with past practice. The Group Companies have paid all license and royalty fees required to be paid under the Licenses.
(f) Protection of IP. Each Group Company has taken reasonable and appropriate steps to protect, maintain and safeguard Company IP and made all applicable filings, registrations and payments of fees in connection with the foregoing. Without limiting the foregoing, all current and former officers, employees, consultants and independent contractors of any Group Company and all suppliers, customers, distributors, and other third parties having access to any Company IP have executed and delivered to such Group Company an agreement requiring the protection of such Company IP. To the extent that any Company IP has been developed or created independently or jointly by an independent contractor or other third party for any Group Company, or is incorporated into any products or services of any Group Company, such Group Company has a written agreement with such independent contractor or third party and has thereby obtained ownership of, and is the exclusive owner of all such independent contractor’s or third party’s Intellectual Property in such work, material or invention by operation of law or valid assignment.

(g) No Public Software. No Public Software forms part of any product or service provided by any Group Company or was or is used in connection with the development of any product or service provided by any Group Company or is incorporated into, in whole or in part, or has been distributed with, in whole or in part, any product or service provided by any Group Company. No Software included in any Company Owned IP has been or is being distributed, in whole or in part, or was used, or is being used in conjunction with any Public Software in a manner which would require that such Software be disclosed or distributed in source code form or made available at no charge.

3.20 Labor and Employment Matters.

(a) Each Group Company has complied with all applicable Laws related to labor or employment, including provisions thereof relating to wages, hours, working conditions, benefits, retirement, social welfare, equal opportunity and collective bargaining. There is not pending or threatened, and there has not been since the incorporation of each Group Company, any Action relating to the violation or alleged violation of any applicable Laws by such Group Company related to labor or employment, including any charge or complaint filed by an employee with any Governmental Authority or any Group Company.

(b) [Section 3.20(b)] of the Disclosure Schedule contains a true and complete list of each Benefit Plan currently or previously adopted, maintained, or contributed to by any Group Company or under which any Group Company has any Liability or under which any employee or former employee of any Group Company has any present or future right to benefits. True, complete and accurate copies of the plans of the Current ESOP, the documents relating to the Trust and the transfer of Ordinary Shares to the ESOP Trustee have been provided to the Series B1 Investor. Except for required contributions or benefit accruals for the current plan year, no Liability has been or is expected to be incurred by any Group Companies under or pursuant to any applicable Laws relating to any Benefit Plan or individual employment compensation agreement, and, no event, transaction or condition has occurred or exists that would result in any such Liability to any Group Companies. Each of the Benefit Plans listed in [Section 3.20(ii)] of the Disclosure Schedule is and has at all times been in compliance with all applicable Laws (including without limitation, SAFE Rules and Regulations, if applicable), and all contributions to, and payments for each such Benefit Plan have been timely made. There are no pending or threatened Actions involving any Benefit Plan listed in [Section 3.20(ii)] of the Disclosure Schedule (except for claims for benefits payable in the normal operation of any Benefit Plan). Each Group Company maintains, and has fully funded, each Benefit Plan and any other labor-related plans that it is required by Law or by Contract to maintain. Each Group Company is in compliance with all Laws and Contracts relating to its provision of any form of Social Insurance, and has paid, or made provision for the payment of, all Social Insurance contributions required under applicable Laws and Contracts.
(c) There has not been, and there is not now pending or, to the knowledge of the Warrantors, threatened, any strike, union organization activity, lockout, slowdown, picketing, or work stoppage or any unfair labor practice charge against any Group Company. No Group Company is bound by or subject to (and none of their assets or properties is bound by or subject to) any written or oral Contract, commitment or arrangement with any labor union or any collective bargaining agreements.

(d) Schedule IV enumerates each Key Employee, along with each such individual’s title. Each such individual is currently devoting all of his or her business time to the conduct of the business of the applicable Group Company. To the knowledge of the Warrantors, no such individual is subject to any covenant restricting him/her from working for any Group Company. No such individual is obligated under, or in violation of any term of, any Contract or any Governmental Order relating to the right of any such individual to be employed by, or to contract with, such Group Company. No Group Company has received any notice alleging that any such violation has occurred. No such individual is currently working or plans to work for any other Person that competes with any Group Company, whether or not such individual is or will be compensated by such Person. No such individual or any group of employees of any Group Company has given any notice of an intent to terminate their employment with any Group Company, nor does any Group Company have a present intention to terminate the employment of any such individual or any group of employees. The entry into each of the Full-time Services Agreements (when executed pursuant to this Agreement) by Mr. Tan and Jifén will not result in any violation of, be in conflict with, or constitute a default under, or give any Person rights of termination, amendment acceleration or cancellation under, any Contract to which Mr. Tan is a party.

3.21 Customers and Suppliers. [Section 3.21] of the Disclosure Schedule is a correct list of each of the top five (5) business customers (by attributed revenues) and top five (5) suppliers (by attributed expenses), (in each case, with related or affiliated Persons aggregated for purposes hereof) of the Group Companies for the 6-month period ending on the Statement Date, together with the aggregate amount of revenues received or expenses paid to such business partners during such periods. Each such supplier can provide sufficient and timely supplies of goods and services in order to meet the requirements of the Group’s Business consistent with prior practice. No Group Company has experienced or been notified of any shortage in goods or services provided by its suppliers or other providers and has no reason to believe that any Person listed on [Section 3.21] of the Disclosure Schedule would not continue to provide to, or purchase from, or cooperate with, respectively, or that it would otherwise alter its business relationship with, the Group at any time after the Closing, on terms substantially similar to those in effect on the date hereof. There is not currently any dispute pending between any Group Company and any Person listed on [Section 3.21] of the Disclosure Schedule.
3.22 **Internal Controls.** Each Group Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that
(i) transactions by it are executed in accordance with management’s general or specific authorization, (ii) transactions by it are recorded as necessary to
permit preparation of financial statements in conformity with the Accounting Standards and to maintain asset accountability, (iii) access to assets of it is
permitted only in accordance with management’s general or specific authorization, (iv) the recorded inventory of assets is compared with the existing
tangible assets at reasonable intervals and appropriate action is taken with respect to any material differences, (v) segregating duties for cash deposits, cash
reconciliation, cash payment, proper approval is established, and (vi) no personal assets or bank accounts of the employees, directors, officers are mingled
with the corporate assets or corporate bank account, and no Group Company uses any personal bank accounts of any employees, directors, officers thereof
during the operation of the business.

3.23 ** Entire Business.** No Group Company shares or provides any facilities, operational services, assets or properties with or to any other entity which is not a Group Company.

3.24 ** No Brokers.** Except as set forth in Section 3.24 of the Disclosure Schedule, neither any Group Company nor any of its Affiliates has any Contract with any broker, finder or similar agent with respect to the transactions contemplated by this Agreement or by any of the Transaction Documents, or has incurred any Liability for any brokerage fees, agents’ fees, commissions or finders’ fees in connection with any of the Transaction Documents or the consummation of the transactions contemplated therein.

3.25 ** Certain Transactions.** All transactions and agreements entered into between any Group Company and Dian Guan or any other operators of advertising platforms or agents have been entered into in the ordinary course of business and on terms that are no less favorable than arm’s length terms. The execution, delivery and performance of the Dian Guan Contract by each party thereto do not, and the consummation by such party of the transactions contemplated thereby will not, (a) result in any violation of, be in conflict with, or constitute any default under any Contract to which such party is bound or (b) violate any rights (including any intellectual property rights) of any Person. Dian Guan owns all of the rights, licenses and permits required for the Group to operate its proprietary advertising platform.

3.26 **Bridge Investment.** The Group has received all of the funds that are required to be provided (whether by way of a loan or by way of purchase price of a Convertible Note) by the relevant lender or purchaser under the Bridge Investment Documents.

3.27 **No General Solicitation.** Neither any Group Company, nor any of its officers, directors, employees, agents, stockholders or partners has either directly or indirectly, including through a broker or finder (a) engaged in any general solicitation, or (b) published any advertisement in connection with the offer and sale of the Subscription Shares.

3.28 **Control Documents.** (a) Each of the parties to the Control Documents has the legal right, power and authority to enter into and perform its/his/her obligations under each Control Document to which it/he/she is a party and has taken all necessary corporate action to authorize the execution, delivery and performance of, and has authorized, executed and delivered, each Control Document to which it/he/she is a party; (b) each Control Document constitutes a legally binding obligation of the parties thereto, enforceable in accordance with its terms; and (c) each Control Document is in full force and effect.

30 Share Purchase Agreement
3.29 General Partner of Tianjin Shan Shi LP. The general partner of Tianjin Shan Shi LP is Tianjin Shengxuan, which will be wholly owned and controlled by Mr. Tan as of the Closing.

3.30 Disclosure. No representation or warranty by the Warrantors in this Agreement and no information or materials provided by the Warrantors to the Series B1 Investor in connection with the negotiation or execution of this Agreement or any agreement contemplated hereby contains any untrue statement of a material fact, or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they are made, not misleading. Except as set forth in this Agreement or the Disclosure Schedule, there is no fact that the Company has not disclosed to the Series B1 Investor in writing and of which any of its officers, directors or executive employees or the Principals has knowledge or is reasonably expected to have knowledge and which, if disclosed, might reasonably affect the willingness of the Series B1 Investor to subscribe for the Series B1 Preferred Shares for the consideration or otherwise on the terms specified in this Agreement.

3.31 Survival Period of Representations and Warranties. The representations and warranties of the Warrantors provided in this Section 3 (other than any Fundamental Warranty which shall survive the Closing indefinitely) shall survive until the later of (such later date, the “Survival Date”) (i) fifteen (15) months after the Closing; or (ii) the expiration of the lock-up period applicable to the Series B1 Investor after the Company consummates the IPO and when the Series B1 Investor may freely transfer all its Equity Securities of the Company without any volume, manner of sale or timing restriction.

4. Representations and Warranties of the Series B1 Investor. The Series B1 Investor represents and warrants to the Company, as of the date hereof and as of the Closing Date, that:

4.1 Authorization. The Series B1 Investor has all requisite power and authority to execute and deliver the Transaction Documents to which it is a party and to carry out and perform its obligations thereunder. All action on the part of the Series B1 Investor necessary for the authorization, execution and delivery of the Transaction Documents to which it is a party, has been taken or will be taken prior to the Closing. Each Transaction Document has been duly executed and delivered by the Series B1 Investor (to the extent the Series B1 Investor is a party), enforceable against the Series B1 Investor in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors’ rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

4.2 Purchase for Own Account. The Subscription Shares being purchased by the Series B1 Investor and the Conversion Shares thereof will be acquired for the Series B1 Investor’s own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof.

4.3 Restricted Securities. The Series B1 Investor understands that the Subscription Shares and the Conversion Shares are restricted securities within the meaning of Rule 144 under the Securities Act; that the Subscription Shares and the Conversion Shares are not registered or listed publicly and must be held indefinitely unless they are subsequently registered or listed publicly or an exemption from such registration or listing is available.
4.4 **Legitimate Source of Investment Funds.** The funds used by the Series B1 Investor to pay its Subscription Price are legally acquired by the Series B1 Investor which shall not violate any applicable Laws, including without limitation, applicable anti-money laundering laws.

5. **Conditions to the Closing.**

5.1 **Conditions of the Series B1 Investor’s Obligations at the Closing.** The obligations of the Series B1 Investor to consummate the Closing with respect to its applicable Subscribed Shares under Section 2 of this Agreement are subject to the fulfillment, to the satisfaction of the Series B1 Investor on or prior to the Closing, or waiver by the Series B1 Investor, of the following conditions:

   (a) **Representations and Warranties.** Each of the representations and warranties of the Warrantors contained in Section 3 shall have been true, correct and complete when made and shall be true and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the Closing Date, except in either case for those representations and warranties that address matters only as of a particular date, which representations will have been true and complete as of such particular date.

   (b) **Performance.** Each Warrantor shall have performed and complied with all obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by them, on or before the Closing.

   (c) **Authorizations.** All Consents of any competent Governmental Authority or of any other Person that are required to be obtained by any Warrantor in connection with the consummation of the transactions that are required to be consummated prior to the Closing as contemplated by the Transaction Documents (including but not limited to those related to the formation of the Company, the lawful issuance and sale of the Subscription Shares, and any waivers of notice requirements, rights of first refusal, preemptive rights, put or call rights or other similar rights) shall have been duly obtained and effective as of the Closing, and evidence thereof shall have been delivered to the Series B1 Investor.

   (d) **Proceedings and Documents.** All corporate and other proceedings in connection with the transactions to be completed at the Closing and all documents incident thereto, including without limitation written approval from all of the then current holders of equity interests of each Group Company, as applicable, with respect to this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, shall have been completed in form and substance satisfactory to the Series B1 Investor, and the Series B1 Investor shall have received all such copies of such documents as it may reasonably request.

   (e) **Memorandum and Articles.** The Memorandum and Articles, in the form attached hereto as Exhibit A, shall have been duly adopted by all necessary action of the Board of Directors and/or the members of the Company (which Memorandum and Articles shall have been duly filed with the appropriate authority(ies) of the Cayman Islands within five (5) Business Days after the Closing), and such adoption shall have become effective prior to the Closing with no alternation or amendment as of the Closing, and reasonable evidence thereof shall have been delivered to the Series B1 Investor. The Charter Documents of each of the other Group Companies shall be in the form and substance reasonably satisfactory to the Series B1 Investor.
(f) **Transaction Documents.** Each of the parties to the Transaction Documents, other than the Series B1 Investor and, where applicable, its Affiliates, shall have executed and delivered such Transaction Documents to the Series B1 Investor.

(g) **Onshore Waiver.** Tianjin Shan Shi LP and its partners shall have executed a waiver and acknowledgement letter ("Waiver Letter") to waive all its/their shareholder's/partners' rights and interests which may have been granted or committed to them by Jifen through Tianjin Shan Shi LP for employee incentive purpose and to acknowledge the execution and the effectiveness of the Control Documents by Tianjin Shan Shi LP, and such Waiver Letter shall be in form and substance satisfactory to the Series B1 Investor.

(h) **Restructuring Documents.** The Restructuring Documents shall have been duly executed by each of the parties thereto.

(i) **Board of Directors.** The Company shall have taken all necessary corporate actions such that immediately following the Closing the Board shall have no more than seven (7) members and Tencent shall have appointed one member to the Board (the "Series B1 Director").

(j) **Board of Directors of Jifen and the WFOE.** Each of Jifen and the WFOE shall have taken all necessary corporate actions such that immediately following the Closing the board of directors of each of Jifen and the WFOE shall have no more than seven (7) members and include one (1) director nominated by Tencent.

(k) **Indemnification Agreements.** The Company shall have delivered to Tencent a copy of the indemnification agreements in relation to the Series B1 Director and directors appointed by Tencent on the boards of Jifen and the WFOE duly executed by the Company, Jifen and the WFOE (the "Indemnification Agreements") in form and substance satisfactory to Tencent.

(l) **Employment Agreement; Confidentiality, Non-compete and Invention Assignment Agreement.** Jifen and each Principal (except Mr. Tan) and each Key Employee shall have entered into an employment agreement and a confidentiality, non-compete and invention assignment agreement or an employment agreement containing confidentiality, non-compete and invention assignment provisions, in a form reasonably satisfactory to the Series B1 Investor, and reasonable evidence thereof shall have been delivered to the Series B1 Investor.

(m) **SAFE Registration.** Except with respect to the 10,000,000 Ordinary Shares held by Mr. Tan as of the date hereof and which will be transferred by Mr. Tan to Qu World Limited, (i) each Principal who is a "Domestic Resident" as defined in Circular 37 and is subject to any of the registration or reporting requirements of Circular 37 (a "Domestic Resident") shall have, and (ii) the Group Companies shall have ensured that those individuals described in (i) above shall have, and shall have used commercially reasonable efforts to cause that any other holder or beneficial owner of Equity Securities of any Group Company who is a Domestic Resident shall have, in each case, complied with all reporting and/or registration requirements (including filings of amendments to existing registrations) under Circular 37, and obtained a SAFE registration certificate with respect to his/her interest in the Company, in form and substance satisfactory to the Series B1 Investor.

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Share Purchase Agreement
(n) **Internet Information Services.** Jifen shall have amended its articles of association to amend its business scope to include the activity to engage in providing internet information services (从事互联网信息服务).

(o) **Waiver and agreement from the Series A Investors and the Series A1 Investor.** Each of the Series A Investors and the Series A1 Investor shall have unconditionally and irrevocably:

(i) waived any claim or action it might have against and released any liability of any of the Warrantors arising out of or in connection with (i) with respect to a Series A Investor, any breach of the representations and warranties and the post-closing covenants of the Warrantors (including without limitation, the post-closing covenant under Section 7.1(iii)(CPC Investment)) under the Series A Share Purchase Agreement, and (ii) with respect to the Series A1 Investor, any breach of the representations and warranties and the post-closing covenants of the Warrantors (including without limitation, the post-closing covenants under Section 7.1(iii)(CPC Investment), Section 7.1(vi)(Advertising Audit Management System) and Section 7.1(xii)(Registered Capital)) under the Series A1 Share Purchase Agreement, to the extent of any such claims, actions and/or liability accrued prior to the Closing (but not any claims, actions and/or liability accrued following the Closing arising from or in connection with any continuing breach of the foregoing representations and warranties and post-closing covenants) and also agreed that each of the references to “Closing” in the foregoing post-closing covenants under the Series A Share Purchase Agreement or the Series A1 Share Purchase Agreement (as the case may be) shall be amended to refer to the Closing as defined in this Agreement;

(ii) agreed that all representations and warranties made by any of the Group Companies, the Principals and/or the Principal Holding Companies under the Series A Purchase Agreement and the Series A1 Share Purchase Agreement shall expire, terminate and no longer be subject to any claims on the earlier of: (1) their respective expiration or termination dates (or the applicable statute of limitation period if there are no expiration or termination dates specified) under the Series A Share Purchase Agreement or the Series A1 Share Purchase Agreement (as the case may be) and (2) the Survival Date;

(iii) agreed that all covenants made by any of the Group Companies, the Principals and/or the Principal Holding Companies under the Series A Purchase Agreement and the Series A1 Share Purchase Agreement shall expire, terminate and no longer be enforceable on the earlier of: (1) their respective expiration or termination dates (or the applicable statute of limitation period if there are no expiration or termination dates specified) under the Series A Share Purchase Agreement or the Series A1 Share Purchase Agreement (as the case may be) and (2) the end of the effective period set forth in Section 6.2(w)(i) or, for the covenants made under Section 7.1(v) (Permits) of the Series A1 Share Purchase Agreement, the end of the effective period set forth in Section 6.2(w)(ii);

(iv) agreed that all indemnity obligations of any of the Group Companies, the Principals and/or the Principal Holding Companies under the Series A Purchase Agreement and the Series A1 Share Purchase Agreement shall expire, terminate and no longer be enforceable on the earlier of: (1) their respective expiration or termination dates (or the applicable statute of limitation period if there are no expiration or termination dates specified) under the Series A Share Purchase Agreement or the Series A1 Share Purchase Agreement (as the case may be) and (2) the end of the effective period set forth in Section 7.6(h)(i); and
agreed to any restructuring of the Company or transfer of any Equity Securities of the Company by any Principal or his Principal Holding Company(ies) since the date of consummation of the transactions contemplated under the Series A1 Share Purchase Agreement, and all of the above shall be in a form that is satisfactory to the Series B1 Investor.

(p) **No Material Adverse Effect.** There shall have been no Material Adverse Effect since the Statement Date.

(q) **Due Diligence.** The Series B1 Investor shall have completed its business, legal, and financial due diligence investigation of the Group Companies to its satisfaction.

(r) **Governmental Order.** There shall not be any Governmental Order or any condition imposed under any Law which would prohibit or restrict the sale and issuance of the Subscription Shares or the consummation of the transactions contemplated hereby or by any other Transaction Documents, and no Governmental Authority shall have requested any information in connection with, or instituted or threatened any action or investigation to restrain, prohibit or otherwise challenge, the transactions contemplated by the Transaction Documents.

(e) **No Litigation.** Except as disclosed in the Disclosure Schedule, no action shall have been threatened or instituted against the Series B1 Investor or any Group Company seeking to enjoin or challenge the validity of, or assert any Liability against any of them on account of, any transactions contemplated by the Transaction Documents.

(t) **Closing Certificate.** A director of the Company shall have executed and delivered to the Series B1 Investor at the Closing a certificate dated as of the Closing (i) stating that the conditions specified in this **Section 5.1** have been fulfilled as of the Closing, (ii) all corporate and other proceedings in connection with the transactions to be completed at the Closing and all documents incident thereto, including without limitation written approval from all of the then current holders of equity interests of each Group Company, as applicable, with respect to this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, shall have been completed, and each Group Company shall have delivered to the Series B1 Investor all such copies of such documents as the Series B1 Investor may reasonably request, and (iii) attaching thereto (a) the Charter Documents of the Group Companies as then in effect, and (b) copies of all resolutions approved by the shareholders and boards of directors of each Group Company related to the transactions contemplated hereby.

Each of the Warrantors shall use their respective best efforts to cause each of the condition precedents set forth in this **Section 5.1** to be satisfied as soon as possible following the date hereof.
5.2 Conditions of the Company’s Obligations at Closing. The obligations of the Company to consummate the Closing under Section 2 of this Agreement with respect to the Series B1 Investor, unless otherwise waived in writing by the Company, are subject to the fulfillment on or before the Closing of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Series B1 Investor contained in Section 4 shall have been true and complete when made and shall be true and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of the Closing, except in either case for those representations and warranties that address matters only as of a particular date, which representations will have been true and complete as of such particular date.

(b) Performance. The Series B1 Investor shall have performed and complied with all covenants, obligations and conditions contained in this Agreement that are required to be performed or complied with by the Series B1 Investor on or before the Closing.

6. Covenants.

6.1 Pre-Closing Covenants.

(a) If at any time before the Closing, any of the Warrantors becomes aware of any fact or event which (i) is in any way materially inconsistent with any of the representations and warranties given by any of the Warrantors, and/or (ii) suggests that any material fact warranted may not be as warranted or may be materially misleading, and/or (iii) may affect the willingness of a prudent investor to purchase the Subscription Shares or the amount of consideration that a prudent investor would be prepared to pay for the Subscription Shares, the Warrantors shall give immediate written notice thereof to the Series B1 Investor; provided, however, that nothing herein shall relieve any Party from any Liability for any breach of this Agreement.

(b) Prior to the Closing, the Warrantors shall jointly and severally ensure that the Business of the Group Shall be conducted in the ordinary course consistent with past practice and that no Group Company shall not, without the prior written consent of the Series B1 Investor, engage in any activities described in Section 18 of the Shareholders Agreement

6.2 Post-Closing Covenants. Each of the Warrantors jointly and severally undertakes that it/he will procure the following post-closing covenants to be fully performed by relevant party.

(a) Full-time Commitment. On or prior to October 1, 2018, Mr. Tan shall (a) execute and from then on shall maintain a full-time service agreement, a confidentiality, non-compete and invention assignment agreement or a service agreement containing confidentiality, non-compete and invention assignment provisions with Jifen in the form reasonably satisfactory to Mr. Tan and the Series B1 Investor (each, a “Full-time Services Agreement”), and Mr. Tan shall devote the required work effort towards the fulfillment of his service obligations with the Group Companies and use his best efforts to promote the interest and business of the Group Companies and (b) deliver such documents (in each case in form and substance to the reasonable satisfaction of the Series B1 Investor) evidencing the termination of his employment and director position at Hu Zhong Advertisement (Shanghai) Co., Ltd. (互众广告（上海）有限公司).
(b) **Equity Pledge Registration.** As soon as practicable after the Closing, the Company, the Principals, Jifen, and the WFOE shall cause the equity pledge made by each of the equity holders of Jifen in favor of the WFOE to be registered with the competent PRC Governmental Authority, provided, however, that such equity pledge registration will not adversely affect the Group Companies’ application for, acquisition or maintenance of the material permits and licenses required under applicable Laws for the operation of the Business.

(c) **Material Licenses.** (i) Jifen shall use its best efforts to obtain an Internet News Information Services Permit (互联网新闻信息服务许可证), an Online Publishing Service Permit (网络出版服务许可证) and a License for the Dissemination of Audio-visual Programs through Information Network (信息网络传播视听节目许可证) as soon as practicable after the Closing; (ii) Xike shall use its best efforts to obtain a Permit for the Dissemination of Audio-visual Programs through Information Network (信息网络传播视听节目许可证) as soon as practicable after the Closing; and (iii) Xike shall obtain a Network Culture Operation License (网络文化经营许可证) and a Value-added Telecommunications Services Permit (增值电信业务经营许可证) covering the provision of Internet information services within fifteen (15) months after Closing (permits referred to in this Section 6.2(c), collectively, the “Material Licenses” and each a Material License).

(d) **Advertising Audit Management System.** As soon as practicable following the Closing but in any event no later than six (6) months after the Closing, Jifen shall:

(i) establish an advertising audit management system (“Advertising System”) acceptable to Tencent (1) to register, review, verify and archive the advertisements posted or distributed by any Domestic Company (including advertisements posted through cooperation with third-party platforms and Dian Guan) in order to prevent any such advertisements that may violate any applicable Laws of the PRC from being posted by any Domestic Company, and (2) to verify the qualifications of advertisers and ensure that no Domestic Company shall post or distribute any advertisements provided by advertisers who do not meet the qualifications required under applicable Laws of the PRC (for the avoidance of doubt, such Advertising System shall also apply to the operation of Dian Guan);

(ii) engage personnel with relevant advertising experience to implement the Advertising System and to monitor advertisements to be posted or distributed by any Domestic Company; and

(iii) with respect to advertisement sourced by advertisement agents or through Dian Guan or any other advertising platforms, enter into written agreements with advertisement agents or the operators of such advertising platforms (the “Ad Cooperation Partners”) to (1) entrust the Ad Cooperation Partners to conduct the verification described in (i) and (2) require the Ad Cooperation Partners not to provide to any Group Company any advertisements that may violate any applicable Laws of the PRC; and

(iv) provide to Tencent evidence to the reasonable satisfaction of Tencent that items (i) to (iii) have been completed.
(e) **Content Management System.** As soon as practicable after the Closing, and in any event within six (6) months after the Closing, Jifen shall have established a content audit system, a responsible editing system, a responsible proofreading system and other management systems with respect to the content published on the information platform APPs operated by the Group Companies in compliance with relevant the applicable Laws of the PRC.

(f) **Infringement of Intellectual Property Rights by the Group.** As soon as practicable after the Closing, and in any event within nine (9) months after the Closing, Jifen shall have received from each of the content provider whose content Jifen republishes or distributes written authorization for Jifen to republish and/or distribute such content provider’s content, and copies of such authorization shall have been delivered to the Series B1 Investor.

(g) **Infringement of Intellectual Property Rights by Third Parties.** As soon as practicable after Closing, Jifen shall use its best efforts to (i) cause the WeChat public account by the name of “深圳趣头条” to cease operations, and (ii) establish a system to search and monitor any infringements of the Intellectual Property owned or used by the Group on social networks by any Person.

(h) **Social Insurance.** As soon as practicable following the Closing, each of the Domestic Company and Dian Guan shall pay, and thereafter continue to pay in full, any Social Insurance contribution owed or payable by any Domestic Company and Dian Guan in compliance with applicable Laws of the PRC.

(i) **Registered Capital.** As soon as practicable following the Closing, each of the Warrantors shall cause the registered capital of the Domestic Companies, Dian Guan and the WFOE to be paid in full in accordance with the requirements set forth in the Charter Documents of such companies.

(j) **Grants under the Current ESOP.** The Company shall ensure that the Current ESOP complies with all applicable Laws and ensure that all award grants shall be made in accordance with the Current ESOP and the Warrantors shall keep the Series B1 Investor informed of the status of the grants under the Current ESOP on a quarterly basis and provide the following information to the Series B1 Investor for each grant: (1) the type and number of securities (including options) being granted, and (2) the form of the grant agreement used and (3) a summary of the categories or levels of the grantees (e.g., senior level, mid-level, low-level) and the type and number of securities granted to each category or level of grantees.

(k) **Board of Directors of Jifen and the WFOE.** As soon as practicable after the Closing, and in any event within one (1) month after the Closing, (i) each of Jifen and the WFOE shall deliver to Tencent evidence to the reasonable satisfaction of Tencent confirming that its amended articles of association reflecting the establishment of a board of directors and the appointment of one (1) director nominated by Tencent as a member of its board of directors have been duly registered or filed with the SAIC or its local branch, and (ii) the WFOE shall deliver to Tencent evidence to the reasonable satisfaction of Tencent confirming that such amended articles of association have been duly registered or filed with MOFCOM.
(l) **Board of Directors of Other Group Companies.** As soon as practicable upon such request by Tencent, the relevant Group Company (other than the Company, the WFOE and Jifen) shall change the size of its board to the same size as the Board and appoint a number of directors nominated by Tencent to its board that is the same as the number of Tencent-nominated directors on the Board.

(m) **D&O Insurance.** If requested by Tencent, the Company shall obtain and maintain director and office insurance with coverage and terms to the satisfaction of Tencent.

(n) **Memorandum and Articles.** The Company shall file the Memorandum and Articles with the Registrar of Companies of the Cayman Islands within five (5) Business Days following the Closing.

(o) **Business Scope.** Within one (1) month after the Closing, Jifen shall have submitted an application to the local branch of the SAIC regarding its amendment of business scope to including the activity to engage in providing internet information services (从事互联网信息服务) and the local branch of the SAIC shall have approved such application of Jifen and issued a new business license to Jifen reflecting the expanded business scope.

(p) **Trademark.** If any of the trademark registration applications for the “趣头条” trademark (application numbers 20699989, 20700180 and 20700272 ) is rejected, upon the request of Tencent, Jifen shall use its best efforts to identify a replacement trademark acceptable to Tencent for the Group’s Business and to complete the relevant trademark registration in the PRC as soon as practicable thereafter.

(q) **Other Issues in the Disclosure Schedule.** As soon as practicable following the Closing, each of the Warrantors shall resolve in a reasonably practicable manner the issues which are disclosed in the Disclosure Schedule but not expressly specified as a covenant under this Section 6.2 or a specific condition precedent to the Closing under Section 5.1.

(r) **Further Assurances.** Upon the terms and subject to the conditions herein, each of the Parties hereto agrees to use its best efforts to take or cause to be taken all action, to do or cause to be done, to execute such further instruments, and to assist and cooperate with the other Parties hereto in doing, all things necessary, proper or advisable under applicable Laws or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and the other Transaction Documents, provided that except as expressly provided herein, no Party shall be obligated to grant any waiver of any condition or other waiver hereunder.

(s) **Dian Guan.** The WFOE shall ensure that the seller under the Dian Guan Contract shall pay any taxes that are required to be paid under PRC law in connection with the transactions contemplated under the Dian Guan Contract.

(t) **Restructuring Documents.** The transactions contemplated under the Restructuring Documents shall have been completed (including completion of registration with the local branch of SAIC to reflect Li Lei (李磊) as the sole limited partner of Tianjin Shan Shi LP and to reflect Mr. Tan as the sole shareholder of Tianjin Shengxuan) within 90 days after the Closing. 

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(u) **Business with Advertising Platform.** If any Group Company intends to enter into any transaction, arrangement or agreement with any Person operating an advertising platform or any agent for any advertising platform that are on terms that are less favorable than arm’s length terms, prior written consent from the Series B1 Investor shall be obtained.

(v) **SAFE Registration.** (i) The Company shall use its best efforts to ensure that each grantee under the Current ESOP or any other equity incentive plan of the Company who is a Domestic Resident shall (ii) the Company shall use its best efforts to ensure that all beneficial owners of Ordinary Shares who are Domestic Residents shall and (iii) Mr. Tan, with respect to (A) the 10,000,000 Ordinary Shares he directly or indirectly owns or controls for the 2017 ESOP and (B) the transfer of such shares to the ESOP Trustee shall, in each case, comply with all reporting and/or registration requirements (including filings of amendments to existing registrations) under Circular 37, and shall have obtained a SAFE registration certificate with respect to his/her/its interest (and in the case of Mr. Tan, also the ESOP Trustee’s interest) in the Company, in form and substance satisfactory to the Series B1 Investor (a) with respect to (i), prior to the exercise of his/her option or award pursuant to the Current ESOP or other equity incentive plan of the Company, and (b) with respect to (ii) and (iii), as soon as practicable.

(w) **Effective Period of Post-Closing Covenants.**

(i) The covenants of the Warrantors provided in this Section 6.2 (other than the covenant in Section 6.2(c) shall remain effective until the later of (i) fifteen (15) months after the Closing; and (ii) the expiration of the lock-up period applicable to the Series B1 Investor after the Company consummates the IPO and when the Series B1 Investor may freely transfer all its Equity Securities of the Company without any volume, manner of sale or timing restriction.

(ii) The covenants of the Warrantees provided in Section 6.2(c) shall remain effective until the latest of (x) 15 months after the Closing, (y) the expiration of the lock-up period applicable to the Series B1 Investor after the Company consummates the IPO and when the Series B1 Investor may freely transfer all its Equity Securities of the Company without any volume, manner of sale or timing restriction and (z) one year after the Completion of an IPO.

7. **Miscellaneous Provisions.**

7.1 **Successors and Assigns.** Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties hereto whose rights or obligations hereunder are affected by such terms and conditions. This Agreement and the rights and obligations therein may not be assigned by any Warrantor without the prior written consent of the Series B1 Investor. The Series B1 Investor is entitled to assign its rights and obligations hereunder together as a whole to its Affiliates, without the prior consent of other Parties hereto. Nothing in this Agreement, express or implied, is intended to confer upon any Party other than the Parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.
7.2 Governing Law. This Agreement shall be governed by and construed under the Laws of Hong Kong, without regard to principles of conflict of Laws thereunder.

7.3 Dispute Resolution.

(a) Any dispute, controversy or claim (each, a “Dispute”) arising out of or relating to this Agreement, or the interpretation, breach, termination, validity or invalidity thereof, shall be referred to arbitration upon the demand of the claimant to the dispute with notice (the “Arbitration Notice”) to the respondents(s) to the dispute.

(b) The Dispute shall be settled by arbitration in Hong Kong by the Hong Kong International Arbitration Centre (the “HKIAC”) in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the “HKIAC Rules”) in force when the Arbitration Notice is submitted in accordance with the HKIAC Rules. There shall be three (3) arbitrators. The claimant(s) to the dispute shall jointly select one arbitrator and the respondent(s) to the dispute shall jointly select one arbitrator. All selections shall be made within 30 days after the selecting Party gives or receives the demand for arbitration. Such arbitrators shall be freely selected, and the Parties shall not be limited in their selection to any prescribed list. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice law in Hong Kong.

(c) The arbitral proceedings shall be conducted in English. To the extent that the HKIAC Rules are in conflict with the provisions of this Section, including the provisions concerning the appointment of the arbitrators, the provisions of this Section shall prevail.

(d) Each party to the arbitration shall cooperate with each other parties to the arbitration in making full disclosure of and providing complete access to all information and documents requested by such other party in connection with such arbitral proceedings, subject only to any confidentiality obligations binding on such party.

(e) The award of the arbitral tribunal shall be final and binding upon the parties thereto, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award.

(f) The arbitral tribunal shall decide any Dispute submitted by the parties to the arbitration strictly in accordance with the substantive Laws of Hong Kong (without regard to principles of conflict of Laws thereunder) and shall not apply any other substantive Law.

(g) Any party to the Dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(h) During the course of the arbitral tribunal’s adjudication of the Dispute, this Agreement shall continue to be performed except with respect to the part in dispute and under adjudication.
7.4 Notices. Any notice required or permitted pursuant to this Agreement shall be given in writing and shall be given either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to the address of the relevant Party as shown on Schedule V (or at such other address as such Party may designate by fifteen (15) days’ advance written notice to the other Parties to this Agreement given in accordance with this Section). Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a written confirmation of delivery, and to have been effected at the earlier of (i) delivery (or when delivery is refused) and (ii) expiration of two (2) Business Days after the letter containing the same is sent as aforesaid. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid, if such day is a Business Day and if sent during normal business hours of the recipient, otherwise the next Business Day. Notwithstanding the foregoing, to the extent a “with a copy to” address is designated, notice must also be given to such address in the manner above for such notice, request, consent or other communication hereunder to be effective.

7.5 Survival of Representations, Warranties and Covenants. The representations, warranties and covenants of the Warrantors contained in this Agreement shall survive the Closing and the consummation of the transactions contemplated hereby with the survival period provided herein respectively.

7.6 Indemnity.
(a) The Warrantors hereby agree to jointly and severally indemnify and hold harmless the Series B1 Investor, and the Series B1 Investor’s respective employees, Affiliates, Associates, agents and assigns (collectively, the “Indemnified Parties” and each, an “Indemnified Party”), from and against any and all Indemnifiable Losses suffered by any of the Indemnified Parties, directly or indirectly, as a result of, or based upon or arising from any inaccuracy in or breach or nonperformance of any of the representations, warranties, covenants or agreements made by any Warrantors in or pursuant to this Agreement or any of the other Transaction Documents.

(b) Any Indemnified Party seeking indemnification with respect to any Indemnifiable Loss shall give written notice to the party required to provide indemnity hereunder (the “Indemnifying Party”), provided that such written notice shall only be given after the aggregated amounts of Indemnifiable Losses are greater than or equal to US$100,000, in which case the Warrantors shall be liable for the total aggregated amounts of the Indemnifiable Loss back to the first dollar and not for the excess amount only. For the purposes of calculating the amounts for any Indemnifiable Losses, all materiality or Material Adverse Effect qualifiers contained in any representations, warranties or covenants shall be disregarded.

(c) Notwithstanding the above, the aggregate indemnification liability of the Warrantors under the Transaction Documents with respect to the Series B1 Investor (including all of its relevant Indemnified Parties) shall be limited to the amount equal to one hundred percent (100%) of the aggregate amount of Subscription Price paid by the Series B1 Investor for its Subscription Shares, provided however, the aggregate indemnification liability cap of the Warrantors in this Section 7.6(c) shall not apply to any Liability of any Warrantor in connection with fraud or criminal acts of such Warrantor that materially jeopardizes the interests of the Group Companies or the Business or any other future business that the Group Companies may be engaged in (such fraud or criminal acts, “Disqualifying Event”).
(d) With respect to any Indemnifiable Loss suffered by the Series B1 Investor as a result of the breach of any Group Company, the Principals shall bear and assume the relevant indemnification liability only when all the Group Companies fail to bear and assume the relevant indemnification liability pursuant to Section 7.6(d). In the event the Group Companies fail to pay any portion of the Indemnifiable Loss suffered by the Series B1 Investor, within three (3) months after receiving a valid claim for indemnification raised by the Series B1 Investor, the Principals shall, within one (1) month after the expiry of such three (3) months period, pay to the Series B1 Investor by wire transfer in immediately available funds in U.S. dollars to the bank account as designated by the Series B1 Investor, any shortfall in respect of such claim not paid by the Group Companies. Notwithstanding the above, the aggregate indemnification liability of a Principal under the Transaction Documents with respect to the Series B1 Investor (including all of their relevant Indemnified Parties) shall be limited to the amount (such amount, the “Principal Liability Cap”) equal to the fair market value of all the Ordinary Shares then held by such Principal in the Company (through his Principal Holding Company), multiplied by a fraction, the numerator of which is the number of Series B1 Preferred Shares then held by the Series B1 Investor, and the denominator of which is the aggregate number of issued and outstanding Series A Preferred Shares, Series A1 Preferred Shares, and Series B1 Preferred Shares then held by all the holders of the Series A Preferred Shares, Series A1 Preferred Shares and Series B1 Preferred Shares of the Company seeking indemnification (in each case, on an as-converted basis). Notwithstanding anything to the contrary in this Agreement, this Section 7.6(d) shall not apply if there is a Disqualifying Event.

(e) If any claim, demand or Liability is asserted by any third party against any Indemnified Party, the Indemnifying Party shall upon the written request of the Indemnified Party, defend in a diligent manner any actions or proceedings brought against the Indemnified Party in respect of matters covered by the indemnity under this Section 7.6. A judgement under the foregoing legal proceedings against the Indemnified Party suffered by it in good faith shall be conclusive evidence of the amount of Indemnifiable Losses suffered by it against the Indemnifying Party, provided, however, that, if the Indemnifying Party has not received reasonable notice of the action or proceeding against the Indemnified Party or is not allowed to control its defense, judgment against the Indemnified Party shall only constitute presumptive evidence against the Indemnifying Party.

(f) Each of the Warrantors hereby acknowledges that, regardless of any investigation or diligence made (or not made) by or on behalf of any Indemnified Party, the Series B1 Investor has entered into the Transaction Documents in express reliance upon the representations, warranties, covenants and other agreements made therein.

(g) This Section 7.6 shall not be deemed to preclude or otherwise limit in any way the exercise of any other rights or pursuit of other remedies for the breach of this Agreement or with respect to any misrepresentation.

(h) The indemnity obligations of the Warrantors:
(i) provided in this Section 7.6 (other than a breach of any Fundamental Warranty, a breach of the covenant described in Section 6.2(c) and any indemnity obligations related to the foregoing) shall remain effective until the later of (1) fifteen (15) months after the Closing; and (2) the expiration of the lock-up period applicable to the Series B1 Investor after the Company consummates the IPO and when the Series B1 Investor may freely transfer all its Equity Securities of the Company without any volume, manner of sale or timing restriction.

(ii) for a breach of the covenant described in Section 6.2(c) shall remain effective until the latest of (1) 15 months after the Closing, (2) the expiration of the lock-up period applicable to the Series B1 Investor after the Company consummates the IPO and when the Series B1 Investor may freely transfer all its Equity Securities of the Company without any volume, manner of sale or timing restriction and (3) one year after the Completion of an IPO.

7.7 Specific Indemnity. Without prejudice to the generality of Section 7.6, the Group Companies hereby agree to jointly and severally indemnify and hold harmless (a) the Series B1 Investor and its employees, Affiliates, Associates, directors, agents and assigns, and (b) the Series B1 Director ((a) and (b) collectively, the “Specific Indemnified Parties”, and each, a “Specific Indemnified Party”), from and against any and all Indemnifiable Losses suffered by any of the Specific Indemnified Parties, directly or indirectly, as a result of, or based upon or arising from any of the following:

(a) any claim or action that any of the Series A Investors and the Series A1 Investor may have against any of the Group Companies, the Principals or the Principal Holding Companies, in each case, arising out of or in connection with any of the representations, warranties, covenants and indemnities made by each of them under, in connection with or pursuant to (i) the Series A Share Purchase Agreement, (ii) the Series A1 Share Purchase Agreement, (iii) the Series A1 Shareholders Agreement and/or (iv) the investment in the Group by any Series A Investor or Series A1 Investor;

(b) any delay or failure in making any payment for applicable Taxes by any Group Company, including failure of Jifen to pay any Levy of Construction Fee for Cultural Undertakings, value-added tax or withholding tax that are due and payable by Jifen under applicable Laws of the PRC prior to the Closing;

(c) the operation of the Business by Jifen and Xike without the Material Licenses prior to the Closing;

(d) the failure to maintain an appropriate content management system or the publishing, display or distribution of any content by the Group or by any user of the APPs operated by the Group which violate applicable Laws or infringe the rights of any other Persons or without having completed the requisite diligence of the legality of such content; and

(e) the operation of the Business under the name “趣头条” without having registered the “趣头条” trademark with the relevant Governmental Authorities or the infringement of any Intellectual Property rights of any Person due to the operation of the Business under the name “趣头条”.

Share Purchase Agreement
If any Group Companies fail to pay any portion of the Indemnifiable Losses suffered by the Specific Indemnified Party within three (3) months after receiving a valid claim for indemnification by raised by the Series B1 Investor, the Principals shall be liable to pay for any amount of shortfall in accordance with Section 7.6(d), while such indemnification liabilities of the Principals for such Indemnifiable Losses shall also be subject to the Principal Liability Cap unless there is a Disqualifying Event.

7.8 Rights Cumulative; Specific Performance. Each and all of the various rights, powers and remedies of a Party will be considered to be cumulative with and in addition to any other rights, powers and remedies which such Party may have at Law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such Party. Without limiting the foregoing, the Parties hereto acknowledge and agree irreparable harm may occur for which money damages would not be an adequate remedy in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunction to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement.

7.9 Fees and Expenses. The Company shall pay all of its own costs and expenses incurred in connection with the negotiation, execution, delivery and performance of this Agreement and other Transaction Documents and the transactions contemplated hereby and thereby. The Company shall pay or reimburse all costs and expenses incurred or to be incurred by the Series B1 Investor, which shall include all expenses and costs, including out-of-pocket expenses and third party consulting or advisory expenses incurred in connection with the transactions contemplated by the Transaction Documents, in each case (i) if Closing takes places, within fifteen (15) Business Days following the delivery by the Series B1 Investor of reasonable evidence of the amount of such costs and expenses, and (ii) if this Agreement is terminated and such termination results from a material breach by any Warrantor hereunder, within fifteen (15) Business Days following such termination and the delivery by the Series B1 Investor of reasonable evidence of the amount of such costs and expenses; provided, however, that the foregoing costs and expenses to be paid or reimbursed by the Company to the Series B1 Investor shall be no higher than US$100,000. If any action at Law or in equity is necessary to enforce or interpret the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney’s fees, costs and necessary disbursements in addition to any other relief to which such party may be entitled.

7.10 Series B2 Financing.

(a) The Parties acknowledge that around the date hereof, the Company may enter into certain Series B2 Preferred Share Purchase Agreement (the “Series B2 Share Purchase Agreement”) with the Series B2 Investors which shall be substantially in the same form of this Agreement, pursuant to which the Series B2 Investors will subscribe certain Series B2 Preferred Shares of the Company at the pre-money valuation of US$1,528,000,000 and such subscription transaction may be closed simultaneously with the Closing or immediately after the Closing, so long as the following conditions are satisfied (such transaction, the “Series B2 Issuance”):

(i) each Series B2 Investor: (1) is not one of the Restricted Persons I or the Restricted Persons II and (2) shall enter into a joinder deed in the form of Exhibit A of the Shareholders’ Agreement to join in and be bound by the terms of the Shareholders’ Agreement;
(ii) No Series B2 Investor transfers any of its rights under the Series B2 Share Purchase Agreement or any of its rights under any Bridge Investment Document, in each case, to any Person who is not an Affiliate of such Series B2 Investor;

(iii) the Series B2 Preferred Share Purchase Agreement shall be approved by Tencent in advance (Tencent shall not withhold such approval if such Series B2 Preferred Share Purchase Agreement is substantially in the same form of this Agreement).

(iv) the Series B2 Issuance shall be completed no later than 30 days after the Closing; and

(v) no more than 3,895,728 Series B2 Preferred Shares, which represents no more than 5.68% of the total issued and outstanding share capital of the Company (on a fully-diluted basis after such issuance), may be issued pursuant to the Series B2 Issuance.

(b) The Company will duly keep the Series B1 Investor updated as to information and investment amounts of these potential investors under the foregoing to-be-executed Series B-2 Preferred Share Purchase Agreement. The Series B1 Investor will provide reasonable cooperation and take necessary actions which may be required for the Company to close the relevant transactions with the relevant investors under the foregoing Series B-2 Preferred Share Purchase Agreement.

7.11 Confidentiality.

(a) The terms and conditions of this Agreement, any term sheet or memorandum of understanding entered into pursuant to the transactions contemplated hereby, all exhibits and schedules attached hereto and thereto, the transactions contemplated hereby and thereby, including their existence, and all information furnished by any Party hereto and by representatives of such Parties to any other Party hereof or any of the representatives of such Parties (collectively, the “Confidential Information”), shall be considered confidential information and shall not be disclosed by any Party hereto to any third party except in accordance with the provisions set forth below.

(b) Notwithstanding the foregoing, each Party may disclose (i) the Confidential Information to its Affiliates and its and its Affiliates’ respective shareholders, directors, employees or advisers (including without limitation bankers, consultants, financial advisers, accountants, legal counsels or members of advisory boards) on a need-to-know basis, in each case only where such persons or entities are informed of the confidential nature of the Confidential Information and are under appropriate nondisclosure obligations substantially similar to those set forth in this Section 7.11, (ii) such Confidential Information as is required to be disclosed pursuant to routine examination requests from Governmental Authorities with authority to regulate such Party’s operations, in each case as such Party deems appropriate in good faith, and (iii) the Confidential Information to any Person to which disclosure is approved in writing by the other Parties. Any Party hereto may also provide disclosure in order to comply with applicable Laws, as set forth in Section 7.11(c) below.

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Share Purchase Agreement
(c) Except as set forth in Section 7.11(b) above, in the event that any Party is requested or becomes legally compelled (including without limitation, pursuant to any applicable tax, securities, other Laws of any jurisdiction, or any applicable stock exchange rules or regulations) to disclose the existence of this Agreement or any Confidential Information, such Party (the “Disclosing Party”) shall provide the other Parties hereto with prompt written notice of that fact and shall consult with the other Parties hereto regarding such disclosure. At the request of any other Parties, the Disclosing Party may, to the extent reasonably possible and with the cooperation and reasonable efforts of the other Parties, seek a protective order, confidential treatment or other appropriate remedy. In any event, the Disclosing Party shall furnish only that portion of the information that is legally required and shall exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information.

(d) Notwithstanding any other provision of this Section 7.11, the confidentiality obligations of the Parties shall not apply to: (i) information which a restricted party learns from a third party which the receiving party reasonably believes to have the right to make the disclosure; (ii) information which is rightfully in the restricted party’s possession prior to the time of disclosure by the protected party; or (iii) information which enters the public domain without breach of the confidentiality obligations hereunder of the restricted party.

(e) Notwithstanding the foregoing, no Warrantor shall use the name or logo of the Series B1 Investor in any manner, context or format (including but not limited to reference on or links to websites, press releases) without the prior written consent of the Series B1 Investor.

7.12 Use of Brands and Marks of Tencent. Notwithstanding anything to the contrary in this Agreement, without the prior written consent of Tencent, and whether or not Tencent or any of its Affiliates is then a shareholder of the Company, the Company shall not and shall cause its Affiliates and the Group Companies not to:

(b) represent, directly or indirectly, that any product or services provided by any Group Company or any of their respective Affiliates has been approved or endorsed by Tencent or any of its Affiliates.

7.13 Finder’s Fee. Except those finder’s fees which have been disclosed in [Section 3.24] of the Disclosure Schedule, each Warrantor agrees, jointly and severally, to indemnify and hold harmless the Series B1 Investor from any liability for any commission or compensation in the nature of a finder’s fee (and the costs and expenses of defending against such liability or asserted liability) for which any Group Company or any of its officers, employees or representatives is responsible.

7.14 Severability. In case any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. If, however, any provision of this Agreement shall be invalid, illegal, or unenforceable under any such applicable Law in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such Law, or, if for any reason it is not deemed so modified, it shall be invalid, illegal, or unenforceable only to the extent of such invalidity, illegality, or limitation on enforceability without affecting the remaining provisions of this Agreement, or the validity, legality, or enforceability of such provision in any other jurisdiction.

7.15 Amendments and Waivers. Any term of this Agreement may be amended, only with the written consent of each of (i) the Company, (ii) each Principal, and (iii) the Series B1 Investor. Any amendment effected in accordance with this paragraph shall be binding upon each of the Parties hereto. Notwithstanding the foregoing, the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Party against whom such waiver is sought.

7.16 No Waiver. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy power hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

7.17 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing.
7.18 **No Presumption.** The Parties acknowledge that any applicable Law that would require interpretation of any claimed ambiguities in this Agreement against the Party that drafted it has no application and is expressly waived. If any claim is made by a Party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any Party or its counsel.

7.19 **Headings and Subtitles; Interpretation.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. Unless a provision hereof expressly provides otherwise: (i) the term “or” is not exclusive; (ii) words in the singular include the plural, and words in the plural include the singular; (iii) the terms “herein”, “hereof”, and other similar words refer to this Agreement as a whole and not to any particular section, subsection, paragraph, clause, or other subdivision; (iv) the term “including” will be deemed to be followed by, “but not limited to”, (v) the masculine, feminine, and neuter genders will each be deemed to include the others; (vi) the terms “shall”, “will”, and “agrees” are mandatory, and the term “may” is permissive; (vii) the term “day” means “calendar day”, and “month” means calendar month, (viii) all references in this Agreement to designated “Sections” and other subdivisions are to the designated Sections and other subdivisions of the body of this Agreement, (ix) all references in this Agreement to designated Schedules, Exhibits and Appendices are to the Schedules, Exhibits and Appendices attached to this Agreement, (x) the phrase “directly or indirectly” means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning, (xi) references to laws include any such law modifying, re-enacting, extending or made pursuant to the same or which is modified, re-enacted, or extended by the same or pursuant to which the same is made, (xii) each representation, warranty, agreement, and covenant contained herein will have independent significance, regardless of whether also addressed by a different or more specific representation, warranty, agreement, or covenant, (xiii) all accounting terms not otherwise defined herein have the meanings assigned under the Accounting Standards, (xiv) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, (xv) references to this Agreement, any other Transaction Documents and any other document shall be construed as references to such document as the same may be amended, supplemented or novated from time to time, and (xvi) all references to dollars or to “US$” are to currency of the United States of America and all references to RMB are to currency of the PRC.

7.20 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

7.21 **Entire Agreement.** This Agreement and the Transaction Documents, together with all schedules and exhibits hereto and thereto, constitute the full and entire understanding and agreement among the Parties with regard to the subjects hereof and thereof, and supersede all other agreements between or among any of the Parties with respect to the subject matters hereof and thereof.

7.22 **Use of English Language.** This Agreement has been executed and delivered in the English language. Any translation of this Agreement into another language shall have no interpretive effect. All documents or notices to be delivered pursuant to or in connection with this Agreement shall be in the English language or, if any such document or notice is not in the English language, accompanied by an English translation thereof, and the English language version of any such document or notice shall control for purposes thereof.

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Share Purchase Agreement
7.23 Termination.

(a) Termination of this Agreement. This Agreement may be terminated prior to the Closing (i) by mutual written consent of the Parties, (ii) by the Series B1 Investor, or by the Company if the Closing has not been consummated within six (6) months after the date hereof, provided that, if the nonoccurrence of the Closing is attributable to one Party, such Party is not entitled to terminate this Agreement in accordance with the this clause (ii), (iii) by the Company if the Series B1 Investor fails to pay the full amount of its Subscription Price within fifteen (15) Business Days after the closing conditions provided in Section 5.1 have been duly satisfied or waived, (iv) if any warranty, or any other covenant or agreement contained in this Agreement is materially breached by any Warrantor and such breach (if curable) shall not have been cured on or prior to thirty (30) days after the occurrence of such breach and has caused Material Adverse Effect, then the Series B1 Investor shall have the right to terminate this Agreement, and (v) if any warranty, or any other covenant or agreement contained in this Agreement is materially breached by the Series B1 Investor and such breach (if curable) shall not have been cured on or prior to thirty (30) days after the occurrence of such breach, the Company shall have the right to terminate this Agreement.

(b) Effects of Termination. If this Agreement is terminated as provided under this Section 7.23, this Agreement will be of no further force or effect upon termination provided that (i) the termination will not relieve any Party from any Liability for any antecedent breach of this Agreement, and (ii) Sections 7.1, 7.2, 7.3, 7.4, 7.6, 7.8, 7.9 and 7.11 through 7.23 shall survive the termination of this Agreement.
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

GROUP COMPANIES:

Qtech Ltd.

By: /s/ Tan Siliang
Name: Tan Siliang (谭思亮)
Title: Director

InfoUniversal Limited

By: /s/ Tan Siping
Name: Tan Siping (谭思萍)
Title: Director

上海趣蕴网络科技有限公司

By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Legal Representative

上海基分文化传播有限公司

By: /s/ Chen Sihui
Name: Chen Sihui (陈思晖)
Title: Legal Representative

[Signature Page to the Series B1 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

GROUP COMPANIES:

上海溪客信息技术服务有限公司
By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Legal Representative

上海推乐信息技术服务有限公司
By: /s/ Chen Sihui
Name: Chen Sihui (陈思晖)
Title: Legal Representative

安徽掌端网络科技有限公司
By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Legal Representative

北京趣看点网络科技有限公司
By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Legal Representative

上海点冠网络科技有限公司
By: /s/ Liang Xiang
Name: Liang Xiang (梁湘)
Title: Legal Representative

[Signature Page to the Series B1 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

**PRINCIPALS:**

Tan Siliang (谭思亮)

/s/ Tan Siliang

Li Lei (李磊)

/s/ Li Lei

[Signature Page to the Series B1 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

PRINCIPAL HOLDING COMPANIES:

Innotech Overseas Investment Ltd.

By: /s/ Tan Siping
    Name: Tan Siping (谭思萍)
    Title: Director

Innotech Group Holdings Ltd.

By: /s/ Tan Siping
    Name: Tan Siping (谭思萍)
    Title: Director

News Optimizer (BVI) Ltd.

By: /s/ Li Lei
    Name: Li Lei (李磊)
    Title: Director

[Signature Page to the Series B1 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B1 INVESTOR:  

Image Flag Investment (HK) Limited

By:  /s/ Ma Huateng

Title: Directors

Name: Ma Huateng

[Signature Page to the Series B1 Share Purchase Agreement]
### SCHEDULE I

#### List of Principals and Principal Holding Companies

<table>
<thead>
<tr>
<th>Principal</th>
<th>PRC ID Card Number/Passport Number</th>
<th>Principal Holding Company</th>
<th>Ownership Interest Percentage Held by Principal in the Principal Holding Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tan Siliang (谭思亮)</td>
<td>[REDACTED]</td>
<td>Innotech Overseas Investment Ltd.</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Innotech Group Holdings Ltd.</td>
<td></td>
</tr>
<tr>
<td>Li Lei (李磊)</td>
<td>[REDACTED]</td>
<td>News Optimizer (BVI) Ltd.</td>
<td>100%</td>
</tr>
</tbody>
</table>

Schedule I

Share Purchase Agreement
## SCHEDULE II

### Schedule of Series B1 Investor

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Subscription Shares</th>
<th>Subscription Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Image Flag Investment (HK) Limited</td>
<td>5,420,144</td>
<td>US$105,000,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>5,420,144</td>
<td><strong>US$105,000,000</strong></td>
</tr>
</tbody>
</table>

Schedule II

Share Purchase Agreement
<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Class of Shares</th>
<th>Number of Shares</th>
<th>Percentage (on a fully diluted and as-converted basis)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innotech Group Holdings Ltd.</td>
<td>ordinary shares</td>
<td>27,123,442</td>
<td>45.75%</td>
</tr>
<tr>
<td>News Optimizer (BVI) Ltd.</td>
<td>ordinary shares</td>
<td>7,125,000</td>
<td>12.02%</td>
</tr>
<tr>
<td>Morning Sea Limited</td>
<td>ordinary shares</td>
<td>96,136</td>
<td>0.16%</td>
</tr>
<tr>
<td>Pebble Capital Management Limited</td>
<td>ordinary shares</td>
<td>3,054,218</td>
<td>5.15%</td>
</tr>
<tr>
<td>Precious Lead Limited</td>
<td>ordinary shares</td>
<td>563,187</td>
<td>0.95%</td>
</tr>
<tr>
<td>Double excel investment</td>
<td>ordinary shares</td>
<td>977,650</td>
<td>1.65%</td>
</tr>
<tr>
<td>L&amp;L LIMITED</td>
<td>ordinary shares</td>
<td>84,690</td>
<td>0.14%</td>
</tr>
<tr>
<td>Eton International Investment Limited</td>
<td>ordinary shares</td>
<td>42,345</td>
<td>0.07%</td>
</tr>
<tr>
<td>EASTEST HOLDINGS GROUP CO., LTD.</td>
<td>ordinary shares</td>
<td>211,724</td>
<td>0.36%</td>
</tr>
<tr>
<td>Membrane Star LLC</td>
<td>ordinary shares</td>
<td>296,414</td>
<td>0.50%</td>
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<tr>
<td>ACE Redpoint Ventures China I, L.P.</td>
<td>ordinary shares</td>
<td>46,881</td>
<td>0.08%</td>
</tr>
<tr>
<td>ACE Redpoint Associates China I, L.P.</td>
<td>ordinary shares</td>
<td>2,660</td>
<td>0.00%</td>
</tr>
<tr>
<td>ACE Redpoint China Strategic I, L.P.</td>
<td>ordinary shares</td>
<td>653</td>
<td>0.00%</td>
</tr>
<tr>
<td>SHANG QIANG LIMITED</td>
<td>ordinary shares</td>
<td>211,724</td>
<td>0.36%</td>
</tr>
<tr>
<td>Advantage Ace Investment Limited</td>
<td>ordinary shares</td>
<td>163,276</td>
<td>0.28%</td>
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<td>Current ESOP</td>
<td>ordinary shares</td>
<td>12,964,141</td>
<td>21.87%</td>
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<tr>
<td>CW toutiao Limited</td>
<td>Series A Preferred Shares</td>
<td>3,071,428</td>
<td>5.18%</td>
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<tr>
<td>Xinternet Limited</td>
<td>Series A Preferred Shares</td>
<td>225,275</td>
<td>0.38%</td>
</tr>
<tr>
<td>Shareholder</td>
<td>Class of Shares</td>
<td>Number of Shares</td>
<td>Percentage (on a fully diluted and as-converted basis)</td>
</tr>
<tr>
<td>-------------------------------------------------</td>
<td>-------------------------</td>
<td>------------------</td>
<td>--------------------------------------------------------</td>
</tr>
<tr>
<td>ACE Redpoint Ventures China I, L.P.</td>
<td>Series A Preferred Shares</td>
<td>1,539,560</td>
<td>2.60%</td>
</tr>
<tr>
<td>ACE Redpoint Associates China I, L.P.</td>
<td>Series A Preferred Shares</td>
<td>87,363</td>
<td>0.15%</td>
</tr>
<tr>
<td>ACE Redpoint China Strategic I, L.P.</td>
<td>Series A Preferred Shares</td>
<td>21,429</td>
<td>0.04%</td>
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<tr>
<td>CMC Queen Holdings Limited</td>
<td>Series A1 Preferred Shares</td>
<td>1,373,626</td>
<td>2.32%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>59,282,822</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Schedule of Capitalization Immediately after the Closing

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Class of Shares</th>
<th>Number of Shares</th>
<th>Percentage (on a fully diluted and as-converted basis)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innotech Group Holdings Ltd.</td>
<td>ordinary shares</td>
<td>27,123,442</td>
<td>41.92%</td>
</tr>
<tr>
<td>News Optimizer (BVI) Ltd.</td>
<td>ordinary shares</td>
<td>7,125,000</td>
<td>11.01%</td>
</tr>
<tr>
<td>Morning Sea Limited</td>
<td>ordinary shares</td>
<td>96,136</td>
<td>0.15%</td>
</tr>
<tr>
<td>Pebble Capital Management Limited</td>
<td>ordinary shares</td>
<td>3,054,218</td>
<td>4.72%</td>
</tr>
<tr>
<td>Precious Lead Limited</td>
<td>ordinary shares</td>
<td>563,187</td>
<td>0.87%</td>
</tr>
<tr>
<td>Double excel investment</td>
<td>ordinary shares</td>
<td>977,650</td>
<td>1.51%</td>
</tr>
<tr>
<td>L&amp;L LIMITED</td>
<td>ordinary shares</td>
<td>84,690</td>
<td>0.13%</td>
</tr>
<tr>
<td>Eton International Investment Limited</td>
<td>ordinary shares</td>
<td>42,345</td>
<td>0.07%</td>
</tr>
<tr>
<td>EASTEST HOLDINGS GROUP CO., LTD.</td>
<td>ordinary shares</td>
<td>211,724</td>
<td>0.33%</td>
</tr>
<tr>
<td>Membrane Star LLC</td>
<td>ordinary shares</td>
<td>296,414</td>
<td>0.46%</td>
</tr>
<tr>
<td>ACE Redpoint Ventures China I, L.P.</td>
<td>ordinary shares</td>
<td>46,881</td>
<td>0.07%</td>
</tr>
<tr>
<td>ACE Redpoint Associates China I, L.P.</td>
<td>ordinary shares</td>
<td>2,660</td>
<td>0.00%</td>
</tr>
</tbody>
</table>

Schedule III Share Purchase Agreement
<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Class of Shares</th>
<th>Number of Shares</th>
<th>Percentage (on a fully diluted and as-converted basis)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACE Redpoint China Strategic I, L.P.</td>
<td>ordinary shares</td>
<td>653</td>
<td>0.00%</td>
</tr>
<tr>
<td>SHANG QIANG LIMITED</td>
<td>ordinary shares</td>
<td>211,724</td>
<td>0.33%</td>
</tr>
<tr>
<td>Advantage Ace Investment Limited</td>
<td>ordinary shares</td>
<td>163,276</td>
<td>0.25%</td>
</tr>
<tr>
<td>Current ESOP</td>
<td>ordinary shares</td>
<td>12,964,141</td>
<td>20.04%</td>
</tr>
<tr>
<td>CW toutiao Limited</td>
<td>Series A Preferred Shares</td>
<td>3,071,428</td>
<td>4.75%</td>
</tr>
<tr>
<td>Xinternet Limited</td>
<td>Series A Preferred Shares</td>
<td>225,275</td>
<td>0.35%</td>
</tr>
<tr>
<td>ACE Redpoint Ventures China I, L.P.</td>
<td>Series A Preferred Shares</td>
<td>1,539,560</td>
<td>2.38%</td>
</tr>
<tr>
<td>ACE Redpoint Associates China I, L.P.</td>
<td>Series A Preferred Shares</td>
<td>87,363</td>
<td>0.14%</td>
</tr>
<tr>
<td>ACE Redpoint China Strategic I, L.P.</td>
<td>Series A Preferred Shares</td>
<td>21,429</td>
<td>0.03%</td>
</tr>
<tr>
<td>CMC Queen Holdings Limited</td>
<td>Series A1 Preferred Shares</td>
<td>1,373,626</td>
<td>2.12%</td>
</tr>
<tr>
<td>Image Flag Investment (HK) Limited</td>
<td>Series B1 Preferred Shares</td>
<td>5,420,144</td>
<td>8.38%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>64,702,966</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>
**SCHEDULE IV**  
List of Key Employees

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Li Lei (李磊)</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>2</td>
<td>Wang Jingbo</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>3</td>
<td>Chen Yucheng</td>
<td>Chief Strategy Officer</td>
</tr>
<tr>
<td>4</td>
<td>Chen Sihui</td>
<td>Chief Operating Officer</td>
</tr>
<tr>
<td>5</td>
<td>Wang Zhiliang</td>
<td>Chief Technology Officer</td>
</tr>
<tr>
<td>6</td>
<td>Zhu Bingjie</td>
<td>Chief Growth Officer</td>
</tr>
</tbody>
</table>
SCHEDULE V

Address for Notices

If to the Group Companies:

Address: 申江路5005弄星创科技广场3号楼11层
Tel: [REDACTED]
Fax: N/A
Attention: Tan Siliang (谭思亮)

Principals and Principal Holding Companies:

Address: 申江路5005弄星创科技广场3号楼11层
Tel: [REDACTED]
Fax: N/A
Attention: Tan Siliang (谭思亮)

If to Tencent:

c/o Tencent Holdings Limited
29/F., Three Pacific Place, No. 1 Queen’s Road East, Wanchai, Hong Kong
Attention: Compliance and Transactions Department
E-mail: [REDACTED]

with a copy (which shall not constitute notice) to:

Tencent Building, Kejizhongyi Avenue, Hi-tech Park, Nanshan District, Shenzhen, 518057, P.R.China
Attention: Mergers and Acquisitions Department
E-mail: [REDACTED]

with a copy (which shall not constitute notice) to:

Paul, Weiss, Rifkind, Wharton & Garrison LLP
12th Floor, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong
Attention: Jeanette K. Chan, Esq.
Fax No. [REDACTED]
E-mail: [REDACTED]
EXHIBIT A

FORM OF THIRD AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION AND ARTICLES OF ASSOCIATION

Exhibit A

Share Purchase Agreement
EXHIBIT B

FORM OF SECOND AMENDED AND RESTATED SHAREHOLDERS AGREEMENT

Exhibit B  Share Purchase Agreement
EXHIBIT C
DISCLOSURE SCHEDULE

Exhibit C
Share Purchase Agreement
SERIES B1 PREFERRED SHARE PURCHASE AGREEMENT

Dated _____, 2018

Paul, Weiss, Rifkind, Wharton & Garrison LLP
Solicitors and International Lawyers
12th Floor, Hong Kong Club Building
3A Chater Road
Central
Hong Kong

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DISCLOSURE SCHEDULE

Share Purchase Agreement
THIS SERIES B2 PREFERRED SHARE PURCHASE AGREEMENT (this “Agreement”) is made and entered into on March 8, 2018 by and among:

1. Qtech Ltd., a company organized under the Laws of Cayman Islands (the “Company”),
2. InfoUniversal Limited, a company organized under the Laws of Hong Kong (the “HK Company”),
3. Shanghai Quyun Internet Technology Co., Ltd. (上海趣蕴网络科技有限公司), a wholly foreign-owned enterprise incorporated under the Laws of the PRC and a wholly owned subsidiary of the HK Company (the “WFOE”),
4. Shanghai Jifen Culture Communications Co., Ltd. (上海基分文化传播有限公司), a limited liability company incorporated under the Laws of the PRC (“Jifen”),
5. Shanghai Xike Information Technology Service Co., Ltd. (上海溪客信息科技服务有限公司), a limited liability company incorporated under the Laws of the PRC (“Xike”),
6. Shanghai Tuile Information Technology Service Co., Ltd. (上海推乐信息科技服务有限公司), a limited liability company incorporated under the Laws of the PRC (“Tuile”),
7. Anhui Zhangduan Internet Technology Co., Ltd. (安徽掌端网络科技有限公司), a limited liability company incorporated under the Laws of the PRC (“Zhangduan”),
8. Beijing Qukandian Internet Technology Co., Ltd. (北京趣看点网络科技有限公司), a limited liability company incorporated under the Laws of the PRC (“Qukandian”, together with “Jifen”, “Xike”, “Tuile” and “Zhangduan”, the “Domestic Companies”),
9. Shanghai Dian Guan Network Technology Co., Ltd. (上海点冠网络科技有限公司), a limited liability company incorporated under the Laws of the PRC (“Dian Guan”),
10. the individuals listed on Schedule I attached hereto (each, a “Principal” and collectively, the “Principals”),
11. the holding companies listed on Schedule I attached hereto owned by the Principals set forth opposite each such Principals (each, a “Principal Holding Company” and collectively, the “Principal Holding Companies”), and
12. each Person listed on Schedule II attached hereto (each a “Series B2 Investor” and collectively, the “Series B2 Investors”).

Each of the parties listed above is referred to herein individually as a “Party” and collectively as the “Parties.”

Share Purchase Agreement
RECITALS

A. The ownership structure among the companies listed above is as follows: (i) Company owns 100% interest in the HK Company; (ii) the HK Company owns 100% interest in the WFOE, (iii) the WFOE Controls Jifen by a Captive Structure, and (iv) the WFOE also owns 100% interest in Dian Guan. Such ownership structure shall be modified as agreed upon by the Parties.

B. The Domestic Companies and Dian Guan are engaged in the business of the operation of mobile content aggregation platforms under the name of “趣头条” and “趣多拍” or otherwise and related advertising platforms (the “Business”). The Company seeks expansion capital to grow the Business and, correspondingly, seeks to secure an investment from the Series B2 Investors, on the terms and conditions set forth herein.

C. The Series B2 Investors wish to invest in the Company by subscribing for 3,895,728 Series B2 Preferred Shares in aggregate (being 5.68% of the total issued share capital of the Company on a fully-diluted basis) to be issued by the Company at the Closing pursuant to the terms and subject to the conditions of this Agreement.

D. The Company wishes to issue and sell 3,895,728 Series B2 Preferred Shares in the aggregate at the Closing pursuant to the terms and subject to the conditions of this Agreement.

E. Long Range Investment Limited, the Company and other certain parties thereto have entered into the Convertible Note Purchase Agreement (the “Convertible Loan Agreement”) on February 15, 2018, pursuant to which Long Range Investment Limited purchased certain Convertible Promissory Note (as defined below) with a principal amount equal to 50% of the Subscription Price (as defined below) payable by Long Range Investment Limited hereunder (the “Convertible Loan”) and the Company have issued the Convertible Promissory Note (the “Convertible Promissory Note”) to Long Range Investment Limited. The Convertible Loan Agreement and the Convertible Promissory Note have been assigned by Long Range Investment Limited to its affiliate, Long Range L.P. (“Long Range”) through that certain Assignment of Note Documents and Consent thereto entered into by and among Long Range Investment Limited, Long Range L.P. and certain other parties thereto on or about the date hereof.

F. Shanghai ChuangVest Venture Investment Partnership (Limited Partnership) (上海创伴创业投资合伙企业(有限合伙)) (“Shanghai CC”), Jifen and the WFOE have entered into the Loan and Guarantee Agreement (the “Loan and Guarantee Agreement”) on February 12, 2018, pursuant to which the Shanghai CC lent US$5,000,000 in RMB equivalent (the “Domestic Loan”) to Jifen while the Company will issue the Warrant No. 1 (the “Warrant”) to the Shanghai CC on the date hereof.

G. The Parties desire to enter into this Agreement and make the respective representations, warranties, covenants and agreements set forth herein on the terms and conditions set forth herein.
NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties intending to be legally bound hereby agree as follows:

1. Definitions.

   1.1 Defined Terms. The following terms shall have the meanings ascribed to them below:

   “Accounting Standards” means generally accepted accounting principles in the United States or PRC, as applicable, applied on a consistent basis.

   “Action” means any charge, claim, action, complaint, petition, investigation, appeal, suit, litigation, grievance, inquiry or other proceeding, whether administrative, civil, regulatory or criminal, whether at law or in equity, or otherwise under any applicable Law, and whether or not before any mediator, arbitrator or Governmental Authority.

   “Affiliate” means, (a) with respect to a Person other than a natural person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person, and (b) in the case of a natural person, any other Person that is directly or indirectly Controlled by such a Person or is a Relative of such Person; provided that the Company and its Subsidiaries shall be deemed not to be Affiliates of a Series B2 Investor.

   “Associate” means, with respect to any Person, (1) a corporation or organization (other than the Group Companies) of which such Person is an officer or partner or is, directly or indirectly, the record or beneficial owner of five percent (5%) or more of any class of Equity Securities of such corporation or organization, (2) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, or (3) any Relative of such Person and of such Person’s spouse.

   “Benefit Plan” means any employment Contract, deferred compensation Contract, bonus plan, incentive plan (including the Current ESOP), profit sharing plan, retirement Contract or other employment compensation Contract or any other plan which provides or provided benefits for any past or present employee, officer, consultant, contractor and/or director of a Person or with respect to which contributions are or have been made on account of any past or present employee, officer, consultant, contractor and/or director of such a Person.

   “Board” or “Board of Directors” means the board of directors of the Company.

   “Bridge Investment Documents” means collectively, (1) the Convertible Note Purchase Agreement, (2) the Convertible Promissory Note, and (3) the Loan and Guarantee Agreement and (4) the Warrant.

   “Business Day” means any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by law to be closed in the Cayman Islands, the United States, Hong Kong or the PRC.
“Captive Structure” means the structure under which the WFOE Controls Jifen through the Control Documents.

“CFC” means a controlled foreign corporation as defined in the Code.

“Charter Documents” means, with respect to a particular legal entity, the articles of incorporation, certificate of incorporation, formation or registration (including, if applicable, certificates of change of name), memorandum of association, articles of association, bylaws, articles of organization, limited liability company agreement, trust deed, trust instrument, operating agreement, joint venture agreement, business license, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity.

“Circular 37” means the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and Round Trip Investment via Special Purpose Companies issued by SAFE on July 4, 2014.


“Company Owned IP” means all Intellectual Property owned by, purported to be owned by, or exclusively licensed to, the Group Companies.

“Company Registered IP” means all Intellectual Property for which registrations are owned by or held in the name of, or for which applications have been made in the name of, any Group Company.

“Consent” means any consent, approval, authorization, release, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to, any Person, including any Governmental Authority.

“Contract” means, a contract, agreement, understanding, indenture, note, bond, loan, instrument, lease, mortgage, franchise, license, commitment, purchase order, and other legally binding arrangement, whether written or oral.

“Control” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by Contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors of such Person. The terms “Controlled” and “Controlling” have meanings correlative to the foregoing.

“Control Documents” means the following contracts collectively: (i) Exclusive Technology and Consulting Service Agreement entered into by and between the WFOE and Jifen, (ii) Exclusive Option Agreement entered into by and among the WFOE, Jifen and the equity holders of Jifen, (iii) Voting Rights Proxy Agreement entered into by and between the WFOE and the equity holders of Jifen, (iv) Loan Agreement entered into by and between the WFOE and the equity holders of Jifen, and (v) Share Pledge Agreement entered into by and among the WFOE, Jifen and the equity holders of Jifen, in each case as may be amended or supplemented (including any change to the parties to any agreement) from time to time in accordance with this Agreement and the Shareholders Agreement.

4 Share Purchase Agreement
“Conversion Shares” means Ordinary Shares issuable upon conversion of any Series B2 Preferred Shares.

“Current ESOP” means (i) the 2017 Equity Incentive Plan of the Company duly adopted by the Company on February 15, 2018, with a maximum number of 10,000,000 Ordinary Shares of the Company (the “2017 ESOP”) to be granted or awarded under such 2017 ESOP, all of which are currently held by Mr. Tan and will be transferred prior to Closing to Qu World Limited, a wholly owned subsidiary and nominee of the trustee for a trust to be established for the benefit of the grantees or participants under the 2017 ESOP (the “Trust”), to hold such shares for the Trust and (ii) the 2018 Equity Incentive Plan duly adopted by the Company on February 25, 2018, with a maximum number of 2,964,141 Ordinary Shares of the Company (the “2018 ESOP”) to be granted or awarded under such 2018 ESOP, all of which have been reserved and allocated in the share capital of the Company.

“Equity Securities” means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, partnership interest, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing (whether or not such derivative securities have actually been issued by such Person), or any Contract providing for the acquisition of any of the foregoing.

“FCPA” means Foreign Corrupt Practices Act of the United States of America, as amended from time to time.

“fully-diluted basis” means calculating the relevant share numbers based on the assumption that all Ordinary Shares of the Company then capable of being issued on the exercise of all conversion rights, option, warrants and other contractual rights have been issued, irrespective of whether or not such rights are then exercisable, which determination shall take into account the securities under the Current ESOP, and all classes of shares of the Company shall be deemed to be converted into Ordinary Shares.

“Fundamental Warranties” means collectively, the representations and warranties given by the Warrantors under Sections 3.1 (Organization, Good Standing and Qualification), 3.2 (Capitalization and Voting Rights), 3.3 (Corporate Structure; Subsidiaries), 3.4 (Authorization), 3.5 (Valid Issuance of Shares), 3.6 (Consents; No Conflicts), 3.7 (Offering) and 3.8 (Compliance with Laws; Consents), all of which are subject to the disclosures of the Disclosure Schedule, and a “Fundamental Warranty” means any one of them.

“Governmental Authority” means any government of any nation, federation, province or state or any other political subdivision thereof, any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the PRC or any other country, or any political subdivision thereof (including any entity or enterprise owned or controlled by a government), any court, tribunal or arbitrator, any public international organization and any self-regulatory organization.
“Governmental Order” means any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority.

“Group Company” means each of the Company, the HK Company, the WFOE, Dian Guan and the Domestic Companies, together with each Subsidiary of any of the foregoing, and “Group” refers to all of the Group Companies collectively.

“Hong Kong” means the Hong Kong Special Administrative Region of the PRC.

“Indebtedness” of any Person means, without duplication, actual or contingent obligations in respect of each of the following of such Person: (i) all indebtedness for borrowed money, (ii) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business), (iii) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (iv) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced that are incurred in connection with the acquisition of properties, assets or businesses, (v) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (vi) all obligations that are capitalized (including capitalized lease obligations), (vii) all obligations under banker’s acceptance, letter of credit or similar facilities, (viii) all obligations to purchase, redeem, retire, defease or otherwise acquire for value any Equity Securities of such Person, (ix) all obligations in respect of any interest rate swap, hedge or cap agreement, and (x) all guarantees issued in respect of the Indebtedness referred to in clauses (i) through (ix) above of any other Person, but only to the extent of the Indebtedness guaranteed.

“Indemnifiable Loss” means, with respect to any Indemnified Party, any action, claim, cost, damage, deficiency, diminution in value of any investment, disbursement, expense, Liabilities, loss, obligation, penalty, judgment or settlement of any kind or nature imposed on or otherwise incurred or suffered by such Indemnified Party, including without limitation, legal, accounting and other professional fees and expenses reasonably incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement and Taxes payable by such Indemnified Party by reason of the indemnification.

“Intellectual Property” means any and all (i) patents, patent rights and applications therefor and reissues, reexaminations, continuations, continuations-in-part, divisions, and patent term extensions thereof, (ii) inventions (whether patentable or not), discoveries, improvements, concepts, innovations, utility models and industrial models, (iii) registered and unregistered copyrights, copyright registrations and applications, mask works and registrations and applications therefor, author’s rights and works of authorship (including artwork, software, computer programs, source code, object code and executable code, firmware, development tools, files, records and data, and related documentation), (iv) URLs, web sites, web pages and any part thereof, (v) technical information, know-how, trade secrets, drawings, designs, design protocols, specifications, proprietary data, customer lists, databases, proprietary processes, technology, formulae, and algorithms and other intellectual property, (vi) trade names, trade dress, trademarks, domain names, service marks, logos, business names, and registrations and applications therefore, and (vii) the goodwill symbolized or represented by the foregoing and any similar rights situated in any country and the benefit (subject to the burden) of any of the foregoing (in each case whether registered or unregistered and including applications for the grant of any of the foregoing and the right to apply for any of the foregoing in any part of the world).
“IPO” has the meaning set forth in the Shareholders Agreement.

“Key Employee” means all key employees of the Group Companies with positions of president, chief executive officer, chief financial officer, chief operating officer, chief technical officer, chief sales and marketing officer, general manager, and the list of all key employees of the Group Companies as of the date hereof is provided in Schedule IV attached hereto.

“Law” or “Laws” means any and all provisions of any applicable constitution, treaty, statute, law, regulation, ordinance, code, rule, or rule of common law, any governmental approval, concession, grant, franchise, license, agreement, directive, requirement, or other governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, in each case as amended, and any and all applicable Governmental Orders.

“Liabilities” means, with respect to any Person, all liabilities, obligations, Indebtedness and commitments of such Person of any nature, accrued, absolute, contingent or otherwise, due or to become due, liquidated or unliquidated.

“Lien” means any claim, charge, easement, encumbrance, lease, covenant, security interest, lien, option, pledge, rights of others, or restriction (whether on voting, sale, transfer, disposition or otherwise), whether imposed by Contract, understanding, law, equity or otherwise.

“Material Adverse Effect” means any (i) event, occurrence, fact, condition, change or development that has had, has, or could reasonably be expected to have, individually or together with other events, occurrences, facts, conditions, changes or developments, a material adverse effect on the business, properties, assets, employees, operations, results of operations, condition (financial or otherwise), prospects, assets or liabilities of the Group, taken as a whole, (ii) material impairment of the ability of any Party (other than the Series B2 Investors) to perform the material obligations of such party under any Transaction Documents, or (iii) material impairment of the validity or enforceability of this Agreement or any other Transaction Document against any Party hereto or thereto (other than the Series B2 Investors).

“Memorandum and Articles” means the third amended and restated memorandum of association of the Company and the third amended and restated articles of association of the Company attached hereto as Exhibit A, to be adopted in accordance with applicable Law on or before the Closing.

“MOFCOM” means the Ministry of Commerce of the PRC or, with respect to any matter to be submitted for examination and approval by the Ministry of Commerce, any Governmental Authority which is similarly competent to examine and approve such matter under the laws of the PRC.
“Mr. Tan” means Mr. Tan Siliang (谭思亮), one of the Principals and the ultimate controlling shareholder of the Company.

“Order No. 10” means the Rules for Mergers with and Acquisitions of Domestic Enterprises by Foreign Investors 《关于外国投资者并购境内企业的规定》 jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission, the State Administration of Taxation, the SAIC, the China Securities Regulatory Commission and the SAFE on August 8, 2006.

“Ordinary Shares” means the Company’s ordinary shares, par value US$0.0001 per share.

“Permitted Liens” means (i) Liens for Taxes not yet delinquent or the validity of which are being contested in good faith and for which there are adequate reserves on the applicable financial statements, and (ii) Liens incurred in the ordinary course of business, which (x) do not individually or in the aggregate materially detract from the value, use, or transferability of the assets that are subject to such Liens, and (y) were not incurred in connection with the borrowing of money.

“Person” means any individual, sole proprietorship, partnership, limited partnership, limited liability company, firm, joint venture, estate, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or governmental or regulatory authority or other enterprise or entity of any kind or nature.

“PFIC” means a passive foreign investment company as defined in the Code.

“PRC” means the People’s Republic of China, but solely for the purposes of this Agreement and the other Transaction Documents, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the islands of Taiwan.

“Prohibited Person” means any Person that is (1) a national or resident of any U.S. embargoed or restricted country, (2) included on, or Affiliated with any Person on, the United States Commerce Department’s Denied Parties List, Entities and Unverified Lists; the U.S. Department of Treasury’s Specially Designated Nationals, Specially Designated Narcotics Traffickers or Specially Designated Terrorists, or the Annex to Executive Order No. 13224; the Department of State’s Debarred List; UN Sanctions, or (3) a Person with whom business transactions, including exports and re-exports, are restricted by a U.S. Governmental Authority, including, in each clause above, any updates or revisions to the foregoing and any newly published rules.

“Public Official” means any executive, official, or employee of a Governmental Authority, political party or member of a political party, political candidate; executive, employee or officer of a public international organization; or director, officer or employee or agent of a wholly owned or partially state-owned or controlled enterprise, including a PRC state-owned or controlled enterprise.

“Public Software” means any Software that contains, or is derived in any manner (in whole or in part) from, any software that is distributed as free software, open source software (e.g., Linux) or similar licensing or distribution models, including, without limitation, software licensed or distributed under any of the following licenses or distribution models, or licenses or distribution models similar to any of the following: (A) GNU’s General Public License (GPL) or Lesser/Library GPL (LGPL), (B) the Artistic License (e.g., PERL), (C) the Mozilla Public License, (D) the Netscape Public License, (E) the Sun Community Source License (SCSL), (F) the Sun Industry Standards License (SISL), (G) the BSD License, and (H) the Apache License.
“Related Party” means any Affiliate, officer, director, supervisory board member, employee, or holder of any Equity Security of any Group Company, and any Affiliate or Associate of any of the foregoing, in each case, other than the Group Companies.

“Relative” of a natural person means the spouse of such person and any parent, step-parent, grandparent, child, step-child, grandchild, sibling, step-sibling, cousin, in-law, uncle, aunt, nephew, niece or great-grandparent of such person or spouse.

“Share Restriction Agreements” means collectively (a) the Share Restriction Agreement entered into between Li Lei and the Company as of January 3, 2018, a copy of which has been provided to the Series B2 Investors prior to the date hereof, and (b) the Share Restriction Agreement entered into between Mr. Tan and the Company as of January 3, 2018, a copy of which has been provided to the Series B2 Investors on prior to the date hereof.

“Restructuring Documents” means collectively, (i) the Partnership Interest Transfer Agreement by and among Li Lei (李磊) and each of the limited partners of Tianjin Shan Shi LP under which such limited partners transfer all of their limited partnership interest in Tianjin Shan Shi LP to Li Lei (李磊) at nominal price, and (ii) the Equity Interest Transfer Agreement by and between Mr. Tan and all of the equity interest holders of Tianjin Shengxuan Information Technology Co., Ltd. (天津盛绚信息科技有限公司) (“Tianjin Shengxuan”) under which such equity interest holders transfer all of their equity interest in Tianjin Shengxuan to Mr. Tan at nominal price.

“SAFE” means the State Administration of Foreign Exchange of the PRC.

“SAFE Rules and Regulations” means collectively, the Circular 37 and any other applicable SAFE rules and regulations.

“SAIC” means the State Administration of Industry and Commerce of the PRC or, with respect to the issuance of any business license or filing or registration to be effected by or with the State Administration of Industry and Commerce, any Governmental Authority which is similarly competent to issue such business license or accept such filing or registration under the laws of the PRC.

“Securities Act” means the U.S. Securities Act of 1933, as amended and interpreted from time to time.


“Series A Preferred Shares” means the Series A Preferred Shares of the Company, par value US$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.
“Series A Shareholders Agreement” means the Shareholders’ Agreement dated October 13, 2017 entered into by and among the Company, the Principals, the Principal Holding Company, the HK Company, the WFOE, the Domestic Companies, the Series A Investors.

“Series A Share Purchase Agreement” means the Series A Preferred Share Purchase Agreement dated September 8, 2017 by and among the Company, the Principals, the Principal Holding Company, the HK Company, the WFOE, the Domestic Companies and the Series A Investors (except xInternet Limited).

“Series A1 Investor” means CMC Queen Holdings Limited.

“Series A1 Preferred Shares” means the Series A1 Preferred Shares of the Company, par value US$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.

“Series A1 Shareholders Agreement” means the Amended and Restated Shareholders’ Agreement dated November 14, 2017 entered into by and among the Company, the Principals, the Principal Holding Company, the HK Company, the WFOE, the Domestic Companies, the Series A Investors and the Series A1 Investor.

“Series A1 Share Purchase Agreement” means the Series A1 Preferred Share Purchase Agreement dated October 14, 2017 by and among the Company, the Principals, the Principal Holding Company, the HK Company, the WFOE, the Domestic Companies and the Series A1 Investor.

“Series B1 Preferred Shares” means the Series B1 Preferred Shares of the Company, par value US$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.

“Series B1 Shareholders Agreement” means the Second Amended and Restated Shareholders Agreement to be entered into by and among the parties named therein on or prior to the Closing, which shall be in the form attached hereto as Exhibit B, while each of the Series B2 Investors will execute a joinder deed to join the Shareholders Agreement.

“Social Insurance” means any form of social insurance required under applicable Laws, including without limitation, the PRC national and local contributions for pensions, medical insurance, unemployment insurance, work-related injury insurance, pregnancy benefits, and housing accumulation funds.

“Software” means any and all (A) computer programs and any set of instructions for execution by microprocessor, irrespective of application, language or medium, including any and all software implementations of algorithms, models and methodologies, including all source code and executable code, whether embodied in software, firmware or otherwise, documentation, development tools, designs, files, verilog files, RTL files, HDL, VHDL, net lists, records, data and mask works; and (B) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, and all rights therein.

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“Subsidiary” means, with respect to any given Person, any other Person that is Controlled directly or indirectly by such given Person, at any time and from time to time.

“Tax” means (i) in the PRC: (a) any national, provincial, municipal, or local taxes, charges, fees, levies, deduction, withholding, impost, or other assessments, including, without limitation, all net income (including enterprise income tax and individual income withholding tax), turnover (including value-added tax, business tax, and consumption tax), resource (including urban and township land use tax), special purpose (including land value-added tax, urban maintenance and construction tax, and additional education fees), property (including urban real estate tax and land use fees), documentation (including stamp duty and deed tax), filing, recording, social insurance (including pension, medical, unemployment, housing, and other social insurance withholding), tariffs (including import duty and import value-added tax), and estimated and provisional taxes, charges, fees, levies, or other assessments of any kind whatsoever imposed, levied, collected, withheld or assessed by any local, municipal, regional, urban, governmental, state, national or other Governmental Authority, (b) all interest, penalties (administrative, civil or criminal), surcharge, fine or additional amounts in connection with any item described in clause (a) above, and (c) any form of transferee liability imposed by any Governmental Authority and any obligations to indemnify or otherwise assume or succeed to the liability of any other Person in connection with any item described in clauses (a) and (b) above, and (ii) in any jurisdiction other than the PRC, all similar taxes and liabilities as described in clause (i) above.

“Tax Return” means any return, disclosures, report or statement showing Taxes, used to pay Taxes, or required to be filed with respect to any Tax (including any elections, declarations, schedules or attachments thereto, and any amendment thereof), including any information return, claim for refund, amended return or declaration of estimated or provisional Tax.

“Tianjin Shan Shi LP” means Tianjin Shan Shi Technology Partnership (Limited Partnership) (天津珊石科技合伙企业（有限合伙）), one of the direct shareholders of Jifen holding 20% of the equity interest in Jifen.

“Transaction Documents” means this Agreement, the Shareholders Agreement, the Memorandum and Articles, the Restructuring Documents, the Share Restriction Agreements, the Control Documents and each of the other agreements and documents otherwise required in connection with implementing the transactions contemplated by any of the foregoing.

“U.S. real property holding corporation” has the meaning as defined in the Code.

“Warrantors” means, collectively, the Group Companies, the Principals and the Principal Holding Companies.

Share Purchase Agreement
### 1.2 Other Defined Terms

The following terms shall have the meanings defined for such terms in the Sections set forth below:

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</table>
2. Purchase and Sale of Shares and Issuance of Warrant.

2.1 Sale and Issuance of the Shares. Subject to the terms and conditions of this Agreement, at the Closing (as defined below), each Series B2 Investor (except Shanghai CC) agrees, severally but not jointly, to subscribe for and purchase, and the Company agrees to issue and sell to such Series B2 Investor, that number of Series B2 Preferred Shares set forth opposite such Series B2 Investor's name in the second column of the table of Schedule II (the “Subscription Shares”), attached hereto at a purchase price of US$23.6156 per Series B2 Preferred Share, amounting to the aggregate purchase price in respect of each Series B2 Investor set out opposite such Series B2 Investor’s name in the third column of the table of Schedule II (the “Subscription Price”).

2.2 Issuance of the Warrant. Subject to the terms and conditions of this Agreement, upon the execution date of this Agreement, the Company agrees to issue and deliver the Warrant to Shanghai CC in the form attached hereto as Exhibit D, with respect to the right to purchase 211,724 Series B2 Preferred Shares (as adjusted by any share split, combination, share dividends, recapitalization or similar transactions, the “Warrant Shares”, and each, a “Warrant Share”), at an exercise price of US$23.6156 for each Warrant Share, at an aggregate exercise price of US$5,000,000.

2.3 Closing.

(a) The consummation of the sale and issuance of the Subscription Shares pursuant to Section 2.1 (the “Closing” and the date of the Closing, the “Closing Date”) shall take place remotely via the exchange of documents and signatures as soon as practicable, but in no event later than seven (7) Business Days after all closing conditions specified in Section 5.1 and Section 5.2 hereof have been waived or satisfied, as applicable, or at such other time and place as the Company and the Series B2 Investors (except Shanghai CC) may mutually agree in writing.

(b) The capitalization table of the Company immediately prior to and after the Closing is shown on Schedule III attached hereto. The capitalization table of the Company immediately after Shanghai CC successfully exercises the Warrant to purchase the Warrant Shares is shown on Schedule III attached hereto.

2.4 Deliverables by the Company at the Closing. At the Closing, in addition to any items the delivery of which is made an express condition to a Series B2 Investor’s (for the avoidance of doubt, the reference to the Series B2 Investors in this Section 2.4 as follows does not include Shanghai CC) obligations at the Closing pursuant to Section 5.1, the Company shall deliver or cause to be delivered to each Series B2 Investor:

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<td>Subscription Price</td>
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<td>Subscription Shares</td>
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(a) a copy of the updated register of members of the Company as of the Closing Date, certified by the registered agent of the Company to be a true, accurate and complete copy, reflecting the issuance to such Series B2 Investor of the Subscription Shares subscribed for by such Series B2 Investor at the Closing pursuant to Section 2.1;

(b) a copy of the duly executed share certificate issued in the name of such Series B2 Investor, certified by the registered agent of the Company to be a true, accurate and complete copy, representing the Subscription Shares subscribed for by such Series B2 Investor pursuant to Section 2.1; and within five (5) Business Days following the Closing, the Company shall deliver to such Series B2 Investor the original copy of such duly executed share certificate;

(c) scanned copies of the Board resolutions and the shareholders’ resolutions of the Company duly passed, approving (1) the execution, delivery and performance of the Transaction Documents, (2) the issuance of the applicable Subscription Shares to such the Series B2 Investors, (3) any restructuring of the Company or transfer of any Equity Securities of the Company by any Principal or his Principal Holding Company(ies) since the date of consummation of the transactions contemplated under the Series A1 Share Purchase Agreement; and within three (3) Business Days following the Closing, the Company shall deliver to each Series B2 Investor copies of such resolutions certified by a director of the Company as true, accurate and complete copies; and

(d) scanned copies of the board resolutions and the shareholders’ resolutions of each of the Group Companies and the Principal Holding Companies duly passed, approving the execution, delivery and performance of the Transaction Documents to which it is a party; and within five (5) Business Days following the Closing, each such party shall deliver to each Series B2 Investor certified true copies of such resolutions certified by a director of the Company as true, accurate and complete copies.

2.5 Deliverables by the Series B2 Investors at Closing. At the Closing, subject to the satisfaction or waiver of all the conditions set forth in Section 5.1 and the delivery by the Company of the deliverables set forth in Section 2.3, each Series B2 Investor (for the avoidance of doubt, the reference to the Series B2 Investors in this Section 2.5 as follows does not include Shanghai CC) shall deliver or cause to be delivered to the Company a copy of the irrevocable wiring instructions to its bank evidencing the payment of the Subscription Price by wire transfer of immediately available funds in U.S. dollars to the bank account as designated by the Company by written notice given to the Series B2 Investors at least seven (7) Business Days prior to the Closing. Notwithstanding anything to the contrary in this Agreement, all the outstanding principal amount of the Convertible Loan owed to Long Range under the Convertible Loan Agreement shall be converted into the relevant portion of Long Range’s Subscription Price upon the Closing pursuant to this Agreement and the Convertible Loan Agreement, and thus such portion of Long Range’s Subscription Price shall be deemed to have been paid by Long Range upon the Closing, while Long Range shall still pay the result of: (A) the total amount of its Subscription Price minus (B) the Convertible Loan owed to it by the Company, at the Closing to satisfy its payment obligations in full hereunder. Upon the foregoing conversion of the Convertible Loan with respect to Long Range, the Company shall no longer be subject to any obligations under the Convertible Loan Agreement.

2.6 Use of Proceeds. Subject to the terms of this Agreement, the Company shall use the proceeds from the issuance and sale of the Subscription Shares (the “Proceeds”) for purpose of business expansion, capital expenditures and general working capital needs of the Group Companies. The Proceeds shall not be used in the payment of any debts or obligations of any Group Company (except those occurred in the ordinary course of business) or in the repurchase or cancellation of securities held by any shareholders of the Group Companies or for any other purpose.
3. Representations and Warranties of the Warrantors. Subject to such exceptions as may be specifically set forth in the disclosure schedule delivered by the Warrantors to the Series B2 Investors as of the date hereof (the "Disclosure Schedule", at attached hereto as Exhibit C, the contents of which shall also be deemed to be representations and warranties of the Warrantors hereunder, each of the Warrantors jointly and severally represents and warrants to the Series B2 Investors that each of the statements contained in this Section 3 is true, correct and complete as of the date of this Agreement, and that each of such statements shall be true, correct and complete on and as of the Closing Date, with the same effect as if made on and as of the Closing Date.

3.1 Organization, Good Standing and Qualification.

(a) Each Group Company is duly incorporated, organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted, and to perform each of its obligations under the Transaction Documents to which it is a party. Each Group Company is qualified to do business and is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction. Each Group Company that is a PRC entity has a valid business license issued by the SAIC or its local branch or other relevant Government Authorities (a true and complete copy of which has been delivered to the Series B2 Investors), and has, since its establishment, carried on its business in compliance with the business scope set forth in its business license.

(b) Each Principal Holding Company is duly incorporated, organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Laws of the place of its incorporation or establishment and has all requisite power and authority to perform each of its obligations under the Transaction Documents to which it is a party. Each Principal Holding Company is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction.

3.2 Capitalization and Voting Rights.

(a) Company. The authorized share capital of the Company is and immediately prior to the Closing shall be US$50,000 divided into (a) a total of 484,365,447 authorized Ordinary Shares, 50,000,000 of which are issued and outstanding, and 10,000,000 of which (i) are, as of the date hereof, being held by Mr. Tan for the 2017 ESOP, and (ii) will, as of Closing, be held by a trust established for the 2017 ESOP, (b) a total of 4,945,055 authorized Series A Preferred Shares, all of which are issued and outstanding, (c) a total of 1,373,626 authorized Series A1 Preferred Shares, all of which are issued and outstanding, (d) a total of 5,420,144 authorized Series B1 Preferred Shares, none of which are issued and outstanding, and (e) a total of 3,895,728 authorized Series B2 Preferred Shares, none of which are issued and outstanding. Schedule III sets forth the capitalization table of the Company, and [Section 3.2(a)] of the Disclosure Schedule sets forth the capitalization table of each Group Company, in each case, as of immediately prior to the Closing and immediately after the Closing, in each case reflecting all then outstanding and authorized Equity Securities of such Company and other Group Company, the record and beneficial holders thereof and the terms of any vesting schedule applicable thereto. Except as disclosed in Section 3.2(a) of the Disclosure Schedule, there is no nominee arrangement or any other similar arrangements for the direct or indirect interest in the Equity Security of any Group Company.
(b) **HK Company.** The authorized share capital of the HK Company is and immediately prior to and following the Closing shall be HK$10,000, divided into 10,000 shares of HK$1 each, 10,000 of which are issued and outstanding and held by the Company.

(c) **Domestic Companies.** The registered capital of each Domestic Company, Dian Guan and the WFOE is set forth opposite its name on [Section 3.2(c)] of the Disclosure Schedule, together with an accurate list of the record and beneficial owners of such registered capital.

(d) **No Other Securities.** Except for (a) the conversion privileges of the Subscription Shares, (b) certain rights provided in the Charter Documents of the Company as currently in effect, (c) certain rights provided in the Memorandum and Articles, the Shareholders Agreement and the Control Documents from and after the Closing, (d) the outstanding Equity Securities set forth in [Section 3.2(d)] of the Disclosure Schedule, and (e) options to purchase Ordinary Shares, restricted shares, RSUs or other Equity Securities pursuant to the Current ESOP, (1) there are no and at the Closing there shall be no other authorized or outstanding Equity Securities of any Group Company; (2) no Equity Securities of any Group Company are subject to any preemptive rights, rights of first refusal (except to the extent provided by applicable PRC Laws) or other rights to purchase or create any Lien over such Equity Securities or any other rights or encumbrances with respect to such Equity Securities, and (3) no Group Company is a party or subject to any Contract that affects or relates to the voting or giving of written consents with respect to, or the right to cause the redemption, or repurchase of, any Equity Security of such Group Company. Except as set forth in the Shareholders Agreement (from and after the Closing), the Company has not granted any registration rights or information rights to any other Person, nor is the Company obliged to list, any of the Equity Securities of any Group Companies on any securities exchange. Except as contemplated under the Transaction Documents, there are no voting or similar agreements which relate to the share capital or registered capital of any Group Company.

(e) **Issuance and Status.** All presently outstanding Equity Securities of each Group Company were duly and validly issued (or subscribed for) in compliance with all applicable Laws, preemptive or other similar rights of any Person, and applicable Contracts. All share capital or registered capital, as the case may be, of each Group Company have been duly and validly issued, are fully paid (or subscribed for) and nonassessable, and are and as of the Closing shall be free of any and all Liens (except for any restrictions on transfer under the Shareholders’ Agreement and applicable Laws). Except as contemplated under the Transaction Documents, there are no (a) resolutions pending to increase the share capital or registered capital of any Group Company or cause the liquidation, winding up, or dissolution of any Group Company, nor has any distress, execution or other process been levied against any Group Company, (b) dividends which have accrued or been declared but are unpaid by any Group Company, (c) obligations, contingent or otherwise, of any Group Company to repurchase, redeem, or otherwise acquire any Equity Securities, or (d) outstanding or authorized equity appreciation, phantom equity, equity plans or similar rights with respect to any Group Company. All dividends (if any) or distributions (if any) declared, made or paid by each Group Company, and all repurchases and redemptions of Equity Securities of each Group Company (if any), have been declared, made, paid, repurchased or redeemed, as applicable, in accordance with its Charter Documents and all applicable Laws.
(f) **Title.** Each Group Company is the sole record and beneficial holder of all of the Equity Securities set forth opposite its name on [Section 3.2(f)] of the Disclosure Schedule, free and clear of all Liens of any kind other than those arising under applicable Law.

3.3 **Corporate Structure; Subsidiaries.** [Section 3.3] of the Disclosure Schedule sets forth a true and complete structure chart showing the corporate structure of the Group Companies, as of the date hereof and as of the Closing, and indicating the ownership and Control relationships among all Group Companies, as of the date hereof and as of the Closing, and a description of such structure with such ownership and Control relationships, the nature of the legal entity which each Group Company constitutes, as of the date hereof and as of the Closing, the jurisdiction in which each Group Company was or will be organized, and each jurisdiction in which each Group Company is required to be qualified or licensed to do business as a foreign Person as of the date hereof and as of the Closing. No Group Company owns or Controls, or has ever owned or Controlled, directly or indirectly, any Equity Security, interest or share in any other Person or is or was a participant in any joint venture, partnership or similar arrangement. No Group Company is obligated to make any investment in or capital contribution in or on behalf of any other Person. The Company was formed solely to acquire and hold the equity interests in the HK Company and the HK Company was formed solely to acquire and hold the equity interests in the WFOE. Neither the Company nor the HK Company has engaged in any other business and has not incurred any Liability since its formation. The Domestic Companies and Dian Guan are and the WFOE will be engaged in the Business and have no other business. No Principal or Principal Holding Company, and none of their Affiliates (other than a Group Company), is engaged in the Business or has any assets in relation to the Business (other than through an advisory, employment or consulting relationship with a Group Company) or any Contract with any Group Company. None of the Principals and their Affiliates directly or indirectly own, manage, engage in, operate, control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation or control of, any business, whether in corporate, proprietorship or partnership form or otherwise, that competes with the businesses of the Group Companies, being the operation of mobile content aggregation platforms and any other major business operations of any Group Company.

3.4 **Authorization.** Each Warrantor has all requisite power and authority to execute and deliver the Transaction Documents to which it is a party and to carry out and perform its obligations thereunder. All action on the part of each party to the Transaction Documents (other than the Series B2 Investors) (and, as applicable, its officers, directors and shareholders) necessary for the authorization, execution and delivery of the Transaction Documents, the performance of all obligations of each such party, and, in the case of the Company, the authorization, issuance (or reservation for issuance), sale and delivery of the Subscription Shares and the Conversion Shares, has been taken or will be taken prior to the Closing. Each Transaction Document has been duly executed and delivered by each party thereto (other than the Series B2 Investors) and constitutes valid and legally binding obligations of such party, enforceable against such party in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors’ rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.
Valid Issuance of Shares. The Subscription Shares, when issued, delivered and paid for in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid and non-assessable, free from any Liens (except for any restrictions on transfer under applicable Laws and under the Shareholders Agreement). The Conversion Shares have been reserved for issuance and, upon issuance in accordance with the terms of the Charter Documents of the Company, will be duly and validly issued, fully paid and non-assessable, free from any Liens (except for any restrictions on transfer under applicable securities Laws and under the Shareholders Agreement). The issuance of the Subscription Shares and the Conversion Shares is not subject to any preemptive rights, rights of first refusal or similar rights.

Consents; No Conflicts. All Consents from or with any Governmental Authority or any other Person required in connection with the valid execution, delivery and performance of the Transaction Documents, and the consummation of the transactions contemplated by the Transaction Documents, in any case on the part of any party thereto (other than the Series B2 Investors) have been duly obtained or completed (as applicable) and are in full force and effect. The execution, delivery and performance of each Transaction Document by each party thereto (other than the Series B2 Investors) do not, and the consummation by such party of the transactions contemplated thereby will not, (i) result in any violation of, be in conflict with, or constitute a default under, require any Consent under, or give any Person rights of termination, amendment, acceleration or cancellation under, with or without the passage of time or the giving of notice, any Governmental Order, any provision of the Charter Documents of any Group Company, any applicable Laws (including without limitation, Order No. 10 and the SAFE Rules and Regulations), or any Material Contract, (ii) result in any termination, modification, cancellation, or suspension of any material right of, or any augmentation or acceleration of any material obligation of, any Group Company (including without limitation, any indebtedness of such Group Company), or (iii) result in the creation of any Lien upon any of the material properties or assets of any Group Company other than Permitted Liens. None of the execution, delivery and performance of any of the Restructuring Documents and the consummation of any transaction contemplated by the Restructuring Documents will have resulted in or will have been reasonably expected to result in any dispute, controversy or claim concerning the direct or indirect shareholders or partners of Shanghai Xi Hi and Tianjin Shan Shi LP.

Offering. Subject in part to the accuracy of the Series B2 Investors’ representations set forth in Section 4 of this Agreement, the offer, sale and issuance of the Subscription Shares are, and the issuance of the Conversion Shares will be, exempt from the qualification, registration and prospectus delivery requirements of the Securities Act and any other applicable securities Laws.

Compliance with Laws; Consents.

(a) Each Group Company is, and has been, in compliance with all applicable Laws in all material aspects. No event has occurred and no circumstance exists that (with or without notice or lapse of time) (a) may constitute or result in a violation by any Group Company, or a failure on the part of such entity to comply with, any applicable Laws in any material aspect, or (b) may give rise to any obligation on the part of any Group Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature in any material aspect. None of the Group Companies has received any notice from any Governmental Authority regarding any of the foregoing. None of the Group Companies is, to the knowledge of the Warrantors, under investigation with respect to a violation of any Law.
(b) Neither the Captive Structure when implemented nor the Control Documents (individually or when taken together) when executed violate any applicable Laws (including without limitation, SAFE Rules and Regulations, Order No. 10 and any other applicable PRC rules and regulations).

(c) All Consents from or with the relevant Governmental Authority required in respect of the due and proper establishment and operations of each Group Company as now conducted, including but not limited to the Consents from or with MOFCOM, SAIC, SAFE, the Ministry of Information Industry, the Ministry of Culture, Press and Publication Administration, any Tax bureau, customs authorities, and product registration authorities, and the local counterpart thereof, as applicable (or any predecessors thereof, as applicable) (collectively, the “Required Governmental Consents”), has been duly obtained or completed in accordance with all applicable Laws.

(d) No Required Governmental Consent contains any materially burdensome restrictions or conditions, and each Required Governmental Consent is in full force and effect and will remain in full force and effect upon the consummation of the transactions contemplated hereby. None of the Group Companies is in default under any Required Governmental Consent. There is no reason to believe that any Required Governmental Consent which is subject to periodic renewal will not be granted or renewed. None of the Group Companies has received any letter or other communication from any Governmental Authority threatening or providing notice of revocation of any Required Governmental Consent issued to such Group Company or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by such Group Company.

3.9 Tax Matters.

(a) All Tax Returns required to be filed on or prior to the date hereof with respect to each Group Company has been duly and timely filed by such entity within the requisite period and completed on a proper basis in accordance with the Accounting Standards and applicable Law, and are up to date and correct. All Taxes owed by each Group Company under applicable Laws (whether or not shown on every Tax Return) have been paid in full or provision for the payment thereof have been made, except such Taxes, if any, as are being contested in good faith and as to which adequate reserves (determined in accordance with the Accounting Standards) have been provided in the Financial Statements. No deficiencies for any Taxes with respect to any Tax Returns have been asserted in writing by, and no notice of any pending action with respect to such Tax Returns has been received from, any Tax authority, and no dispute relating to any Tax Returns with any such Tax authority is outstanding or contemplated. Each Group Company has timely paid all Taxes owed by it under applicable Law which are due and payable (whether or not shown on any Tax Return) and withheld and remitted to the appropriate Governmental Authority all Taxes which it is obligated to withhold and remit under applicable Law from amounts owing to any employee, creditor, customer or third party.
(b) No audit of any Tax Return of each Group Company and no formal investigation with respect to any such Tax Return by any Tax authority is currently in progress and no Group Company has waived any statute of limitations with respect to any Taxes, or agreed to any extension of time with respect to an assessment or deficiency for such Taxes.

(c) No written claim has been made by a Governmental Authority in a jurisdiction where the Group does not file Tax Returns that any Group Company is or may be subject to taxation by that jurisdiction.

(d) The assessment of any additional Taxes with respect to the applicable Group Company for periods for which Tax Returns have been filed is not expected to exceed the recorded Liability therefor in the most recent balance sheet in the Financial Statements (as defined below), and there are no unresolved questions or claims concerning any Tax Liability of any Group Company. Since the Statement Date (as defined below), no Group Company has incurred any liability for Taxes outside the ordinary course of business or otherwise inconsistent with past custom and practice. There is no pending dispute with, or notice from, any Tax authority relating to any of the Tax Returns filed by any Group Company, and there is no proposed Liability for a deficiency in any Tax to be imposed upon the properties or assets of any Group Company.

(e) No Group Company has been the subject of any examination or investigation by any Tax authority relating to the conduct of its business or the payment or withholding of Taxes that has not been resolved or is currently the subject of any examination or investigation by any Tax authority relating to the conduct of its business or the payment or withholding of Taxes. No Group Company is responsible for the Taxes of any other Person by reason of contract, successor liability or otherwise.

(f) All Tax credits and Tax holidays enjoyed by any Group Company established under the Laws of the PRC under applicable Laws since its establishment have been in compliance with all applicable Laws and is not subject to reduction, revocation, cancellation or any other changes (including retroactive changes) in the future, except through change in applicable Laws published by relevant Governmental Authority.

(g) No Group Company is or has ever been a PFIC or CFC or a U.S. real property holding corporation. No Group Company anticipates that it will become a PFIC or CFC or a U.S. real property holding corporation for the current taxable year or any future taxable year.

(h) The Company is treated as a corporation for U.S. federal income tax purposes.

3.10 Charter Documents; Books and Records. The Charter Documents of each Group Company is in the form provided to the Series B2 Investors. Each Group Company has been in compliance with its Charter Documents, and no Group Company has violated or breached any of their respective Charter Documents. Each Group Company maintains its books of accounts and records in the usual, regular and ordinary manner, on a basis consistent with prior practice, and which permits its Financial Statements (as defined below) to be prepared in accordance with the Accounting Standards. The register of members and directors (if applicable) of each Group Company are correct, there has been no notice of any proceedings to rectify any such register, and there are no circumstances which might lead to any application for its rectification. All documents required to be filed by each Group Company with the applicable Governmental Authority in respect of the relevant jurisdiction in which the relevant Group Companies is being incorporated have been properly made up and filed. There is no committee for any board of any Group Company.
3.11 Financial Statements.

(a) The Company has delivered to the Series B2 Investors the unaudited consolidated balance sheet (the “Balance Sheet”) and statements of operations and cash flows for Jifen as of and for year ending December 31, 2016, and as of and for the 11-month period ended November 30, 2017 (the “Statement Date”) as included in Annex II of the Disclosure Schedule (collectively, the financial statements referred to above, the “Financial Statements”). The Financial Statements (a) have been prepared in accordance with the books and records of Domestic Companies, (b) fairly present in all material respects the financial condition and position of Domestic Companies as of the dates indicated therein and the results of operations and cash flows of Domestic Companies for the periods indicated therein, except in the case of unaudited financial statements for the omission of notes thereto and normal year-end audit adjustments that are not expected to be material, and (c) were prepared in accordance with the applicable Accounting Standards applied on a consistent basis throughout the periods involved. All of the accounts receivable owing to any of the Group Companies, including without limitation all accounts receivable set forth on the Financial Statements, constitute valid and enforceable claims and are current and collectible in the ordinary course of business, net of any reserves shown on the Financial Statements (which reserves are adequate and were calculated on a basis consistent with the Accounting Standards), and no further goods or services are required to be provided in order to complete the sales and to entitle the applicable Group Company to collect in full in respect of any such receivables. There are no material contingent or asserted claims, refusals to pay, or other rights of set-off with respect to any accounts receivable of any Group Company.

(b) Specifically, but not by way of limitation, the respective balance sheets included in the Financial Statements disclose all of the Group Companies’ Indebtedness, Liability, whether due or to become due, as of their respective dates to the extent such Indebtedness and Liabilities are required to be disclosed in accordance with the Accounting Standards, and each Group Company has good and marketable and unencumbered title to all assets set forth on the balance sheets of the respective Financial Statements.

(c) The Company has delivered to the Series B2 Investors the bank statements of all bank accounts of the Company, the HK Company and the WFOE, as of the date of this agreement, the cash balance in these bank accounts is US$46,000,000 in aggregate. And no material unpaid liabilities or contingent payment on the Company, the HK Company or the WFOE’s book.

3.12 Changes. Since the Statement Date, each Group Company (i) has operated its business in the ordinary course consistent with its past practice, (ii) used its reasonable best efforts to preserve its business, (iii) collected receivables and paid payables and similar obligations in the ordinary course of business consistent with past practice, and (iv) not engaged in any new line of business or entered into any agreement, transaction or activity or made any commitment except those in the ordinary course of business consistent with past practice. Since the Statement Date, there has not been any Material Adverse Effect or any material change in the way any Group Company conducts its business, and there has not been by or with respect to any Group Company:

21 Share Purchase Agreement
(a) any purchase, acquisition, sale, lease, disposal of or other transfer of any assets that are individually or in the aggregate material to its 
business, whether tangible or intangible, other than the purchase or sale of inventory in the ordinary course of business consistent with its past practice or 
changes in the ordinary course of business;

(b) any acquisition (by merger, consolidation or other combination, or acquisition of stock or assets, or otherwise) of any business or other 
Person or division thereof, or any sale or disposition of any business or division thereof;

(c) any waiver, termination, cancellation, settlement or compromise by a Group Company of a material right, debt or claim owed to it;

(d) any incurrence, creation, assumption, repayment, satisfaction, or discharge of (1) any material Lien (other than Permitted Liens) or (2) any 
Indebtedness or guarantee, or the making of any loan or advance (other than reasonable and normal advances to employees for bona fide expenses that are 
incurred in the ordinary course of business consistent with its past practice), or the making of any investment or capital contribution;

(e) any amendment to or termination of any Material Contract, or any amendment to or waiver under any Charter Document;

(f) any change in any compensation arrangement or Contract with any employee of any Group Company, or adoption of any new Benefit Plan, 
or made any material change in any existing Benefit Plan;

(g) any declaration, setting aside or payment or other distribution in respect of any Equity Securities of any Group Company, or any issuance, 
transfer, redemption, purchase or acquisition of any Equity Securities by any Group Company;

(h) any material damage, destruction or loss, whether or not covered by insurance, on the assets, properties, financial condition, operation or 
business of any Group Company;

(i) any material change in accounting methods or practices or any revaluation of any of its assets;

(j) except in the ordinary course of business consistent with its past practice, entry into any agreement in respect of Taxes, settlement of any 
claim or assessment in respect of any Taxes, or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of 
any Taxes, entry or change of any Tax election, change of any method of accounting resulting in an amount of additional Tax or filing of any material 
amended Tax Return;

(k) any commencement or settlement of any Action;

(l) any authorization, sale, issuance, transfer, pledge or other disposition of any Equity Securities of any Group Company;

(m) any resignation or termination of any Key Employee of any Group Company or any material group of employees of any Group Company;

Share Purchase Agreement
(n) (i) any transaction with any Related Party (other than the Principals and their respective associates) with an aggregate transaction amount greater than or equal to US$2,000,000, (ii) any transactions with any Related Party (other than the Principals and their respective associates) that are on terms that are less favorable than arm’s length terms for the relevant Group Company, and (iii) any transactions with a Principal or its Associate; or

(o) any agreement or commitment to do any of the things described in this Section 3.12.

3.13 Actions. There is no Action pending or to the Warrantors’ knowledge threatened in writing against or affecting any Group Company or any of its officers, directors or Key Employees with respect to its businesses or proposed business activities, or any officers, directors or Key Employees of any Group Company in connection with such person’s respective relationship with such Group Company. Without limiting the generality of the foregoing, there are no Actions pending against any of the Group Companies or, to the knowledge of the Warrantors, threatened against any of the Group Companies, relating to the use by any employee of any Group Company of any information, technology or techniques allegedly proprietary to any of their former employers, clients or other parties. There is no judgment or award unsatisfied against any Group Company, nor is there any Governmental Order in effect and binding on any Group Company or their respective assets or properties. There is no Action pending by any Group Company against any third party nor does any Group Company intend to commence any such Action. No Governmental Authority has at any time challenged or questioned the legal right of any Group Company to conduct its business as presently being conducted.

3.14 Liabilities. No Group Company has any Liabilities except for (i) liabilities set forth in the Balance Sheet that have not been satisfied since the Statement Date, and (ii) current liabilities incurred since the Statement Date in the ordinary course of the Group’s business consistent with its past practices. No Group Company has any Indebtedness outside the ordinary course of business that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which the Group Company has otherwise become directly or indirectly liable. No Group Company is a guarantor or indemnitor of any Liabilities of any other Person (other than a Group Company).

3.15 Commitments.

(a) [Section 3.15(a)] of the Disclosure Schedule contains a complete and accurate list of all Material Contracts. “Material Contracts” means, collectively, each Contract to which a Group Company, or any of their properties or assets is bound or currently subject to that (a) involves outstanding obligations (contingent or otherwise) or outstanding payments in excess of RMB10,000,000, (b) involves Intellectual Property that is material to a Group Company or the Business (other than generally-available “off-the-shelf” shrink-wrap software licenses obtained by the Group on non-exclusive and non-negotiated terms), including without limitation, the Licenses, (c) restricts the ability of a Group Company to compete or to conduct or engage in any business or activity or in any territory, (d) relates to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any Equity Securities, (e) involves any provisions providing for exclusivity, “change in control”, “most favored nations”, rights of first refusal or first negotiation or similar rights, or grants a power of attorney, agency or similar authority, (f) is with a Related Party, (g) involves outstanding Indebtedness over RMB10,000,000, an extension of credit, a guaranty, surety or assumption of any obligation or any secondary or contingent Liabilities, deed of trust, or the grant of a Lien, (h) involves the lease, license, sale, use, disposition or acquisition of any material assets of the Group, (i) involves the waiver, compromise, or settlement of any dispute, claim, litigation or arbitration over RMB1,000,000, (j) involves the ownership or lease of, title to, use of, or any leasehold or other interest in, any real or personal property (except for personal property leases in the ordinary course of business and involving payments of less than RMB1,000,000), including without limitation, the Leases, (k) involves the establishment, contribution to, or operation of a partnership, joint venture, alliance or similar entity, or involving a sharing of profits or losses (including joint development and joint marketing Contracts), or any investment in, loan to or acquisition or sale of the securities, equity interests or assets of any Person, (l) is between any Domestic Company and another Group Company, (m) is with a Governmental Authority, state-owned enterprise, or sole-source supplier of any material product or service (other than utilities), (n) is a Benefits Plan, or a collective bargaining agreement or is with any labor union or other representatives of the employees, (o) is a brokerage or finder’s agreement, or (p) material sales agency, marketing or distributorship Contract valued at over RMB10,000,000, (q) is the Dian Guan Contract, (r) is any of the Bridge Investment Documents, (s) is any of the Restructuring Documents, (t) is any of the Share Restriction Agreements or (u) is outside of the ordinary course of business of any Group Company or is otherwise material to a Group Company or is one on which a Group Company is substantially dependent.
A true, fully-executed copy of each Material Contract including all amendments and supplements thereto (and a written summary of all terms and conditions of each non-written Material Contract) has been delivered to the Series B2 Investors. Each Material Contract is a valid and binding agreement of the Group Company that is a party thereto, the performance of which does not and will not violate any applicable Law or Governmental Order, and is in full force and effect and enforceable against the parties thereto, except (x) as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors' rights generally, and (y) as may be limited by laws relating to the availability of specific performance, injunctive relief or other remedies in the nature of equitable remedies. Each Group Company has duly performed all of its obligations under each Material Contract to the extent that such obligations to perform have accrued, and no breach or default, alleged breach or alleged default, or event which would (with the passage of time, notice or both) constitute a breach or default thereunder by such Group Company or any other party or obligor with respect thereto, has occurred, or as a result of the execution, delivery, and performance of the Transaction Documents will occur. No Group Company has given notice (whether or not written) that it intends to terminate a Material Contract or that any other party thereto has breached, violated or defaulted under any Material Contract. No Group Company has received any notice (whether written or not) that it has breached, violated or defaulted under any Material Contract or that any other party thereto intends to terminate such Material Contract, nor is any Warrantor aware of any circumstances that may lead to the termination of any Material Contract.

3.16 Anti-Bribery, Anti-Corruption, Anti-Money Laundering and Sanctions; Absence of Government Interests.

(a) Each Warrantor and its respective directors, officers, employees, agents and other persons acting on its behalf (collectively, “Representatives”) are familiar with and are and have been in compliance with all applicable Laws relating to anti-bribery, anti-corruption, anti-money laundering, record keeping and internal control laws (collectively, the “Compliance Laws”) including the FCPA, as if it were a U.S. Person. Furthermore, no Public Official (i) holds an ownership or other economic interest, direct or indirect, in any of the Group Companies or in the contractual relationship formed by this Agreement, or (ii) serves as an officer, director or employee of any Group Company. Without limiting the foregoing, neither any Group Company nor any Representative has, directly or indirectly, offered, authorized, promised, condoned, participated in, consummated, or received notice of any allegation of,
(i) the making of any gift or payment of anything of value to any Public Official by any Person to obtain any improper advantage, affect or influence any act or decision of any such Public Official, or assist any Group Company in obtaining or retaining business for, or with, or directing business to, any Person.

(ii) the taking of any action by any Person which (i) would violate the FCPA, if taken by an entity subject to the FCPA, or (ii) could reasonably be expected to constitute a violation of any applicable Compliance Law, or

(iii) the making of any false or fictitious entries in the books or records of any Group Company by any Person, or

(iv) the using of any assets of any Group Company for the establishment of any unlawful or unrecorded fund of monies or other assets, or the making of any unlawful or undisclosed payment.

(b) No Group Company or any of its Representatives has ever been found by a Governmental Authority to have violated any criminal or securities Law or is subject to any indictment or any government investigation for bribery. None of the beneficial owners of any Equity Securities or other interest in any Group Company or the current or former Representatives of any Group Company are or were Public Officials.

(c) No Group Company or any of its Representatives is a Prohibited Person, and no Prohibited Person will be given an offer to become an employee, officer, consultant or director of any Group Company. No Group Company has conducted or agreed to conduct any business, or entered into or agreed to enter into any transaction with a Prohibited Person.

3.17 Title; Properties.

(a) **Title; Personal Property.** Each Group Company has good and valid title to all of its respective assets, whether tangible or intangible (including those reflected in the Balance Sheet, together with all assets acquired thereby since the Statement Date, but excluding those that have been disposed of since the Statement Date), in each case free and clear of all Liens, other than Permitted Liens. The foregoing assets collectively represent all assets (including all rights and properties) necessary for the conduct of the business of each Group Company as presently conducted. Except for leased or licensed assets, no Person other than a Group Company owns any interest in any such assets. All leases of real or personal property to which a Group Company is a party are fully effective and afford the Group Company valid leasehold possession of the real or personal property that is the subject of the lease. All machinery, vehicles, equipment and other tangible personal property owned or leased by a Group Company are in good condition and repair (reasonable wear and tear excepted). There are no facilities, services, assets or properties which are used in connection with the business of the Group and which are shared with any other Person that is not a Group Company.
(b) **Real Property.** No Group Company owns or has legal or equitable title or other right or interest in any real property other than as held pursuant to leases. [Section 3.17(b)] of the Disclosure Schedule sets forth each leasehold interest pursuant to which any Group Company holds any real property (a “Lease”), indicating the parties to such Lease and the address of the property demised under the Lease, the rent payable under the Lease and the term of the Lease. The particulars of the Leases as set forth in [Section 3.17(b)] of the Disclosure Schedule are true and complete. The lessor under each Lease is qualified and has obtained all Consents necessary to enter into such Lease, including without limitation any Consents required from the owner of the property demised pursuant to the Lease if the lessor is not such owner. There is no material claim asserted or, to the knowledge of the Warrantors, threatened in writing by any Person regarding the lessor’s ownership of the property demised pursuant to each Lease. Each Lease is in compliance with applicable Laws, including with respect to the ownership and operation of property and conduct of business as now conducted by the applicable Group Company which is a party to such Lease. Each Group Company which is party to a Lease has accepted possession of the property demised pursuant to the Lease and is in actual possession thereof and has not sublet, assigned or hypothecated its leasehold interest. No Group Company uses any real property in the conduct of its business except as set forth in the Leases held by each Group Company as are adequate for the conduct of the business of such Group Company as currently conducted.

3.18 **Related Party Transactions.** Other than as set forth in [Section 3.18] of the Disclosure Schedule (the “Related Party Transactions”), no Related Party has any Contract, understanding, or proposed transaction with, or is indebted to, any Group Company or has any direct or indirect interest in any Group Company other than as set forth in [Section 3.2(a)] of the Disclosure Schedule, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any Related Party (other than for accrued salaries, for the current pay period, reimbursable expenses or other standard employee benefits). The Related Party Transactions are entered into in the ordinary course of business of the relevant Group Company on terms that are no less favorable to the relevant Group Company than arm’s length terms. No Related Party has any direct or indirect interest in any Person with which a Group Company is affiliated or with which a Group Company has a material business relationship (including any Person which purchases from or sells, licenses or furnishes to a Group Company any goods, intellectual or other property rights or services), or in any Contract to which a Group Company is a party or by which it may be bound or affected, and no Related Party directly or indirectly competes with, or has any interest in any Person that competes with the businesses of the Group Companies, being the operation of mobile content aggregation platforms and any other major business operations of any Group Company, except those disclosed in Section 3.3 of the Disclosure Schedule.

3.19 **Intellectual Property Rights.**

(a) **Company IP.** Except as disclosed in [Section 3.19(a)] of the Disclosure Schedule, each Group Company owns or otherwise has sufficient rights (including but not limited to the rights of development, maintenance, licensing and sale) to or otherwise has the licenses to use all Intellectual Property necessary and sufficient to conduct its business as currently conducted and proposed to be conducted by such Group Company ("Company IP") without any conflict with or infringement of the rights of any other Person. [Section 3.19(a)] of the Disclosure Schedule sets forth a complete and accurate list of all Company Registered IP for each Group Company, including for each the relevant name or description, registration/certification or application number, and filing, registration or issue date.
(b) **IP Ownership.** All Company Registered IP is owned by and registered or applied for solely in the name of a Group Company, is valid and subsisting and has not been abandoned, and all necessary registration, maintenance and renewal fees with respect thereto and currently due have been satisfied. No Group Company or any of its employees, officers or directors has taken any actions or failed to take any actions that would cause any Company Owned IP to be invalid, unenforceable or not subsisting. No funding or facilities of a Governmental Authority or a university, college, other educational institution or research center was used in the development of any material Company Owned IP. No material Company Owned IP is the subject of any Lien, license or other Contract granting rights therein to any other Person. No Group Company is or has been a member or promoter of, or contributor to, any industry standards bodies, patent pooling organizations or similar organizations that could require or obligate a Group Company to grant or offer to any Person any license or right to any material Company Owned IP. No Company Owned IP is subject to any proceeding or outstanding Governmental Order or settlement agreement or stipulation that (a) restricts in any manner the use, transfer or licensing thereof, or the making, using, sale, or offering for sale of any Group Company’s products or services, by any Group Company, or (b) may affect the validity, use or enforceability of such Company Owned IP. Each Principal has assigned and transferred to a Group Company any and all of his/her Intellectual Property related to the Business. No Group Company has (a) transferred or assigned any Company IP; (b) authorized the joint ownership of, any Company IP; or (c) permitted the rights of any Group Company in any Company IP to lapse or enter the public domain.

(c) **Infringement, Misappropriation and Claims.** No Group Company has violated, infringed or misappropriated any Intellectual Property of any other Person, nor has any Group Company received any written notice alleging any of the foregoing. To the knowledge of each of the Warrantors, no Person has violated, infringed or misappropriated any Company IP of any Group Company, and no Group Company has given any written notice to any other Person alleging any of the foregoing. No Person has challenged the ownership or use of any Company IP by a Group Company. No Group Company has agreed to indemnify any Person for any infringement, violation or misappropriation of any Intellectual Property by such Person.
(d) Assignments and Prior IP. Except as disclosed in [Section 3.19(d)] of the Disclosure Schedule, all inventions and know-how conceived by employees of a Group Company related to the business of such Group Company are currently owned exclusively by a Group Company. All employees, contractors, agents and consultants of a Group Company who are or were involved in the creation of any Intellectual Property for such Group Company have executed an assignment of inventions agreement that vests in a Group Company exclusive ownership of all right, title and interest in and to such Intellectual Property, to the extent not already provided by Law. All employee inventors of Company Owned IP have received reasonable reward and remuneration from a Group Company for his/her service inventions or service technology achievements in accordance with the applicable PRC Laws. It will not be necessary to utilize any Intellectual Property of any such Persons made prior to their employment by a Group Company and none of such Intellectual Property has been utilized by any Group Company, except for those that are exclusively owned by a Group Company. None of the employees, consultants or independent contractors, currently or previously employed or otherwise engaged by any Group Company, (a) is in violation of any current or prior confidentiality, non-competition or non-solicitation obligations to such Group Company or to any other Persons, including former employers, or (b) is obligated under any Contract, or subject to any Governmental Order, that would interfere with the use of his or her best efforts to promote the interests of the Group Companies or that would conflict with the business of such Group Company as presently conducted.

(e) Licenses. [Section 3.19(e)] of the Disclosure Schedule contains a complete and accurate list of the Licenses. The “Licenses” means, collectively, (a) all licenses, sublicenses, and other Contracts to which any Group Company is a party and pursuant to which any third party is authorized to use, exercise or receive any benefit from any material Company IP, and (b) all licenses, sublicenses and other Contracts to which any Group Company is a party and pursuant to which such Group Company is authorized to use, exercise, or receive any benefit from any material Intellectual Property of another Person, in each case except for (1) agreements involving “off-the-shelf” commercially available software, and (2) non-exclusive licenses to customers of the Business in the ordinary course of business consistent with past practice. The Group Companies have paid all license and royalty fees required to be paid under the Licenses.

(f) Protection of IP. Each Group Company has taken reasonable and appropriate steps to protect, maintain and safeguard Company IP and made all applicable filings, registrations and payments of fees in connection with the foregoing. Without limiting the foregoing, all current and former officers, employees, consultants and independent contractors of any Group Company and all suppliers, customers, distributors, and other third parties having access to any Company IP have executed and delivered to such Group Company an agreement requiring the protection of such Company IP. To the extent that any Company IP has been developed or created independently or jointly by an independent contractor or other third party for any Group Company, or is incorporated into any products or services of any Group Company, such Group Company has a written agreement with such independent contractor or third party and has thereby obtained ownership of, and is the exclusive owner of all such independent contractor’s or third party’s Intellectual Property in such work, material or invention by operation of law or valid assignment.

(g) No Public Software. No Public Software forms part of any product or service provided by any Group Company or was or is used in connection with the development of any product or service provided by any Group Company or is incorporated into, in whole or in part, or has been distributed with, in whole or in part, any product or service provided by any Group Company. No Software included in any Company Owned IP has been or is being distributed, in whole or in part, or was used, or is being used in conjunction with any Public Software in a manner which would require that such Software be disclosed or distributed in source code form or made available at no charge.

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3.20 Labor and Employment Matters.

(a) Each Group Company has complied with all applicable Laws related to labor or employment, including provisions thereof relating to wages, hours, working conditions, benefits, retirement, social welfare, equal opportunity and collective bargaining. There is not pending or threatened, and there has not been since the incorporation of each Group Company, any Action relating to the violation or alleged violation of any applicable Laws by such Group Company related to labor or employment, including any charge or complaint filed by an employee with any Governmental Authority or any Group Company.

(b) (Section 3.20(b)) of the Disclosure Schedule contains a true and complete list of each Benefit Plan currently or previously adopted, maintained, or contributed to by any Group Company or under which any Group Company has any Liability or under which any employee or former employee of any Group Company has any present or future right to benefits. True, complete and accurate copies of the plans of the Current ESOP, the documents relating to the Trust and the transfer of Ordinary Shares to the ESOP Trustee have been provided to the Series B2 Investors. Except for required contributions or benefit accruals for the current plan year, no Liability has been or is expected to be incurred by any Group Companies under or pursuant to any applicable Laws relating to any Benefit Plan or individual employment compensation agreement, and, no event, transaction or condition has occurred or exists that would result in any such Liability to any Group Companies. Each of the Benefit Plans listed in (Section 3.20(b)) of the Disclosure Schedule is and has at all times been in compliance with all applicable Laws (including without limitation, SAFE Rules and Regulations, if applicable), and all contributions to, and payments for each such Benefit Plan have been timely made. There are no pending or threatened Actions involving any Benefit Plan listed in (Section 3.20(b)) of the Disclosure Schedule (except for claims for benefits payable in the normal operation of any Benefit Plan). Each Group Company maintains, and has fully funded, each Benefit Plan and any other labor-related plans that it is required by Law or by Contract to maintain. Each Group Company is in compliance with all Laws and Contracts relating to its provision of any form of Social Insurance, and has paid, or made provision for the payment of, all Social Insurance contributions required under applicable Laws and Contracts.

(c) There has not been, and there is not now pending or, to the knowledge of the Warrantors, threatened, any strike, union organization activity, lockout, slowdown, picketing, or work stoppage or any unfair labor practice charge against any Group Company. No Group Company is bound by or subject to (and none of their assets or properties is bound by or subject to) any written or oral Contract, commitment or arrangement with any labor union or any collective bargaining agreements.

(d) Schedule IV enumerates each Key Employee, along with each such individual’s title. Each such individual is currently devoting all of his or her business time to the conduct of the business of the applicable Group Company. To the knowledge of the Warrantors, no such individual is subject to any covenant restricting him/her from working for any Group Company. No such individual is obligated under, or in violation of any term of, any Contract or any Governmental Order relating to the right of any such individual to be employed by, or to contract with, such Group Company. No Group Company has received any notice alleging that any such violation has occurred. No such individual is currently working or plans to work for any other Person that competes with any Group Company, whether or not such individual is or will be compensated by such Person. No such individual or any group of employees of any Group Company has given any notice of an intent to terminate their employment with any Group Company, nor does any Group Company have a present intention to terminate the employment of any such individual or any group of employees. The entry into each of the Full-time Services Agreements (when executed pursuant to this Agreement) by Mr. Tan and Jifen will not result in any violation of, be in conflict with, or constitute a default under, or give any Person rights of termination, amendment acceleration or cancellation under, any Contract to which Mr. Tan is a party.

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3.21 Customers and Suppliers. [Section 3.21] of the Disclosure Schedule is a correct list of each of the top five (5) business customers (by attributed revenues) and top five (5) suppliers (by attributed expenses), (in each case, with related or affiliated Persons aggregated for purposes hereof) of the Group Companies for the 6-month period ending on the Statement Date, together with the aggregate amount of revenues received or expenses paid to such business partners during such periods. Each such supplier can provide sufficient and timely supplies of goods and services in order to meet the requirements of the Group’s Business consistent with prior practice. No Group Company has experienced or been notified of any shortage in goods or services provided by its suppliers or other providers and has no reason to believe that any Person listed on [Section 3.21] of the Disclosure Schedule would not continue to provide to, or purchase from, or cooperate with, respectively, or that it would otherwise alter its business relationship with, the Group at any time after the Closing, on terms substantially similar to those in effect on the date hereof. There is not currently any dispute pending between any Group Company and any Person listed on [Section 3.21] of the Disclosure Schedule.

3.22 Internal Controls. Each Group Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions by it are executed in accordance with management’s general or specific authorization, (ii) transactions by it are recorded as necessary to permit preparation of financial statements in conformity with the Accounting Standards and to maintain asset accountability, (iii) access to assets of it is permitted only in accordance with management’s general or specific authorization, (iv) the recorded inventory of assets is compared with the existing tangible assets at reasonable intervals and appropriate action is taken with respect to any material differences, (v) segregating duties for cash deposits, cash reconciliation, cash payment, proper approval is established, and (vi) no personal assets or bank accounts of the employees, directors, officers are mingled with the corporate assets or corporate bank account, and no Group Company uses any personal bank accounts of any employees, directors, officers thereof during the operation of the business.

3.23 Entire Business. No Group Company shares or provides any facilities, operational services, assets or properties with or to any other entity which is not a Group Company.

3.24 No Brokers. Except as set forth in [Section 3.24] of the Disclosure Schedule, neither any Group Company nor any of its Affiliates has any Contract with any broker, finder or similar agent with respect to the transactions contemplated by this Agreement or by any of the Transaction Documents, or has incurred any Liability for any brokerage fees, agents’ fees, commissions or finders’ fees in connection with any of the Transaction Documents or the consummation of the transactions contemplated therein.

3.25 Certain Transactions. All transactions and agreements entered into between any Group Company and Dian Guan or any other operators of advertising platforms or agents have been entered into in the ordinary course of business and on terms that are no less favorable than arm’s length terms. The execution, delivery and performance of the Dian Guan Contract by each party thereto do not, and the consummation by such party of the transactions contemplated thereby will not, (a) result in any violation of, be in conflict with, or constitute any default under any Contract to which such party is bound or (b) violate any rights (including any intellectual property rights) of any Person. Dian Guan owns all of the rights, licenses and permits required for the Group to operate its proprietary advertising platform.

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3.26 **Bridge Investment.** The Group has received all of the funds that are required to be provided (whether by way of a loan or by way of purchase price of a Convertible Note) by the relevant lender or purchaser under the Bridge Investment Documents.

3.27 **No General Solicitation.** Neither any Group Company, nor any of its officers, directors, employees, agents, stockholders or partners has either directly or indirectly, including through a broker or finder (a) engaged in any general solicitation, or (b) published any advertisement in connection with the offer and sale of the Subscription Shares.

3.28 **Control Documents.** (a) Each of the parties to the Control Documents has the legal right, power and authority to enter into and perform its/his/her obligations under each Control Document to which it/he/she is a party and has taken all necessary corporate action to authorize the execution, delivery and performance of, and has authorized, executed and delivered, each Control Document to which it/he/she is a party; (b) each Control Document constitutes a legally binding obligation of the parties thereto, enforceable in accordance with its terms; and (c) each Control Document is in full force and effect.

3.29 **General Partner of Tianjin Shan Shi LP.** The general partner of Tianjin Shan Shi LP is Tianjin Shengxuan, which will be wholly owned and controlled by Mr. Tan as of the Closing.

3.30 **Disclosure.** No representation or warranty by the Warrantors in this Agreement and no information or materials provided by the Warrantors to the Series B2 Investors in connection with the negotiation or execution of this Agreement or any agreement contemplated hereby contains any untrue statement of a material fact, or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they are made, not misleading. Except as set forth in this Agreement or the Disclosure Schedule, there is no fact that the Company has not disclosed to the Series B2 Investors in writing and of which any of its officers, directors or executive employees or the Principals has knowledge or is reasonably expected to have knowledge and which, if disclosed, might reasonably affect the willingness of the Series B2 Investors to subscribe for the Series B2 Preferred Shares for the consideration or otherwise on the terms specified in this Agreement.

3.31 **Survival Period of Representations and Warranties.** The representations and warranties of the Warrantors provided in this Section 3 with respect to a Series B2 Investor (other than any Fundamental Warranty which shall survive the Closing indefinitely) shall survive until the later of (such later date, the "Survival Date") (i) fifteen (15) months after the Series B1 Closing; or (ii) the expiration of the lock-up period applicable to such Series B2 Investor after the Company consummates the IPO and when such Series B2 Investor may freely transfer all its Equity Securities of the Company without any volume, manner of sale or timing restriction.
4. **Representations and Warranties of the Series B2 Investors.** Each Series B2 Investor represents and warrants to the Company, as of the date hereof and as of the Closing Date, that:

- **4.1 Authorization.** Such Series B2 Investor has all requisite power and authority to execute and deliver the Transaction Documents to which it is a party and to carry out and perform its obligations thereunder. All action on the part of such Series B2 Investor necessary for the authorization, execution and delivery of the Transaction Documents to which it is a party, has been taken or will be taken prior to the Closing. Each Transaction Document has been duly executed and delivered by such Series B2 Investor (to the extent such Series B2 Investor is a party), enforceable against such Series B2 Investor in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors’ rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

- **4.2 Purchase for Own Account.** The Subscription Shares being purchased by such Series B2 Investor and the Conversion Shares thereof will be acquired for such Series B2 Investor’s own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof.

- **4.3 Restricted Securities.** Such Series B2 Investor understands that the Subscription Shares and the Conversion Shares are restricted securities within the meaning of Rule 144 under the Securities Act; that the Subscription Shares and the Conversion Shares are not registered or listed publicly and must be held indefinitely unless they are subsequently registered or listed publicly or an exemption from such registration or listing is available.

- **4.4 Legitimate Source of Investment Funds.** The funds used by such Series B2 Investor to pay its Subscription Price are legally acquired by such Series B2 Investor which shall not violate any applicable Laws, including without limitation, applicable anti-money laundering laws.

5. **Conditions to the Closing.**

- **5.1 Conditions of the Series B2 Investors’ Obligations at the Closing.** The obligations of each Series B2 Investor (for the avoidance of doubt, the reference to the Series B2 Investors in this Section 5.1, as follows does not include Shanghai CC) to consummate the Closing with respect to its applicable Subscribed Shares under Section 2 of this Agreement are subject to the fulfillment, to the satisfaction of such Series B2 Investor on or prior to the Closing, or waiver by such Series B2 Investor, of the following conditions:

  - (a) **Representations and Warranties.** Each of the representations and warranties of the Warrantors contained in Section 3 shall have been true, correct and complete when made and shall be true and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the Closing Date, except in either case for those representations and warranties that address matters only as of a particular date, which representations will have been true and complete as of such particular date.
(b) **Performance.** Each Warrantor shall have performed and complied with all obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by them, on or before the Closing.

(c) **Authorizations.** All Consents of any competent Governmental Authority or of any other Person that are required to be obtained by any Warrantor in connection with the consummation of the transactions that are required to be consummated prior to the Closing as contemplated by the Transaction Documents (including but not limited to those related to the formation of the Company, the lawful issuance and sale of the Subscription Shares, and any waivers of notice requirements, rights of first refusal, preemptive rights, put or call rights or other similar rights) shall have been duly obtained and effective as of the Closing, and evidence thereof shall have been delivered to the Series B2 Investors.

(d) **Proceedings and Documents.** All corporate and other proceedings in connection with the transactions to be completed at the Closing and all documents incident thereto, including without limitation written approval from all of the then current holders of equity interests of each Group Company, as applicable, with respect to this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, shall have been completed in form and substance satisfactory to the Series B2 Investors, and the Series B2 Investors shall have received all such copies of such documents as it may reasonably request.

(e) **Memorandum and Articles.** The Memorandum and Articles, in the form attached hereto as Exhibit A, shall have been duly adopted by all necessary action of the Board of Directors and/or the members of the Company (which Memorandum and Articles shall have been duly filed with the appropriate authority(ies) of the Cayman Islands within five (5) Business Days after the Closing), and such adoption shall have become effective prior to the Closing with no alternation or amendment as of the Closing, and reasonable evidence thereof shall have been delivered to the Series B2 Investors. The Charter Documents of each of the other Group Companies shall be in the form and substance reasonably satisfactory to the Series B2 Investors.

(f) **Transaction Documents.** Each of the parties to the Transaction Documents, other than the Series B2 Investors and, where applicable, its Affiliates, shall have executed and delivered such Transaction Documents to the Series B2 Investors.

(g) **Onshore Waiver.** Tianjin Shan Shi LP and its partners shall have executed a waiver and acknowledgement letter (“Waiver Letter”) to waive all its/their shareholder’s/partners’ rights and interests which may have been granted or committed to them by Jifen through Tianjin Shan Shi LP for employee incentive purpose and to acknowledge the execution and the effectiveness of the Control Documents by Tianjin Shan Shi LP.

(h) **Restructuring Documents.** The Restructuring Documents shall have been duly executed by each of the parties thereto.

(i) **Employment Agreement; Confidentiality, Non-compete and Invention Assignment Agreement.** Jifen and each Principal (except Mr. Tan) and each Key Employee shall have entered into an employment agreement and a confidentiality, non-compete and invention assignment agreement or an employment agreement containing confidentiality, non-compete and invention assignment provisions, in a form reasonably satisfactory to the Series B2 Investors, and reasonable evidence thereof shall have been delivered to the Series B2 Investors.
(j) **SAFE Registration.** Except with respect to the 10,000,000 Ordinary Shares held by Mr. Tan as of the date hereof and which will be transferred by Mr. Tan to Qu World Limited, (i) each Principal who is a “Domestic Resident” as defined in Circular 37 and is subject to any of the registration or reporting requirements of Circular 37 (a “Domestic Resident”) shall have, and (ii) the Group Companies shall have ensured that those individuals described in (i) above shall have, and shall have used commercially reasonable efforts to cause that any other holder or beneficial owner of Equity Securities of any Group Company who is a Domestic Resident shall have, in each case, complied with all reporting and/or registration requirements (including filings of amendments to existing registrations) under Circular 37, and obtained a SAFE registration certificate with respect to his/her interest in the Company, in form and substance satisfactory to the Series B2 Investors.

(k) **Internet Information Services.** Jifen shall have amended its articles of association to amend its business scope to include the activity to engage in providing internet information services (从事互联网信息服务).

(l) **Waiver and agreement from the Series A Investors and the Series A1 Investor.** Each of the Series A Investors and the Series A1 Investor shall have unconditionally and irrevocably:

(i) waived any claim or action it might have against and released any liability of any of the Warrantors arising out of or in connection with (i) with respect to a Series A Investor, any breach of the representations and warranties and the post-closing covenants of the Warrantors (including without limitation, the post-closing covenant under Section 7.1(iii)(CPC Investment)) under the Series A Share Purchase Agreement, and (ii) with respect to the Series A1 Investor, any breach of the representations and warranties and the post-closing covenants of the Warrantors (including without limitation, the post-closing covenants under Section 7.1(iii)(CPC Investment), Section 7.1(vi)(Advertising Audit Management System) and Section 7.1(xii)(Registered Capital)) under the Series A Share Purchase Agreement, to the extent of any such claims, actions and/or liability accrued prior to the Closing (but not any claims, actions and/or liability accrued following the Closing arising from or in connection with any continuing breach of the foregoing representations and warranties and post-closing covenants) and also agreed that each of the references to “Closing” in the foregoing post-closing covenants under the Series A Share Purchase Agreement or the Series A1 Share Purchase Agreement (as the case may be) shall be amended to refer to the Closing as defined in this Agreement;

(ii) agreed that all representations and warranties made by any of the Group Companies, the Principals and/or the Principal Holding Companies under the Series A Purchase Agreement and the Series A Share Purchase Agreement shall expire, terminate and no longer be subject to any claims on the earlier of: (1) their respective expiration or termination dates (or the applicable statute of limitation period if there are no expiration or termination dates specified) under the Series A Share Purchase Agreement or the Series A1 Share Purchase Agreement (as the case may be) and (2) the Survival Date;

(iii) agreed that all covenants made by any of the Group Companies, the Principals and/or the Principal Holding Companies under the Series A Purchase Agreement and the Series A1 Share Purchase Agreement shall expire, terminate and no longer be enforceable on the earlier of: (1) their respective expiration or termination dates (or the applicable statute of limitation period if there are no expiration or termination dates specified) under the Series A Share Purchase Agreement or the Series A1 Share Purchase Agreement (as the case may be) and (2) the end of the effective period set forth in Section 6.2(w)(i) or, for the covenants made under Section 7.1(v)(Permits) of the Series A1 Share Purchase Agreement, the end of the effective period set forth in Section 6.2(w)(ii);
agreed that all indemnity obligations of any of the Group Companies, the Principals and/or the Principal Holding Companies under the Series A Purchase Agreement and the Series A1 Share Purchase Agreement shall expire, terminate and no longer be enforceable on the earlier of: (1) their respective expiration or termination dates (or the applicable statute of limitations period if there are no expiration or termination dates specified) under the Series A Share Purchase Agreement or the Series A1 Share Purchase Agreement (as the case may be) and (2) the end of the effective period set forth in Section 7.6(h)(i) or, for any indemnity obligations for any breach of Section 7.1(v) (Permits) of the Series A1 Share Purchase Agreement, the end of the effective period set forth in Section 7.6(h)(ii); and

(v) agreed to any restructuring of the Company or transfer of any Equity Securities of the Company by any Principal or his Principal Holding Company(ies) since the date of consummation of the transactions contemplated under the Series A1 Share Purchase Agreement.

(m) **No Material Adverse Effect.** There shall have been no Material Adverse Effect since the Statement Date.

(n) **Due Diligence.** Each Series B2 Investor shall have completed its business, legal, and financial due diligence investigation of the Group Companies to its satisfaction.

(o) **Governmental Order.** There shall not be any Governmental Order or any condition imposed under any Law which would prohibit or restrict the sale and issuance of the Subscription Shares or the consummation of the transactions contemplated hereby or by any other Transaction Documents, and no Governmental Authority shall have requested any information in connection with, or instituted or threatened any action or investigation to restrain, prohibit or otherwise challenge, the transactions contemplated by the Transaction Documents.

(p) **No Litigation.** Except as disclosed in the Disclosure Schedule, no action shall have been threatened or instituted against the Series B2 Investors or any Group Company seeking to enjoin or challenge the validity of, or assert any Liability against any of them on account of, any transactions contemplated by the Transaction Documents.

(q) **Closing Certificate.** A director of the Company shall have executed and delivered to each Series B2 Investor at the Closing a certificate dated as of the Closing (i) stating that the conditions specified in this Section 5.1 have been fulfilled as of the Closing, (ii) all corporate and other proceedings in connection with the transactions to be completed at the Closing and all documents incident thereto, including without limitation written approval from all of the then current holders of equity interests of each Group Company, as applicable, with respect to this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, shall have been completed, and each Group Company shall have delivered to each Series B2 Investor all such copies of such documents as such Series B2 Investor may reasonably request, and (iii) attaching thereto (a) the Charter Documents of the Group Companies as then in effect, and (b) copies of all resolutions approved by the shareholders and boards of directors of each Group Company related to the transactions contemplated hereby.
Each of the Warrantors shall use their respective best efforts to cause each of the condition precedents set forth in this Section 5.1 to be satisfied as soon as possible following the date hereof.

5.2 **Conditions of the Company’s Obligations at Closing.** The obligations of the Company to consummate the Closing under Section 2 of this Agreement with respect to Series B2 Investors, unless otherwise waived in writing by the Company, are subject to the fulfillment on or before the Closing of each of the following conditions:

(a) **Representations and Warranties.** The representations and warranties of each Series B2 Investor contained in Section 4 shall have been true and complete when made and shall be true and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of the Closing, except in either case for those representations and warranties that address matters only as of a particular date, which representations will have been true and complete as of such particular date.

(b) **Performance.** Each Series B2 Investor shall have performed and complied with all covenants, obligations and conditions contained in this Agreement that are required to be performed or complied with by such Series B2 Investor on or before the Closing.

6. **Covenants.**

6.1 **Pre-Closing Covenants.**

(a) If at any time before the Closing, any of the Warrantors becomes aware of any fact or event which (i) is in any way materially inconsistent with any of the representations and warranties given by any of the Warrantors, and/or (ii) suggests that any material fact warranted may not be as warranted or may be materially misleading, and/or (iii) may affect the willingness of a prudent investor to purchase the Subscription Shares or the amount of consideration that a prudent investor would be prepared to pay for the Subscription Shares, the Warrantors shall give immediate written notice thereof to the Series B2 Investors; provided, however, that nothing herein shall relieve any Party from any Liability for any breach of this Agreement.

(b) Prior to the Closing, the Warrantors shall jointly and severally ensure that the Business of the Group Shall be conducted in the ordinary course consistent with past practice and that no Group Company shall not, without the prior written consent of the Series B2 Investors, engage in any activities described in Section 18 of the Shareholders Agreement.

6.2 **Post-Closing Covenants.** Each of the Warrantors jointly and severally undertakes that it/he will procure the following post-closing covenants to be fully performed by relevant party.
(a) **Full-time Commitment.** On or prior to October 1, 2018, Mr. Tan shall (a) execute and from then on shall maintain a full-time service agreement, a confidentiality, non-compete and invention assignment agreement or a service agreement containing confidentiality, non-compete and invention assignment provisions with Jifen in the form reasonably satisfactory to Mr. Tan and the Series B1 Investor (each, a "Full-time Services Agreement"), and Mr. Tan shall devote the required work effort towards the fulfillment of his service obligations with the Group Companies and use his best efforts to promote the interest and business of the Group Companies and (b) deliver such documents (in each case in form and substance to the reasonable satisfaction of the Series B1 Investor) evidencing the termination of his employment and director position at Hu Zhong Advertisement (Shanghai) Co., Ltd. (互众广告（上海）有限公司).

(b) **Equity Pledge Registration.** As soon as practicable after the Closing, the Company, the Principals, Jifen, and the WFOE shall cause the equity pledge made by each of the equity holders of Jifen in favor of the WFOE to be registered with the competent PRC Governmental Authority, provided, however, that such equity pledge registration will not adversely affect the Group Companies’ application for, acquisition or maintenance of the material permits and licenses required under applicable Laws for the operation of the Business.

(c) **Material Licenses.** (i) Jifen shall use its best efforts to obtain an Internet News Information Services Permit (互联网新闻信息服务许可证), an Online Publishing Service Permit (网络出版服务许可证) and a License for the Dissemination of Audio-visual Programs through Information Network (信息网络传播视听节目许可证) as soon as practicable after the Closing; (ii) Xike shall use its best efforts to obtain a Permit for the Dissemination of Audio-visual Programs through Information Network (信息网络传播视听节目许可证) as soon as practicable after the Closing; and (iii) Xike shall obtain a Network Culture Operation License (网络文化经营许可证) and a Value-added Telecommunications Services Permit (增值电信业务经营许可证) covering the provision of Internet information services within fifteen (15) months after Series B1 Closing (permits referred to in this Section 6.2(c), collectively, the "Material Licenses" and each a Material License).

(d) **Advertising Audit Management System.** As soon as practicable following the Closing but in any event no later than six (6) months after the Series B1 Closing, Jifen shall:

(i) establish an advertising audit management system ("Advertising System") acceptable to the Series B1 Investor (1) to register, review, verify and archive the advertisements posted or distributed by any Domestic Company (including advertisements posted through cooperation with third-party platforms and Dian Guan) in order to prevent any such advertisements that may violate any applicable Laws of the PRC from being posted by any Domestic Company, and (2) to verify the qualifications of advertisers and ensure that no Domestic Company shall post or distribute any advertisements provided by advertisers who do not meet the qualifications required under applicable Laws of the PRC (for the avoidance of doubt, such Advertising System shall also apply to the operation of Dian Guan);

(ii) engage personnel with relevant advertising experience to implement the Advertising System and to monitor advertisements to be posted or distributed by any Domestic Company; and
(iii) with respect to advertisement sourced by advertisement agents or through Dian Guan or any other advertising platforms, enter into written agreements with advertisement agents or the operators of such advertising platforms (the “Ad Cooperation Partners”) to (1) entrust the Ad Cooperation Partners to conduct the verification described in (i) and (2) require the Ad Cooperation Partners not to provide to any Group Company any advertisements that may violate any applicable Laws of the PRC; and

(iv) provide to the Series B2 Investors evidence to the reasonable satisfaction of the Series B1 Investor that items (i) to (iii) have been completed.

(e) **Content Management System.** As soon as practicable after the Closing, and in any event within six (6) months after the Series B1 Closing, Jifen shall have established a content audit system, a responsible editing system, a responsible proofreading system and other management systems with respect to the content published on the information platform APPs operated by the Group Companies in compliance with relevant the applicable Laws of the PRC.

(f) **Infringement of Intellectual Property Rights by the Group.** As soon as practicable after the Closing, and in any event within nine (9) months after the Series B1 Closing, Jifen shall have received from each of the content provider whose content Jifen republishes or distributes written authorization for Jifen to republish and/or distribute such content provider’s content, and copies of such authorization shall have been delivered to the Series B2 Investors.

(g) **Infringement of Intellectual Property Rights by Third Parties.** As soon as practicable after Closing, Jifen shall use its best efforts to (i) cause the WeChat public account by the name of “深圳趣头条” to cease operations, and (ii) establish a system to search and monitor any infringements of the Intellectual Property owned or used by the Group on social networks by any Person.

(h) **Social Insurance.** As soon as practicable following the Closing, each of the Domestic Company and Dian Guan shall pay, and thereafter continue to pay in full, any Social Insurance contribution owed or payable by any Domestic Company and Dian Guan in compliance with applicable Laws of the PRC.

(i) **Registered Capital.** As soon as practicable following the Closing, each of the Warrantors shall cause the registered capital of the Domestic Companies, Dian Guan and the WFOE to be paid in full in accordance with the requirements set forth in the Charter Documents of such companies.

(j) **Grants under the Current ESOP.** The Company shall ensure that the Current ESOP complies with all applicable Laws and ensure that all award grants shall be made in accordance with the Current ESOP and the Warrantors shall keep the Series B2 Investors informed of the status of the grants under the Current ESOP on a quarterly basis and provide the following information to the Series B2 Investors for each grant: (1) the type and number of securities (including options) being granted, and (2) the form of the grant agreement used and (3) a summary of the categories or levels of the grantees (e.g., senior level, mid-level, low-level) and the type and number of securities granted to each category or level of grantees.

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**Memorandum and Articles.** The Company shall file the Memorandum and Articles with the Registrar of Companies of the Cayman Islands within five (5) Business Days following the Series B1 Closing.

**(l) Business Scope.** Within one (1) month after the Series B1 Closing, Jifen shall have submitted an application to the local branch of the SAIC regarding its amendment of business scope to include the activity to engage in providing internet information services (从事互联网信息服务) and the local branch of the SAIC shall have approved such application of Jifen and issued a new business license to Jifen reflecting the expanded business scope.

**(m) Trademark.** If any of the trademark registration applications for the “趣头条” trademark (application numbers 20699989, 20700180 and 20700272) is rejected, upon the request of the Series B2 Investors, Jifen shall use its best efforts to identify a replacement trademark acceptable to the Series B2 Investors for the Group’s Business and to complete the relevant trademark registration in the PRC as soon as practicable thereafter.

**(n) Other Issues in the Disclosure Schedule.** As soon as practicable following the Closing, each of the Warrantors shall resolve in a reasonably practicable manner the issues which are disclosed in the Disclosure Schedule but not expressly specified as a covenant under this Section 6.2 or a specific condition precedent to the Closing under Section 5.1.

**(o) Further Assurances.** Upon the terms and subject to the conditions herein, each of the Parties hereto agrees to use its best efforts to take or cause to be taken all action, to do or cause to be done, to execute such further instruments, and to assist and cooperate with the other Parties hereto in doing, all things necessary, proper or advisable under applicable Laws or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and the other Transaction Documents, provided that except as expressly provided herein, no Party shall be obligated to grant any waiver of any condition or other waiver hereunder.

**(p) Dian Guan.** The WFOE shall ensure that the seller under the Dian Guan Contract shall pay any taxes that are required to be paid under PRC law in connection with the transactions contemplated under the Dian Guan Contract.

**(q) Restructuring Documents.** The transactions contemplated under the Restructuring Documents shall have been completed (including completion of registration with the local branch of SAIC to reflect Li Lei (李磊) as the sole limited partner of Tianjin Shan Shi LP and to reflect Mr. Tan as the sole shareholder of Tianjin Shengxuan) within ninety (90) days after the Series B1 Closing.

**(r) SAFE Registration.** (i) The Company shall use its best efforts to ensure that each grantee under the Current ESOP or any other equity incentive plan of the Company who is a Domestic Resident shall (ii) the Company shall use its best efforts to ensure that all beneficial owners of Ordinary Shares who are Domestic Residents shall and (iii) Mr. Tan, with respect to (A) the 10,000,000 Ordinary Shares he directly or indirectly owns or controls for the 2017 ESOP and (B) the transfer of such shares to the ESOP Trustee shall, in each case, comply with all reporting and/or registration requirements (including filings of amendments to existing registrations) under Circular 37, and shall have obtained a SAFE registration certificate with respect to his/her/its interest (and in the case of Mr. Tan, also the ESOP Trustee’s interest) in the Company, in form and substance satisfactory to the Series B2 Investors (a) with respect to (i), prior to the exercise of his/her option or award pursuant to the Current ESOP or other equity incentive plan of the Company, and (b) with respect to (ii) and (iii), as soon as practicable.
(s) Effective Period of Post-Closing Covenants.

(i) The covenants of the Warrantors provided in this Section 6.2 with respect to a Series B2 Investor (other than the covenant in Section 6.2(c) shall remain effective until the later of (i) fifteen (15) months after the Series B1 Closing; and (ii) the expiration of the lock-up period applicable to such Series B2 Investor after the Company consummates the IPO and when such Series B2 Investor may freely transfer all its Equity Securities of the Company without any volume, manner of sale or timing restriction.

(ii) The covenants of the Warrantees provided in Section 6.2(c) shall remain effective until the latest of (x) 15 months after the Series B1 Closing, (y) the expiration of the lock-up period applicable to the Series B2 Investor after the Company consummates the IPO and when such Series B2 Investor may freely transfer all its Equity Securities of the Company without any volume, manner of sale or timing restriction and (z) one year after the Completion of an IPO.


7.1 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties hereto whose rights or obligations hereunder are affected by such terms and conditions. This Agreement and the rights and obligations therein may not be assigned by any Warrantor without the prior written consent of the Series B2 Investors. Each Series B2 Investor is entitled to assign its rights and obligations hereunder together as a whole to its Affiliates, without the prior consent of other Parties hereto. Nothing in this Agreement, express or implied, is intended to confer upon any Party other than the Parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

7.2 Governing Law. This Agreement shall be governed by and construed under the Laws of Hong Kong, without regard to principles of conflict of Laws thereunder.

7.3 Dispute Resolution.

(a) Any dispute, controversy or claim (each, a “Dispute”) arising out of or relating to this Agreement, or the interpretation, breach, termination, validity or invalidity thereof, shall be referred to arbitration upon the demand of the claimant to the dispute with notice (the “Arbitration Notice”) to the respondents(s) to the dispute.

(b) The Dispute shall be settled by arbitration in Hong Kong by the Hong Kong International Arbitration Centre (the “HKIAC”) in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the “HKIAC Rules”) in force when the Arbitration Notice is submitted in accordance with the HKIAC Rules. There shall be three (3) arbitrators. The claimant(s) to the dispute shall jointly select one arbitrator and the respondent(s) to the dispute shall jointly select one arbitrator. All selections shall be made within 30 days after the selecting Party gives or receives the demand for arbitration. Such arbitrators shall be freely selected, and the Parties shall not be limited in their selection to any prescribed list. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice law in Hong Kong.

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(c) The arbitral proceedings shall be conducted in English. To the extent that the HKIAC Rules are in conflict with the provisions of this Section, including the provisions concerning the appointment of the arbitrators, the provisions of this Section shall prevail.

(d) Each party to the arbitration shall cooperate with each other parties to the arbitration in making full disclosure of and providing complete access to all information and documents requested by such other party in connection with such arbitral proceedings, subject only to any confidentiality obligations binding on such party.

(e) The award of the arbitral tribunal shall be final and binding upon the parties thereto, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award.

(f) The arbitral tribunal shall decide any Dispute submitted by the parties to the arbitration strictly in accordance with the substantive Laws of Hong Kong (without regard to principles of conflict of Laws thereunder) and shall not apply any other substantive Law.

(g) Any party to the Dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(h) During the course of the arbitral tribunal’s adjudication of the Dispute, this Agreement shall continue to be performed except with respect to the part in dispute and under adjudication.

7.4 Notices. Any notice required or permitted pursuant to this Agreement shall be given in writing and shall be given either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to the address of the relevant Party as shown on Schedule V (or at such other address as such Party may designate by fifteen (15) days’ advance written notice to the other Parties to this Agreement given in accordance with this Section). Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a written confirmation of delivery, and to have been effected at the earlier of (i) delivery (or when delivery is refused) and (ii) expiration of two (2) Business Days after the letter containing the same is sent as aforesaid. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid, if such day is a Business Day and if sent during normal business hours of the recipient, otherwise the next Business Day. Notwithstanding the foregoing, to the extent a “with a copy to” address is designated, notice must also be given to such address in the manner above for such notice, request, consent or other communication hereunder to be effective.
7.5 Survival of Representations, Warranties and Covenants. The representations, warranties and covenants of the Warrantors contained in this Agreement shall survive the Closing and the consummation of the transactions contemplated hereby with the survival period provided herein respectively.

7.6 Indemnity.

(a) The Warrantors hereby agree to jointly and severally indemnify and hold harmless each Series B2 Investor, and such Series B2 Investor's respective employees, Affiliates, Associates, agents and assigns (collectively, the “Indemnified Parties” and each, an "Indemnified Party"), from and against any and all Indemnifiable Losses suffered by any of the Indemnified Parties, directly or indirectly, as a result of, or based upon or arising from any inaccuracy in or breach or nonperformance of any of the representations, warranties, covenants or agreements made by any Warrantors in or pursuant to this Agreement or any of the other Transaction Documents.

(b) Any Indemnified Party seeking indemnification with respect to any Indemnifiable Loss shall give written notice to the party required to provide indemnity hereunder (the “Indemnifying Party”), provided that such written notice shall only be given after the aggregated amounts of Indemnifiable Losses are greater than or equal to US$100,000, in which case the Warrantors shall be liable for the total aggregated amounts of the Indemnifiable Loss back to the first dollar and not for the excess amount only. For the purposes of calculating the amounts for any Indemnifiable Losses, all materiality or Material Adverse Effect qualifiers contained in any representations, warranties or covenants shall be disregarded.

(c) Notwithstanding the above, the aggregate indemnification liability of the Warrantors under the Transaction Documents with respect to a Series B2 Investor (including all of its relevant Indemnified Parties) shall be limited to the amount equal to one hundred percent (100%) of the aggregate amount of Subscription Price paid by such Series B2 Investor for its Subscription Shares, provided however, the aggregate indemnification liability cap of the Warrantors in this Section 7.6(c) shall not apply to any Liability of any Warrantor in connection with fraud or criminal acts of such Warrantor that materially jeopardizes the interests of the Group Companies or the Business or any other future business that the Group Companies may be engaged in (such fraud or criminal acts, “Disqualifying Event”).

(d) With respect to any Indemnifiable Loss suffered by any Series B2 Investor as a result of the breach of any Group Company, the Principals shall bear and assume the relevant indemnification liability only when all the Group Companies fail to bear and assume the relevant indemnification liability pursuant to Section 7.6(a). In the event the Group Companies fail to pay any portion of the Indemnifiable Loss suffered by any Series B2 Investor, within three (3) months after receiving a valid claim for indemnification raised by such Series B2 Investor, the Principals shall, within one (1) month after the expiry of such three (3) months period, pay to such Series B2 Investor by wire transfer in immediately available funds in U.S. dollars to the bank account as designated by such Series B2 Investor, any shortfall in respect of such claim not paid by the Group Companies. Notwithstanding the above, the aggregate indemnification liability of a Principal under the Transaction Documents with respect to all Series B2 Investors (including all of their relevant Indemnified Parties) shall be limited to the amount (such amount, the “Principal Liability Cap”) equal to the fair market value of all the Ordinary Shares then held by such Principal in the Company (through his Principal Holding Company), multiplied by a fraction, the numerator of which is the number of Series B2 Preferred Shares then held by such Series B2 Investor, and the denominator of which is the aggregate number of issued and outstanding Series A Preferred Shares, Series A1 Preferred Shares, Series B1 Preferred Shares and Series B2 Preferred Shares then held by all the holders of the Series A Preferred Shares, Series A1 Preferred Shares, Series B1 Preferred Shares and Series B2 Preferred Shares of the Company seeking indemnification (in each case, on an as-converted basis).

Notwithstanding anything to the contrary in this Agreement, this Section 7.6(d) shall not apply if there is a Disqualifying Event.
(e) If any claim, demand or Liability is asserted by any third party against any Indemnified Party, the Indemnifying Party shall upon the written request of the Indemnified Party, defend in a diligent manner any actions or proceedings brought against the Indemnified Party in respect of matters covered by the indemnity under this Section 7.6. A judgement under the foregoing legal proceedings against the Indemnified Party suffered by it in good faith shall be conclusive evidence of the amount of Indemnifiable Losses suffered by it against the Indemnifying Party, provided, however, that, if the Indemnifying Party has not received reasonable notice of the action or proceeding against the Indemnified Party or is not allowed to control its defense, judgment against the Indemnified Party shall only constitute presumptive evidence against the Indemnifying Party.

(f) Each of the Warrantors hereby acknowledges that, regardless of any investigation or diligence made (or not made) by or on behalf of any Indemnified Party, the Series B2 Investors have entered into the Transaction Documents in express reliance upon the representations, warranties, covenants and other agreements made therein.

(g) This Section 7.6 shall not be deemed to preclude or otherwise limit in any way the exercise of any other rights or pursuit of other remedies for the breach of this Agreement or with respect to any misrepresentation.

(h) The indemnity obligations of the Warrantors with respect to a Series B2 Investor:

(i) provided in this Section 7.6 (other than a breach of any Fundamental Warranty, a breach of the covenant described in Section 6.2(c) and any indemnity obligations related to the foregoing) shall remain effective until the later of (1) fifteen (15) months after the Series B1 Closing; and (2) the expiration of the lock-up period applicable to such Series B2 Investor after the Company consummates the IPO and when such Series B2 Investor may freely transfer all its Equity Securities of the Company without any volume, manner of sale or timing restriction.

(ii) for a breach of the covenant described in Section 6.2(c) shall remain effective until the latest of (1) 15 months after the Series B1 Closing, (2) the expiration of the lock-up period applicable to such Series B2 Investor after the Company consummates the IPO and when such Series B2 Investor may freely transfer all its Equity Securities of the Company without any volume, manner of sale or timing restriction and (3) one year after the Completion of an IPO.
7.7 **Specific Indemnity.** Without prejudice to the generality of Section 7.6, the Group Companies hereby agree to jointly and severally indemnify and hold harmless any Series B2 Investor and its employees, Affiliates, Associates, directors, agents and assigns, (collectively, the “Specific Indemnified Parties”, and each, a “Specific Indemnified Party”), from and against any and all Indemnifiable Losses suffered by any of the Specific Indemnified Parties, directly or indirectly, as a result of, or based upon or arising from any of the following:

(a) any claim or action that any of the Series A Investors and the Series A1 Investor may have against any of the Group Companies, the Principals or the Principal Holding Companies, in each case, arising out of or in connection with any of the representations, warranties, covenants and indemnities made by each of them under, in connection with or pursuant to (i) the Series A Share Purchase Agreement, (ii) the Series A1 Share Purchase Agreement, (iii) the Series A1 Shareholders Agreement and/or (iv) the investment in the Group by any Series A Investor or Series A1 Investor;

(b) any delay or failure in making any payment for applicable Taxes by any Group Company, including failure of Jifen to pay any Levy of Construction Fee for Cultural Undertakings, value-added tax or withholding tax that are due and payable by Jifen under applicable Laws of the PRC prior to the Closing;

(c) the operation of the Business by Jifen and Xike without the Material Licenses prior to the Closing;

(d) the failure to maintain an appropriate content management system or the publishing, display or distribution of any content by the Group or by any user of the APPs operated by the Group which violate applicable Laws or infringe the rights of any other Persons or without having completed the requisite diligence of the legality of such content; and

(e) the operation of the Business under the name “趣头条” without having registered the “趣头条” trademark with the relevant Governmental Authorities or the infringement of any Intellectual Property rights of any Person due to the operation of the Business under the name “趣头条”.

If any Group Companies fail to pay any portion of the Indemnifiable Losses suffered by the Specific Indemnified Party within three (3) months after receiving a valid claim for indemnification by raised by any Series B2 Investor, the Principals shall be liable to pay for any amount of shortfall in accordance with Section 7.6(d), while such indemnification liabilities of the Principals for such Indemnifiable Losses shall also be subject to the Principal Liability Cap unless there is a Disqualifying Event.

7.8 **Rights Cumulative; Specific Performance.** Each and all of the various rights, powers and remedies of a Party will be considered to be cumulative with and in addition to any other rights, powers and remedies which such Party may have at Law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such Party. Without limiting the foregoing, the Parties hereto acknowledge and agree irreparable harm may occur for which money damages would not be an adequate remedy in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunction to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement.

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7.9 Confidentiality.

(a) The terms and conditions of this Agreement, any term sheet or memorandum of understanding entered into pursuant to the transactions contemplated hereby, all exhibits and schedules attached hereto and thereto, the transactions contemplated hereby and thereby, including their existence, and all information furnished by any Party hereto and by representatives of such Parties to any other Party hereof or any of the representatives of such Parties (collectively, the “Confidential Information”), shall be considered confidential information and shall not be disclosed by any Party hereto to any third party except in accordance with the provisions set forth below.

(b) Notwithstanding the foregoing, each Party may disclose (i) the Confidential Information to its Affiliates and its and its Affiliates’ respective shareholders, directors, employees or advisers (including without limitation bankers, consultants, financial advisers, accountants, legal counsels or members of advisory boards) on a need-to-know basis, in each case only where such persons or entities are informed of the confidential nature of the Confidential Information and are under appropriate nondisclosure obligations substantially similar to those set forth in this Section 7.9, (ii) such Confidential Information as is required to be disclosed pursuant to routine examination requests from Governmental Authorities with authority to regulate such Party’s operations, in each case as such Party deems appropriate in good faith, and (iii) the Confidential Information to any Person to which disclosure is approved in writing by the other Parties. Any Party hereto may also provide disclosure in order to comply with applicable Laws, as set forth in Section 7.9(c) below.

(c) Except as set forth in Section 7.9(b) above, in the event that any Party is requested or becomes legally compelled (including without limitation, pursuant to any applicable tax, securities, other Laws of any jurisdiction, or any applicable stock exchange rules or regulations) to disclose the existence of this Agreement or any Confidential Information, such Party (the “Disclosing Party”) shall provide the other Parties hereto with prompt written notice of that fact and shall consult with the other Parties hereto regarding such disclosure. At the request of any other Parties, the Disclosing Party may, to the extent reasonably possible and with the cooperation and reasonable efforts of the other Parties, seek a protective order, confidential treatment or other appropriate remedy. In any event, the Disclosing Party shall furnish only that portion of the information that is legally required and shall exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information.

(d) Notwithstanding any other provision of this Section 7.9, the confidentiality obligations of the Parties shall not apply to: (i) information which a restricted party learns from a third party which the receiving party reasonably believes to have the right to make the disclosure; (ii) information which is rightfully in the restricted party’s possession prior to the time of disclosure by the protected party; or (iii) information which enters the public domain without breach of the confidentiality obligations hereunder of the restricted party.

(e) Notwithstanding the foregoing, no Warrantor shall use the name or logo of any Series B2 Investor in any manner, context or format (including but not limited to reference on or links to websites, press releases) without the prior written consent of such Series B2 Investor.
7.10 **Use of Brands and Marks of Xiaomi.** Notwithstanding anything to the contrary in this Agreement, without the prior written consent of People Better Limited ("Xiaomi"), and whether or not Xiaomi or any of its Affiliates is then a shareholder of the Company, the Company shall not and shall cause its Affiliates and the Group Companies not to:

(a) use in advertising, publicity, announcements, or otherwise the name or logo of Xiaomi, including but not limited to "雷军", "小米", 小米商城, 小米网, 红米, 米兔, 米家, 小米生态链, MI, mi, Xiaomi, MIUI, MIJIA, or any other names, trademarks or logos that are registered under the name of Xiaomi or its Affiliates., the associated devices and logos of the above brands, or any company name, trade name, trademark, service mark, domain name, device, design, symbol or any abbreviation, contraction or simulation thereof owned or used by Xiaomi or any of its Affiliates.

(b) represent, directly or indirectly, that any product or services provided by any Group Company or any of their respective Affiliates has been approved or endorsed by Tencent or any of its Affiliates.

7.11 **Finder's Fee.** Except those finder’s fees which have been disclosed in [Section 3.24] of the Disclosure Schedule, each Warrantor agrees, jointly and severally, to indemnify and hold harmless the Series B2 Investors from any liability for any commission or compensation in the nature of a finders’ fee (and the costs and expenses of defending against such liability or asserted liability) for which any Group Company or any of its officers, employees or representatives is responsible.

7.12 **Severability.** In case any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. If, however, any provision of this Agreement shall be invalid, illegal, or unenforceable under any such applicable Law in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such Law, or, if for any reason it is not deemed so modified, it shall be invalid, illegal, or unenforceable only to the extent of such invalidity, illegality, or limitation on enforceability without affecting the remaining provisions of this Agreement, or the validity, legality, or enforceability of such provision in any other jurisdiction.

7.13 **Amendments and Waivers.** Any term of this Agreement may be amended, only with the written consent of each of (i) the Company, (ii) each Principal, and (iii) each Series B2 Investor. Any amendment effected in accordance with this paragraph shall be binding upon each of the Parties hereto. Notwithstanding the foregoing, the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Party against whom such waiver is sought.

7.14 **No Waiver.** Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy power hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.
7.15 **Delays or Omissions.** No delay or omission to exercise any right, power or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing.

7.16 **No Presumption.** The Parties acknowledge that any applicable Law that would require interpretation of any claimed ambiguities in this Agreement against the Party that drafted it has no application and is expressly waived. If any claim is made by a Party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any Party or its counsel.

7.17 **Headings and Subtitles; Interpretation.** The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. Unless a provision hereof expressly provides otherwise: (i) the term “or” is not exclusive; (ii) words in the singular include the plural, and words in the plural include the singular; (iii) the terms “herein”, “hereof”, and other similar words refer to this Agreement as a whole and not to any particular section, subsection, paragraph, clause, or other subdivision; (iv) the term “including” will be deemed to be followed by, “but not limited to”, (v) the masculine, feminine, and neuter genders will each be deemed to include the others; (vi) the terms “shall”, “will”, and “agrees” are mandatory, and the term “may” is permissive; (vii) the term “day” means “calendar day”, and “month” means calendar month, (viii) all references in this Agreement to designated “Sections” and other subdivisions are to the designated Sections and other subdivisions of the body of this Agreement, (ix) all references in this Agreement to designated Schedules, Exhibits and Appendices are to the Schedules, Exhibits and Appendices attached to this Agreement, (x) the phrase “directly or indirectly” means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning, (xi) references to laws include any such law modifying, re-enacting, extending or made pursuant to the same or which is modified, re-enacted, or extended by the same or pursuant to which the same is made, (xii) each representation, warranty, agreement, and covenant contained herein will have independent significance, regardless of whether also addressed by a different or more specific representation, warranty, agreement, or covenant, (xiii) all accounting terms not otherwise defined herein have the meanings assigned under the Accounting Standards, (xiv) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, (xv) references to this Agreement, any other Transaction Documents and any other document shall be construed as references to such document as the same may be amended, supplemented or novated from time to time, and (xvi) all references to dollars or to “US$” are to currency of the United States of America and all references to RMB are to currency of the PRC.

7.18 **Counterparts.** This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.
7.19 **Entire Agreement.** This Agreement and the Transaction Documents, together with all schedules and exhibits hereto and thereto, constitute the full and entire understanding and agreement among the Parties with regard to the subjects hereof and thereof, and supersede all other agreements between or among any of the Parties with respect to the subject matters hereof and thereof.

7.20 **Use of English Language.** This Agreement has been executed and delivered in the English language. Any translation of this Agreement into another language shall have no interpretive effect. All documents or notices to be delivered pursuant to or in connection with this Agreement shall be in the English language or, if any such document or notice is not in the English language, accompanied by an English translation thereof, and the English language version of any such document or notice shall control for purposes thereof.

7.21 **Termination.**

(a) **Termination of this Agreement.** This Agreement may be terminated prior to the Closing (i) by mutual written consent of the Parties, (ii) by any Series B2 Investor (with respect to such Series B2 Investor only), or by the Company if the Closing has not been consummated within six (6) months after the date hereof, provided that, if the nonoccurrence of the Closing is attributable to one Party, such Party is not entitled to terminate this Agreement in accordance with this clause (ii), (iii) by the Company if any Series B2 Investor fails to pay the full amount of its payable Subscription Price within fifteen (15) Business Days after the closing conditions provided in Section 5.1 have been duly satisfied or waived (with respect to such Series B2 Investor only), (iv) if any warranty, or any other covenant or agreement contained in this Agreement is materially breached by any Warrantor and such breach (if curable) shall not have been cured on or prior to thirty (30) days after the occurrence of such breach and has caused Material Adverse Effect, then any Series B2 Investor shall have the right to terminate this Agreement (with respect to such Series B2 Investor only), and (v) if any warranty, or any other covenant or agreement contained in this Agreement is materially breached by any Series B2 Investor and such breach (if curable) shall not have been cured on or prior to thirty (30) days after the occurrence of such breach, the Company shall have the right to terminate this Agreement (with respect to such Series B2 Investor only).

(b) **Effects of Termination.** If this Agreement is terminated as provided under this Section 7.21, this Agreement will be of no further force or effect upon termination provided that (i) the termination will not relieve any Party from any Liability for any antecedent breach of this Agreement, and (ii) Sections 7.1, 7.2, 7.3, 7.4, 7.6, 7.8, and 7.9 through 7.20 shall survive the termination of this Agreement.
GROUP COMPANIES:

Qtech Ltd.

By: /s/ Tan Siliang
Name: Tan Siliang (谭思亮)
Title: Director

InfoUniversal Limited

By: /s/ Tan Siping
Name: Tan Siping (谭思萍)
Title: Director

上海趣蕴网络科技有限公司

By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Legal Representative

上海基分文化传播有限公司

By: /s/ Chen Sihui
Name: Chen Sihui (陈思晖)
Title: Legal Representative

[Signature Page to the Series B2 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

GROUP COMPANIES:

上海溪客信息技术服务有限公司
By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Legal Representative

上海推乐信息技术服务有限公司
By: /s/ Chen Sihui
Name: Chen Sihui (陈思晖)
Title: Legal Representative

安徽掌端网络科技有限公司
By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Legal Representative

北京趣看点网络科技有限公司
By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Legal Representative

上海点冠网络科技有限公司
By: /s/ Liang Xiang
Name: Liang Xiang (梁湘)
Title: Legal Representative

[Signature Page to the Series B2 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

PRINCIPALS:

Tan Siliang (谭思亮)

/s/ Tan Siliang

Li Lei (李磊)

/s/ Li Lei

[Signature Page to the Series B2 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

PRINCIPAL HOLDING COMPANIES:

**Innotech Overseas Investment Ltd.**

By: /s/ Tan Siping  
Name: Tan Siping (谭思萍)  
Title: Director

**Innotech Group Holdings Ltd.**

By: /s/ Tan Siping  
Name: Tan Siping (谭思萍)  
Title: Director

**News Optimizer (BVI) Ltd.**

By: /s/ Li Lei  
Name: Li Lei (李磊)  
Title: Director

[Signature Page to the Series B2 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B2 INVESTOR:

Long Range L.P.
By its general partner, Green Vision Partners Limited

By: /s/ Wong Kok Wai
Name: Wong Kok Wai
Title: Director

[Signature Page to the Series B2 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B2 INVESTOR:

People Better Limited

By: /s/ Chew Shouzi
Name: Chew Shouzi
Title: Authorized Signatory

[Signature Page to the Series B2 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B2 INVESTOR:

Shunwei Growth III Limited

By: /s/ Yuk Kuen LEUNG
Name: Yuk Kuen LEUNG
Title: Director

[Signature Page to the Series B2 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B2 INVESTOR:

Shanghai ChuangVest Venture Investment Partnership (Limited Partnership) (上海创伴创业投资合伙企业(有限合伙))

By: /s/ LU Yihao
Name: LU Yihao
Title: Managing Partner

[Signature Page to the Series B2 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

**SERIES B2 INVESTOR:**

**Double Excel Investment Limited**

By: /s/ Rose Jing

Name: Rose Jing

Title: Authorized Signatory

[Signature Page to the Series B2 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B2 INVESTOR:

Lighthouse Capital International Inc.

By: /s/ Zheng Xuanle
Name: Zheng Xuanle
Title: Director

[Signature Page to the Series B2 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and
year first above written.

SERIES B2 INVESTOR:

CMC Queen Holdings Limited

By: /s/ Peter LI
Name: Peter LI
Title: Authorized Signatory

[Signature Page to the Series B2 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B2 INVESTOR:

ACE Redpoint Ventures China I, L.P.
By: ACE Redpoint Ventures China I GP, L.P.,
its general partner

By: ACE Redpoint Ventures China I GP, Ltd.,
its general partner

By: /s/ David Egglishaw
Name: David Egglishaw
Title: Director

ACE Redpoint Associates China I, L.P.
By: ACE Redpoint Ventures China I GP, Ltd.,
its general partner

By: /s/ David Egglishaw
Name: David Egglishaw
Title: Director

ACE Redpoint China Strategic I, L.P.
By: ACE Redpoint Ventures China I GP, L.P.,
its general partner

By: ACE Redpoint Ventures China I GP, Ltd.,
its general partner

By: /s/ David Egglishaw
Name: David Egglishaw
Title: Director

[Signature Page to the Series B2 Share Purchase Agreement]
## SCHEDULE I

List of Principals and Principal Holding Companies

<table>
<thead>
<tr>
<th>Principal</th>
<th>PRC ID Card Number/Passport Number</th>
<th>Principal Holding Company</th>
<th>Ownership Interest Percentage Held by Principal in the Principal Holding Company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tan Siliang (谭思亮)</td>
<td>[REDACTED]</td>
<td>Innotech Overseas Investment Ltd. Innotech Group Holdings Ltd.</td>
<td>100%</td>
</tr>
<tr>
<td>Li Lei (李磊)</td>
<td>[REDACTED]</td>
<td>News Optimizer (BVI) Ltd.</td>
<td>100%</td>
</tr>
</tbody>
</table>

Schedule I
Share Purchase Agreement
<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Subscription Shares</th>
<th>Subscription Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long Range L.P.*</td>
<td>1,371,974*</td>
<td>US$32,400,000*</td>
</tr>
<tr>
<td>People Better Limited</td>
<td>342,993</td>
<td>US$ 8,100,000</td>
</tr>
<tr>
<td>Shunwei Growth III Limited</td>
<td>342,993</td>
<td>US$ 8,100,000</td>
</tr>
<tr>
<td>Shanghai Shanghai ChuangVest Venture Investment Partnership (Limited Partnership)</td>
<td>211,724**</td>
<td>US$ 5,000,000**</td>
</tr>
<tr>
<td>Double Excel Investment Limited</td>
<td>716,145</td>
<td>US$16,912,196</td>
</tr>
<tr>
<td>Lighthouse Capital International Inc.</td>
<td>127,035</td>
<td>US$ 3,000,000</td>
</tr>
<tr>
<td>CMC Queen Holdings Limited</td>
<td>423,449</td>
<td>US$10,000,000</td>
</tr>
<tr>
<td>ACE Redpoint Ventures China I, L.P.</td>
<td>335,693</td>
<td>US$ 7,927,605</td>
</tr>
<tr>
<td>ACE Redpoint Associates China I, L.P.</td>
<td>19,049</td>
<td>US$ 449,855</td>
</tr>
<tr>
<td>ACE Redpoint China Strategic I, L.P.</td>
<td>4,673</td>
<td>US$ 110,344</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,895,728</strong></td>
<td><strong>US$92,000,000</strong></td>
</tr>
</tbody>
</table>

* 50% of the Subscription Price of Long Range L.P., will be paid through the conversion of the Convertible Promissory Note.

** Subject to the successful exercise of the Warrant by Shanghai CC
## SCHEDULE III

**Schedule of Capitalization Immediately before the Closing**

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Class of Shares</th>
<th>Number of Shares</th>
<th>Percentage (on a fully diluted and as-converted basis)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innotech Group Holdings Ltd.</td>
<td>ordinary shares</td>
<td>27,123,442</td>
<td>41.92%</td>
</tr>
<tr>
<td>News Optimizer (BVI) Ltd.</td>
<td>ordinary shares</td>
<td>7,125,000</td>
<td>11.00%</td>
</tr>
<tr>
<td>Morning Sea Limited</td>
<td>ordinary shares</td>
<td>96,136</td>
<td>0.15%</td>
</tr>
<tr>
<td>Pebble Capital Management Limited</td>
<td>ordinary shares</td>
<td>3,054,218</td>
<td>4.72%</td>
</tr>
<tr>
<td>Precious Lead Limited</td>
<td>ordinary shares</td>
<td>563,187</td>
<td>0.87%</td>
</tr>
<tr>
<td>Double excel investment</td>
<td>ordinary shares</td>
<td>977,650</td>
<td>1.51%</td>
</tr>
<tr>
<td>L&amp;L LIMITED</td>
<td>ordinary shares</td>
<td>84,690</td>
<td>0.13%</td>
</tr>
<tr>
<td>Eton International Investment Limited</td>
<td>ordinary shares</td>
<td>42,345</td>
<td>0.07%</td>
</tr>
<tr>
<td>EASTEST HOLDINGS GROUP CO., LTD.</td>
<td>ordinary shares</td>
<td>211,724</td>
<td>0.33%</td>
</tr>
<tr>
<td>Membrane Star LLC</td>
<td>ordinary shares</td>
<td>296,414</td>
<td>0.46%</td>
</tr>
<tr>
<td>ACE Redpoint Ventures China I, L.P.</td>
<td>ordinary shares</td>
<td>46,881</td>
<td>0.07%</td>
</tr>
<tr>
<td>ACE Redpoint Associates China I, L.P.</td>
<td>ordinary shares</td>
<td>2,660</td>
<td>0.00%</td>
</tr>
<tr>
<td>ACE Redpoint China Strategic I, L.P.</td>
<td>ordinary shares</td>
<td>653</td>
<td>0.00%</td>
</tr>
<tr>
<td>SHANG QIANG LIMITED</td>
<td>ordinary shares</td>
<td>211,724</td>
<td>0.33%</td>
</tr>
<tr>
<td>Advantage Ace Investment Limited</td>
<td>ordinary shares</td>
<td>163,276</td>
<td>0.25%</td>
</tr>
<tr>
<td>Current ESOP</td>
<td>ordinary shares</td>
<td>12,964,141</td>
<td>20.04%</td>
</tr>
<tr>
<td>CW toutiao Limited</td>
<td>Series A Preferred Shares</td>
<td>3,071,428</td>
<td>4.75%</td>
</tr>
<tr>
<td>xInternet Limited</td>
<td>Series A Preferred Shares</td>
<td>225,275</td>
<td>0.35%</td>
</tr>
<tr>
<td>ACE Redpoint Ventures China I, L.P.</td>
<td>Series A Preferred Shares</td>
<td>1,539,560</td>
<td>2.38%</td>
</tr>
<tr>
<td>ACE Redpoint Associates China I, L.P.</td>
<td>Series A Preferred Shares</td>
<td>87,363</td>
<td>0.14%</td>
</tr>
<tr>
<td>ACE Redpoint China Strategic I, L.P.</td>
<td>Series A Preferred Shares</td>
<td>21,429</td>
<td>0.03%</td>
</tr>
<tr>
<td>CMC Queen Holdings Limited</td>
<td>Series A1 Preferred Shares</td>
<td>1,373,626</td>
<td>2.12%</td>
</tr>
<tr>
<td>Image Flag Investment (HK) Limited</td>
<td>Series B1 Preferred Shares</td>
<td>5,420,144</td>
<td>8.38%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>64,702,966</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Schedule III

Share Purchase Agreement
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<thead>
<tr>
<th>Shareholder</th>
<th>Class of Shares</th>
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<td>ordinary shares</td>
<td>7,125,000</td>
<td>10.42%</td>
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<td>Morning Sea Limited</td>
<td>ordinary shares</td>
<td>96,136</td>
<td>0.14%</td>
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<tr>
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<td>0.01%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>68,386,970</strong></td>
<td><strong>100.00%</strong></td>
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</tr>
<tr>
<td>EASTEST HOLDINGS GROUP CO., LTD.</td>
<td>ordinary shares</td>
<td>211,724</td>
<td>0.31%</td>
</tr>
<tr>
<td>Membrane Star LLC</td>
<td>ordinary shares</td>
<td>296,414</td>
<td>0.43%</td>
</tr>
<tr>
<td>ACE Redpoint Ventures China I, L.P.</td>
<td>ordinary shares</td>
<td>46,881</td>
<td>0.07%</td>
</tr>
<tr>
<td>ACE Redpoint Associates China I, L.P.</td>
<td>ordinary shares</td>
<td>2,660</td>
<td>0.00%</td>
</tr>
<tr>
<td>ACE Redpoint China Strategic I, L.P.</td>
<td>ordinary shares</td>
<td>653</td>
<td>0.00%</td>
</tr>
<tr>
<td>SHANG QIANG LIMITED</td>
<td>ordinary shares</td>
<td>211,724</td>
<td>0.31%</td>
</tr>
<tr>
<td>Advantage Ace Investment Limited</td>
<td>ordinary shares</td>
<td>163,276</td>
<td>0.24%</td>
</tr>
<tr>
<td>Current ESOP</td>
<td>ordinary shares</td>
<td>12,964,141</td>
<td>18.90%</td>
</tr>
<tr>
<td>xInternet Limited</td>
<td>Series A Preferred Shares</td>
<td>3,071,428</td>
<td>4.48%</td>
</tr>
<tr>
<td>ACE Redpoint Ventures China I, L.P.</td>
<td>Series A Preferred Shares</td>
<td>1,539,560</td>
<td>2.24%</td>
</tr>
<tr>
<td>ACE Redpoint Associates China I, L.P.</td>
<td>Series A Preferred Shares</td>
<td>87,363</td>
<td>0.13%</td>
</tr>
<tr>
<td>ACE Redpoint China Strategic I, L.P.</td>
<td>Series A Preferred Shares</td>
<td>21,429</td>
<td>0.03%</td>
</tr>
<tr>
<td>CMC Queen Holdings Limited</td>
<td>Series A1 Preferred Shares</td>
<td>1,373,626</td>
<td>2.00%</td>
</tr>
<tr>
<td>Image Flag Investment (HK) Limited</td>
<td>Series B1 Preferred Shares</td>
<td>5,420,144</td>
<td>7.90%</td>
</tr>
<tr>
<td>Long Range L.P.</td>
<td>Series B2 Preferred Shares</td>
<td>1,371,974</td>
<td>2.00%</td>
</tr>
<tr>
<td>People Better Limited</td>
<td>Series B2 Preferred Shares</td>
<td>342,993</td>
<td>0.50%</td>
</tr>
<tr>
<td>Shunwei Growth III Limited</td>
<td>Series B2 Preferred Shares</td>
<td>342,993</td>
<td>0.50%</td>
</tr>
<tr>
<td>Shanghai Shanghai ChuangVest Venture Investment Partnership (Limited Partnership)</td>
<td>Series B2 Preferred Shares</td>
<td>211,724</td>
<td>0.31%</td>
</tr>
<tr>
<td>Double Excel Investment Limited</td>
<td>Series B2 Preferred Shares</td>
<td>716,145</td>
<td>1.04%</td>
</tr>
<tr>
<td>Lighthouse Capital International Inc.</td>
<td>Series B2 Preferred Shares</td>
<td>127,035</td>
<td>0.19%</td>
</tr>
<tr>
<td>CMC Queen Holdings Limited</td>
<td>Series B2 Preferred Shares</td>
<td>423,449</td>
<td>0.62%</td>
</tr>
<tr>
<td>ACE Redpoint Ventures China I, L.P.</td>
<td>Series B2 Preferred Shares</td>
<td>335,693</td>
<td>0.49%</td>
</tr>
<tr>
<td>ACE Redpoint Associates China I, L.P.</td>
<td>Series B2 Preferred Shares</td>
<td>19,049</td>
<td>0.03%</td>
</tr>
<tr>
<td>ACE Redpoint China Strategic I, L.P.</td>
<td>Series B2 Preferred Shares</td>
<td>4,673</td>
<td>0.01%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>68,598,694</strong></td>
<td><strong>100.00%</strong></td>
</tr>
</tbody>
</table>

Schedule III

Share Purchase Agreement
## SCHEDULE IV
### List of Key Employees

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Li Lei (李磊)</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>2</td>
<td>Wang Jingbo (王静波)</td>
<td>Chief Financial Officer</td>
</tr>
<tr>
<td>3</td>
<td>Chen Yucheng (陈昱丞)</td>
<td>Chief Strategy Officer</td>
</tr>
<tr>
<td>4</td>
<td>Chen Sihui (陈思晖)</td>
<td>Chief Operating Officer</td>
</tr>
<tr>
<td>5</td>
<td>Wang Zhiliang (王志良)</td>
<td>Chief Technology Officer</td>
</tr>
<tr>
<td>6</td>
<td>Zhu Bingjie (朱斌杰)</td>
<td>Chief Growth Officer</td>
</tr>
</tbody>
</table>

Schedule IV

Share Purchase Agreement
SCHEDULE V

Address for Notices

If to the Group Companies:

Address: 申江路5005弄星创科技广场3号楼11层
Tel: [REDACTED]
Fax: N/A
Attention: Tan Siliang (谭思亮)

If to the Principals and Principal Holding Companies:

Address: 申江路5005弄星创科技广场3号楼11层
Tel: [REDACTED]
Fax: N/A
Attention: Tan Siliang (谭思亮)

If to Long Range L.P.:

Address: Suites 1702-03, 17/F, One Exchange Square, 8 Connaught Place, Central, Hong Kong
Tel: [REDACTED]
Fax: [REDACTED]
Attention: Director

If to People Better Limited:

Address: 海淀区清河顺事嘉业创业园F栋1楼 111
Tel: [REDACTED]
Attention: 孙志超

If to Shunwei Growth III Limited:

Attention: MR. TUCK LYE KOH (许达来)
Address: Vistra Corporate Services Center, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands
Email: [REDACTED]

With a copy to:
Attention: Mr. Tuck Lye Koh (许达来)
Address: Unit 1309A, 13/F, Cable TV Tower, No. 9 Hoi Shing Road, Tsuen Wan, N.T., Hong Kong
Email: tlkoh@shunwei.com
Telephone: [REDACTED]
Fax: [REDACTED]
If to Shanghai CC:

Address: Room 508, 98 Zhen Ning Road, Shanghai, PRC
Attention: Mont Gu (顾蒙特)
Tel: [REDACTED]

If to Double Excel Investment Limited:

Address: 上海市虹桥路2188弄57号
Tel: [REDACTED]
Attention: 蒋蔚婷 Jiang Weiting

If to Lighthouse Capital International Inc.:

Address: 上海市银城中路168号2605室
Tel: [REDACTED]
Attention: 郑烜乐

If to CMC Queen Holdings Limited:

Address: Level 35, HKRI Taikoo Hui Center I, 288 Shimen Yi Road, Jing’an District, Shanghai 200041
Attn: Peter Li
Tel: [REDACTED]
Fax: [REDACTED]
Email: [REDACTED]

If to ACE Redpoint Ventures China I, L.P., ACE Redpoint Associates China I, L.P., and ACE Redpoint China Strategic I, L.P.:

Address: 1539 Nanjing Road West, Kerry Center, Tower 2, Suite 1801, Shanghai
Attn: Nancy Shi
Tel: [REDACTED]
Fax: [REDACTED]
Email: [REDACTED]

Schedule V
Share Purchase Agreement
EXHIBIT B
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Exhibit B
Share Purchase Agreement
EXHIBIT C
DISCLOSURE SCHEDULE

Exhibit C
Share Purchase Agreement
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<td>3.24 No Brokers</td>
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<td>3.31 Survival Period of Representations and Warranties</td>
<td>31</td>
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</tbody>
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   4.2 Purchase for Own Account
   4.3 Restricted Securities
   4.4 Legitimate Source of Investment Funds

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   5.1 Conditions of the Series B2 Investors' Obligations at the Closing
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   7.4 Notices
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Share Purchase Agreement
Dated the 26th day of February, 2018

Qtech Ltd.
(as Company)

AND

The Core Trust Company Limited
(汇聚信託有限公司)
(as Trustee)

AND

Qu World Limited
(as Nominee A)

AND

QFUN Limited
(as Nominee B)

____________________________

TRUST DEED FOR
CERTAIN EQUITY INCENTIVE SCHEMES
OF
QTECH LTD.
THIS DEED is made the 26th day of February, 2018

BETWEEN:

(1) Qtech Ltd., a company incorporated in the Cayman Islands as an exempted company with limited liability and with its registered address at P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman (the “Company”);

(2) The Core Trust Company Limited, a trust company incorporated under the laws of Hong Kong, whose registered office is at 28th Floor, 33 Des Voeux Road Central, Central, Hong Kong (where the context so admits includes any nominee or successor or additional trustee for the time being of this Deed) (the “Trustee”);

(3) Qu World Limited, a limited liability company incorporated under the laws of British Virgin Islands, whose registered office is Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (where the context so admits includes any nominee or successor or additional nominee for the time being of this Deed) (the “Nominee A”); and

(4) QFUN Limited, a limited liability company incorporated under the laws of British Virgin Islands, whose registered office is Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands (where the context so admits includes any nominee or successor or additional nominee for the time being of this Deed) (the “Nominee B” and collectively with Nominee A, the “Nominees”).

WHEREAS:

(A) The Company approved:

• the Qtech Ltd. 2017 Equity Incentive Plan on February 15, 2018 (the “2017 Plan”), and

• the Qtech Ltd. 2018 Equity Incentive Plan on February 25, 2018 (the “2018 Plan”),

in each case for the benefit of the Participant(s) (as defined in each respective scheme), copies of which are set out in Schedule 1 to Schedule 2 of this Deed.

(B) Pursuant to these schemes, the Company has granted and will grant awards under these schemes to the Participant(s) (as defined in each respective scheme).

(C) The Trustee has agreed to be the trustee of these schemes.

(D) The Nominee A, a wholly-owned subsidiary of the Trustee, has agreed to be a party under this Deed and to hold equity underlying the awards from the 2017 Plan in accordance with this Deed.

- 2 -
The Nominee B, a wholly-owned subsidiary of the Trustee, has agreed to be a party under this Deed and to hold equity underlying the awards from the 2018 Plan in accordance with this Deed.

NOW THIS DEED WITNESSES as follows:

1. **DEFINITIONS**

1.1 Other than those expressly defined in this Deed, capitalized term used herein shall have the same meaning as provided in the respective Schemes (as defined below).

   “Administrator” means the Board or a committee consisting of one or more member(s) of the Board or officer(s) of the Company whom the Board has delegated its authority to act as the Administrator as provided in the respective Schemes and notified to the Trustee and the Nominees;

   “Affiliate” means, in relation to a person, any Subsidiary or Holding Company of such person, any Subsidiary of any such Holding Company, and any other company in which such person or any such Holding Company holds or controls directly or indirectly not less than 20% of the issued share capital;

   “Articles” means the articles of association of the Company (as amended from time to time);

   “Awards” means those options, Shares, restricted stock units, and other equity awards, as granted by the Company pursuant to and in accordance with the applicable Schemes;

   “Board” means the board of directors of the Company or a duly authorized committee of the board of directors;

   “Companies Ordinance” means the Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong) effective from March 3, 2014, as amended, supplemented or otherwise modified from time to time.

   “this Deed” means this Deed and the Schedule and any deed supplemental hereto and the schedules (if any) thereto, all as from time to time modified, varied, supplemented or novated in accordance with the provisions herein or therein contained;
<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>“Grant Date”</td>
<td>means the date on which Awards, are granted under the respective Schemes, as applicable, pursuant to a Grant Letter;</td>
</tr>
<tr>
<td>“Grant Letter”</td>
<td>means the letter pursuant to which Awards are granted to a Participant(s), as described in the Schemes, as applicable;</td>
</tr>
<tr>
<td>“Group”</td>
<td>means the Company and the Subsidiaries;</td>
</tr>
<tr>
<td>“Holding Company”</td>
<td>in relation to any company means any other company of which the first mentioned company is a Subsidiary;</td>
</tr>
<tr>
<td>“Hong Kong”</td>
<td>means Hong Kong Special Administrative Region of the People’s Republic of China;</td>
</tr>
<tr>
<td>“liability”</td>
<td>means any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, impost and other charges) and including any sales tax or similar tax charged or chargeable in respect thereof, other professional expenses, disbursements and legal fees and expenses on a full indemnity basis;</td>
</tr>
<tr>
<td>“Listing Rules”</td>
<td>means the rules governing the listing of securities on the Stock Exchange (as amended from time to time);</td>
</tr>
<tr>
<td>“Participant(s)”</td>
<td>has the meaning as ascribed to it under the Schemes, as applicable;</td>
</tr>
<tr>
<td>“person”</td>
<td>means any individual, company, body corporate or other juridical person, partnership, firm, joint venture or trust or any federation, state or subdivision thereof or any government or agency of any of the foregoing;</td>
</tr>
<tr>
<td>“Schemes”</td>
<td>means the Company’s (i) the Qtech Ltd. 2017 Equity Incentive Plan on February 15, 2018 (also referenced herein as the 2017 Plan), and (ii) the Qtech Ltd. 2018 Equity Incentive Plan on February 25, 2018 (also referenced herein as the 2018 Plan), in each case as modified, amended or supplemented from time to time.</td>
</tr>
<tr>
<td>Term</td>
<td>Definition</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>“Shares”</td>
<td>means ordinary shares of $0.0001 each in the share capital of the Company, or if there has been a sub-division, reduction, consolidation, reclassification or reconstruction of the share capital of the Company, the shares forming part of the ordinary equity share capital of the Company of such nominal amount as shall result from any such sub-division, reduction, consolidation, reclassification or reconstruction;</td>
</tr>
<tr>
<td>“Shares underlying the Awards”</td>
<td>means the Shares underlying the applicable Awards (being those Awards allocated or to be allocated to the Participant(s) subject to the terms and conditions set out in the applicable Schemes) as allotted to, and held on trust by, the applicable Nominees in accordance with the terms of this Deed;</td>
</tr>
<tr>
<td>“Stock Exchange”</td>
<td>means a securities exchange under which the Company has listed the Shares;</td>
</tr>
<tr>
<td>“Subsidiary”</td>
<td>has the meaning ascribed to it under the Schemes, as applicable;</td>
</tr>
<tr>
<td>“Tax”</td>
<td>means all present and future income and other taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature which are levied in Hong Kong or such applicable jurisdiction, together with interest thereon and penalties with respect thereto, if any, and any payments made on or in respect thereof;</td>
</tr>
<tr>
<td>“Trust”</td>
<td>means the trust for the Company constituted pursuant to this Deed;</td>
</tr>
<tr>
<td>“Trust Fund”</td>
<td>means any property held on the terms of the Trust;</td>
</tr>
<tr>
<td>“Trust Period”</td>
<td>means, without prejudicing the subsisting rights of any Participant(s), the period beginning with the date hereof and ending upon the earlier of (a) such date as the Company and the Trustee may agree in writing; (b) such date upon which this Trust shall terminate by reason of there ceasing to be any property or assets forming part of the trust fund or otherwise by operation of law; and (c) the date on which the Board terminates all the Schemes pursuant to the respective rules of the Scheme; and</td>
</tr>
</tbody>
</table>

- 5 -
1.2 Interpretation

(a) All references in this Deed to any ordinance or any provision of any ordinance shall be deemed also to refer to any statutory modification or re-enactment thereof or any statutory instrument, order or regulation made thereunder or under any such modification or re-enactment.

(b) All references in this Deed to any action, remedy or method of proceeding for the enforcement of the rights of creditors shall be deemed to include, in respect of any jurisdiction other than Hong Kong, references to such action, remedy or method of proceeding for the enforcement of the rights of creditors available or appropriate in such jurisdiction as shall most nearly approximate to such action, remedy or method of proceeding described or referred to in this Deed.

(c) In this Deed references to the Schedules, Clauses and Sub-Clause shall be construed as references to the schedules to this Deed and to the Clause and sub-Clause of this Deed respectively.

(d) Words denoting the singular shall include the plural and vice versa; words denoting one gender only shall include the other genders; and words denoting persons only shall include firms and corporations and vice versa.

(e) In this Deed the table of contents and Clause headings are included for ease of reference and shall not affect the construction of this Deed.

2. DECLARATION OF TRUST

2.1 The Trustee shall hold on trust:

(a) the Shares underlying the Awards;

(b) such assets and income transferred by the Company or derived from the Shares underlying the Awards held on trust under clause 2.1 on such terms as the Administrator shall direct;
(c) such other funds or property contributed by the Company to the Trust in connection with the administration of the Schemes; and
(d) such other funds or property contributed by relevant parties to the Trust in connection with the Schemes.

For the avoidance of doubt, any Shares underlying the Awards not allotted to the Nominees shall remain the responsibility of the Company or the Participant(s). For further clarity, each of the Nominees shall have no responsibility for effecting transactions involving Awards where Shares underlying the Awards are required unless and until such Shares underlying the Awards with respect to such aforementioned Awards have been allotted to or are in the possession of each of such Nominees, as applicable.

The Company shall ensure that no less than such number of Shares underlying the Awards granted on or before the date of listing of the Shares on the Stock Exchange (the "Listing") be issued and allotted or transferred to the Nominees prior to Listing as required by relevant Listing rules or applicable regulations.

2.2 Subject to following the instructions of the Administrator, the Trustee may apply funds received by the Trustee for the purpose of paying costs and expenses to maintain and operate this Trust and the Remuneration (as defined herein).

2.3 In execution of the Trust, the Trustee shall apply the capital or income from the Shares underlying the Awards for the benefit of all or any of the Participant(s) in accordance with the rules of the Schemes and/or instructions from the Company or the Administrator, subject to the terms of this Deed.

2.4 Information to the Trustee

In relation to the Schemes, the Board and/or the Administrator shall as soon as practicable deliver to the Trustee:

(a) All Grant Letters approved by the Company and documents showing the date or dates on which such award will vest, including without limitation all Vesting Notices;
(b) such notice(s) issued by the Participant(s) to the Company stating that the Awards shall be exercised and the number of Shares underlying the Awards in respect of which it is so exercised shall be sold or otherwise transferred; and
(c) such notices that the Company received in relation to the Scheme.
2.5 **Liability for Transfer.** Unless instructed by the Company in writing, the Trustee shall not transfer any of the Shares underlying the Awards to the Participant(s).

2.6 **Distribution.** Upon receipt of the exercise notice by any means in the physical or electronic forms from the Company by the Trustee, the Board shall issue the Shares underlying the Awards to the applicable Nominees within two (2) days of the date that Company receives any such exercise notice from any Participant(s).

2.7 The Trustee shall maintain a register of the Awards and Shares underlying the Awards based on the Notices pursuant to Section 2.4 and other information provided by the Company to the Trustee; and neither the Company, its Subsidiary(ies), nor any other person shall be entitled to have recourse to any funds or assets whatsoever other than those which, at the relevant time, shall be held by the Trustee under the terms of the Trust. At all material times, the Trustee shall act in accordance with the applicable Schemes and/or the instructions from the Company and/or the Administrator. The Company hereby undertakes to make available to the Trustee all facilities and information necessary to ensure that full compliance is made with the provisions of the Scheme.

2.8 **Trust Property.** The Trustee and the Nominees shall keep all Shares underlying the Awards, monies, securities and any other assets received or held by the Nominees pursuant to this Deed at all times separated and distinguished from any other assets of any kind of the Trustee or the Nominees and shall ensure that separate books of account and records are kept.

2.9 **Vesting Notices**

The Board or the Administrator shall send a copy of any Vesting Notice sent to a Participant(s) to the Trustee as soon as practicable after such Vesting Notice is sent to the Participant(s).

3. **INVESTMENT POWERS**

3.1 **No requirement to invest**

The Trustee shall not be required to invest, or to invest at interest, the Trust Fund or any part of it.

3.2 **No obligation to diversify**

The Trustee shall not be under any obligation to diversify the investment of the Trust Fund and, in particular, may retain, in their existing condition, any investments, including Shares or other securities of the Company, or other property (including uninvested money) for the time being forming part of the Trust Fund.

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4. **INCOME**

The Trustee shall hold all dividends and distributions in whatever form received on the Shares underlying the Awards as income, which shall be dealt with in accordance with the instruction to the Trustee from the Administrator, subject to any applicable taxes and withholdings as may be required under applicable laws and regulations.

5. **VOTING**

Unless otherwise stated to the contrary, the Trustee shall not have any voting rights (if any) or powers in relation to the Shares underlying the Awards on behalf of the Company and/or the relevant Participant(s).

6. **RIGHTS, DUTIES AND IMMUNITY OF THE TRUSTEE**

6.1 It is expressly declared as follows:

(a) The Trustee may act on the opinion or advice of, or information obtained from, any expert engaged by the Company and reasonably believed by the Trustee to be competent and shall not be obliged to indemnify anyone for any liability occasioned by so acting. Any such opinion, advice or information may be sent or obtained by letter, telex or facsimile or electronic transmission and the Trustee will not be liable to anyone for acting on any opinion, advice or information purporting to be conveyed by such means even if such opinion, advice or information contains some error or is not authentic. Notwithstanding the foregoing, when requested by the Company in writing, the Trustee shall, at the costs and expenses of the Company, use reasonable endeavours to assist the Company to claim against such expert for providing wrong or erroneous advice or information to the Trustee which as a result caused any loss or damages to the Company.

(b) The Trustee shall be entitled to rely on all instructions, notices and information provided by the Company in connection with this Deed in any format, including but not limited to the vesting schedules determined and provided by the Company and/or the Administrator and those identifying the Participant(s) for the time being and detailing their entitlement under the Schemes after adjustment or otherwise, without being required to investigate or determine the authenticity or validity thereof or of any signature thereto or the correctness of any fact stated therein or its compliance with the Listing Rules and any other applicable laws and regulations, and shall have no liability to the Company or any Participant(s) for acting on the basis of such information. Unless and until the Trustee receives any further instructions, notices or information the Trustee shall be entitled to assume that all such items received previously remain in full application without any amendment.
The Trustee and the Nominees shall be under no obligation to insure any of the Shares underlying the Awards and may hold or deposit this Deed, and any other documents (in any part of the world) with any bank, custodian or entity whose business includes undertaking the safe custody of documents or shares in de-materialized form or with any lawyer or firm of lawyers believed by the Trustee to be of good repute and may pay all sums to be paid on account of or in respect of any such deposit and shall not be responsible for the loss of any documents so deposited, save for any fraud, willful default or gross negligence on the part of the Trustee or the Nominees and the Company shall pay the fees of any such bank or entity.

The Company covenants to use commercially reasonable efforts to negotiate and enter into an agreement with The Core Securities Company Limited, a registered broker dealer in Hong Kong, to provide data management and share transfer services to the Trust. Additionally, in connection with the Listing, the Company covenants to use commercially reasonable efforts to negotiate and enter into an agreement with The Core Securities Company Limited to provide trading and share transfer services to the Company as a listed company. The Company shall deliver all necessary instructions and documents to the Company’s transfer agent appointing Trustee as an authorized agent of the Company and authority to issue transfer instructions related to Shares underlying the Awards held in Trust with consent of the Company.

Unless ordered to do so by a court of competent jurisdiction the Trustee shall not be required to disclose to any Participant(s) any financial or other information made available to the Trustee by the Company or any of the Company’s Subsidiaries or Affiliates on a confidential basis and no Participant(s) shall be entitled to take any action to obtain from the Trustee any such information.

Pursuant to and in accordance with applicable laws and regulations, the Trustee may exercise sole discretion in interpreting instructions received from the Company and may take any action the Trustee deems necessary, in its sole discretion, to clarify any such instructions with any parties that Trustee deemed necessary, in its sole discretion, which parties shall include the Company. The parties agree that any delays in the Trustee’s execution of instructions based on such effort to clarify such instructions shall not create liability for the Trustee.
The Trustee shall be entitled to rely upon the contents of any certificates, instructions, notices, notes, documents or communications provided to it pursuant to this Deed and believed by the Trustee to be genuine and to have been presented or signed by the proper parties and shall not be liable to the Participant(s) by reason of having accepted as valid or not having rejected any certificate, note, document or communication purporting to be such and subsequently found to be forged, stolen or not authentic and the Trustee shall be indemnified by the Company against any loss, liability, cost, claim, action, demand or expense which may result from its reliance on such certificates, notes, documents or communications unless such loss, liability, cost, claim, action, demand or expense arises from the Trustee’s gross negligence, willful default or breach of duty.

No provision of this Deed shall require the Trustee to do anything that may be illegal or contrary to applicable law or regulation.

No provision of this Deed shall require the Trustee to expend or risk the Trustee’s own funds or otherwise incur any financial liability in the performance of any of the Trustee’s duties, or in the exercise or non-exercise of any of the Trustee’s rights or powers if the Trustee shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured. Whenever the Trustee is under the provisions of this Deed bound to act at the request of the Company or the Participant(s), the Trustee shall not be so bound unless first indemnified and/or secured to its satisfaction against any loss, liability, cost, claim, action, demand, expense or inconvenience which may result from any such acts (save as arises from the Trustee’s gross negligence, willful default or breach of duty).

Save as arises from the Trustee’s fraud, gross negligence or willful misconduct, the Trustee shall not be responsible for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of this Deed or any other document relating hereto and shall not be liable for any failure to obtain any license, consent or other authority for the execution, delivery, legality, effectiveness, adequacy, genuineness, validity, performance, enforceability or admissibility in evidence of this Deed or any other documents.

The Trustee shall be under no obligation to monitor or supervise the performance by the Company of its obligations under this Deed or the Schemes or any other agreement or document relating to the matters herein contemplated and shall be entitled to assume that the Company is properly performing and complying with the Company’s obligations. The Trustee shall not be required or under any obligation to take any legal action or to request or require that the Company or any other person comply with any of the Company’s obligations arising under this Deed or otherwise.
The Trustee shall not be responsible for any losses, liabilities, damages, costs, awards, expenses (including legal fees) or penalties occasioned to the Awards or the Shares underlying the Awards unless the same is caused by fraud, gross negligence or willful misconduct of the Trustee.

If any person to which a distribution is due or a sum is payable by the Trustee is required by any law or regulation to make a payment on account of Tax or otherwise or if such distribution or payment is subject to, to the extent required by any applicable law or statute, any deduction or withholding on account of Tax or otherwise, the Trustee shall be at liberty make such payment after such deduction or withholding. Furthermore, the Trustee shall have no responsibility whatsoever to the Company or any Participant(s) as regards to any deficiency which might arise because the Trustee is subject to any Tax obligations arising from and/or in connection with this Deed.

The Trustee shall be entitled to rely upon any calculations made, notifications given or directions given by the Company and/or the Administrator pursuant to this Deed and shall not be liable for so doing and the Trustee shall be indemnified by the Company against all and any loss, liability, cost, claim, action, demand or expense which may result from such reliance unless such loss, liability, cost, claim, action, demand or expense arises from the Trustee's fraud, gross negligence or willful default.

Notwithstanding any provision of this Deed to the contrary, including, without limitation, any indemnity made by the Trustee herein, the Trustee shall not in any event be liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), whether or not foreseeable, even if the Trustee has been advised of the likelihood of such loss or damage and regardless of whether the claim for loss or damage is made in negligence, for breach of contract or otherwise; provided, however, that this clause shall not be deemed to apply in the event of a final determination of a fraud, willful misconduct or gross negligence on the part of the Trustee by a competent court having jurisdiction.

The Trustee shall not be obliged (whether or not directed to do so by the Company, the Participant(s) or otherwise) to perfect legal title to the Shares underlying the Awards. Notwithstanding the generality of the foregoing, the Trustee shall have no responsibility or liability for the payment of any fees for the registration of any of the Shares underlying the Awards, or for any legal, administrative or other fees, costs and expenses (including, but not limited to, any proper disbursements and any sales tax) relating thereto. Any such fees, costs or expenses shall be borne by the Company, and the Company shall fully indemnify the Trustee for any liability that may arise as a result of or in connection with the perfection of legal title to the Shares underlying the Awards by the Trustee.
(q) Other than its obligations as expressly stated in this Deed, the Trustee shall not be responsible or liable for any failure, omission or defect in registering or filing or procuring registration or filing of or otherwise protecting or perfecting the Shares underlying the Awards or failure in calling for delivery of documents of title to the Shares underlying the Awards or requiring any further assurance in relation to the Shares underlying the Awards.

(r) The Trustee shall not be required to notify anyone of the execution, subsistence or termination of this Deed or any documents comprised or referred to in this Deed.

(s) In the event that the Company, the Board, the Administrator, or the committee of the Board or person(s) to which the Board has delegated its authority provides directions or instructions to the Trustee and/or the Nominees, indicating specific aspects which the Trustee and/or the Nominees has sole discretion over (the “Sole Discretion Authority”), no liability shall attach to the Trustee or the Nominees in connection with any claim in connection with the Trustee or Nominee’s decision(s) under such Sole Discretion Authority. In connection with the Sole Discretion Authority, the Trustee and the Nominees shall be indemnified by the Company against any loss, liability, cost, claim, action, demand or expense which may result from the exercise of such Sole Discretion Authority unless such loss, liability, cost, claim, action, demand or expense arises from the gross negligence, willful default or fraud of the Trustee or the Nominees.

6.2 For avoidance of doubt, the Trustee shall carry and perform such obligations and duties expressly provided herein.

7. TRUSTEE’S LIABILITY AND INDEMNITY

7.1 The Company shall indemnify the Trustee and its officers and employees against any expenses, claims and liabilities which arise out of or are incurred through acting as a Trustee of the Scheme. This does not apply to expenses, claims and liabilities that are incurred or arise through fraud, gross negligence or willful wrongdoing or breach of duty on the part of the Trustee or on the part of any of their officers or employees. This indemnity will similarly apply after the removal or retirement of a Trustee. The Trustee shall also have the benefit of any indemnities conferred on trustee(s) by law.
7.2 The Trustee shall not be personally liable for any breach of trust (other than through breach of this Deed, gross negligence, fraud or willful wrongdoing).

7.3 No liability shall attach to the Trustee in respect of any claim if such claim would not have arisen but for a change in legislation or regulations made after the date hereof or a change in the interpretation of law after the date hereof or any legislation or regulations not in force at the date hereof.

8. **TRUSTEE CONTRACTING WITH COMPANY**

Neither the Trustee nor any director or officer of a corporation acting as a trustee under this Deed shall by reason of their fiduciary position be in any way precluded from:

(a) entering into or being interested in any contract or financial or other transaction or arrangement with the Company or any Affiliate or Subsidiary or any person or body corporate associated with the Company or any Affiliate or Subsidiary (including without limitation any contract, transaction or arrangement of a banking or insurance nature or any contract, transaction or arrangement in relation to the making of loans or the provision of financial facilities to, or the purchase, placing or underwriting of or the subscribing or procuring subscriptions for or otherwise acquiring, holding or dealing with the Shares underlying the Awards or any other notes, Shares, shares, debenture Share, debentures, bonds or other securities of, the Company or any Affiliate or Subsidiary or any person or body corporate associated as aforesaid); or

(b) accepting or holding the trusteeship of any other trust deed constituting or securing any other securities issued by or relating to the Company or any such person or body corporate so associated or any other office of profit under the Company or any such person or body corporate so associated in each case holding different Awards, Shares underlying the Awards or Shares for, and owing duties in favour of, different classes of Participant(s) which may or may not include any Participant(s) (or any of their respective immediate families), and shall be entitled to retain and shall not be in any way liable to account for any profit made or share of brokerage or commission or remuneration or other benefit received thereby or in connection therewith.
9. **APPOINTMENT AND RETIREMENT OF THE TRUSTEE**

9.1 **Appointment** The Company will have the power of appointing new trustees. The Company may terminate the Trustee's appointment at any time on giving not less than sixty (60) days' advance notice in writing to the Trustee and pay all outstanding obligations owed to Trustee together with the trust dissolution fees within thirty (30) days after the delivery of the termination notification to Trustee.

9.2 **Retirement and Removal** The Trustee may retire at any time on giving not less than sixty (60) days' advance notice in writing to the Company without giving any reason and without being responsible for any costs occasioned by such retirement provided that the retirement of any sole trust corporation will not become effective until a trust corporation is appointed as successor Trustee. The Company will use all reasonable endeavours to procure that another trust corporation be appointed as Trustee, and if the Company has not made an appointment within sixty (60) days' notice from the Trustee, the Trustee shall have the right (but not the obligation) to appoint a successor Trustee with the consent of the Company not unreasonably withheld or delayed. All costs properly and reasonably incurred for appointing a successor Trustee shall be borne by the Company.

9.3 The Trustee shall use reasonable endeavours to execute and do or make all such transfers or other documents, acts or things as may be necessary for transferring all the shares or interests in the Nominees or the Shares underlying the Awards in the successor or continuing Trustee(s) or placing it under its/their control at the costs and expenses of the Company.

10. **TRUSTEE’S POWERS TO BE ADDITIONAL**

10.1 The Trustee may, to the extent permitted by law and upon consent of the Company, delegate to any person or company powers and duties under the Schemes and exercise all powers trusts and discretion vested in it hereunder.

10.2 The Trustee may execute and may authorise any of their directors, officers or employees to execute on their behalf any documents in such manner as may be appropriate and not being inconsistent with the terms of the Schemes or any instruction from the Administrator.

10.3 The powers conferred upon the Trustee by this Deed shall be in addition to any powers which may from time to time be vested in the Trustee by the general law and equities insofar as the exercise of the same shall not be inconsistent with the Trust.

11. **NOTICES**

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Any notice or demand to the Company or the Trustee to be given, made or served for any purposes under this Deed shall be given, made or served by sending the same by prepaid post (first class airmail if overseas), facsimile transmission or by delivering it by hand as follows:

To the Company:
Fax Number: 
Attention: Company Secretary

To the Trustee:
Fax Number: +852 3667-8800
Attention: Fiduciary Services

or to such other address or facsimile number as shall have been notified (in accordance with this Clause) to the other party hereto and any notice or demand sent by post as aforesaid shall be deemed to have been given, made or served three (3) days in the case of inland post or seven (7) days in the case of overseas post after dispatch and any notice or demand sent by facsimile transmission as aforesaid shall be deemed to have been given, made or served twenty-four (24) hours after the time of dispatch provided that in the case of a notice or demand given by facsimile transmission such notice or demand shall forthwith be confirmed by post. The failure of the addressee to receive such confirmation shall not invalidate the relevant notice or demand given by facsimile transmission, provided that any communication or document to be made or delivered to the Trustee shall be effective only when received by the Trustee and then only if the same is expressly marked for the attention of the department or officer as the Trustee shall from time to time specify for this purpose.

12. **COUNTERPARTS**

This Deed and any deed supplemental hereto may be executed and delivered in any number of counterparts, all of which, taken together, shall constitute one and the same deed and any party to this Deed or any trust deed supplemental hereto may enter into the same by executing and delivering a counterpart.

13. **REMUNERATION**

13.1 **Normal remuneration** The Company shall pay to the Trustee remuneration for its services as trustee as from the date of this Deed (the "Remuneration").

13.2 **Extra remuneration** In the event of the Trustee being requested by the Company to undertake duties which the Trustee and the Company agree to be of an exceptional nature or otherwise materially outside the scope of the normal duties of the Trustee under this Deed, the Company shall pay to the Trustee such additional remuneration as shall be agreed between them. Such exceptional duties include but not limited to the Trustee attending to the review of this Deed and the Schemes in connection with such exceptional duties and revising this Deed subsequent to any further amendments made to the Schemes by the Company.
13.3 **Expenses** The Company shall also pay or discharge all proper costs, Tax, charges and expenses properly and reasonably incurred by the Trustee in relation to the preparation and execution of, the exercise of its powers and the performance of its duties under, and in any other manner in relation to, this Deed, including but not limited to legal and travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Trustee in connection with any action taken or contemplated by or on behalf of the Trustee for enforcing, or resolving any doubt concerning, or for any other purpose as may be agreed between the Company and the Trustee, in relation to this Deed.

13.4 **Payment of amounts due** All amounts payable pursuant to this Deed shall be payable by the Company within thirty (30) days of demand or on the date specified in a demand by the Trustee, whichever is later and in the case of payments actually made by the Trustee prior to such demand shall carry interest at the rate of One and a half per cent (1.5%) per annum above the prime rate from time to time of The Hongkong And Shanghai Banking Corporation Limited from the date specified in such demand, and in all other cases shall (if not paid on the date specified in such demand or, if later, within three days after such demand and, in either case, if the Trustee so requires) carry interest at such rate from the date specified in such demand. All remuneration payable to the Trustee shall carry interest at such rate from the due date thereof. For the avoidance of doubt, the Trustee may pay any and all amounts owed by the Trust out of Trust Funds as Trustee deems fit.

13.5 **Discharges** Unless otherwise specifically stated in any discharge of this Deed the provisions of this Clause 13 shall continue in full force and effect notwithstanding such discharge.

14. **STAMP DUTIES AND OTHER TAXES**

The Company will pay stamp duties, registration taxes, capital duties and other duties or Taxes (if any) in accordance with the applicable Hong Kong or other laws as applicable on (a) any action taken by the Trustee to enforce the provisions of this Deed, (b) the execution of this Deed and (c) the transfer of any Shares underlying the Awards.

15. **EXCHANGE RATE INDEMNITY**

15.1 **Currency of Account and Payment** All sums payable by the Company under or in connection with this Deed, including damages, shall be in Hong Kong dollars or such other currency as may be agreed between the Company and the Trustee from time to time (the “Contractual Currency”).

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15.2 **Extent of Discharge**
An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding up or dissolution of the Company or otherwise), by the Trustee or any Participant(s) in respect of any sum expressed to be due to it from the Company will only discharge the Company to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

15.3 **Indemnity**
If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under this Deed, the Company will indemnify it against any loss sustained by it as a result. In any event, the Company will indemnify the recipient against the cost of making any such purchase.

16. **INDEMNITIES SEPARATE**
The indemnities in this Deed constitute separate and independent obligations from the other obligations in this Deed, will give rise to separate and independent causes of action, will apply irrespective of any indulgence granted by the Trustee and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Deed or any other judgment or order. Any such loss arising from and/or in connection with this Deed shall be deemed to constitute a loss suffered by the Trustee and no proof or evidence of any actual loss shall be required by the Company or its liquidator or liquidators.

17. **SURVIVAL OF THE DEED AND TERMINATION**
17.1 This Deed shall, insofar as its terms remain to be performed or are capable of subsisting, remain in full force and effect notwithstanding completion of the matters referred to herein.

17.2 This Deed shall terminate automatically upon the expiry of the Trust Period provided that the Trustee has received all fees, costs, expenses and other amounts payable to it under or in connection with the terms of this Deed.

18. **MERGER**
18.1 Any corporation into which the Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation succeeding to all or substantially all the corporate trust business of the Trustee shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Clause, without the execution or filing of any paper or any further act on the part of any of the parties hereto.
18.2 Subject to Clause 18.1, no party shall assign any of its rights, benefits and obligations hereunder unless with the written consent of the other party to this Deed.

19. **WARRANTIES AND UNDERTAKINGS**

19.1 The Company represents and warrants to the Trustee that:

(a) it has the necessary power and capacity to enter into and has taken all necessary steps to authorize the execution of this Deed;

(b) this Deed when executed and delivered will constitute legal, valid and binding obligations of the Company enforceable in accordance with its terms;

(c) the execution and delivery by the Company and the performance of its obligation in this Deed and the Schemes will not violate its constitutional documents and any applicable law (which include but not limited to the data privacy laws); and

(d) the Trustee is authorized and directed to administer the Schemes pursuant, under the instruction and supervision of the Company, pursuant to and in accordance with the terms of this Deed and the Schemes.

19.2 The Company represents and warrants to the Trustee that all Shares made available to the Awards are or will, on issue, be fully paid.

19.3 In order not to create a false market when the Trustee is dealing in the Shares pursuant to this Deed and the Scheme, the Company undertakes to the Trustee that it will disclose information relating to the Schemes in accordance with the Listing Rules, and make any other appropriate announcements pursuant to the Listing Rules as required.

19.4 Each of the Trustee and the Nominees represents and warrants to the Company that it has the necessary power and capacity to enter into and has taken all necessary steps to authorize the execution of this Deed and that this Deed when executed and delivered will constitute legal, valid and binding obligations of the Trustee enforceable in accordance with its terms.
19.5 The Trustee undertakes that for so long as this Deed remains in effect and until all the Shares underlying the Awards held by the Nominees are transferred to such person designated by the Company, each of the Nominees shall remain a wholly-owned subsidiary of the Trustee.

19.6 Each of the Trustee and the Nominees represents and warrants that at all times each of the Nominees has no assets and liabilities other than the Shares underlying the Awards and any distributions or income or payments received pursuant to this Deed.

19.7 Each of the Trustee and the Nominees undertakes and agrees not to sell, part with possession or otherwise deal with the Shares underlying the Awards, any part thereof, any accretions thereto or any related rights or interests save and except with the consent of the Company or the Administrator or as may be required by applicable laws or regulations.

19.8 Each of the Trustee and the Nominees shall act in good faith and with due diligence in respect of all matters relating to the Shares underlying the Awards and the Company.

19.9 Each of the Trustee and the Nominees shall take steps within its respective power to protect the interests in the Shares underlying the Awards, all accretions thereto and all related rights and interests.

20. **FORCE MAJEURE**

The Trustee shall not be liable or deemed to be in default for any failure or delay in performance of any duty in whole or in part arising out of or caused by circumstances beyond its direct and reasonable control including, without limitation, acts of God; interruption, delay in or loss due to partial or complete failure of electrical power or of computer (hardware or software) or communication services; acts of civil or military authority; sabotage; terrorism, war, pandemic or other government action; civil disturbance or riot; strike or other industrial dispute; national emergency; typhoon or rainstorm affecting the normal conduct of business and/or the provision of commercial services generally; flood, earthquake, fire or other catastrophe; government, judicial or self-regulatory organizational order, rule or regulation; or energy or natural resource difficulty or shortage.

21. **FURTHER ASSURANCE**

21.1 If so requested by the Trustee, the Company shall execute such documents necessary for the execution of the matters set out in this Deed.
21.2 The Company further covenants with and undertakes to the Trustee, from time to time upon demand to execute, at the cost of the Company, any document or to do any act or thing which the Trustee may reasonably specify with a view to facilitating the exercise, or the proposed exercise of any of the Trustee’s powers.

21.3 If the Company is notified of a change of address of a Participant(s) to that previously notified to the Trustee, the Company shall within thirty (30) days of such notification notify the Trustee of the new address.

21.4 If any amendment, variation or modification is made to the Scheme, the Company shall within fourteen (14) days of the date on which such amendment, variation or modification is determined notify the Trustee of the same.

22. **POWER OF ATTORNEY**

The Company irrevocably appoints the Trustee to be its attorney and in its name, on its behalf and as its act and deed to execute, deliver and perfect all documents (including any Share transfer forms and other instruments of transfer) and do all things that the Trustee may consider to be requisite for (a) carrying out any obligation imposed on the Company under this Deed or any other document relating to the Trust; or (b) exercising any of the rights conferred on the Trustee by this Deed or any other document relating to the Trust or by law. The Company shall ratify and confirm all things lawfully, properly and reasonably done in good faith and all documents executed by the Trustee in good faith in the exercise of that power of attorney.

23. **SEVERABILITY**

In case any provision in or obligation under this Deed shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

24. **CHANGES TO THIS DEED**

This Deed may be supplemented or varied by further agreement in writing between the parties from time to time.

25. **ANNOUNCEMENTS**

25.1 Subject to Clause 25.2, no party may make or publicize or distribute any public announcement, communication or circular concerning the transactions referred to in this Deed unless it has first consulted with the other party. Each party agrees to instruct its respective knowledgeable staff to such confidentiality and agrees to hereafter limit disclosure of such information to its/his respective employees and affiliates and to any third parties who have a need to know such information, including each party’s attorneys and accountants.
25.2 Clause 25.1 does not apply to a public announcement, communication or circular required by law, by a governmental authority or other authority with relevant powers to which any party is subject or submits, whether or not the requirement has the force of law, provided that the public announcement, communication or circular shall so far as is practicable be made after consultation with the other party and after taking into account the reasonable requirements of the other party as to its timing, content and manner of making or dispatch.

26. **TRUST DEED PREVAILS OVER SCHEME**

To the extent that the provisions of this Deed are inconsistent with the provisions of the Schemes (if at all), the provisions of this Deed shall govern the Trustee in connection with the execution of the trusts and powers of this Deed.

27. **GOVERNING LAW AND JURISDICTION**

27.1 This Deed shall be governed by and construed in accordance with the laws of Hong Kong and the parties hereby irrevocably submit to the non-exclusive jurisdiction of the courts of Hong Kong.

27.2 Each party irrevocably and unconditionally waives any objection which it may now or hereafter have to the choice of Hong Kong as the venue of any legal action arising out of or relating to this Deed and agrees not to claim that any court thereof is not a convenient or appropriate forum. Each party also agrees that a final judgment against it in any such legal action shall be final and conclusive and may be enforced in any other jurisdiction.

27.3 Each party irrevocably and unconditionally waives any immunity to which it or its property may at any time be or become entitled, whether characterized as sovereign immunity or otherwise, from any set off or legal action in Hong Kong or elsewhere, including immunity from service of process, immunity from jurisdiction of any court or tribunal, and immunity of any of its property from attachment prior to judgment or from execution of a judgment.

[the remainder of this page is intentionally left blank]

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Executed as a Deed by the parties on the day and year first above written.

THE COMMON SEAL of Qtech Ltd. was affixed to this Deed in the presence of:

/s/ TAN Siliang
Name: (TAN Siliang) 譚思亮
Title: Director

The above signature has been executed in the presence of:

WITNESS: /s/ LI Zhihui
Name: LI Zhihui
ID: [REDACTED]

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The above signature has been executed in the presence of:

WITNESS: Ho Hsing Ling
        Name: Ho, Hsing-Ling
        ID: [REDACTED]

The above signature has been executed in the presence of:

WITNESS: Ho Hsing Ling
        Name: Ho, Hsing-Ling
        ID: [REDACTED]

The above signature has been executed in the presence of:

WITNESS: Ho Hsing Ling
        Name: Ho, Hsing-Ling
        ID: [REDACTED]

- 24 -
Schedule 2

The 2018 Plan

- 26 -
SHARE RESTRICTION DEED

THIS SHARE RESTRICTION DEED (this “Deed”) is made and entered into as of January 3, 2018 by and among Qtech Ltd., an exempted company duly incorporated and validly existing under the laws of the Cayman Islands (the “Company”), Tan Siliang (谭思亮), a citizen of the People’s Republic of China (the “Principal”), Innotech Overseas Investment Ltd., a company duly incorporated and validly existing under the laws of the British Virgin Islands and Innotech Group Holdings Ltd., a company duly incorporated and validly existing under the laws of the Cayman Islands (collectively, the “Principal Holding Companies”).

In consideration of the foregoing recitals and the mutual promises hereinafter set forth, the sufficiency and adequacy of which consideration the parties hereby acknowledge, the parties hereto, intending to be legally bound, agree as follows. Unless otherwise provided herein, capitalized terms shall have the meanings ascribed to them in the then effective Memorandum and Articles of Association of the Company (as amended and restated from time to time).

1. Obligation to Sell Principal’s Shares.

   1.1 General.

   (A) 12,187,500 Ordinary Shares held by the Principal through the Principal Holding Company(ies) (as appropriately adjusted for share splits, combinations, reorganizations and any similar event, representing 37.5% of all the Ordinary Shares held by the Principal through the Principal Holding Company(ies) as of the date of consummation of the subscription of the Series A1 Preferred Shares of the Company) that have not become vested pursuant to Section 1.2 shall be deemed “Restricted Shares” and shall be sold to, and be repurchased by, the Company if any the conditions described in this Section 1.1 has been satisfied (the “Sale Obligation”).

   (B) In the event that the Principal voluntarily and unilaterally terminates his employment/service contract with any applicable Group Company or the Principal’s employment or service relationship is terminated by any applicable Group Company for Cause (each, a “Termination”), unless otherwise approved by the board of directors of the Company (the “Board”) (which approval must include the approval of all of the directors of the Company appointed by any holder of preferred shares of the Company (the “Preferred Directors”)), the Principal Holding Company(ies) shall, and the Principal shall ensure that the Principal Holding Company(ies) shall, sell to the Company, and the Company shall repurchase from the Principal Holding Company(ies), all of the Restricted Shares at a price of US$0.0001 per share (as adjusted for share splits and similar transactions). For purposes of this Deed.

   (i) “Cause” means any one of the following grounds: (i) an unauthorized use or disclosure by the Principal of a Group Company’s confidential information or trade secrets, which result in a Material Adverse Effect, (ii) a material breach by the Principal of any employment-related agreement or other agreement between the Principal and any Group Company, (iii) a material failure by the Principal to comply with any Group Company’s written policies or rules which results in a Material Adverse Effect, (iv) the Principal’s engagement in any criminal conduct or fraud, (v) the Principal’s gross negligence or willful misconduct which results in a Material Adverse Effect, (vi) a continued failure or incompetence by the Principal to perform his core responsibilities which results in a Material Adverse Effect.
"Control" of a given entity means the power or authority, whether exercised or not, to direct the business, management and policies of such entity, directly or indirectly, whether through the ownership of voting securities, by Contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such entity or power to control the composition of a majority of the board of directors of such entity. The terms "Controlled" and "Controlling" have meanings correlative to the foregoing.

"Group Company" means each of the Company and any other entity directly or indirectly Controlled by the Company, and "Group" refers to all of the Group Companies collectively.

"Material Adverse Effect" means any event, occurrence, fact, condition, change or development that has had, has, or could reasonably be expected to have, individually or together with other events, occurrences, facts, conditions, changes or developments, a material adverse effect on the business, properties, assets, employees, operations, results of operations, condition (financial or otherwise), prospects, assets or liabilities of the Group, taken as a whole.

1.2 Vesting.

(A) Unless otherwise approved by the Board (which approval must include the approvals of the Preferred Directors), the Restricted Shares shall vest according to the schedule set forth in this Section 1.2. For purposes of this Deed, the "Vesting Commencement Date" shall be the date on which the Principal enters into a service agreement with a Group Company, in each case, approved by the Board. Fifty percent (50%) of the total Restricted Shares held by the Principal through the Principal Holding Company(ies) shall become vested and shall no longer be deemed Restricted Shares at the end of each anniversary of continuous, full-time service with the applicable Group Company completed by the Principal starting from the Vesting Commencement Date, so that at the end of two (2) years of continuous, full-time service with the applicable Group Company starting from the Vesting Commencement Date, the entirety of the Restricted Shares held by the Principal through the Principal Holding Company(ies) shall have become vested and shall no longer be deemed Restricted Shares.

Notwithstanding the foregoing, all the remaining Restricted Shares held by the Principal through the Principal Holding Company(ies) shall vest immediately and no longer be deemed Restricted Shares upon a Deemed Liquidation Event or IPO of the Company.

1.3 Mechanism of Repurchase. Within five (5) days after the occurrence of a Termination, the Principal shall notify the Company and the Board of such Termination. Within ninety (90) days following a Termination with respect to the Principal (the "Repurchase Period"), the Principal and the Principal Holding Company(ies) and the Company shall complete the repurchase of the Restricted Shares. At the Company’s option, the aggregate repurchase price of the Restricted Shares being repurchased may be paid: (i) by delivery with such notice of a check to the Principal or his or her executor, or (ii) by cancellation by the Company of an amount of the Principal’s indebtedness to the Company, or (iii) by a combination of (i) and (ii) so that the combined payment and cancellation of indebtedness equals such repurchase price. Upon the occurrence of a Termination and so long as the Company makes available payment of the repurchase price as provided herein, the repurchase shall be deemed completed, and the Restricted Shares being repurchased and all rights and interests therein shall be canceled, and the Principal shall no longer be considered the owner of those Restricted Shares repurchased for record or any other purposes and will be entitled thereafter only to receipt of the purchase price for the Restricted Shares repurchased. The Company shall update its register of members to reflect the above repurchase and cancel the portion of the repurchased Restricted Shares, within thirty (30) days after the Principal or the Principal Holding Company(ies) receives the aggregate purchase price.
2. **Prohibition on Transfer of Restricted Shares.**

2.1 **Prohibition on Transfer.** The Principal and Principal Holding Company(ies) shall not directly or indirectly sell, assign, transfer, pledge, hypothecate, or otherwise encumber or dispose of in any way or otherwise grant any interest or right with respect to (“Transfer”) all or any part of any interest in any Restricted Shares. Any Restricted Shares that have become vested shall be Transferred in accordance with the terms of this Deed, applicable Law and the Shareholders Agreement. Any attempt to Transfer the Restricted Shares in violation of this Deed or the Shareholders Agreement shall be null and void, shall not be recorded on the register of members of the Company and shall not be recognized by the Company.

2.2 **No Indirect Transfers.** Each of the Principal and Principal Holding Company(ies) further agrees not to circumvent or otherwise avoid the transfer restrictions or intent thereof set forth in this Deed and the Shareholders Agreement by the direct or indirect holding of any Equity Securities of the Company through one or more entities in which interests may be Transferred free of such restrictions.

3. **Additional Shares or Substituted Securities.** In the event of the declaration of a share dividend, the declaration of an extraordinary dividend payable in a form of Shares, a spin-off, a share split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company’s outstanding securities without receipt of consideration, the prohibition of transfer under this Section 2 and the Sale Obligation shall apply **mutatis mutandis** to any new, substituted or additional securities or other property (including money paid other than as an ordinary cash dividend) that by reason of such transaction are distributed with respect to any Restricted Shares then subject to the Sale Obligation and the prohibition of transfer, to the same extent as such Restricted Shares.

4. **Legends.** The certificate or certificates representing the Restricted Shares shall bear the following legends (as well as any legends required by the Shareholders Agreement, and any applicable securities Laws):


5. **Miscellaneous.**

5.1 **Severability.** Whenever possible, each provision of this Deed shall be interpreted in such manner as to be valid, legal, and enforceable under all applicable laws. If, however, any provision of this Deed shall be invalid, illegal, or unenforceable under any such applicable law in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law, or, if for any reason it is not deemed so modified, it shall be invalid, illegal, or unenforceable only to the extent of such invalidity, illegality, or limitation on enforceability without affecting the remaining provisions of this Deed, or the validity, legality, or enforceability of such provision in any other jurisdiction.
5.2 Amendment; Waiver. This Deed may be amended, modified, superseded, canceled, renewed or extended only by an Deed in writing executed by the Principal and the Company, provided that the Board (which approval must include the approvals of the Preferred Directors) approves such amendment. The failure by any party at any time to require performance or compliance by the other of any of its obligations or agreements will in no way affect the right to require such performance or compliance at any time thereafter. The waiver by any party of a breach of any provision of this Deed will not be treated as a waiver of any preceding or succeeding breach of such provision or as a waiver of the provision itself. No waiver of any kind will be effective or binding, unless it is in writing and is signed by the party against whom such waiver is sought to be enforced.

5.3 Assignment. This Deed and the rights and obligations of a party hereunder shall not otherwise be assigned without the consent of the other party.

5.4 Governing law. This Deed shall be governed by and construed under the laws of Hong Kong Special Administrative Region, without regard to the principles of conflicts of laws thereunder.

5.5 Dispute Resolution.

(a) Any dispute, controversy or claim (each, a “Dispute”) arising out of or relating to this Deed, or the interpretation, breach, termination, validity or invalidity thereof, shall be referred to arbitration upon the demand of the claimant to the dispute with notice (the “Arbitration Notice”) to the respondent(s) to the dispute.

(b) The Dispute shall be settled by arbitration in Hong Kong by the Hong Kong International Arbitration Centre (the “HKIAC”) in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the “HKIAC Rules”) in force when the Arbitration Notice is submitted in accordance with the HKIAC Rules. There shall be three (3) arbitrators. The claimant(s) to the dispute shall jointly select one arbitrator and the respondent(s) to the dispute shall jointly select one arbitrator. All selections shall be made within 30 days after the selecting Party gives or receives the demand for arbitration. Such arbitrators shall be freely selected, and the Parties shall not be limited in their selection to any prescribed list. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice law in Hong Kong.

(c) The arbitral proceedings shall be conducted in English. To the extent that the HKIAC Rules are in conflict with the provisions of this Section, including the provisions concerning the appointment of the arbitrators, the provisions of this Section shall prevail.

(d) Each party to the arbitration shall cooperate with each other parties to the arbitration in making full disclosure of and providing complete access to all information and documents requested by such other party in connection with such arbitral proceedings, subject only to any confidentiality obligations binding on such party.
(e) The award of the arbitral tribunal shall be final and binding upon the parties thereto, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award.

(f) The arbitral tribunal shall decide any Dispute submitted by the parties to the arbitration strictly in accordance with the substantive Laws of Hong Kong, without regard to principles of conflict of laws thereunder, and shall not apply any other substantive Law.

(g) Any party to the Dispute shall be entitled to seek preliminary injunctive relief from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(h) During the course of the arbitral tribunal’s adjudication of the Dispute, this Deed shall continue to be performed except with respect to the part in dispute and under adjudication.

5.6 **Specific Performance.** Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Deed will cause the other party to sustain damage for which it would not have an adequate remedy at law for money damages, and therefore each of the parties hereto agrees that in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

5.7 **Termination.** This Deed will be terminated and will be of no further force and effect upon a Deemed Liquidation Event or the IPO of the Company.

5.8 **Rights Cumulative.** Each and all of the various rights, powers and remedies of a party hereto will be considered to be cumulative with and in addition to any other rights, powers and remedies which such party may have at law or in equity in the event of the breach of any of the terms of this Deed. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such party.

5.9 **No Waiver.** Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy power hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

5.10 **No Presumption.** The parties acknowledge that any applicable law that would require interpretation of any claimed ambiguities in this Deed against the party that drafted it has no application and is expressly waived. If any claim is made by a party relating to any conflict, omission or ambiguity in the provisions of this Deed, no presumption or burden of proof or persuasion will be implied because this Deed was prepared by or at the request of any party or its counsel.

5.11 **Headings.** The headings used in this Deed are used for convenience only and are not to be considered in construing or interpreting this Deed.
5.12 **Counterparts.** This Deed may be executed in two or more counterparts, each of which shall be treated as an original, but all of which together shall constitute one and the same instrument. Any counterpart or other signature delivered by facsimile shall be deemed for all purposes as being good and valid execution and delivery of this Deed by that party.

*The remainder of this page has been intentionally left blank.*

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IN WITNESS WHEREOF, the parties have executed this Deed as of the date first above written.

COMPANY:

EXECUTED and DELIVERED as a DEED by

QTECH LTD.
in the presence of:

/s/ TAN Siliang
Name: TAN Siliang
Title: Director

/s/ LI Zhihui
Name: LI Zhihui
Address: [REDACTED]

[Signature Page to Share Restriction Deed]
IN WITNESS WHEREOF, the parties have executed this Deed as of the date first above written.

PRINCIPAL HOLDING COMPANY:
COMPANY:

EXECUTED and DELIVERED  
as a DEED by  
INNOTECH GROUP  
HOLDINGS LTD  
in the presence of:  

/s/ TAN Siping  
Name:  TAN Siping  
Title:  Director  

/s/ LI Zhihui  
Name:  /s/ LI Zhihui  
Address:  [REDACTED]  

[Signature Page to Share Restriction Deed]
IN WITNESS WHEREOF, the parties have executed this Deed as of the date first above written.

PRINCIPAL HOLDING COMPANY:

COMPANY:

EXECUTED and DELIVERED ) )
as a DEED by ) )
INNOTECH OVERSEAS )
INVESTMENT LTD. )
in the presence of: ) ) /s/ TAN Siping

Name: TAN Siping
Title: Director

/s/ LI Zhihui
Signature of witness
Name: LI Zhihui
Address: [REDACTED]

[Signature Page to Share Restriction Deed]
IN WITNESS WHEREOF, the parties have executed this Deed as of the date first above written.

PRINCIPAL:

SIGNED, SEALED and DELIVERED )
as a DEED by )
) in the presence of ) /s/ TAN Siliang

/s/ LI Zhihui

Signature of witness
Name:   LI Zhihui
Address [REDACTED]

[Signature Page to Share Restriction Deed]
SHARE RESTRICTION DEED

THIS SHARE RESTRICTION DEED (this “Deed”) is made and entered into as of January 3, 2018 by and among Qtech Ltd., an exempted company duly incorporated and validly existing under the laws of the Cayman Islands (the “Company”), Li Lei (李磊), a citizen of the People’s Republic of China (the “Principal”), and News Optimizer (BVI) Ltd., a company duly incorporated and validly existing under the laws of the British Virgin Islands (the “Principal Holding Company/ies”).

In consideration of the foregoing recitals and the mutual promises hereinafter set forth, the sufficiency and adequacy of which consideration the parties hereby acknowledge, the parties hereto, intending to be legally bound, agree as follows. Unless otherwise provided herein, capitalized terms shall have the meanings ascribed to them in the then effective Memorandum and Articles of Association of the Company (as amended and restated from time to time).

1. Obligation to Sell Principal’s Shares.

1.1 General.

(A) 3,750,000 Ordinary Shares held by the Principal through the Principal Holding Company(ies) (as appropriately adjusted for share splits, combinations, reorganizations and any similar event, representing 50% of all the Ordinary Shares held by the Principal through the Principal Holding Company(ies) as of the date of consummation of the subscription of the Series A1 Preferred Shares of the Company) that have not become vested pursuant to Section 1.2 shall be deemed “Restricted Shares” and shall be sold to, and be repurchased by, the Company if any the conditions described in this Section 1.1 has been satisfied (the “Sale Obligation”).

(B) In the event that the Principal voluntarily and unilaterally terminates his employment/service contract with any applicable Group Company or the Principal’s employment or service relationship is terminated by any applicable Group Company for Cause (each, a “Termination”), unless otherwise approved by the board of directors of the Company (the “Board”) (which approval must include the approval of all of the directors of the Company appointed by any holder of preferred shares of the Company (the “Preferred Directors”)), the Principal Holding Company(ies) shall, and the Principal shall ensure that the Principal Holding Company(ies) shall, sell to the Company, and the Company shall repurchase from the Principal Holding Company(ies), all of the Restricted Shares at a price of US$0.0001 per share (as adjusted for share splits and similar transactions). For purposes of this Deed.

(i) “Cause” means any one of the following grounds: (i) an unauthorized use or disclosure by the Principal of a Group Company’s confidential information or trade secrets, which result in a Material Adverse Effect, (ii) a material breach by the Principal of any employment-related agreement or other agreement between the Principal and any Group Company, (iii) a material failure by the Principal to comply with any Group Company’s written policies or rules which results in a Material Adverse Effect, (iv) the Principal’s engagement in any criminal conduct or fraud, (v) the Principal’s gross negligence or willful misconduct which results in a Material Adverse Effect, (vi) a continued failure or incompetence by the Principal to perform his core responsibilities which results in a Material Adverse Effect.

(ii) “Control” of a given entity means the power or authority, whether exercised or not, to direct the business, management and policies of such entity, directly or indirectly, whether through the ownership of voting securities, by Contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such entity or power to control the composition of a majority of the board of directors of such entity. The terms “Controlled” and “Controlling” have meanings correlative to the foregoing
(iii) “Group Company” means each of the Company and any other entity directly or indirectly Controlled by the Company, and “Group” refers to all of the Group Companies collectively.

(iv) “Material Adverse Effect” means any event, occurrence, fact, condition, change or development that has had, has, or could reasonably be expected to have, individually or together with other events, occurrences, facts, conditions, changes or developments, a material adverse effect on the business, properties, assets, employees, operations, results of operations, condition (financial or otherwise), prospects, assets or liabilities of the Group, taken as a whole.

1.2 Vesting.

(A) Unless otherwise approved by the Board (which approval must include the approvals of the Preferred Directors), the Restricted Shares shall vest according to the schedule set forth in this Section 1.2. For purposes of this Deed, the “Vesting Commencement Date” shall be the date hereof. Fifty percent (50%) of the total Restricted Shares held by the Principal through the Principal Holding Company(ies) shall become vested and shall no longer be deemed Restricted Shares at the end of each anniversary of continuous, full-time employment with the applicable Group Company completed by the Principal starting from the Vesting Commencement Date, so that at the end of two (2) years of continuous, full-time employment with the applicable Group Company starting from the Vesting Commencement Date, the entirety of the Restricted Shares held by the Principal through the Principal Holding Company(ies) shall have become vested and shall no longer be deemed Restricted Shares.

Notwithstanding the foregoing, all the remaining Restricted Shares held by the Principal through the Principal Holding Company(ies) shall vest immediately and no longer be deemed Restricted Shares upon a Deemed Liquidation Event or IPO of the Company.

1.3 Mechanism of Repurchase. Within five (5) days after the occurrence of a Termination, the Principal shall notify the Company and the Board of such Termination. Within ninety (90) days following a Termination with respect to the Principal (the “Repurchase Period”), the Principal and the Principal Holding Company(ies) and the Company shall complete the repurchase of the Restricted Shares. At the Company’s option, the aggregate repurchase price of the Restricted Shares being repurchased may be paid: (i) by delivery with such notice of a check to the Principal or his or her executor, or (ii) by cancellation by the Company of an amount of the Principal’s indebtedness to the Company, or (iii) by a combination of (i) and (ii) so that the combined payment and cancellation of indebtedness equals such repurchase price. Upon the occurrence of a Termination and so long as the Company makes available payment of the repurchase price as provided herein, the repurchase shall be deemed completed, and the Restricted Shares being repurchased and all rights and interests therein shall be canceled, and the Principal shall no longer be considered the owner of those Restricted Shares repurchased for record or any other purposes and will be entitled thereafter only to receipt of the purchase price for the Restricted Shares repurchased. The Company shall update its register of members to reflect the above repurchase and cancel the portion of the repurchased Restricted Shares, within thirty (30) days after the Principal or the Principal Holding Company(ies) receives the aggregate purchase price.
2. **Prohibition on Transfer of Restricted Shares.**

2.1 **Prohibition on Transfer.** The Principal and Principal Holding Company(ies) shall not directly or indirectly sell, assign, transfer, pledge, hypothecate, or otherwise encumber or dispose of in any way or otherwise grant any interest or right with respect to (“Transfer”) all or any part of any interest in any Restricted Shares. Any Restricted Shares that have become vested shall be Transferred in accordance with the terms of this Deed, applicable Law and the Shareholders Agreement. Any attempt to Transfer the Restricted Shares in violation of this Deed or the Shareholders Agreement shall be null and void, shall not be recorded on the register of members of the Company and shall not be recognized by the Company.

2.2 **No Indirect Transfers.** Each of the Principal and Principal Holding Company(ies) further agrees not to circumvent or otherwise avoid the transfer restrictions or intent thereof set forth in this Deed and the Shareholders Agreement by the direct or indirect holding of any Equity Securities of the Company through one or more entities in which interests may be Transferred free of such restrictions.

3. **Additional Shares or Substituted Securities.** In the event of the declaration of a share dividend, the declaration of an extraordinary dividend payable in a form of Shares, a spin-off, a share split, an adjustment in conversion ratio, a recapitalization or a similar transaction affecting the Company’s outstanding securities without receipt of consideration, the prohibition of transfer under this Section 2 and the Sale Obligation shall apply mutatis mutandis to any new, substituted or additional securities or other property (including money paid other than as an ordinary cash dividend) that by reason of such transaction are distributed with respect to any Restricted Shares then subject to the Sale Obligation and the prohibition of transfer, to the same extent as such Restricted Shares.

4. **Legends.** The certificate or certificates representing the Restricted Shares shall bear the following legends (as well as any legends required by the Shareholders Agreement, and any applicable securities Laws):


5. **Miscellaneous.**

5.1 **Severability.** Whenever possible, each provision of this Deed shall be interpreted in such manner as to be valid, legal, and enforceable under all applicable laws. If, however, any provision of this Deed shall be invalid, illegal, or unenforceable under any such applicable law in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such law, or, if for any reason it is not deemed so modified, it shall be invalid, illegal, or unenforceable only to the extent of such invalidity, illegality, or limitation on enforceability without affecting the remaining provisions of this Deed, or the validity, legality, or enforceability of such provision in any other jurisdiction.
5.2 Amendment; Waiver. This Deed may be amended, modified, superseded, canceled, renewed or extended only by an Deed in writing executed by the Principal and the Company, provided that the Board (which approval must include the approvals of the Preferred Directors) approves such amendment. The failure by any party at any time to require performance or compliance by the other of any of its obligations or agreements will in no way affect the right to require such performance or compliance at any time thereafter. The waiver by any party of a breach of any provision of this Deed will not be treated as a waiver of any preceding or succeeding breach of such provision or as a waiver of the provision itself. No waiver of any kind will be effective or binding, unless it is in writing and is signed by the party against whom such waiver is sought to be enforced.

5.3 Assignment. This Deed and the rights and obligations of a party hereunder shall not otherwise be assigned without the consent of the other party.

5.4 Governing law. This Deed shall be governed by and construed under the laws of Hong Kong Special Administrative Region, without regard to the principles of conflicts of laws thereunder.

5.5 Dispute Resolution.

(a) Any dispute, controversy or claim (each, a “Dispute”) arising out of or relating to this Deed, or the interpretation, breach, termination, validity or invalidity thereof, shall be referred to arbitration upon the demand of the claimant to the dispute with notice (the “Arbitration Notice”) to the respondent(s) to the dispute.

(b) The Dispute shall be settled by arbitration in Hong Kong by the Hong Kong International Arbitration Centre (the “HKIAC”) in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the “HKIAC Rules”) in force when the Arbitration Notice is submitted in accordance with the HKIAC Rules. There shall be three (3) arbitrators. The claimant(s) to the dispute shall jointly select one arbitrator and the respondent(s) to the dispute shall jointly select one arbitrator. All selections shall be made within 30 days after the selecting Party gives or receives the demand for arbitration. Such arbitrators shall be freely selected, and the Parties shall not be limited in their selection to any prescribed list. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice law in Hong Kong.

(c) The arbitral proceedings shall be conducted in English. To the extent that the HKIAC Rules are in conflict with the provisions of this Section, including the provisions concerning the appointment of the arbitrators, the provisions of this Section shall prevail.

(d) Each party to the arbitration shall cooperate with each other parties to the arbitration in making full disclosure of and providing complete access to all information and documents requested by such other party in connection with such arbitral proceedings, subject only to any confidentiality obligations binding on such party.

(e) The award of the arbitral tribunal shall be final and binding upon the parties thereto, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award.

(f) The arbitral tribunal shall decide any Dispute submitted by the parties to the arbitration strictly in accordance with the substantive Laws of Hong Kong, without regard to principles of conflict of laws thereunder, and shall not apply any other substantive Law.
Any party to the Dispute shall be entitled to seek preliminary injunctive relief from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

During the course of the arbitral tribunal’s adjudication of the Dispute, this Deed shall continue to be performed except with respect to the part in dispute and under adjudication.

5.6 **Specific Performance.** Each of the parties hereto recognizes and acknowledges that a breach by it of any covenants or agreements contained in this Deed will cause the other party to sustain damage for which it would not have an adequate remedy at law for money damages, and therefore each of the parties hereto agrees that in the event of any such breach the aggrieved party shall be entitled to the remedy of specific performance of such covenants and agreements and injunctive and other equitable relief in addition to any other remedy to which it may be entitled, at law or in equity.

5.7 **Termination.** This Deed will be terminated and will be of no further force and effect upon a Deemed Liquidation Event or the IPO of the Company.

5.8 **Rights Cumulative.** Each and all of the various rights, powers and remedies of a party hereto will be considered to be cumulative with and in addition to any other rights, powers and remedies which such party may have at law or in equity in the event of the breach of any of the terms of this Deed. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such party.

5.9 **No Waiver.** Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy power hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

5.10 **No Presumption.** The parties acknowledge that any applicable law that would require interpretation of any claimed ambiguities in this Deed against the party that drafted it has no application and is expressly waived. If any claim is made by a party relating to any conflict, omission or ambiguity in the provisions of this Deed, no presumption or burden of proof or persuasion will be implied because this Deed was prepared by or at the request of any party or its counsel.

5.11 **Headings.** The headings used in this Deed are used for convenience only and are not to be considered in construing or interpreting this Deed.

5.12 **Counterparts.** This Deed may be executed in two or more counterparts, each of which shall be treated as an original, but all of which together shall constitute one and the same instrument. Any counterpart or other signature delivered by facsimile shall be deemed for all purposes as being good and valid execution and delivery of this Deed by that party.

[The remainder of this page has been intentionally left blank.]
IN WITNESS WHEREOF, the parties have executed this Deed as of the date first above written.

COMPANY:

EXECUTED and DELIVERED
as a DEED by
QTECH LTD.
in the presence of:

/s/ TAN Siliang
Name: TAN Siliang
Title: Director

/s/ LI Zhihui
Signature of witness
Name: LI Zhihui
Address: [REDACTED]

[Signature Page to Share Restriction Deed]
IN WITNESS WHEREOF, the parties have executed this Deed as of the date first above written.

PRINCIPAL HOLDING COMPANY:

SIGNED, SEALED and DELIVERED

as a DEED by

NEWS OPTIMIZER (BVI) LTD.

in the presence of

/s/ Li Lei
Name: Li Lei
Title: Director

/s/ LI Zhihui
Signature of witness
Name: LI Zhihui
Address [REDACTED]

[Signature Page to Share Restriction Deed]
IN WITNESS WHEREOF, the parties have executed this Deed as of the date first above written.

**PRINCIPAL:**

SIGNED, SEALED and DELIVERED  

as a DEED by  

in the presence of  

/s/ Li Lei

/s/ LI Zhihui  
Signature of witness  
Name: LI Zhihui  
Address [REDACTED]

[Signature Page to Share Restriction Deed]
POWER OF ATTORNEY

Date:

We, [*], a company incorporated and existing under the laws of the [*] and a holder of [*] Ordinary Shares (“Our Shares”) in Qtech Ltd. (“Company”), hereby irrevocably authorize Innotech Group Holdings Ltd. (“Innotech Group”) to exercise the following rights relating to Our Shares during the term of this Power of Attorney:

Innotech Group is hereby authorized to act on behalf of us as our exclusive agent and attorney with respect to the following matters concerning Our Shares: a) attending shareholders’ meetings of the Company; b) exercising the shareholder’s voting rights under the Memorandum of the Articles of Association of the Company; and c) executing and delivering all relevant documents in relation to the foregoing matters.

All the actions associated with Our Shares conducted by INNOTECH GROUP hereunder shall be deemed as our own actions, and all the documents related to Our Shares executed by INNOTECH GROUP hereunder shall be deemed to be executed by us. We hereby acknowledge and ratify those actions and/or documents by INNOTECH GROUP.

This Power of Attorney is coupled with an interest and shall be irrevocable and continuously valid from the date of execution of this Power of Attorney, so long as we are a shareholder of the Company.

During the term of this Power of Attorney, we hereby waive all the rights associated with Our Shares, which have been authorized to INNOTECH GROUP through this Power of Attorney, and shall not exercise such rights.
[Signature Page to Power of Attorney]

[*]

By: ________________________________
Name: ______________________________
Title: ______________________________

Accepted and Agreed by:

Innotech Group Holdings Ltd.

______________________________
Name: ______________________________
Title: ______________________________
Baidu Alliance
Membership Registration Agreement

All of the services of Baidu Alliance are owned and provided by Baidu. All the services will be provided in strict compliance with the terms of service and other relevant regulations published by Baidu. Users must agree to this Baidu Alliance Membership Registration Agreement (the “Agreement”) and other applicable regulations to complete registration and get our approval to become a Member of Baidu Alliance.

To ensure that the quality and reputation of Baidu Alliance is not adversely affected, all membership applications for Baidu Alliance will be reviewed against the following terms.

Any violation of the following terms might lead to termination of our services and/or disqualification of your membership. If your account is banned, you will not be able to access our services.

Do beware that we might change this agreement or other policies without notification. By applying for our membership, you agree to both the “Agreement” and other policies as well as any possible changes or amendments.

1. Qualification
Members of Baidu Alliance (“Members”) as referred to in this agreement are owners of websites, software and mobile apps who meet the following requirements:

1.1 Personal website, software and mobile apps: owners of which should be naturalized Chinese citizens who have full civil capacity and are able to bear independent legal responsibility;

1.2 Commercial website, software and mobile apps: commercial means websites, software and mobile apps that are owned by corporate entities or other organizations that do not fall within the scope of personal website, software and mobile apps. Owners should be registered in China.

1.3 Website, software and mobile apps: Members should guarantee that the website, software and mobile apps which they submit have obtained all required permits and approvals from the relevant government agencies and that they are qualified operators. Operations of website, software and mobile apps should be strictly in line with relevant laws and regulations. Use of websites, software and mobile apps in marketing, promotions and other operational activities should be legitimate and authorized. No part of the website, software and mobile apps should contain (including but not limited) content (or links that redirect to the following content) that:

- opposes constitutional principles.
- endangers national security, divulges national secrets, subverts the national regime and/or sabotages national unity.
- damages national image and interests.
- instigates ethnic hatred and discrimination and splits ethnic groups.
- violates China’s religious policies and promotes evil religious organizations and feudal superstitions.
- spreads rumors, disrupts social order and destabilizes society.
- spreads pornography, gambling, violence, murder, terrorism or instigates crime.
- libels or slanders others or violates others’ legitimate rights and interests.
• violates others’ intellectual property, including but not limited to patents, copyrights and trade names.
• violates others’ trade secrets.
• contains information that is prohibited by laws and regulations.
• contains information that’s banned for Baidu’s clients.
• has nothing substantial informative but ads.

And the content must be:
• healthy and positive, with a clear and aesthetically pleasing format.
• Owners of both personal and commercial websites should have full ownership, usage rights and other relevant rights and should make sure that their websites can be displayed in 1024X768 resolution.

1.4 Website owners and developers of software or mobile apps must have a permanent residence or office and be able to send and receive emails frequently.

1.5 Individual Members shall submit their ID or risk not getting their due share of royalties because we can’t pay personal income tax on their behalf.

1.6 Baidu Alliance is entitled to terminate cooperation with its Members at any time, and cooperation ends immediately upon the moment notification of termination. Baidu Alliance will not be held accountable for default.

1.7 Baidu Alliance will not provide services to Members whose accounts are suspended or closed permanently.

2. **Registration and Service Delivery Procedure**

After applicants have registered with Baidu Alliance, the latter will deliberate on the case within one business day and send a confirmation or rejection email afterwards.

Receipt of a confirmation email means applicants have become Members of Baidu Alliance. They can use their accounts and passwords to log into Baidu Alliance’s backend to obtain their unique promotional code (the “code”) and finish inserting the “code”. More information is available on Baidu Alliance’s FAQs.

Members shall insert their code into their websites and mobile apps. Code-directed display and click data and Baidu Services display effects data will be recorded and saved as the basis for settlement between Baidu Alliance and its Members (Note: this is not the only basis for settlement. When Members violate the “Agreement” or other polices issued by Baidu Alliance, there will be new basis for settlement).

3. **Rights of Baidu Alliance Members**

3.1 After getting confirmation, Baidu Alliance Members become effective Members and are entitled to services provided by Baidu Alliance.

3.2 On the condition that Members do not violate this “Agreement” and other polices issued by Baidu Alliance, they are entitled to their share of revenues in accordance with Baidu Alliance’s payment clauses.

4. **Obligations of Baidu Alliance Members**
4.1 In cases where Members’ information changes, including changes to web URLs, Emails and contact numbers, Members shall immediately update the information they saved in Baidu Alliance’s backend. If Baidu Alliance can’t get in contact with Members due to Members’ failure to provide correct and up-to-date information, the losses incurred shall be borne by the latter.

4.2 When selling websites or conducting other transactions, Members are not allowed to transfer or sell their Baidu Alliance accounts alongside these transactions. When ownership or management of certain website changes, previous owners or managers must terminate their accounts and new owners or managers can apply for their own accounts.

4.3 Members shall be responsible for the safety of their accounts and passwords and shall not give it to any third party. Any losses incurred as a result of Members’ inadequate protection of their accounts and passwords shall be borne by the Members themselves.

4.4 Members that work with Baidu on mobile promotions will get an application-specific SID. They are not allowed to apply this SID to other apps or apply one SID to several apps. If statistics are inaccurate or invalid as a result of Members’ misuse of their SIDs, losses incurred shall be borne by Members themselves. If such misuse causes losses to Baidu’s clients, we will hold Members accountable for those losses.

4.5 Baidu Alliance’s Members shall attract visitors to click Baidu services using legitimate means. They must not use deceptive or fraudulent means to generate clicks. If Baidu’s clients suffer damage to their reputation or economic losses due to Members’ improper actions, we will hold Members to account for those losses.

4.6 Members are not allowed to alter the source code provided by Baidu Alliance, or third-party websites and companies to whom Baidu Alliance provides services, or any third parties that work with Baidu Alliance. Without Baidu Alliance’s consent, they are not allowed to provide the source code to any other third party for use or reference. Baidu Alliance is entitled to ask any Member who violates this clause to indemnify losses caused by third-parties’ damages claims. Baidu Alliance is entitled to adjust the way the Alliance code and source code are displayed without prior notification to its Members.

4.7 Members are obliged to makes changes in accordance with the revisions, additions, deletions or updates to the content, texts or graphics displayed by Baidu Alliance, any third-party websites, and companies that provide services to Baidu Alliance, or any third parties that works with Baidu Alliance to ensure that the information they display on their websites is correct, complete and up-to-date.

4.8 Members fully understand and consent to the Baidu Privacy Protection Statements (https://www.baidu.com/duty/yinsiquan.html), which constitute an integral part of this Agreement and enjoy the same legal status as the Agreement. Baidu is entitled to change policies as it sees fit and new policies will apply to Members immediately after publications.

4.9 Members shall strictly abide by laws and regulations regarding the protection of user information, personal information and privacy as well as maintenance of the safety and smooth operations of the network. If products and services offered by Members gather users’ information, they shall make it clear to users and get their consent. If products and services offered by Members gather users’ personal information, in particular sensitive information (such as the property, health, political and religious affiliation, sexual orientation, location information and personal information of underage users), they shall gather no more than what’s necessary in a legitimate and justifiable manner. They must make clear to users the purpose and scope of collection the information and where such information will be used. They must also obtain users’ explicit consent.
4.10 Members promise that they have obtained relevant governmental approvals and users’ full consent and authorization to cooperate with Baidu on items listed in the Agreement. If Baidu suffers losses due to their fault, they shall indemnify Baidu in full including but not limited to: damages, default penalties and other penalties, legal fees, notary fees, authentication fees and travel expenses.

4.11 For the purpose of improving Baidu Alliance’s products and services, Baidu might provide information made available by its Members to its partners and associated companies. When providing such information, it will urge the recipients to follow Baidu’s Privacy Policies (including but not limited to “Baidu Privacy Protection Statements”) and demand that they take measures to keep such information safe and confidential.

4.12 When Members are required to transfer fields, they shall strictly follow requirements listed in Baidu’s technical documents. If they fail to follow Baidu’s technical requirements and as a result fail to transfer complete and correct field parameters, they shall be solely responsible for the losses.

4.13 Members are obliged to maintain normal operations of their websites and that their websites are clear of any content that’s deemed inappropriate by Baidu Alliance.

5. Default Liabilities

5.1 If Members violate Chinese laws and regulations, policies, industry standards, Baidu Alliance’s policy documents or this Agreement, Baidu Alliance is entitled to suspend or terminate cooperation with them, demand that they delete code provided by the Baidu Alliance and stop payment of fees and/or claw back payments that has been made to its Members as per the revenue-sharing scheme. Depending on the severity of the misconduct, Baidu is entitled to ask Members to correct their behaviors before a deadline and submit reports on the results of the correction. If Baidu deems the results satisfactory, it can choose to resume cooperation and revenue -sharing. If Members refuse to correct their behavior, fail to correct before the deadline, or fail to submit satisfactory results, Baidu is entitled to terminate their accounts.

5.2 If Members’ conduct or content violates China’s laws and regulations, policies, industry standards, Baidu Alliance’s policy documents (including but not limited to attachments 1 and 2) or this Agreement, or is deemed to have committed such violations according to Baidu’s anti-cheating mechanism, and such misbehaving negatively impacts Baidu or its clients, affects or might affect Baidu or its clients’ legitimate rights and interest or Baidu users’ experience, Baidu is entitled to suspend or terminate such Member’s accounts and stop payment of fees and/or claw back that has been made as per the revenue-sharing scheme. If such misconduct is very severe, Baidu will transfer the case to the relevant authorities. However, if there are clauses in this Agreement that specifically regulate such misconduct, these clause shall prevail.

5.3 Members promise that any information and materials they submit to Baidu Alliance, including but not limited to its registration information, web URLs, App apk and contact information, is authentic. Upon detection that such information is fake or contains elements of deception, Baidu Alliance is entitled to suspend or terminate such Member’s accounts, demand that it delete code provided by the Alliance, stop payment of fees and/or claw back what has been made per revenue-sharing scheme and reserve their right to hold such Members to account in the future.
5.4 On the condition that Members violate this agreement, Baidu Alliance is entitled to hold such members to account and such Members must indemnify Baidu for any resulting losses.

Attachment 1: Details of Service Delivery are available on Baidu Alliance’s announcements, optimization skills and FAQs.

Attachment 2: Penalties

Members are strictly forbidden from using devices, programs or other illegal or unjustifiable means to beef up their income. Upon detection of data anomalies in Members’ accounts by Baidu’s anti-cheating mechanism, Baidu is entitled to unilaterally suspend or terminate such Members’ accounts, demand that it delete code provided by the Alliance, stop payment of fees and/or claw back what has been made as per the revenue-sharing scheme. Depending on the severity of such misbehavior, Baidu is entitled to ask Members to correct their behavior before the deadline and submit reports on the results of the correction. If Baidu deems the results satisfactory, it can choose to resume cooperation and revenue-sharing. If Members refuse to correct their behavior, fail to correct before the deadline, or fail to submit satisfactory results, Baidu is entitled to terminate Member’s accounts. It is also entitled to hold such Members to account for its losses in the future.

Attachment 3: Code of Cooperation

【General Principles】
All behavior that might damage Baidu clients' interests and user experience, disrupt the Alliance cooperation model, negatively impact Baidu’s products and/or its brand name, constitute inappropriate competition to Baidu or damage Baidu’s legitimate interests are forbidden, including but not limited to:

1. Self-click:
Repeated manual queries, self-clicks or the instigation of others to query or to click.

2. Forced clicks
Forcing users to click in exchange for resources; Or a continual popping up of the search results window.

3. Programmed clicks
Using programs or scripts to mimic user clicks, automated clicks or query-generating tools, third-party clicks or queries(such as paid clicks, automatic browsing, click programs, proxy IP clicks, fake IP clicks, reciprocal clicks and auto-refreshes).

4. Illegitimate ways of promotion
Malware, forced setup as homepage, search engine cheating, artificially beefing up numbers of display and other unconventional means of promotion.

5. Violation of exclusivity
Displaying ads or content belonging to Baidu’s competitors in violation of the exclusive agreement with Baidu.
6. Misleading users
Tampering with the layout of Baidu Alliance’s products or those of its competitors to mislead users.

7. Other violations
Other violations that Baidu deems may damage or has damaged its clients’ interests, user experience, brand name, reputation or other interests or constitute unjustifiable competition.

【Search Promotion Cooperation】

8. Preset of keywords
Presetting keywords in the search box or direct links in Members’ websites that point to search results page.

9. Altering Search Results Page
9.1 Using any means to edit, alter or filter any promotional content or information contained in search results page, tp change its order, delete, hide or minimize any promotional content or information contained therein or to use any software to add content that’s not provided by Baidu.
9.2 Redirecting end users from any promotional page or search results page to any other page or providing a promotional page or search results page that’s different from the page that end users will view when accessing directly.
9.3 Using any software, other websites or any means other than Members’ websites to directly or indirectly access, start and/or use promotional content or search results or integrate the latter into the former.
9.4 Caching or storing any information or part of information, its copy, or derivative information obtained by search using “crawler”, “spider”, index or any other non-temporary means.

10. Directly calling search results
Directly calling any search results page by way of putting it in a box or any other means.

11. Wrong Display Page
11.1 Displaying code in any error page, registration page or “thank you” page (eg. the “thank you for registration” page), any emails or any page that contains pornography, hatred or violence.
11.2 Inserting code in any domain name other than approved ones.

12. Induced clicks
12.1 Using inducing words such as “exciting recommendations”, “relevant links” and “click here” to describe promotional content.
12.2 Using arrows, download icons or other icons to guide users to click.
12.3 Rewarding users for clicks.
13. Excessive displays of promotional content
Inserting more than 3 search boxes in one page.

14. Traffic Abduction
14.1 Using programs or plugins to alter metering parameters to hijack Baidu, hao123 or other Members’ traffic.
14.2 Altering the homepage of other Members’ users in ways that damages user experience.
14.3 Altering with any mean www.baidu.com or www.hao123.com when it has been set by users as their homepage.
14.4 Altering the Baidu or hao123 page in any means.

15. Misbehavior in Promoting hao123
Unauthorized changes to the source code or the use of other special means to alter the code.
15.1 Promoting hao123 in ways that violate the regulations, such as embedding it in other pages.
15.2 Altering users’ homepage without judging whether it is Baidu, hao123, or neither.
15.3 Redirecting to hao123 from non-partner websites.
15.4 Locking in users’ homepage as hao123 using programs, plug-ins or any other means.
15.5 Other misconduct in promoting hao123.

16. Baidu Software Bundling Cooperation Misbehaviors
Baidu Software includes but is not limited to Baidu Browser, Baidu Shadu (Anti-virus software), Baidu Weishi (Guardian), Baidu GongJulan (Toolbox), Baidu Dizhilan (URL box).
16.1 Forced installation of software by bundling it with Baidu software without explicit notification.
16.2 Increasing non-Baidu software’s features or deleting Baidu software’s original features.
16.3 Altering Baidu software’s APK and bundling it with other software so users might be misled into regarding other software’s behavior as Baidu’s.
16.4 Altering the download URL of Baidu software.
16.5 Other misconduct in bundling Baidu software with other software.

【Alliance Promotion Cooperation】
17. Preset of Keywords
Presetting keywords in web content or source code to disrupt normal keyword-matching.

18. Altering Promotional Content
18.1 Redirecting promotional pages elsewhere so that users do not visit the real promotional page.
18.2 Storing or caching any part of the promotional content, its copy or derivative information by way of a “crawler”, “spider”, indexing or any other means.
18.3 Altering properties of promotional content, such as changing its placement, size or any other property.
18.4 Malicious division of “Theme Link” product code. Dividing one ads’ placement into no less than 4 ads units or into units smaller than 1.5W pixels.

19. Wrong Display Page
19.1 Displaying code in any error page, registration page or “thank you” page (e.g. the “thank you for registration” page) or any emails or any page that contains pornography, hatred or violence.
19.2 Displaying “Theme Promotion” in a webpage that has no substantial content.
19.3 Placing promotional content in a non-authorized domain name or software.

20. Induced clicks
20.1 Using click-inducing words such as “exciting recommendations”, “relevant links” and “click here” to describe promotional content.
20.2 Using arrows, download icons or other icons to guide users to click.
20.3 Rewarding users for clicking promotional content.
20.4 Promotional content being too close to the body of the webpage or click area (such as: the page-turn button, navigation links or video window) to cause invalid clicks (It’s recommended that promotional content is placed away from the page-turn button).
20.5 Disguising promotional content as web content to obscure the distinction.
20.6 Hiding or automatically blocking the redirected promotional page by way of js or other means so that users can not see the promotional page after clicking.
20.7 Apart from “patch promotion (ads that appear when the content is loading or paused)”, inserting code into specially loaded areas, or altering “code” without authorization, or using special means to create “patch promotion” effects.
20.8 Obscuring or hiding any part of the theme promotion display area or causing the promotional content to overlap the web content.
20.9 Apart from “theme description floating”, floating promotional content or using other special effects.

21. Excessive placements

21.1 Placing more than 8 blocks of “Theme Description” code in one page or more than 20 blocks of “Theme Link” code (excluding “patch promotion”).

21.2 Excluding “Theme Description” and “Theme Link” code, placing more than 2 “Theme floating” codes or more than two types of “Theme Floating” (sidebar/button/window).

21.3 Placing more than one “code” of “patch promotion” in the same window, or placing more than 3 “patch promotion” “codes” when there are multiple windows in one webpage.

22. Misbehaving in calling Unauthorized alteration of the source code or the use of any other special means to edit the code

22.1 Calling products using ifame.

22.2 Repeated queries of promotional content.

【Mobile Promotion Cooperation】

23. Misbehaving in getting traffic

Getting traffic by way of auto-clicks, forced clicks, induced clicks, programmed clicks, auto-refreshes and other invalid methods of promotion.

24. Anti-compiling SDK

Anti-compiling Baidu Alliance SDK of any form is forbidden. Altering the content, functions, logic or page of the SDK APIs is not allowed. Upon detection of such behavior, Members will be held legally accountable.

25. Misbehaving in placing promotional content

25.1 Inserting code in any error page, registration page or “thank you” page (eg. the “thank you for registration” page), any emails or any page that contains pornography, hatred or violence.

25.2 Inserting multiple promotional content into one page so that they obscure the original content, affecting users’ experience.

25.3 Placing promotional content in apps explicitly forbidden by the Alliance.

26. Altering Promotional Content

26.1 Redirecting promotional page elsewhere so that the promotional content end users view is not the actual content.

26.2 Storing or cacheing any part of the promotional content, its copy or derivative information by way of a “crawler”, “spider”, indexing or any other means.
26.3 Altering promotional content’s properties, such as: altering its placement, size or any other property.

27. Inducing and forcing users to click
27.1 Using click-inducing words such as “exciting recommendations”, “relevant links” and “click here” to describe promotional content.
27.2 Using arrows, download icons or other icons to guide users to click.
27.3 Trading clicks with resources or rewards in non-incentive-based ad cooperation.
27.4 Forcing users to click or promote to get more chances to use certain apps or extension of user time.
27.5 Concealing or obscuring part of promotional content, including logos, links or descriptions so that the promotional content overlaps with the web content.

28. Members are forbidden from intentionally sending incomplete, wrong or falsified fields requested by API documents.

29. Other acts of creating fake or invalid traffic, clicks and/or downloads or misconduct in code insertion.

【New Business Cooperation】

30. Wrong Page Display
Displaying promotional content in any error page, registration page or “thank you” page (eg. the “thank you for registration” page), or any emails, or any page that contains pornography, hatred or violence.

31. Induced clicks
31.1 Using click-inducing words such as “exciting recommendations”, “relevant links” and “click here” to describe promotional content.
31.2 Using arrows, download icons or other icons to guide users to click.
31.3 Inserting pornographic pictures to the promotional content.
31.4 Using rewards to lure users to install, register and/or purchase.
31.5 Faking partners’ websites.

32. Excessive placements
Display more than 3 promotional units of any type on one web page.

33. Self-inducement
Repeated manual installation, registration and purchase or the instigation of others to install, register, or purchase.
Upon detection of any such violations by Members, Baidu is entitled to mete out punishments. Data based on which punishments is meted out shall be provided by Baidu, including invalid click and traffic abduction data.

Attachment: punishments

Violators may be given one or several of the following penalties:

1. deduction of credit index.
2. deduction of scores.
3. deduction of share of revenues.
4. ban of business that overstepped Baidu’s red line.
5. restriction of access to revenue-sharing.
6. restriction of registration information.
7. exposure of violations.

Baidu reserves the right to interpret the Code of Cooperation (the “Code”) and might update this code. Members shall keep themselves up-to-date about clauses in the Code to ensure that they are consistently compliant.

【Alliance Micro-loans Cooperation Agreement】

1. If Members have signed Baidu Alliance Loan Agreement with Shanghai Baidu Micro-loan Company Ltd. (“the creditor”), Members promise: before full repayment of debts, Members, without written approval by Baidu, are not allowed to transfer websites that are qualified for revenue-sharing under Baidu Alliance, nor can they transfer their credit claims to Baidu under “Baidu Websites Alliance Promotion and Search Promotion Service Cooperation Agreement” and “Baidu Alliance Membership Agreement”, or pledge the above-mentioned websites, software or credit claims, use them as collateral for fundraising or as capital contribution to any entity, or create any interest on them for any third-party other than Baidu.

2. If Members fail to repay debts to the “creditor” before payment or prepayment day, their credit claims against Baidu under “Baidu Websites Alliance Promotion and Search Promotion Service Cooperation Agreement” and “Baidu Alliance Membership Agreement” will be automatically transferred to the creditor. Baidu is entitled to freeze the funds and transfer them to the “creditor” in the order of principal, interests, and default penalties until the debtor is cleared of any arrears.

3. Payment day as referred to in the previous clause means the day in which principal and interests shall be paid to the “creditor” according to its loan agreement with the debtor. Prepayment day as referred to in the previous clause means the date proposed by the debtor and approved by the creditor as the day when debtor shall pay back loans or the date proposed by the creditor in accordance with its loan agreement with Members as the day when debtor shall pay back loans.

6. Definitions

Whenever the following terms are mentioned in Baidu Alliance’s services, service terms and conditions and/or agreements:

6.1 Chinese law: any existing or future laws and regulations operative in People’s Republic of China;
6.2 Trade Secrets: any technical, financial, business or other information that belongs to either party and/or their subsidiaries or associated companies and is deemed a trade secret by its owner. They:

(1) are not known to the public;
(2) can bring economic benefits to the owner or other rights-holders;
(3) have practical uses;
(4) are seen as secrets and are protected with appropriate measures by the right-holders.

6.3 Force Majeure: if for reasons beyond Baidu Alliance’s reasonable control, including but not limited to natural disasters, strike, riots, shortage or rationing, war, governmental activities, communications or other facilities failure or several casualties, Baidu Alliance fails to honor this agreement or honor it on time, Members can not hold Baidu Alliance accountable;

6.4 Region: your clients and Baidu’s clients;
6.5 Channel: includes agency and direct distribution channels;
6.6 This agreement applies to mobile application partnership businesses;

7. Dispute Resolution

Disputes arising from or as a result of this agreement shall be subject to the jurisdiction of People’s Court of Haidian District, Beijing.

8. Final Say

Within the permissible scope of the law, Baidu has the final say in revising the Agreement and relevant service policies, with no need for notification.
THIS SERIES B3 PREFERRED SHARE PURCHASE AGREEMENT (this "Agreement") is made and entered into on April 19, 2018 by and among:

1. Qtech Ltd., a company organized under the Laws of Cayman Islands (the “Company”),
2. InfoUniversal Limited, a company organized under the Laws of Hong Kong (the “HK Company”),
3. Shanghai Qyun Internet Technology Co., Ltd. (上海趣蕴网络科技有限公司), a wholly foreign-owned enterprise incorporated under the Laws of the PRC and a wholly owned subsidiary of the HK Company (the “WFOE”),
4. Shanghai Jifen Culture Communications Co., Ltd. (上海基分文化传播有限公司), a limited liability company incorporated under the Laws of the PRC ("Jifen"),
5. Shanghai Xike Information Technology Service Co., Ltd. (上海溪客信息技术服务有限公司), a limited liability company incorporated under the Laws of the PRC ("Xike"),
6. Shanghai Tuile Information Technology Service Co., Ltd. (上海推乐信息技术服务有限公司), a limited liability company incorporated under the Laws of the PRC ("Tuile"),
7. Anhui Zhangduan Internet Technology Co., Ltd. (安徽掌端网络科技有限公司), a limited liability company incorporated under the Laws of the PRC ("Zhangduan"),
8. Beijing Qukandian Internet Technology Co., Ltd. (北京趣看点网络科技有限公司), a limited liability company incorporated under the Laws of the PRC ("Qukandian", together with “Jifen”, “Xike”, “Tuile” and “Zhangduan”, the “Domestic Companies”),
9. Shanghai Dian Guan Network Technology Co., Ltd. (上海点冠网络科技有限公司), a limited liability company incorporated under the Laws of the PRC ("Dian Guan"),
10. the individuals listed on Schedule I attached hereto (each, a “Principal” and collectively, the “Principals”),
11. the holding companies listed on Schedule I attached hereto owned by the Principals set forth opposite each such Principals (each, a “Principal Holding Company” and collectively, the “Principal Holding Companies”), and
12. each Person listed on Schedule II attached hereto (each a “Series B3 Investor” and collectively, the “Series B3 Investors”).

Each of the parties listed above is referred to herein individually as a “Party” and collectively as the “Parties”.

Share Purchase Agreement
A. The ownership structure among the companies listed above is as follows: (i) Company owns 100% interest in the HK Company; (ii) the HK Company owns 100% interest in the WFOE, (iii) the WFOE Controls Jifen by a Captive Structure, and (iv) the WFOE also owns 100% interest in Dian Guan. Such ownership structure shall be modified as agreed upon by the Parties.

B. The Domestic Companies and Dian Guan are engaged in the business of the operation of mobile content aggregation platforms under the name of “趣头条” and “趣多拍” or otherwise and related advertising platforms (the “Business”). The Company seeks expansion capital to grow the Business and, correspondingly, seeks to secure an investment from the Series B3 Investors, on the terms and conditions set forth herein.

C. The Series B3 Investors wish to invest in the Company by subscribing for 1,751,539 Series B3 Preferred Shares in aggregate (being 2.4897% of the total issued share capital of the Company on a fully-diluted basis) to be issued by the Company at the Closing pursuant to the terms and subject to the conditions of this Agreement.

D. The Company wishes to issue and sell 1,751,539 Series B3 Preferred Shares in the aggregate at the Closing pursuant to the terms and subject to the conditions of this Agreement.

E. The Parties desire to enter into this Agreement and make the respective representations, warranties, covenants and agreements set forth herein on the terms and conditions set forth herein.

WITNESSETH

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual promises hereinafter set forth, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties intending to be legally bound hereby agree as follows:

1. Definitions.

1.1 Defined Terms. The following terms shall have the meanings ascribed to them below:

“Accounting Standards” means generally accepted accounting principles in the United States or PRC, as applicable, applied on a consistent basis.

“Action” means any charge, claim, action, complaint, petition, investigation, appeal, suit, litigation, grievance, inquiry or other proceeding, whether administrative, civil, regulatory or criminal, whether at law or in equity, or otherwise under any applicable Law, and whether or not before any mediator, arbitrator or Governmental Authority.
“Affiliate” means, (a) with respect to a Person other than a natural person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person, and (b) in the case of a natural person, any other Person that is directly or indirectly Controlled by such a Person or is a Relative of such Person; provided that the Company and its Subsidiaries shall be deemed not to be Affiliates of a Series B3 Investor.

“Associate” means, with respect to any Person, (1) a corporation or organization (other than the Group Companies) of which such Person is an officer or partner or is, directly or indirectly, the record or beneficial owner of five percent (5%) or more of any class of Equity Securities of such corporation or organization, (2) any trust or other estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity, or (3) any Relative of such Person and of such Person’s spouse.

“Benefit Plan” means any employment Contract, deferred compensation Contract, bonus plan, incentive plan (including the Current ESOP), profit sharing plan, retirement Contract or other employment compensation Contract or any other plan which provides or provided benefits for any past or present employee, officer, consultant, contractor and/or director of a Person or with respect to which contributions are or have been made on account of any past or present employee, officer, consultant, contractor and/or director of such a Person.

“Board” or “Board of Directors” means the board of directors of the Company.

“Business Day” means any day that is not a Saturday, Sunday, legal holiday or other day on which commercial banks are required or authorized by law to be closed in the Cayman Islands, the United States, Hong Kong or the PRC.

“Captive Structure” means the structure under which the WFOE Controls Jifen through the Control Documents.

“CFC” means a controlled foreign corporation as defined in the Code.

“Charter Documents” means, with respect to a particular legal entity, the articles of incorporation, certificate of incorporation, formation or registration (including, if applicable, certificates of change of name), memorandum of association, articles of association, bylaws, articles of organization, limited liability company agreement, trust deed, trust instrument, operating agreement, joint venture agreement, business license, or similar or other constitutive, governing, or charter documents, or equivalent documents, of such entity.

“Circular 37” means the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Overseas Investment and Financing and Round Trip Investment via Special Purpose Companies issued by SAFE on July 4, 2014.


“Company Owned IP” means all Intellectual Property owned by, purported to be owned by, or exclusively licensed to, the Group Companies.

“Company Registered IP” means all Intellectual Property for which registrations are owned by or held in the name of, or for which applications have been made in the name of, any Group Company.

“Consent” means any consent, approval, authorization, release, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to, any Person, including any Governmental Authority.
“Contract” means, a contract, agreement, understanding, indenture, note, bond, loan, instrument, lease, mortgage, franchise, license, commitment, purchase order, and other legally binding arrangement, whether written or oral.

“Control” of a given Person means the power or authority, whether exercised or not, to direct the business, management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by Contract or otherwise; provided, that such power or authority shall conclusively be presumed to exist upon possession of beneficial ownership or power to direct the vote of more than fifty percent (50%) of the votes entitled to be cast at a meeting of the members or shareholders of such Person or power to control the composition of a majority of the board of directors of such Person. The terms “Controlled” and “Controlling” have meanings correlative to the foregoing.

“Control Documents” means the following contracts collectively: (i) Exclusive Technology and Consulting Service Agreement (独家技术和咨询服务协议) entered into by and between the WFOE and Jifen, (ii) Exclusive Option Agreement (独家购买权合同) entered into by and among the WFOE, Jifen and the equity holders of Jifen, (iii) Voting Rights Proxy Agreement (表决权委托协议) entered into by and between the WFOE and the equity holders of Jifen, (iv) Loan Agreement (借款协议) entered into by and between the WFOE and the equity holders of Jifen, and (v) Share Pledge Agreement (股权质押协议) entered into by and among the WFOE, Jifen and the equity holders of Jifen, in each case as may be amended or supplemented (including any change to the parties to any agreement) from time to time in accordance with this Agreement and the Shareholders Agreement.

“Conversion Shares” means Ordinary Shares issuable upon conversion of any Series B3 Preferred Shares.

“Current ESOP” means (i) the 2017 Equity Incentive Plan of the Company duly adopted by the Company on February 15, 2018, with a maximum number of 10,000,000 Ordinary Shares of the Company (the “2017 ESOP”) to be granted or awarded under such 2017 ESOP, all of which are held by Qu World Limited, a wholly owned subsidiary and nominee of the trustee for a trust established for the benefit of the grantees or participants under the 2017 ESOP (the “Trust”), to hold such shares for the Trust and (ii) the 2018 Equity Incentive Plan duly adopted by the Company on February 25, 2018, with a maximum number of 2,964,141 Ordinary Shares of the Company (the “2018 ESOP”) to be granted or awarded under such 2018 ESOP, all of which have been reserved and allocated in the share capital of the Company.

“Equity Securities” means, with respect to any Person that is a legal entity, any and all shares of capital stock, membership interests, partnership interest, units, profits interests, ownership interests, equity interests, registered capital, and other equity securities of such Person, and any right, warrant, option, call, commitment, conversion privilege, preemptive right or other right to acquire any of the foregoing, or security convertible into, exchangeable or exercisable for any of the foregoing (whether or not such derivative securities have actually been issued by such Person), or any Contract providing for the acquisition of any of the foregoing.
“FCPA” means Foreign Corrupt Practices Act of the United States of America, as amended from time to time.

“fully-diluted basis” means calculating the relevant share numbers based on the assumption that all Ordinary Shares of the Company then capable of being issued on the exercise of all conversion rights, option, warrants and other contractual rights have been issued, irrespective of whether or not such rights are then exercisable, which determination shall take into account the securities under the Current ESOP, and all classes of shares of the Company shall be deemed to be converted into Ordinary Shares.

“Fundamental Warranties” means collectively, the representations and warranties given by the Warrantors under Sections 3.1 (Organization, Good Standing and Qualification), 3.2 (Capitalization and Voting Rights), 3.3 (Corporate Structure; Subsidiaries), 3.4 (Authorization), 3.5 (Valid Issuance of Shares), 3.6 (Consents; No Conflicts), 3.7 (Offering) and 3.8 (Compliance with Laws; Consents), all of which are subject to the disclosures of the Disclosure Schedule, and a “Fundamental Warranty” means any one of them.

“Governmental Authority” means any government of any nation, federation, province or state or any other political subdivision thereof, any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the PRC or any other country, or any political subdivision thereof (including any entity or enterprise owned or controlled by a government), any court, tribunal or arbitrator, any public international organization and any self-regulatory organization.

“Governmental Order” means any applicable order, ruling, decision, verdict, decree, writ, subpoena, mandate, precept, command, directive, consent, approval, award, judgment, injunction or other similar determination or finding by, before or under the supervision of any Governmental Authority.

“Group Company” means each of the Company, the HK Company, the WFOE, Dian Guan and the Domestic Companies, together with each Subsidiary of any of the foregoing, and “Group” refers to all of the Group Companies collectively.

“Hong Kong” means the Hong Kong Special Administrative Region of the PRC.

“Indebtedness” of any Person means, without duplication, actual or contingent obligations in respect of each of the following of such Person: (i) all indebtedness for borrowed money, (ii) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business), (iii) all reimbursement or payment obligations with respect to letters of credit, surety bonds and other similar instruments, (iv) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced that are incurred in connection with the acquisition of properties, assets or businesses, (v) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to any property or assets acquired with the proceeds of such indebtedness (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property), (vi) all obligations that are capitalized (including capitalized lease obligations), (vii) all obligations under banker’s acceptance, letter of credit or similar facilities, (viii) all obligations to purchase, redeem, defease or otherwise acquire for value any Equity Securities of such Person, (ix) all obligations in respect of any interest rate swap, hedge or cap agreement, and (x) all guarantees issued in respect of the Indebtedness referred to in clauses (i) through (ix) above of any other Person, but only to the extent of the Indebtedness guaranteed.
“Indemnifiable Loss” means, with respect to any Indemnified Party, any action, claim, cost, damage, deficiency, diminution in value of any investment, disbursement, expense, Liabilities, loss, obligation, penalty, judgment or settlement of any kind or nature imposed on or otherwise incurred or suffered by such Indemnified Party, including without limitation, legal, accounting and other professional fees and expenses reasonably incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement and Taxes payable by such Indemnified Party by reason of the indemnification.

“Intellectual Property” means any and all (i) patents, patent rights and applications therefor and reissues, reexaminations, continuations, continuations-in-part, divisions, and patent term extensions thereof, (ii) inventions (whether patentable or not), discoveries, improvements, concepts, innovations, utility models and industrial models, (iii) registered and unregistered copyrights, copyright registrations and applications, mask works and registrations and applications therefor, author’s rights and works of authorship (including artwork, software, computer programs, source code, object code and executable code, firmware, development tools, files, records and data, and related documentation), (iv) URLs, web sites, web pages and any part thereof, (v) technical information, know-how, trade secrets, drawings, designs, design protocols, specifications, proprietary data, customer lists, databases, proprietary processes, technology, formulae, and algorithms and other intellectual property, (vi) trade names, trade dress, trademarks, domain names, service marks, logos, business names, and registrations and applications therefor, and (vii) the goodwill symbolized or represented by the foregoing and any similar rights situated in any country and the benefit (subject to the burden) of any of the foregoing (in each case whether registered or unregistered and including applications for the grant of any of the foregoing and the right to apply for any of the foregoing in any part of the world).

“IPO” has the meaning set forth in the Shareholders Agreement.

“Key Employee” means all key employees of the Group Companies with positions of president, chief executive officer, chief financial officer, chief operating officer, chief technical officer, chief sales and marketing officer, general manager, and the list of all key employees of the Group Companies as of the date hereof is provided in Schedule IV attached hereto.

“Law” or “Laws” means any and all provisions of any applicable constitution, treaty, statute, law, regulation, ordinance, code, rule, or rule of common law, any governmental approval, concession, grant, franchise, license, agreement, directive, requirement, or any governmental restriction or any similar form of decision of, or determination by, or any interpretation or administration of any of the foregoing by, any Governmental Authority, in each case as amended, and any and all applicable Governmental Orders.

“Liabilities” means, with respect to any Person, all liabilities, obligations, Indebtedness and commitments of such Person of any nature, accrued, absolute, contingent or otherwise, due or to become due, liquidated or unliquidated.

“Lien” means any claim, charge, easement, encumbrance, lease, covenant, security interest, lien, option, pledge, rights of others, or restriction (whether on voting, sale, transfer, disposition or otherwise), whether imposed by Contract, understanding, law, equity or otherwise.

Share Purchase Agreement
“Material Adverse Effect” means any (i) event, occurrence, fact, condition, change or development that has had, has, or could reasonably be expected to have, individually or together with other events, occurrences, facts, conditions, changes or developments, a material adverse effect on the business, properties, assets, employees, operations, results of operations, condition (financial or otherwise), prospects, assets or liabilities of the Group, taken as a whole, (ii) material impairment of the ability of any Party (other than the Series B3 Investors) to perform the material obligations of such party under any Transaction Documents, or (iii) material impairment of the validity or enforceability of this Agreement or any other Transaction Document against any Party hereto or thereto (other than the Series B3 Investors).

“Memorandum and Articles” means the fourth amended and restated memorandum of association of the Company and the fourth amended and restated articles of association of the Company attached hereto as Exhibit A, to be adopted in accordance with applicable Law on or before the Closing.

“MOFCOM” means the Ministry of Commerce of the PRC or, with respect to any matter to be submitted for examination and approval by the Ministry of Commerce, any Governmental Authority which is similarly competent to examine and approve such matter under the laws of the PRC.

“Mr. Tan” means Mr. Tan Siliang (谭思亮), one of the Principals and the ultimate controlling shareholder of the Company.

“Order No. 10” means the Rules for Mergers with and Acquisitions of Domestic Enterprises by Foreign Investors 《关于外国投资者并购境内企业的规定》 jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission, the State Administration of Taxation, the SAIC, the China Securities Regulatory Commission and the SAFE on August 8, 2006.

“Ordinary Shares” means the Company’s ordinary shares, par value US$0.0001 per share.

“Permitted Liens” means (i) Liens for Taxes not yet delinquent or the validity of which are being contested in good faith and for which there are adequate reserves on the applicable financial statements, and (ii) Liens incurred in the ordinary course of business, which (x) do not individually or in the aggregate materially detract from the value, use, or transferability of the assets that are subject to such Liens, and (y) were not incurred in connection with the borrowing of money.

“Person” means any individual, sole proprietorship, partnership, limited partnership, limited liability company, firm, joint venture, estate, trust, unincorporated organization, association, corporation, institution, public benefit corporation, entity or governmental or regulatory authority or other enterprise or entity of any kind or nature.

“PFIC” means a passive foreign investment company as defined in the Code.
“PRC” means the People’s Republic of China, but solely for the purposes of this Agreement and the other Transaction Documents, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and the islands of Taiwan.

“Prohibited Person” means any Person that is (1) a national or resident of any U.S. embargoed or restricted country, (2) included on, or Affiliated with any Person on, the United States Commerce Department’s Denied Parties List, Entities and Unverified Lists, the U.S. Department of Treasury’s Specially Designated Nationals, Specially Designated Narcotics Traffickers or Specially Designated Terrorists, or the Annex to Executive Order No. 13224; the Department of State’s Debarred List; UN Sanctions, or (3) a Person with whom business transactions, including exports and re-exports, are restricted by a U.S. Governmental Authority, including, in each clause above, any updates or revisions to the foregoing and any newly published rules.

“Public Official” means any executive, official, or employee of a Governmental Authority, political party or member of a political party, political candidate; executive, employee or officer of a public international organization; or director, officer or employee or agent of a wholly owned or partially state-owned or controlled enterprise, including a PRC state-owned or controlled enterprise.

“Public Software” means any Software that contains, or is derived in any manner (in whole or in part) from, any software that is distributed as free software, open source software (e.g., Linux) or similar licensing or distribution models, including, without limitation, software licensed or distributed under any of the following licenses or distribution models, or licenses or distribution models similar to any of the following: (A) GNU’s General Public License (GPL) or Lesser/Library GPL (LGPL), (B) the Artistic License (e.g., PERL), (C) the Mozilla Public License, (D) the Netscape Public License, (E) the Sun Community Source License (SCSL), (F) the Sun Industry Standards License (SISL), (G) the BSD License, and (H) the Apache License.

“Related Party” means any Affiliate, officer, director, supervisory board member, employee, or holder of any Equity Security of any Group Company, and any Affiliate or Associate of any of the foregoing, in each case, other than the Group Companies.

“Relative” of a natural person means the spouse of such person and any parent, step-parent, grandparent, child, step-child, grandchild, sibling, step-sibling, cousin, in-law, uncle, aunt, nephew, niece or great-grandparent of such person or spouse.

“Share Restriction Agreements” means collectively (a) the Share Restriction Agreement entered into between Li Lei and the Company as of January 3, 2018, a copy of which has been provided to the Series B3 Investors prior to the date hereof, and (b) the Share Restriction Agreement entered into between Mr. Tan and the Company as of January 3, 2018, a copy of which has been provided to the Series B3 Investors prior to the date hereof.

“Restructuring Documents” means collectively, (i) the Partnership Interest Transfer Agreement by and among Li Lei (李磊) and each of the limited partners of Tianjin Shan Shi LP under which such limited partners transfer all of their limited partnership interest in Tianjin Shan Shi LP to Li Lei (李磊) at nominal price, and (ii) the Equity Interest Transfer Agreement by and between Mr. Tan and all of the equity interest holders of Tianjin Shengxuan Information Technology Co., Ltd. (天津盛绚信息科技有限公司) ("Tianjin Shengxuan") under which such equity interest holders transfer all of their equity interest in Tianjin Shengxuan to Mr. Tan at nominal price.

8 Share Purchase Agreement
“SAFE” means the State Administration of Foreign Exchange of the PRC.

“SAFE Rules and Regulations” means collectively, the Circular 37 and any other applicable SAFE rules and regulations.

“SAIC” means the State Administration of Industry and Commerce of the PRC or, with respect to the issuance of any business license or filing or registration to be effected by or with the State Administration of Industry and Commerce, any Governmental Authority which is similarly competent to issue such business license or accept such filing or registration under the laws of the PRC.

“Securities Act” means the U.S. Securities Act of 1933, as amended and interpreted from time to time.


“Series A Preferred Shares” means the Series A Preferred Shares of the Company, par value US$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.

“Series A Shareholders Agreement” means the Shareholders’ Agreement dated October 13, 2017 entered into by and among the Company, the Principals, the Principal Holding Company, the HK Company, the WFOE, the Domestic Companies, the Series A Investors.

“Series A Share Purchase Agreement” means the Series A Preferred Share Purchase Agreement dated September 8, 2017 by and among the Company, the Principals, the Principal Holding Company, the HK Company, the Domestic Companies and the Series A Investors (except xInternet Limited).

“Series A1 Investor” means CMC Queen Holdings Limited.

“Series A1 Preferred Shares” means the Series A1 Preferred Shares of the Company, par value US$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.

“Series A1 Shareholders Agreement” means the Amended and Restated Shareholders’ Agreement dated November 14, 2017 entered into by and among the Company, the Principals, the Principal Holding Company, the HK Company, the WFOE, the Domestic Companies, the Series A Investors and the Series A1 Investor.

“Series A1 Share Purchase Agreement” means the Series A1 Preferred Share Purchase Agreement dated October 14, 2017 by and among the Company, the Principals, the Principal Holding Company, the HK Company, the WFOE, the Domestic Companies and the Series A1 Investor.

Share Purchase Agreement
“Series B1 Preferred Shares” means the Series B1 Preferred Shares of the Company, par value US$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.

“Series B1 Closing” means the closing of the subscription of the Series B1 Preferred Shares by the Series B1 Investor under the Series B1 Share Purchase Agreement.


“Series B1 Share Purchase Agreement” means the Series B1 Preferred Share Purchase Agreement dated March 4, 2018 by and among the Company, the Principals, the Principal Holding Companies, the HK Company, the WFOE, the Domestic Companies and the Series B1 Investor.


“Series B2 Preferred Shares” means the Series B2 Preferred Shares of the Company, par value US$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles.

“Series B2 Share Purchase Agreement” means the Series B2 Preferred Share Purchase Agreement dated March 8, 2018 by and among the Company, the Principals, the Principal Holding Companies, the HK Company, the WFOE, the Domestic Companies and the Series B2 Investors.

“Series B3 Preferred Shares” means the Series B3 Preferred Shares of the Company, par value US$0.0001 per share, with the rights and privileges as set forth in the Memorandum and Articles. “Shareholders Agreement” means the Third Amended and Restated Shareholders Agreement to be entered into by and among the parties named therein on or prior to the Closing, which shall be in the form attached hereto as Exhibit B.

“Social Insurance” means any form of social insurance required under applicable Laws, including without limitation, the PRC national and local contributions for pensions, medical insurance, unemployment insurance, work-related injury insurance, pregnancy benefits, and housing accumulation funds.

“Software” means any and all (A) computer programs and any set of instructions for execution by microprocessor, irrespective of application, language or medium, including any and all software implementations of algorithms, models and methodologies, including all source code and executable code, whether embodied in software, firmware or otherwise, documentation, development tools, designs, files, verilog files, RTL files, HDL, VHDL, net lists, records, data and mask works; and (B) databases and compilations, including any and all data and collections of data, whether machine readable or otherwise, and all rights therein.

“Subsidiary” means, with respect to any given Person, any other Person that is Controlled directly or indirectly by such given Person, at any time and from time to time.
“Tax” means (i) in the PRC: (a) any national, provincial, municipal, or local taxes, charges, fees, levies, deduction, withholding, impost, or other assessments, including, without limitation, all net income (including enterprise income tax and individual income withholding tax), turnover (including value-added tax, business tax, and consumption tax), resource (including urban and township land use tax), special purpose (including land value-added tax, urban maintenance and construction tax, and additional education fees), property (including urban real estate tax and land use fees), documentation (including stamp duty and deed tax), filing, recording, social insurance (including pension, medical, unemployment, housing, and other social insurance withholding), tariffs (including import duty and import value-added tax), and estimated and provisional taxes, charges, fees, levies, or other assessments of any kind whatsoever imposed, levied, collected, withheld or assessed by any local, municipal, regional, urban, governmental, state, national or other Governmental Authority, (b) all interest, penalties (administrative, civil or criminal), surcharge, fine or additional amounts in connection with any item described in clause (a) above, and (c) any form of transferee liability imposed by any Governmental Authority and any obligations to indemnify or otherwise assume or succeed to the liability of any other Person in connection with any item described in clauses (a) and (b) above, and (ii) in any jurisdiction other than the PRC, all similar taxes and liabilities as described in clause (i) above.

“Tax Return” means any return, disclosures, report or statement showing Taxes, used to pay Taxes, or required to be filed with respect to any Tax (including any elections, declarations, schedules or attachments thereto, and any amendment thereof), including any information return, claim for refund, amended return or declaration of estimated or provisional Tax.

“Tianjin Shan Shi LP” means Tianjin Shan Shi Technology Partnership (Limited Partnership) (天津珊石科技合伙企业（有限合伙）), one of the direct shareholders of Jifen holding 20% of the equity interest in Jifen.

“Transaction Documents” means this Agreement, the Shareholders Agreement, the Memorandum and Articles, the Restructuring Documents, the Share Restriction Agreements, the Control Documents and each of the other agreements and documents otherwise required in connection with implementing the transactions contemplated by any of the foregoing.

“U.S. real property holding corporation” has the meaning as defined in the Code.

“Warrantors” means, collectively, the Group Companies, the Principals and the Principal Holding Companies.
### 1.2 Other Defined Terms

The following terms shall have the meanings defined for such terms in the Sections set forth below:

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2. Purchase and Sale of Shares

2.1 Sale and Issuance of the Shares. Subject to the terms and conditions of this Agreement, at the Closing (as defined below), each Series B3 Investor agrees, severally but not jointly, to subscribe for and purchase, and the Company agrees to issue and sell to such Series B3 Investor, that number of Series B3 Preferred Shares set forth opposite such Series B3 Investor’s name in the second column of the table of Schedule II (the “Subscription Shares”), attached hereto at a purchase price of US$25.9772 per Series B3 Preferred Share, amounting to the aggregate purchase price in respect of each Series B3 Investor set out opposite such Series B3 Investor’s name in the third column of the table of Schedule II (the “Subscription Price”).

2.2 Closing.

(a) The consummation of the sale and issuance of the Subscription Shares pursuant to Section 2.1 (the “Closing”, and the date of the Closing, the “Closing Date”) shall take place remotely via the exchange of documents and signatures as soon as practicable, but in no event later than seven (7) Business Days after all closing conditions specified in Section 5.1 and Section 5.2 hereof have been waived or satisfied, as applicable, or at such other time and place as the Company and the Series B3 Investors may mutually agree in writing.

(b) The capitalization table of the Company immediately prior to and after the Closing is shown on Schedule III attached hereto.

2.3 Deliverables by the Company at the Closing. At the Closing, in addition to any items the delivery of which is made an express condition to a Series B3 Investor’s obligations at the Closing pursuant to Section 5.1, the Company shall deliver or cause to be delivered to each Series B3 Investor:

(a) a copy of the updated register of members of the Company as of the Closing Date, certified by the registered agent of the Company to be a true, accurate and complete copy, reflecting the issuance to such Series B3 Investor of the Subscription Shares subscribed for by such Series B3 Investor pursuant to Section 2.1;

(b) a copy of the duly executed share certificate issued in the name of such Series B3 Investor, certified by a director of the Company to be a true, accurate and complete copy, representing the Subscription Shares subscribed for by such Series B3 Investor pursuant to Section 2.1; and within five (5) Business Days following the Closing, the Company shall deliver to such Series B3 Investor the original copy of such duly executed share certificate;

(c) scanned copies of the Board resolutions and the shareholders’ resolutions of the Company duly passed, approving (1) the execution, delivery and performance of the Transaction Documents, (2) the issuance of the applicable Subscription Shares to such the Series B3 Investors, (3) any restructuring of the Company or transfer of any Equity Securities of the Company by any Principal or his Principal Holding Company(ies) since the date of consummation of the transactions contemplated under the Series A1 Share Purchase Agreement; and within three (3) Business Days following the Closing, the Company shall deliver to each Series B3 Investor copies of such resolutions certified by a director of the Company as true, accurate and complete copies; and

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(d) scanned copies of the board resolutions and the shareholders’ resolutions of each of the Group Companies and the Principal Holding Companies duly passed, approving the execution, delivery and performance of the Transaction Documents to which it is a party; and within five (5) Business Days following the Closing, each such party shall deliver to each Series B3 Investor certified true copies of such resolutions certified by a director of the Company as true, accurate and complete copies.

2.4 Deliverables by the Series B3 Investors at Closing. At the Closing, subject to the satisfaction or waiver of all the conditions set forth in Section 5.1 and the delivery by the Company of the deliverables set forth in Section 2.3, each Series B3 Investor shall deliver or cause to be delivered to the Company a copy of the irrevocable wiring instructions to its bank evidencing the payment of the Subscription Price by wire transfer of immediately available funds in U.S. dollars to the bank account as designated by the Company by written notice given to the Series B3 Investors at least seven (7) Business Days prior to the Closing.

2.5 Use of Proceeds. Subject to the terms of this Agreement, the Company shall use the proceeds from the issuance and sale of the Subscription Shares (the “Proceeds”) for purpose of business expansion, capital expenditures and general working capital needs of the Group Companies. The Proceeds shall not be used in the payment of any debts or obligations of any Group Company (except those occurred in the ordinary course of business) or in the repurchase or cancellation of securities held by any shareholders of the Group Companies or for any other purpose.

3. Representations and Warranties of the Warrantors. Subject to such exceptions as may be specifically set forth in the disclosure schedule delivered by the Warrantors to the Series B3 Investors as of the date hereof (the “Disclosure Schedule”, at attached hereto as Exhibit C), the contents of which shall also be deemed to be representations and warranties of the Warrantors hereunder, each of the Warrantors jointly and severally represents and warrants to the Series B3 Investors that each of the statements contained in this Section 3 is true, correct and complete as of the date of this Agreement, and that each of such statements shall be true, correct and complete on and as of the Closing Date, with the same effect as if made on and as of the Closing Date.

3.1 Organization, Good Standing and Qualification.

(a) Each Group Company is duly incorporated, organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Laws of the place of its incorporation or establishment and has all requisite power and authority to own its properties and assets and to carry on its business as now conducted, and to perform each of its obligations under the Transaction Documents to which it is a party. Each Group Company is qualified to do business and is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction. Each Group Company that is a PRC entity has a valid business license issued by the SAIC or its local branch or other relevant Government Authorities (a true and complete copy of which has been delivered to the Series B3 Investors), and has, since its establishment, carried on its business in compliance with the business scope set forth in its business license.

(b) Each Principal Holding Company is duly incorporated, organized, validly existing and in good standing (or equivalent status in the relevant jurisdiction) under, and by virtue of, the Laws of the place of its incorporation or establishment and has all requisite power and authority to perform each of its obligations under the Transaction Documents to which it is a party. Each Principal Holding Company is in good standing (or equivalent status in the relevant jurisdiction) in each jurisdiction.

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3.2 Capitalization and Voting Rights.

(a) **Company.** The authorized share capital of the Company is and immediately prior to the Closing shall be US$50,000 divided into (a) a total of 482,613,908 authorized Ordinary Shares, 50,000,000 of which are issued and outstanding, and 10,000,000 of which are held by a trust established for the 2017 ESOP, (b) a total of 4,945,055 authorized Series A Preferred Shares, all of which are issued and outstanding, (c) a total of 1,373,626 authorized Series A1 Preferred Shares, all of which are issued and outstanding, (d) a total of 5,420,144 authorized Series B1 Preferred Shares, all of which are issued and outstanding, (e) a total of 3,895,728 authorized Series B2 Preferred Shares, 3,684,004 of which are issued and outstanding and (f) a total of 1,751,539 authorized Series B3 Preferred Shares, none of which are issued and outstanding. Schedule III sets forth the capitalization table of the Company, and Section 3.2(a) of the Disclosure Schedule sets forth the capitalization table of each Group Company, in each case, as of immediately prior to the Closing and immediately after the Closing, in each case reflecting all then outstanding and authorized Equity Securities of such Company and other Group Company, the record and beneficial holders thereof and the terms of any vesting schedule applicable thereto. Except as disclosed in Section 3.2(a) of the Disclosure Schedule, there is no nominee arrangement or any other similar arrangements for the direct or indirect interest in the Equity Security of any Group Company.

(b) **HK Company.** The authorized share capital of the HK Company is and immediately prior to and following the Closing shall be HK$10,000, divided into 10,000 shares of HK$1 each, 10,000 of which are issued and outstanding and held by the Company.

(c) **Domestic Companies.** The registered capital of each Domestic Company, Dian Guan and the WFOE is set forth opposite its name on Section 3.2(c) of the Disclosure Schedule, together with an accurate list of the record and beneficial owners of such registered capital.

(d) **No Other Securities.** Except for (a) the conversion privileges of the Subscription Shares, (b) certain rights provided in the Charter Documents of the Company as currently in effect, (c) certain rights provided in the Memorandum and Articles, the Shareholders Agreement and the Control Documents from and after the Closing, (d) the outstanding Equity Securities set forth in Section 3.2(d) of the Disclosure Schedule, and (e) options to purchase Ordinary Shares, restricted shares, RSUs or other Equity Securities pursuant to the Current ESOP, (1) there are no and at the Closing there shall be no other authorized or outstanding Equity Securities of any Group Company; (2) no Equity Securities of any Group Company are subject to any preemptive rights, rights of first refusal (except to the extent provided by applicable PRC Laws) or other rights to purchase or create any Lien over such Equity Securities or any other rights or encumbrances with respect to such Equity Securities, and (3) no Group Company is a party or subject to any Contract that affects or relates to the voting or giving of written consents with respect to, or the right to cause the redemption, or repurchase of, any Equity Security of such Group Company. Except as set forth in the Shareholders Agreement (from and after the Closing), the Company has not granted any registration rights or information rights to any other Person, nor is the Company obliged to list, any of the Equity Securities of any Group Companies on any securities exchange. Except as contemplated under the Transaction Documents, there are no voting or similar agreements which relate to the share capital or registered capital of any Group Company.

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(e) **Issuance and Status.** All presently outstanding Equity Securities of each Group Company were duly and validly issued (or subscribed for) in compliance with all applicable Laws, preemptive or other similar rights of any Person, and applicable Contracts. All share capital or registered capital, as the case may be, of each Group Company have been duly and validly issued, are fully paid (or subscribed for) and nonassessable, and are and as of the Closing shall be free of any and all Liens (except for any restrictions on transfer under the Shareholders’ Agreement and applicable Laws). Except as contemplated under the Transaction Documents, there are no (a) resolutions pending to increase the share capital or registered capital of any Group Company or cause the liquidation, winding up, or dissolution of any Group Company, nor has any distress, execution or other process been levied against any Group Company, (b) dividends which have accrued or been declared but are unpaid by any Group Company, (c) obligations, contingent or otherwise, of any Group Company to repurchase, redeem, or otherwise acquire any Equity Securities, or (d) outstanding or authorized equity appreciation, phantom equity, equity plans or similar rights with respect to any Group Company. All dividends (if any) or distributions (if any) declared, made or paid by each Group Company, and all repurchases and redemptions of Equity Securities of each Group Company (if any), have been declared, made, paid, repurchased or redeemed, as applicable, in accordance with its Charter Documents and all applicable Laws.

(f) **Title.** Each Group Company is the sole record and beneficial holder of all of the Equity Securities set forth opposite its name on Section 3.2(f) of the Disclosure Schedule, free and clear of all Liens of any kind other than those arising under applicable Law.

3.3 **Corporate Structure; Subsidiaries.** Section 3.3 of the Disclosure Schedule sets forth a true and complete structure chart showing the corporate structure of the Group Companies, as of the date hereof and as of the Closing, and indicating the ownership and Control relationships among all Group Companies, as of the date hereof and as of the Closing, and a description of such structure with such ownership and Control relationships, the nature of the legal entity which each Group Company constitutes, as of the date hereof and as of the Closing, the jurisdiction in which each Group Company was or will be organized, and each jurisdiction in which each Group Company is required to be qualified or licensed to do business as a foreign Person as of the date hereof and as of the Closing. No Group Company owns or Controls, or has ever owned or Controlled, directly or indirectly, any Equity Security, interest or share in any other Person or is or was a participant in any joint venture, partnership or similar arrangement. No Group Company is obligated to make any investment in or capital contribution in or on behalf of any other Person. The Company was formed solely to acquire and hold the equity interests in the HK Company and the HK Company was formed solely to acquire and hold the equity interests in the WFOE. Neither the Company nor the HK Company has engaged in any other business and has not incurred any Liability since its formation. The Domestic Companies and Dian Guan are and the WFOE will be engaged in the Business and have no other business. No Principal or Principal Holding Company, and none of their Affiliates (other than a Group Company), is engaged in the Business or has any assets in relation to the Business (other than through an advisory, employment or consulting relationship with a Group Company) or any Contract with any Group Company. None of the Principals and their Affiliates directly or indirectly own, manage, engage in, operate, control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise) or participate in the ownership, management, operation or control of, any business, whether in corporate, proprietorship or partnership form or otherwise, that competes with the businesses of the Group Companies, being the operation of mobile content aggregation platforms and any other major business operations of any Group Company.
3.4 Authorization. Each Warrantor has all requisite power and authority to execute and deliver the Transaction Documents to which it is a party and to carry out and perform its obligations thereunder. All action on the part of each party to the Transaction Documents (other than the Series B3 Investors) (and, as applicable, its officers, directors and shareholders) necessary for the authorization, execution and delivery of the Transaction Documents, the performance of all obligations of each such party, and, in the case of the Company, the authorization, issuance (or reservation for issuance), sale and delivery of the Subscription Shares and the Conversion Shares, has been taken or will be taken prior to the Closing. Each Transaction Document has been duly executed and delivered by each party thereto (other than the Series B3 Investors) and constitutes valid and legally binding obligations of such party, enforceable against such party in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors’ rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

3.5 Valid Issuance of Shares. The Subscription Shares, when issued, delivered and paid for in accordance with the terms of this Agreement for the consideration expressed herein, will be duly and validly issued, fully paid and non-assessable, free from any Liens (except for any restrictions on transfer under applicable Laws and under the Shareholders Agreement). The Conversion Shares have been reserved for issuance and, upon issuance in accordance with the terms of the Charter Documents of the Company, will be duly and validly issued, fully paid and non-assessable, free from any Liens (except for any restrictions on transfer under applicable securities Laws and under the Shareholders Agreement). The issuance of the Subscription Shares and the Conversion Shares is not subject to any preemptive rights, rights of first refusal or similar rights.

3.6 Consents; No Conflicts. All Consents from or with any Governmental Authority or any other Person required in connection with the valid execution, delivery and performance of the Transaction Documents, and the consummation of the transactions contemplated by the Transaction Documents, in any case on the part of any party thereto (other than the Series B3 Investors) have been duly obtained or completed (as applicable) and are in full force and effect. The execution, delivery and performance of each Transaction Document by each party thereto (other than the Series B3 Investors) do not, and the consummation by such party of the transactions contemplated thereby will not, (i) result in any violation of, be in conflict with, or constitute a default under, require any Consent under, or give any Person rights of termination, amendment, acceleration or cancellation under, with or without the passage of time or the giving of notice, any Governmental Order, any provision of the Charter Documents of any Group Company, any applicable Laws (including without limitation, Order No. 10 and the SAFE Rules and Regulations), or any Material Contract, (ii) result in any termination, modification, cancellation, or suspension of any material right of, or any augmentation or acceleration of any material obligation of, any Group Company (including without limitation, any indebtedness of such Group Company), or (iii) result in the creation of any Lien upon any of the material properties or assets of any Group Company other than Permitted Liens. None of the execution, delivery and performance of any of the Restructuring Documents and the consummation of any transaction contemplated by the Restructuring Documents will have resulted in or will have been reasonably expected to result in any dispute, controversy or claim concerning the direct or indirect shareholders or partners of Shanghai Xi Hi and Tianjin Shan Shi LP.

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3.7 **Offering.** Subject in part to the accuracy of the Series B3 Investors’ representations set forth in Section 4 of this Agreement, the offer, sale and issuance of the Subscription Shares are, and the issuance of the Conversion Shares will be, exempt from the qualification, registration and prospectus delivery requirements of the Securities Act and any other applicable securities Laws.

3.8 **Compliance with Laws; Consents.**

(a) Each Group Company is, and has been, in compliance with all applicable Laws in all material aspects. No event has occurred and no circumstance exists that (with or without notice or lapse of time) (a) may constitute or result in a violation by any Group Company, or a failure on the part of such entity to comply with, any applicable Laws in any material aspect, or (b) may give rise to any obligation on the part of any Group Company to undertake, or to bear all or any portion of the cost of, any remedial action of any nature in any material aspect. None of the Group Companies has received any notice from any Governmental Authority regarding any of the foregoing. None of the Group Companies is, to the knowledge of the Warrantors, under investigation with respect to a violation of any Law.

(b) Neither the Captive Structure when implemented nor the Control Documents (individually or when taken together) when executed violate any applicable Laws (including without limitation, SAFE Rules and Regulations, Order No. 10 and any other applicable PRC rules and regulations).

(c) All Consents from or with the relevant Governmental Authority required in respect of the due and proper establishment and operations of each Group Company as now conducted, including but not limited to the Consents from or with MOFCOM, SAIC, SAFE, the Ministry of Information Industry, the Ministry of Culture, Press and Publication Administration, any Tax bureau, customs authorities, and product registration authorities, and the local counterpart thereof, as applicable (or any predecessors thereof, as applicable) (collectively, the “Required Governmental Consents”), has been duly obtained or completed in accordance with all applicable Laws.

(d) No Required Governmental Consent contains any materially burdensome restrictions or conditions, and each Required Governmental Consent is in full force and effect and will remain in full force and effect upon the consummation of the transactions contemplated hereby. None of the Group Companies is in default under any Required Governmental Consent. There is no reason to believe that any Required Governmental Consent which is subject to periodic renewal will not be granted or renewed. None of the Group Companies has received any letter or other communication from any Governmental Authority threatening or providing notice of revocation of any Required Governmental Consent issued to such Group Company or the need for compliance or remedial actions in respect of the activities carried out directly or indirectly by such Group Company.
3.9 Tax Matters.

(a) All Tax Returns required to be filed on or prior to the date hereof with respect to each Group Company has been duly and timely filed by such entity within the requisite period and completed on a proper basis in accordance with the Accounting Standards and applicable Law, and are up to date and correct. All Taxes owed by each Group Company under applicable Laws (whether or not shown on every Tax Return) have been paid in full or provision for the payment thereof have been made, except such Taxes, if any, as are being contested in good faith and as to which adequate reserves (determined in accordance with the Accounting Standards) have been provided in the Financial Statements. No deficiencies for any Taxes with respect to any Tax Returns have been asserted in writing by, and no notice of any pending action with respect to such Tax Returns has been received from, any Tax authority, and no dispute relating to any Tax Returns with any such Tax authority is outstanding or contemplated. Each Group Company has timely paid all Taxes owed by it under applicable Law which are due and payable (whether or not shown on any Tax Return) and withheld and remitted to the appropriate Governmental Authority all Taxes which it is obligated to withhold and remit under applicable Law from amounts owing to any employee, creditor, customer or third party.

(b) No audit of any Tax Return of each Group Company and no formal investigation with respect to any such Tax Return by any Tax authority is currently in progress and no Group Company has waived any statute of limitations with respect to any Taxes, or agreed to any extension of time with respect to an assessment or deficiency for such Taxes.

(c) No written claim has been made by a Governmental Authority in a jurisdiction where the Group does not file Tax Returns that any Group Company is or may be subject to taxation by that jurisdiction.

(d) The assessment of any additional Taxes with respect to the applicable Group Company for periods for which Tax Returns have been filed is not expected to exceed the recorded Liability therefor in the most recent balance sheet in the Financial Statements (as defined below), and there are no unresolved questions or claims concerning any Tax Liability of any Group Company. Since the Statement Date (as defined below), no Group Company has incurred any liability for Taxes outside the ordinary course of business or otherwise inconsistent with past custom and practice. There is no pending dispute with, or notice from, any Tax authority relating to any of the Tax Returns filed by any Group Company, and there is no proposed Liability for a deficiency in any Tax to be imposed upon the properties or assets of any Group Company.

(e) No Group Company has been the subject of any examination or investigation by any Tax authority relating to the conduct of its business or the payment or withholding of Taxes that has not been resolved or is currently the subject of any examination or investigation by any Tax authority relating to the conduct of its business or the payment or withholding of Taxes. No Group Company is responsible for the Taxes of any other Person by reason of contract, successor liability or otherwise.

(f) All Tax credits and Tax holidays enjoyed by any Group Company established under the Laws of the PRC under applicable Laws since its establishment have been in compliance with all applicable Laws and are not subject to reduction, revocation, cancellation or any other changes (including retroactive changes) in the future, except through change in applicable Laws published by relevant Governmental Authority.
(g) No Group Company is or has ever been a PFIC or CFC or a U.S. real property holding corporation. No Group Company anticipates that it will become a PFIC or CFC or a U.S. real property holding corporation for the current taxable year or any future taxable year.

(h) The Company is treated as a corporation for U.S. federal income tax purposes.

3.10 Charter Documents; Books and Records. The Charter Documents of each Group Company is in the form provided to the Series B3 Investors. Each Group Company has been in compliance with its Charter Documents, and no Group Company has violated or breached any of their respective Charter Documents. Each Group Company maintains its books of accounts and records in the usual, regular and ordinary manner, on a basis consistent with prior practice, and which permits its Financial Statements (as defined below) to be prepared in accordance with the Accounting Standards. The register of members and directors (if applicable) of each Group Company are correct, there has been no notice of any proceedings to rectify any such register, and there are no circumstances which might lead to any application for its rectification. All documents required to be filed by each Group Company with the applicable Governmental Authority in respect of the relevant jurisdiction in which the relevant Group Companies is being incorporated have been properly made up and filed. There is no committee for any board of any Group Company.

3.11 Financial Statements.

(a) The Company has delivered to the Series B3 Investors the unaudited consolidated balance sheet (the “Balance Sheet”) and statements of operations and cash flows for Jifen as of and for year ending December 31, 2016, and as of and for the 11-month period ended November 30, 2017 (the “Statement Date”) as included in Annex II of the Disclosure Schedule (collectively, the financial statements referred to above, the “Financial Statements”). The Financial Statements (a) have been prepared in accordance with the books and records of Domestic Companies, (b) fairly present in all material respects the financial condition and position of Domestic Companies as of the dates indicated therein and the results of operations and cash flows of Domestic Companies for the periods indicated therein, except in the case of unaudited financial statements for the omission of notes thereto and normal year-end audit adjustments that are not expected to be material, and (c) were prepared in accordance with the applicable Accounting Standards applied on a consistent basis throughout the periods involved. All of the accounts receivable owing to any of the Group Companies, including without limitation all accounts receivable set forth on the Financial Statements, constitute valid and enforceable claims and are current and collectible in the ordinary course of business, net of any reserves shown on the Financial Statements (which reserves are adequate and were calculated on a basis consistent with the Accounting Standards), and no further goods or services are required to be provided in order to complete the sales and to entitle the applicable Group Company to collect in full in respect of any such receivables. There are no material contingent or asserted claims, refusals to pay, or other rights of set-off with respect to any accounts receivable of any Group Company.
Specifically, but not by way of limitation, the respective balance sheets included in the Financial Statements disclose all of the Group Companies’ Indebtedness, Liability, whether due or to become due, as of their respective dates to the extent such Indebtedness and Liabilities are required to be disclosed in accordance with the Accounting Standards, and each Group Company has good and marketable and unencumbered title to all assets set forth on the balance sheets of the respective Financial Statements.

The Company has delivered to the Series B3 Investors the bank statements of all bank accounts of the Company, the HK Company and the WFOE, as of the date of this agreement, the cash balance in these bank accounts is US$227,356,348 in aggregate. And no material unpaid liabilities or contingent payment on the Company, the HK Company or the WFOE’s book.

3.12 Changes. Since the Statement Date, each Group Company (i) has operated its business in the ordinary course consistent with its past practice, (ii) used its reasonable best efforts to preserve its business, (iii) collected receivables and paid payables and similar obligations in the ordinary course of business consistent with past practice, and (iv) not engaged in any new line of business or entered into any agreement, transaction or activity or made any commitment except those in the ordinary course of business consistent with past practice. Since the Statement Date, there has not been any Material Adverse Effect or any material change in the way any Group Company conducts its business, and there has not been by or with respect to any Group Company:

(a) any purchase, acquisition, sale, lease, disposal of or other transfer of any assets that are individually or in the aggregate material to its business, whether tangible or intangible, other than the purchase or sale of inventory in the ordinary course of business consistent with its past practice or changes in the ordinary course of business;

(b) any acquisition (by merger, consolidation or other combination, or acquisition of stock or assets, or otherwise) of any business or other Person or division thereof, or any sale or disposition of any business or division thereof;

(c) any waiver, termination, cancellation, settlement or compromise by a Group Company of a material right, debt or claim owed to it;

(d) any incurrence, creation, assumption, repayment, satisfaction, or discharge of (1) any material Lien (other than Permitted Liens) or (2) any Indebtedness or guarantee, or the making of any loan or advance (other than reasonable and normal advances to employees for bona fide expenses that are incurred in the ordinary course of business consistent with its past practice), or the making of any investment or capital contribution;

(e) any amendment to or termination of any Material Contract, or any amendment to or waiver under any Charter Document;

(f) any change in any compensation arrangement or Contract with any employee of any Group Company, or adoption of any new Benefit Plan, or made any material change in any existing Benefit Plan;

(g) any declaration, setting aside or payment or other distribution in respect of any Equity Securities of any Group Company, or any issuance, transfer, redemption, purchase or acquisition of any Equity Securities by any Group Company;

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(h) any material damage, destruction or loss, whether or not covered by insurance, on the assets, properties, financial condition, operation or business of any Group Company;

(i) any material change in accounting methods or practices or any revaluation of any of its assets;

(j) except in the ordinary course of business consistent with its past practice, entry into any agreement in respect of Taxes, settlement of any claim or assessment in respect of any Taxes, or consent to any extension or waiver of the limitation period applicable to any claim or assessment in respect of any Taxes, entry or change of any Tax election, change of any method of accounting resulting in an amount of additional Tax or filing of any material amended Tax Return;

(k) any commencement or settlement of any Action;

(l) any authorization, sale, issuance, transfer, pledge or other disposition of any Equity Securities of any Group Company;

(m) any resignation or termination of any Key Employee of any Group Company or any material group of employees of any Group Company;

(n) (i) any transaction with any Related Party (other than the Principals and their respective associates) with an aggregate transaction amount greater than or equal to US$2,000,000, (ii) any transactions with any Related Party (other than the Principals and their respective associates) that are on terms that are less favorable than arm’s length terms for the relevant Group Company, and (iii) any transactions with a Principal or its Associate; or

(o) any agreement or commitment to do any of the things described in this Section 3.12.

3.13 Actions. There is no Action pending or to the Warrantors’ knowledge threatened in writing against or affecting any Group Company or any of its officers, directors or Key Employees with respect to its businesses or proposed business activities, or any officers, directors or Key Employees of any Group Company in connection with such person’s respective relationship with such Group Company. Without limiting the generality of the foregoing, there are no Actions pending against any of the Group Companies or, to the knowledge of the Warrantors, threatened against any of the Group Companies, relating to the use by any employee of any Group Company of any information, technology or techniques allegedly proprietary to any of their former employers, clients or other parties. There is no judgment or award unsatisfied against any Group Company, nor is there any Governmental Order in effect and binding on any Group Company or their respective assets or properties. There is no Action pending by any Group Company against any third party nor does any Group Company intend to commence any such Action. No Governmental Authority has at any time challenged or questioned the legal right of any Group Company to conduct its business as presently being conducted.
3.14 Liabilities. No Group Company has any Liabilities except for (i) liabilities set forth in the Balance Sheet that have not been satisfied since the Statement Date, and (ii) current liabilities incurred since the Statement Date in the ordinary course of the Group’s business consistent with its past practices. No Group Company has any Indebtedness outside the ordinary course of business that it has directly or indirectly created, incurred, assumed, or guaranteed, or with respect to which the Group Company has otherwise become directly or indirectly liable. No Group Company is a guarantor or indemnitor of any Liabilities of any other Person (other than a Group Company).

3.15 Commitments.

(a) Section 3.15(a) of the Disclosure Schedule contains a complete and accurate list of all Material Contracts. “Material Contracts” means, collectively, each Contract to which a Group Company, or any of their properties or assets is bound or currently subject to that (a) involves outstanding obligations (contingent or otherwise) or outstanding payments in excess of RMB10,000,000, (b) involves Intellectual Property that is material to a Group Company or the Business (other than generally-available “off-the-shelf” shrink-wrap software licenses obtained by the Group on non-exclusive and non-negotiated terms), including without limitation, the Licenses, (c) restricts the ability of a Group Company to compete or to conduct or engage in any business or activity or in any territory, (d) relates to the sale, issuance, grant, exercise, award, purchase, repurchase or redemption of any Equity Securities, (e) involves any provisions providing for exclusivity, “change in control”, “most favored nations”, rights of first refusal or first negotiation or similar rights, or grants a power of attorney, agency or similar authority, (f) is with a Related Party, (g) involves outstanding Indebtedness over RMB10,000,000, an extension of credit, a guaranty, surety or assumption of any obligation or any secondary or contingent Liabilities, deed of trust, or the grant of a Lien, (h) involves the lease, license, sale, use, disposition or acquisition of any material assets of the Group, (i) involves the waiver, compromise, or settlement of any dispute, claim, litigation or arbitration over RMB1,000,000, (j) involves the ownership or lease of, title to, use of, or any leasehold or other interest in, any real or personal property (except for personal property leases in the ordinary course of business and involving payments of less than RMB1,000,000), including without limitation, the Leases, (k) involves the establishment, contribution to, or operation of a partnership, joint venture, alliance or similar entity, or involving a sharing of profits or losses (including joint development and joint marketing Contracts), or any investment in, loan to or acquisition or sale of the securities, equity interests or assets of any Person, (l) is between any Domestic Company and another Group Company, (m) is with a Governmental Authority, state-owned enterprise, or sole-source supplier of any material product or service (other than utilities), (n) is a Benefits Plan, or a collective bargaining agreement or is with any labor union or other representatives of the employees, (o) is a brokerage or finder’s agreement, and (p) material sales agency, marketing or distributorship Contract valued at over RMB10,000,000, (q) is the Dian Guan Contract, (r) is any of the Restructuring Documents, (s) is any of the Share Restriction Agreements or (t) is outside of the ordinary course of business of any Group Company or is otherwise material to a Group Company or is one on which a Group Company is substantially dependent.

(b) A true, fully-executed copy of each Material Contract including all amendments and supplements thereto (and a written summary of all terms and conditions of each non-written Material Contract) has been delivered to the Series B3 Investors. Each Material Contract is a valid and binding agreement of the Group Company that is a party thereto, the performance of which does not and will not violate any applicable Law or Governmental Order, and is in full force and effect and enforceable against the parties thereto, except (x) as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting enforcement of creditors’ rights generally, and (y) as may be limited by laws relating to the availability of specific performance, injunctive relief or other remedies in the nature of equitable remedies. Each Group Company has duly performed all of its obligations under each Material Contract to the extent that such obligations to perform have accrued, and no breach or default, alleged breach or alleged default, or event which would (with the passage of time, notice or both) constitute a breach or default thereunder by such Group Company or any other party or obligor with respect thereto, has occurred, or as a result of the execution, delivery, and performance of the Transaction Documents will occur. No Group Company has given notice (whether or not written) that it intends to terminate a Material Contract or that any other party thereto has breached, violated or defaulted under any Material Contract. No Group Company has received any notice (whether written or not) that it has breached, violated or defaulted under any Material Contract or that any other party thereto intends to terminate such Material Contract, nor is any Warrantor aware of any circumstances that may lead to the termination of any Material Contract.

23 Share Purchase Agreement
3.16 Anti-Bribery, Anti-Corruption, Anti-Money Laundering and Sanctions; Absence of Government Interests.

(a) Each Warrantor and its respective directors, officers, employees, agents and other persons acting on its behalf (collectively, “Representatives”) are familiar with and are and have been in compliance with all applicable Laws relating to anti-bribery, anti-corruption, anti-money laundering, record keeping and internal control laws (collectively, the “Compliance Laws”) including the FCPA, as if it were a U.S. Person. Furthermore, no Public Official (i) holds an ownership or other economic interest, direct or indirect, in any of the Group Companies or in the contractual relationship formed by this Agreement, or (ii) serves as an officer, director or employee of any Group Company. Without limiting the foregoing, neither any Group Company nor any Representative has, directly or indirectly, offered, authorized, promised, condoned, participated in, consummated, or received notice of any allegation of,

(i) the making of any gift or payment of anything of value to any Public Official by any Person to obtain any improper advantage, affect or influence any act or decision of any such Public Official, or assist any Group Company in obtaining or retaining business for, or with, or directing business to, any Person.

(ii) the taking of any action by any Person which (i) would violate the FCPA, if taken by an entity subject to the FCPA, or (ii) could reasonably be expected to constitute a violation of any applicable Compliance Law, or

(iii) the making of any false or fictitious entries in the books or records of any Group Company by any Person, or

(iv) the using of any assets of any Group Company for the establishment of any unlawful or unrecorded fund of monies or other assets, or the making of any unlawful or undisclosed payment.

(b) No Group Company or any of its Representatives has ever been found by a Governmental Authority to have violated any criminal or securities Law or is subject to any indictment or any government investigation for bribery. None of the beneficial owners of any Equity Securities or other interest in any Group Company or the current or former Representatives of any Group Company are or were Public Officials.
(c) No Group Company or any of its Representatives is a Prohibited Person, and no Prohibited Person will be given an offer to become an employee, officer, consultant or director of any Group Company. No Group Company has conducted or agreed to conduct any business, or entered into or agreed to enter into any transaction with a Prohibited Person.

3.17 Title; Properties.

(a) Title; Personal Property. Each Group Company has good and valid title to all of its respective assets, whether tangible or intangible (including those reflected in the Balance Sheet, together with all assets acquired thereby since the Statement Date, but excluding those that have been disposed of since the Statement Date), in each case free and clear of all Liens, other than Permitted Liens. The foregoing assets collectively represent all assets (including all rights and properties) necessary for the conduct of the business of each Group Company as presently conducted. Except for leased or licensed assets, no Person other than a Group Company owns any interest in any such assets. All leases of real or personal property to which a Group Company is a party are fully effective and afford the Group Company valid leasehold possession of the real or personal property that is the subject of the lease. All machinery, vehicles, equipment and other tangible personal property owned or leased by a Group Company are in good condition and repair (reasonable wear and tear excepted). There are no facilities, services, assets or properties which are used in connection with the business of the Group and which are shared with any other Person that is not a Group Company.

(b) Real Property. No Group Company owns or has legal or equitable title or other right or interest in any real property other than as held pursuant to Leases. Section 3.17(b) of the Disclosure Schedule sets forth each leasehold interest pursuant to which any Group Company holds any real property (a “Lease”), indicating the parties to such Lease and the address of the property demised under the Lease, the rent payable under the Lease and the term of the Lease. The particulars of the Leases as set forth in Section 3.17(b) of the Disclosure Schedule are true and complete. The lessor under each Lease is qualified and has obtained all Consents necessary to enter into such Lease, including without limitation any Consents required from the owner of the property demised pursuant to the Lease if the lessor is not such owner. There is no material claim asserted or, to the knowledge of the Warrantors, threatened in writing by any Person regarding the lessor's ownership of the property demised pursuant to each Lease. Each Lease is in compliance with applicable Laws, including with respect to the ownership and operation of property and conduct of business as now conducted by the applicable Group Company which is a party to such Lease. Each Group Company which is party to a Lease has accepted possession of the property demised pursuant to the Lease and is in actual possession thereof and has not sublet, assigned or hypothecated its leasehold interest. No Group Company uses any real property in the conduct of its business except insofar as it has secured a Lease with respect thereto. The leasehold interests under the Leases held by each Group Company are adequate for the conduct of the business of such Group Company as currently conducted.
3.18 Related Party Transactions. Other than as set forth in Section 3.18 of the Disclosure Schedule (the “Related Party Transactions”), no Related Party has any Contract, understanding, or proposed transaction with, or is indebted to, any Group Company or has any direct or indirect interest in any Group Company other than as set forth in Section 3.2(a) of the Disclosure Schedule, nor is any Group Company indebted (or committed to make loans or extend or guarantee credit) to any Related Party (other than for accrued salaries, for the current pay period, reimbursable expenses or other standard employee benefits). The Related Party Transactions are entered into in the ordinary course of business of the relevant Group Company on terms that are no less favorable to the relevant Group Company than arm’s length terms. No Related Party has any direct or indirect interest in any Person with which a Group Company is affiliated or with which a Group Company has a material business relationship (including any Person which purchases from or sells, licenses or furnishes to a Group Company any goods, intellectual or other property rights or services), or in any Contract to which a Group Company is a party or by which it may be bound or affected, and no Related Party directly or indirectly competes with, or has any interest in any Person that competes with the businesses of the Group Companies, being the operation of mobile content aggregation platforms and any other major business operations of any Group Company, except those disclosed in Section 3.3 of the Disclosure Schedule.


(a) Company IP. Except as disclosed in Section 3.19(a) of the Disclosure Schedule, each Group Company owns or otherwise has sufficient rights (including but not limited to the rights of development, maintenance, licensing and sale) to or otherwise has the licenses to use all Intellectual Property necessary and sufficient to conduct its business as currently conducted and proposed to be conducted by such Group Company (“Company IP”) without any conflict with or infringement of the rights of any other Person. Section 3.19(a) of the Disclosure Schedule sets forth a complete and accurate list of all Company Registered IP for each Group Company, including for each the relevant name or description, registration/certification or application number, and filing, registration or issue date.

(b) IP Ownership. All Company Registered IP is owned by and registered or applied for solely in the name of a Group Company, is valid and subsisting and has not been abandoned, and all necessary registration, maintenance and renewal fees with respect thereto and currently due have been satisfied. No Group Company or any of its employees, officers or directors has taken any actions or failed to take any actions that would cause any Company Owned IP to be invalid, unenforceable or not subsisting. No funding or facilities of a Governmental Authority or a university, college, other educational institution or research center was used in the development of any material Company Owned IP. No material Company Owned IP is the subject of any Lien, license or other Contract granting rights therein to any other Person. No Group Company is or has been a member or promoter of, or contributor to, any industry standards bodies, patent pooling organizations or similar organizations that could require or obligate a Group Company to grant or offer to any Person any license or right to any material Company Owned IP. No Company Owned IP is subject to any proceeding or outstanding Governmental Order or settlement agreement or stipulation that (a) restricts in any manner the use, transfer or licensing thereof, or the making, using, sale, or offering for sale of any Group Company’s products or services, by any Group Company, or (b) may affect the validity, use or enforceability of such Company Owned IP. Each Principal has assigned and transferred to a Group Company any and all of his/her Intellectual Property related to the Business. No Group Company has (a) transferred or assigned any Company IP; (b) authorized the joint ownership of, any Company IP; or (c) permitted the rights of any Group Company in any Company IP to lapse or enter the public domain.
(c) **Infringement, Misappropriation and Claims.** No Group Company has violated, infringed or misappropriated any Intellectual Property of any other Person, nor has any Group Company received any written notice alleging any of the foregoing. To the knowledge of each of the Warrantors, no Person has violated, infringed or misappropriated any Company IP of any Group Company, and no Group Company has given any written notice to any other Person alleging any of the foregoing. No Person has challenged the ownership or use of any Company IP by a Group Company. No Group Company has agreed to indemnify any Person for any infringement, violation or misappropriation of any Intellectual Property by such Person.

(d) **Assignments and Prior IP.** Except as disclosed in Section 3.19(d) of the Disclosure Schedule, all inventions and know-how conceived by employees of a Group Company related to the business of such Group Company are currently owned exclusively by a Group Company. All employees, contractors, agents and consultants of a Group Company who are or were involved in the creation of any Intellectual Property for such Group Company have executed an assignment of inventions agreement that vests in a Group Company exclusive ownership of all right, title and interest in and to such Intellectual Property, to the extent not already provided by Law. All employee inventors of Company Owned IP have received reasonable reward and remuneration from a Group Company for his/her service inventions or service technology achievements in accordance with the applicable PRC Laws. It will not be necessary to utilize any Intellectual Property of any such Persons made prior to their employment by a Group Company and none of such Intellectual Property has been utilized by any Group Company, except for those that are exclusively owned by a Group Company. None of the employees, consultants or independent contractors, currently or previously employed or otherwise engaged by any Group Company, (a) is in violation of any current or prior confidentiality, non-competition or non-solicitation obligations to such Group Company or to any other Persons, including former employers, or (b) is obligated under any Contract, or subject to any Governmental Order, that would interfere with the use of his or her best efforts to promote the interests of the Group Companies or that would conflict with the business of such Group Company as presently conducted.

(e) **Licenses.** Section 3.19(e) of the Disclosure Schedule contains a complete and accurate list of the Licenses. The "Licenses" means, collectively, (a) all licenses, sublicenses, and other Contracts to which any Group Company is a party and pursuant to which any third party is authorized to use, exercise or receive any benefit from any material Company IP, and (b) all licenses, sublicenses and other Contracts to which any Group Company is a party and pursuant to which such Group Company is authorized to use, exercise, or receive any benefit from any material Intellectual Property of another Person, in each case except for (1) agreements involving “off-the-shelf” commercially available software, and (2) non-exclusive licenses to customers of the Business in the ordinary course of business consistent with past practice. The Group Companies have paid all license and royalty fees required to be paid under the Licenses.

(f) **Protection of IP.** Each Group Company has taken reasonable and appropriate steps to protect, maintain and safeguard Company IP and made all applicable filings, registrations and payments of fees in connection with the foregoing. Without limiting the foregoing, all current and former officers, employees, consultants and independent contractors of any Group Company and all suppliers, customers, distributors, and other third parties having access to any Company IP have executed and delivered to such Group Company an agreement requiring the protection of such Company IP. To the extent that any Company IP has been developed or created independently or jointly by an independent contractor or other third party for any Group Company, or is incorporated into any products or services of any Group Company, such Group Company has a written agreement with such independent contractor or third party and has thereby obtained ownership of, and is the exclusive owner of all such independent contractor’s or third party’s Intellectual Property in such work, material or invention by operation of law or valid assignment.
3.20 Labor and Employment Matters.

(a) Each Group Company has complied with all applicable Laws related to labor or employment, including provisions thereof relating to wages, hours, working conditions, benefits, retirement, social welfare, equal opportunity and collective bargaining. There is not pending or threatened, and there has not been since the incorporation of each Group Company, any Action relating to the violation or alleged violation of any applicable Laws by such Group Company related to labor or employment, including any charge or complaint filed by an employee with any Governmental Authority or any Group Company.

(b) Section 3.20(b) of the Disclosure Schedule contains a true and complete list of each Benefit Plan currently or previously adopted, maintained, or contributed to by any Group Company or under which any Group Company has any Liability or under which any employee or former employee of any Group Company has any present or future right to benefits. True, complete and accurate copies of the plans of the Current ESOP, the documents relating to the Trust and the transfer of Ordinary Shares to the ESOP Trustee have been provided to the Series B3 Investors. Except for required contributions or benefit accruals for the current plan year, no Liability has been or is expected to be incurred by any Group Companies under or pursuant to any applicable Laws relating to any Benefit Plan or individual employment compensation agreement, and, no event, transaction or condition has occurred or exists that would result in any such Liability to any Group Companies. Each of the Benefit Plans listed in Section 3.20(b) of the Disclosure Schedule is and has at all times been in compliance with all applicable Laws (including without limitation, SAFE Rules and Regulations, if applicable), and all contributions to, and payments for each such Benefit Plan have been timely made. There are no pending or threatened Actions involving any Benefit Plan listed in Section 3.20(b) of the Disclosure Schedule (except for claims for benefits payable in the normal operation of any Benefit Plan). Each Group Company maintains, and has fully funded, each Benefit Plan and any other labor-related plans that it is required by Law or by Contract to maintain. Each Group Company is in compliance with all Laws and Contracts relating to its provision of any form of Social Insurance, and has paid, or made provision for the payment of, all Social Insurance contributions required under applicable Laws and Contracts.

(c) There has not been, and there is not now pending or, to the knowledge of the Warrantors, threatened, any strike, union organization activity, lockout, slowdown, picketing, or work stoppage or any unfair labor practice charge against any Group Company. No Group Company is bound by or subject to (and none of their assets or properties is bound by or subject to) any written or oral Contract, commitment or arrangement with any labor union or any collective bargaining agreements.
Schedule IV enumerates each Key Employee, along with each such individual’s title. Each such individual is currently devoting all of his or her business time to the conduct of the business of the applicable Group Company. To the knowledge of the Warrantors, no such individual is subject to any covenant restricting him/her from working for any Group Company. No such individual is obligated under, or in violation of any term of, any Contract or any Governmental Order relating to the right of any such individual to be employed by, or to contract with, such Group Company. No Group Company has received any notice alleging that any such violation has occurred. No such individual is currently working or plans to work for any other Person that competes with any Group Company, whether or not such individual is or will be compensated by such Person. No such individual or any group of employees of any Group Company has given any notice of an intent to terminate their employment with any Group Company, nor does any Group Company have a present intention to terminate the employment of any such individual or any group of employees. The entry into each of the Full-time Services Agreements (when executed pursuant to this Agreement) by Mr. Tan and Jifen will not result in any violation of, be in conflict with, or constitute a default under, or give any Person rights of termination, amendment acceleration or cancellation under, any Contract to which Mr. Tan is a party.

3.21 Customers and Suppliers. Section 3.21 of the Disclosure Schedule is a correct list of each of the top five (5) business customers (by attributed revenues) and top five (5) suppliers (by attributed expenses), (in each case, with related or affiliated Persons aggregated for purposes hereof) of the Group Companies for the 6-month period ending on the Statement Date, together with the aggregate amount of revenues received or expenses paid to such business partners during such periods. Each such supplier can provide sufficient and timely supplies of goods and services in order to meet the requirements of the Group’s Business consistent with prior practice. No Group Company has experienced or been notified of any shortage in goods or services provided by its suppliers or other providers and has no reason to believe that any Person listed on Section 3.21 of the Disclosure Schedule would not continue to provide to, or purchase from, or cooperate with, respectively, or that it would otherwise alter its business relationship with, the Group at any time after the Closing, on terms substantially similar to those in effect on the date hereof. There is not currently any dispute pending between any Group Company and any Person listed on Section 3.21 of the Disclosure Schedule.

3.22 Internal Controls. Each Group Company maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions by it are executed in accordance with management’s general or specific authorization, (ii) transactions by it are recorded as necessary to permit preparation of financial statements in conformity with the Accounting Standards and to maintain asset accountability, (iii) access to assets of it is permitted only in accordance with management’s general or specific authorization, (iv) the recorded inventory of assets is compared with the existing tangible assets at reasonable intervals and appropriate action is taken with respect to any material differences, (v) segregating duties for cash deposits, cash reconciliation, cash payment, proper approval is established, and (vi) no personal assets or bank accounts of the employees, directors, officers are mingled with the corporate assets or corporate bank account, and no Group Company uses any personal bank accounts of any employees, directors, officers thereof during the operation of the business.
3.23 **Entire Business.** No Group Company shares or provides any facilities, operational services, assets or properties with or to any other entity which is not a Group Company.

3.24 **No Brokers.** Except as set for the in Section 3.24 of the Disclosure Schedule, neither any Group Company nor any of its Affiliates has any Contract with any broker, finder or similar agent with respect to the transactions contemplated by this Agreement or by any of the Transaction Documents, or has incurred any Liability for any brokerage fees, agents’ fees, commissions or finders’ fees in connection with any of the Transaction Documents or the consummation of the transactions contemplated therein.

3.25 **Certain Transactions.** All transactions and agreements entered into between any Group Company and Dian Guan or any other operators of advertising platforms or agents have been entered into in the ordinary course of business and on terms that are no less favorable than arm’s length terms. The execution, delivery and performance of the Dian Guan Contract by each party thereto do not, and the consummation by such party of the transactions contemplated thereby will not, (a) result in any violation of, be in conflict with, or constitute any default under any Contract to which such party is bound or (b) violate any rights (including any intellectual property rights) of any Person. Dian Guan owns all of the rights, licenses and permits required for the Group to operate its proprietary advertising platform.

3.26 **No General Solicitation.** Neither any Group Company, nor any of its officers, directors, employees, agents, stockholders or partners has either directly or indirectly, including through a broker or finder (a) engaged in any general solicitation, or (b) published any advertisement in connection with the offer and sale of the Subscription Shares.

3.27 **Control Documents.** (a) Each of the parties to the Control Documents has the legal right, power and authority to enter into and perform its/his/her obligations under each Control Document to which it/he/she is a party and has taken all necessary corporate action to authorize the execution, delivery and performance of, and has authorized, executed and delivered, each Control Document to which it/he/she is a party; (b) each Control Document constitutes a legally binding obligation of the parties thereto, enforceable in accordance with its terms; and (c) each Control Document is in full force and effect.

3.28 **General Partner of Tianjin Shan Shi LP.** The general partner of Tianjin Shan Shi LP is Tianjin Shengxuan, which will be wholly owned and controlled by Mr. Tan as of the Closing.

3.29 **Disclosure.** No representation or warranty by the Warrantors in this Agreement and no information or materials provided by the Warrantors to the Series B3 Investors in connection with the negotiation or execution of this Agreement or any agreement contemplated hereby contains any untrue statement of a material fact, or omits to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances in which they are made, not misleading. Except as set forth in this Agreement or the Disclosure Schedule, there is no fact that the Company has not disclosed to the Series B3 Investors in writing and of which any of its officers, directors or executive employees or the Principals has knowledge or is reasonably expected to have knowledge and which, if disclosed, might reasonably affect the willingness of the Series B3 Investors to subscribe for the Series B3 Preferred Shares for the consideration or otherwise on the terms specified in this Agreement.
3.30 Survival Period of Representations and Warranties. The representations and warranties of the Warrantors provided in this Section 3 with respect to a Series B3 Investor (other than any Fundamental Warranty which shall survive the Closing indefinitely) shall survive until the later of (such later date, the “Survival Date”) (i) fifteen (15) months after the Series B1 Closing; or (ii) the expiration of the lock-up period applicable to such Series B3 Investor after the Company consummates the IPO and when such Series B3 Investor may freely transfer all its Equity Securities of the Company without any volume, manner of sale or timing restriction.

4. Representations and Warranties of the Series B3 Investors. Each Series B3 Investor represents and warrants to the Company, as of the date hereof and as of the Closing Date, that:

4.1 Authorization. Such Series B3 Investor has all requisite power and authority to execute and deliver the Transaction Documents to which it is a party and to carry out and perform its obligations thereunder. All action on the part of such Series B3 Investor necessary for the authorization, execution and delivery of the Transaction Documents to which it is a party, has been taken or will be taken prior to the Closing. Each Transaction Document has been duly executed and delivered by such Series B3 Investor (to the extent such Series B3 Investor is a party), enforceable against such Series B3 Investor in accordance with its terms, except (i) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, and other Laws of general application affecting enforcement of creditors’ rights generally, and (ii) as limited by Laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

4.2 Purchase for Own Account. The Subscription Shares being purchased by such Series B3 Investor and the Conversion Shares thereof will be acquired for such Series B3 Investor’s own account, not as a nominee or agent, and not with a view to or in connection with the sale or distribution of any part thereof.

4.3 Restricted Securities. Such Series B3 Investor understands that the Subscription Shares and the Conversion Shares are restricted securities within the meaning of Rule 144 under the Securities Act; that the Subscription Shares and the Conversion Shares are not registered or listed publicly and must be held indefinitely unless they are subsequently registered or listed publicly or an exemption from such registration or listing is available.

4.4 Legitimate Source of Investment Funds. The funds used by such Series B3 Investor to pay its Subscription Price are legally acquired by such Series B3 Investor which shall not violate any applicable Laws, including without limitation, applicable anti-money laundering laws.
5. **Conditions to the Closing.**

5.1 **Conditions of the Series B3 Investors’ Obligations at the Closing.** The obligations of each Series B3 Investor to consummate the Closing with respect to its applicable Subscribed Shares under Section 2 of this Agreement are subject to the fulfillment, to the satisfaction of such Series B3 Investor on or prior to the Closing, or waiver by such Series B3 Investor, of the following conditions:

   (a) **Representations and Warranties.** Each of the representations and warranties of the Warrantors contained in Section 3 shall have been true, correct and complete when made and shall be true and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the Closing Date, except in either case for those representations and warranties that address matters only as of a particular date, which representations will have been true and complete as of such particular date.

   (b) **Performance.** Each Warrantor shall have performed and complied with all obligations and conditions contained in the Transaction Documents that are required to be performed or complied with by them, on or before the Closing.

   (c) **Authorizations.** All Consents of any competent Governmental Authority or of any other Person that are required to be obtained by any Warrantor in connection with the consummation of the transactions that are required to be consummated prior to the Closing as contemplated by the Transaction Documents (including but not limited to those related to the formation of the Company, the lawful issuance and sale of the Subscription Shares, and any waivers of notice requirements, rights of first refusal, preemptive rights, put or call rights or other similar rights) shall have been duly obtained and effective as of the Closing, and evidence thereof shall have been delivered to the Series B3 Investors.

   (d) **Proceedings and Documents.** All corporate and other proceedings in connection with the transactions to be completed at the Closing and all documents incident thereto, including without limitation written approval from all of the then current holders of equity interests of each Group Company, as applicable, with respect to this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, shall have been completed in form and substance satisfactory to the Series B3 Investors, and the Series B3 Investors shall have received all such copies of such documents as it may reasonably request.

   (e) **Memorandum and Articles.** The Memorandum and Articles, in the form attached hereto as Exhibit A, shall have been duly adopted by all necessary action of the Board of Directors and/or the members of the Company (which Memorandum and Articles shall have been duly filed with the appropriate authority(ies) of the Cayman Islands within five (5) Business Days after the Closing), and such adoption shall have become effective prior to the Closing with no alternation or amendment as of the Closing, and reasonable evidence thereof shall have been delivered to the Series B3 Investors. The Charter Documents of each of the other Group Companies shall be in the form and substance reasonably satisfactory to the Series B3 Investors.

   (f) **Transaction Documents.** Each of the parties to the Transaction Documents, other than the Series B3 Investors and, where applicable, its Affiliates, shall have executed and delivered such Transaction Documents to the Series B3 Investors.

   (g) **Onshore Waiver.** Tianjin Shan Shi LP and its partners shall have executed a waiver and acknowledgement letter (“Waiver Letter”) to waive all its/their shareholder’s/partners’ rights and interests which may have been granted or committed to them by Jifen through Tianjin Shan Shi LP for employee incentive purpose and to acknowledge the execution and the effectiveness of the Control Documents by Tianjin Shan Shi LP.
(h) **Restructuring Documents.** The Restructuring Documents shall have been duly executed by each of the parties thereto.

(i) **Employment Agreement; Confidentiality, Non-compete and Invention Assignment Agreement.** Jifen and each Principal (except Mr. Tan) and each Key Employee shall have entered into an employment agreement and a confidentiality, non-compete and invention assignment agreement or an employment agreement containing confidentiality, non-compete and invention assignment provisions, in a form reasonably satisfactory to the Series B3 Investors, and reasonable evidence thereof shall have been delivered to the Series B3 Investors.

(j) **SAFE Registration.** Except with respect to the 10,000,000 Ordinary Shares transferred by Mr. Tan to Qu World Limited, (i) each Principal who is a “Domestic Resident” as defined in Circular 37 and is subject to any of the registration or reporting requirements of Circular 37 (a “Domestic Resident”) shall have, and (ii) the Group Companies shall have ensured that those individuals described in (i) above shall have, and shall have used commercially reasonable efforts to cause that any other holder or beneficial owner of Equity Securities of any Group Company who is a Domestic Resident shall have, in each case, complied with all reporting and/or registration requirements (including filings of amendments to existing registrations) under Circular 37, and obtained a SAFE registration certificate with respect to his/her interest in the Company, in form and substance satisfactory to the Series B3 Investors.

(k) **Internet Information Services.** Jifen shall have amended its articles of association to amend its business scope to include the activity to engage in providing internet information services （从事互联网信息服务）.

(l) **Waiver and agreement from the Series A Investors and the Series A1 Investor.** Each of the Series A Investors and the Series A1 Investor shall have unconditionally and irrevocably:

(i) waived any claim or action it might have against and released any liability of any of the Warrantors arising out of or in connection with (i) with respect to a Series A Investor, any breach of the representations and warranties and the post-closing covenants of the Warrantors (including without limitation, the post-closing covenant under Section 7.1(iii)(CPC Investment)) under the Series A Share Purchase Agreement, and (ii) with respect to the Series A1 Investor, any breach of the representations and warranties and the post-closing covenants of the Warrantors (including without limitation, the post-closing covenants under Section 7.1(iii)(CPC Investment), Section 7.1(vi)(Advertising Audit Management System) and Section 7.1(xii)(Registered Capital)) under the Series A1 Share Purchase Agreement, to the extent of any such claims, actions and/or liability accrued prior to the Closing (but not any claims, actions and/or liability accrued following the Closing arising from or in connection with any continuing breach of the foregoing representations and warranties and post-closing covenants) and also agreed that each of the references to “Closing” in the foregoing post-closing covenants under the Series A Share Purchase Agreement or the Series A1 Share Purchase Agreement (as the case may be) shall be amended to refer to the Closing as defined in this Agreement;
(ii) agreed that all representations and warranties made by any of the Group Companies, the Principals and/or the Principal Holding Companies under the Series A Purchase Agreement and the Series A1 Share Purchase Agreement shall expire, terminate and no longer be subject to any claims on the earlier of: (1) their respective expiration or termination dates (or the applicable statute of limitation period if there are no expiration or termination dates specified) under the Series A Share Purchase Agreement or the Series A1 Share Purchase Agreement (as the case may be) and (2) the Survival Date;

(iii) agreed that all covenants made by any of the Group Companies, the Principals and/or the Principal Holding Companies under the Series A Purchase Agreement and the Series A1 Share Purchase Agreement shall expire, terminate and no longer be enforceable on the earlier of: (1) their respective expiration or termination dates (or the applicable statute of limitation period if there are no expiration or termination dates specified) under the Series A Share Purchase Agreement or the Series A1 Share Purchase Agreement (as the case may be) and (2) the end of the effective period set forth in Section 6.2(w)(i) or, for the covenants made under Section 7.1(v) (Permits) of the Series A1 Share Purchase Agreement, the end of the effective period set forth in Section 6.2(w)(ii);

(iv) agreed that all indemnity obligations of any of the Group Companies, the Principals and/or the Principal Holding Companies under the Series A Purchase Agreement and the Series A1 Share Purchase Agreement shall expire, terminate and no longer be enforceable on the earlier of: (1) their respective expiration or termination dates (or the applicable statute of limitation period if there are no expiration or termination dates specified) under the Series A Share Purchase Agreement or the Series A1 Share Purchase Agreement (as the case may be) and (2) the end of the effective period set forth in Section 7.6(h)(i) or, for any indemnity obligations for any breach of Section 7.1(v) (Permits) of the Series A1 Share Purchase Agreement, the end of the effective period set forth in Section 7.6(h)(ii); and

(v) agreed to any restructuring of the Company or transfer of any Equity Securities of the Company by any Principal or his Principal Holding Company(ies) since the date of consummation of the transactions contemplated under the Series A1 Share Purchase Agreement.

(m) **No Material Adverse Effect.** There shall have been no Material Adverse Effect since the Statement Date.

(n) **Due Diligence.** Each Series B3 Investor shall have completed its business, legal, and financial due diligence investigation of the Group Companies to its satisfaction.

(o) **Governmental Order.** There shall not be any Governmental Order or any condition imposed under any Law which would prohibit or restrict the sale and issuance of the Subscription Shares or the consummation of the transactions contemplated hereby or by any other Transaction Documents, and no Governmental Authority shall have requested any information in connection with, or instituted or threatened any action or investigation to restrain, prohibit or otherwise challenge, the transactions contemplated by the Transaction Documents.

(p) **No Litigation.** Except as disclosed in the Disclosure Schedule, no action shall have been threatened or instituted against the Series B3 Investors or any Group Company seeking to enjoin or challenge the validity of, or assert any Liability against any of them on account of, any transactions contemplated by the Transaction Documents.
Closing Certificate. A director of the Company shall have executed and delivered to each Series B3 Investor at the Closing a certificate dated as of the Closing (i) stating that the conditions specified in this Section 5.1 have been fulfilled as of the Closing, (ii) all corporate and other proceedings in connection with the transactions to be completed at the Closing and all documents incident thereto, including without limitation written approval from all of the then current holders of equity interests of each Group Company, as applicable, with respect to this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, shall have been completed, and each Group Company shall have delivered to each Series B3 Investor all such copies of such documents as such Series B3 Investor may reasonably request, and (iii) attaching thereto (a) the Charter Documents of the Group Companies as then in effect, and (b) copies of all resolutions approved by the shareholders and boards of directors of each Group Company related to the transactions contemplated hereby.

Each of the Warrantors shall use their respective best efforts to cause each of the condition precedents set forth in this Section 5.1 to be satisfied as soon as possible following the date hereof.

5.2 Conditions of the Company’s Obligations at Closing. The obligations of the Company to consummate the Closing under Section 2 of this Agreement with respect to Series B3 Investors, unless otherwise waived in writing by the Company, are subject to the fulfillment on or before the Closing of each of the following conditions:

(a) Representations and Warranties. The representations and warranties of each Series B3 Investor contained in Section 4 shall have been true and complete when made and shall be true and complete on and as of the Closing with the same effect as though such representations and warranties had been made on and as of the date of the Closing, except in either case for those representations and warranties that address matters only as of a particular date, which representations will have been true and complete as of such particular date.

(b) Performance. Each Series B3 Investor shall have performed and complied with all covenants, obligations and conditions contained in this Agreement that are required to be performed or complied with by such Series B3 Investor on or before the Closing.

6. Covenants.

6.1 Pre-Closing Covenants.

(a) If at any time before the Closing, any of the Warrantors becomes aware of any fact or event which (i) is in any way materially inconsistent with any of the representations and warranties given by any of the Warrantors, and/or (ii) suggests that any material fact warranted may not be as warranted or may be materially misleading, and/or (iii) may affect the willingness of a prudent investor to purchase the Subscription Shares or the amount of consideration that a prudent investor would be prepared to pay for the Subscription Shares, the Warrantors shall give immediate written notice thereof to the Series B3 Investors; provided, however, that nothing herein shall relieve any Party from any Liability for any breach of this Agreement.
(b) Prior to the Closing, the Warrantors shall jointly and severally ensure that the Business of the Group shall be conducted in the ordinary course consistent with past practice and that no Group Company shall not, without the prior written consent of the Series B3 Investors, engage in any activities described in Section 18 of the Shareholders Agreement.

6.2 Post-Closing Covenants. Each of the Warrantors jointly and severally undertakes that it/he will procure the following post-closing covenants to be fully performed by relevant party.

(a) Full-time Commitment. On or prior to October 1, 2018, Mr. Tan shall (a) execute and from then on shall maintain a full-time service agreement, a confidentiality, non-compete and invention assignment agreement or a service agreement containing confidentiality, non-compete and invention assignment provisions with Jifen in the form reasonably satisfactory to Mr. Tan and the Series B1 Investor (each, a “Full-time Services Agreement”), and Mr. Tan shall devote the required work effort towards the fulfillment of his service obligations with the Group Companies and use his best efforts to promote the interest and business of the Group Companies and (b) deliver such documents (in each case in form and substance to the reasonable satisfaction of the Series B1 Investor) evidencing the termination of his employment and director position at Hu Zhong Advertisement (Shanghai) Co., Ltd. (互众广告（上海）有限公司).

(b) Equity Pledge Registration. As soon as practicable after the Closing, the Company, the Principals, Jifen, and the WFOE shall cause the equity pledge made by each of the equity holders of Jifen in favor of the WFOE to be registered with the competent PRC Governmental Authority, provided, however, that such equity pledge registration will not adversely affect the Group Companies’ application for, acquisition or maintenance of the material permits and licenses required under applicable Laws for the operation of the Business.

(c) Material Licenses. (i) Jifen shall use its best efforts to obtain an Internet News Information Services Permit (互联网新闻信息服务许可证), an Online Publishing Service Permit (网络出版服务许可证) and a License for the Dissemination of Audio-visual Programs through Information Network (信息网络传播视听节目许可证) as soon as practicable after the Closing; (ii) Xike shall use its best efforts to obtain a Permit for the Dissemination of Audio-visual Programs through Information Network (信息网络传播视听节目许可证) as soon as practicable after the Closing; and (iii) Xike shall obtain a Network Culture Operation License (网络文化经营许可证) and a Value-added Telecommunications Services Permit (增值电信业务经营许可证) covering the provision of Internet information services within fifteen (15) months after Series B1 Closing (permits referred to in this Section 6.2(c), collectively, the “Material Licenses” and each a Material License).

(d) Advertising Audit Management System. As soon as practicable following the Closing but in any event no later than six (6) months after the Series B1 Closing, Jifen shall:

   (i) establish an advertising audit management system (“Advertising System”) acceptable to the Series B1 Investor (1) to register, review, verify and archive the advertisements posted or distributed by any Domestic Company (including advertisements posted through cooperation with third-party platforms and Dian Guan) in order to prevent any such advertisements that may violate any applicable Laws of the PRC from being posted by any Domestic Company, and (2) to verify the qualifications of advertisers and ensure that no Domestic Company shall post or distribute any advertisements provided by advertisers who do not meet the qualifications required under applicable Laws of the PRC (for the avoidance of doubt, such Advertising System shall also apply to the operation of Dian Guan).
(i) engage personnel with relevant advertising experience to implement the Advertising System and to monitor advertisements to be posted or distributed by any Domestic Company; and

(ii) with respect to advertisements sourced by advertisement agents or through Dian Guan or any other advertising platforms, enter into written agreements with advertisement agents or the operators of such advertising platforms (the “Ad Cooperation Partners”) to (1) entrust the Ad Cooperation Partners to conduct the verification described in (i) and (2) require the Ad Cooperation Partners not to provide to any Group Company any advertisements that may violate any applicable Laws of the PRC; and

(iv) provide to the Series B3 Investors evidence to the reasonable satisfaction of the Series B1 Investor that items (i) to (iii) have been completed.

(e) Content Management System. As soon as practicable after the Closing, and in any event within six (6) months after the Series B1 Closing, Jifen shall have established a content audit system, a responsible editing system, a responsible proofreading system and other management systems with respect to the content published on the information platform APPs operated by the Group Companies in compliance with relevant applicable Laws of the PRC.

(f) Infringement of Intellectual Property Rights by the Group. As soon as practicable after the Closing, and in any event within nine (9) months after the Series B1 Closing, Jifen shall have received from each of the content provider whose content Jifen republishes or distributes written authorization for Jifen to republish and/or distribute such content provider’s content, and copies of such authorization shall have been delivered to the Series B3 Investors.

(g) Infringement of Intellectual Property Rights by Third Parties. As soon as practicable after Closing, Jifen shall use its best efforts to (i) cause the WeChat public account by the name of “深圳趣头条” to cease operations, and (ii) establish a system to search and monitor any infringements of the Intellectual Property owned or used by the Group on social networks by any Person.

(h) Social Insurance. As soon as practicable following the Closing, each of the Domestic Company and Dian Guan shall pay, and thereafter continue to pay in full, any Social Insurance contribution owed or payable by any Domestic Company and Dian Guan in compliance with applicable Laws of the PRC.

(i) Registered Capital. As soon as practicable following the Closing, each of the Warrantors shall cause the registered capital of the Domestic Companies, Dian Guan and the WFOE to be paid in full in accordance with the requirements set forth in the Charter Documents of such companies.
Grants under the Current ESOP. The Company shall ensure that the Current ESOP complies with all applicable Laws and ensure that all award grants shall be made in accordance with the Current ESOP and the Warrantors shall keep the Series B3 Investors informed of the status of the grants under the Current ESOP on a quarterly basis and provide the following information to the Series B3 Investors for each grant: (1) the type and number of securities (including options) being granted, and (2) the form of the grant agreement used and (3) a summary of the categories or levels of the grantees (e.g., senior level, mid-level, low-level) and the type and number of securities granted to each category or level of grantees.

Memorandum and Articles. The Company shall file the Memorandum and Articles with the Registrar of Companies of the Cayman Islands within five (5) Business Days following the Closing.

Business Scope. Within one (1) month after the Series B1 Closing, Jifen shall have submitted an application to the local branch of the SAIC regarding its amendment of business scope to including the activity to engage in providing internet information services (从事互联网信息服务) and the local branch of the SAIC shall have approved such application of Jifen and issued a new business license to Jifen reflecting the expanded business scope.

Trademark. If any of the trademark registration applications for the “趣头条” trademark (application numbers 20699989, 20700180 and 20700272) is rejected, upon the request of the Series B3 Investors, Jifen shall use its best efforts to identify a replacement trademark acceptable to the Series B3 Investors for the Group’s Business and to complete the relevant trademark registration in the PRC as soon as practicable thereafter.

Other Issues in the Disclosure Schedule. As soon as practicable following the Closing, each of the Warrantors shall resolve in a reasonably practicable manner the issues which are disclosed in the Disclosure Schedule but not expressly specified as a covenant under this Section 6.2 or a specific condition precedent to the Closing under Section 5.1.

Further Assurances. Upon the terms and subject to the conditions herein, each of the Parties hereto agrees to use its best efforts to take or cause to be taken all action, to do or cause to be done, to execute such further instruments, and to assist and cooperate with the other Parties hereto in doing, all things necessary, proper or advisable under applicable Laws or otherwise to consummate and make effective, in the most expeditious manner practicable, the transactions contemplated by this Agreement and the other Transaction Documents, provided that except as expressly provided herein, no Party shall be obligated to grant any waiver of any condition or other waiver hereunder.

Dian Guan. The WFOE shall ensure that the seller under the Dian Guan Contract shall pay any taxes that are required to be paid under PRC law in connection with the transactions contemplated under the Dian Guan Contract.

Restructuring Documents. The transactions contemplated under the Restructuring Documents shall have been completed (including completion of registration with the local branch of SAIC to reflect Li Lei (李磊) as the sole limited partner of Tianjin Shan Shi LP and to reflect Mr. Tan as the sole shareholder of Tianjin Shengxuan) within ninety (90) days after the Series B1 Closing.
SAFE Registration. (i) The Company shall use its best efforts to ensure that each grantee under the Current ESOP or any other equity incentive plan of the Company who is a Domestic Resident shall (ii) the Company shall use its best efforts to ensure that all beneficial owners of Ordinary Shares who are Domestic Residents shall and (iii) Mr. Tan, with respect to (A) the 10,000,000 Ordinary Shares he directly or indirectly owned or controlled for the 2017 ESOP and (B) the transfer of such shares to the ESOP Trustee shall, in each case, comply with all reporting and/or registration requirements (including filings of amendments to existing registrations) under Circular 37, and shall have obtained a SAFE registration certificate with respect to his/her/its interest (and in the case of Mr. Tan, also the ESOP Trustee’s interest) in the Company, in form and substance satisfactory to the Series B3 Investors (a) with respect to (i), prior to the exercise of his/her option or award pursuant to the Current ESOP or other equity incentive plan of the Company, and (b) with respect to (ii) and (iii), as soon as practicable.

Effective Period of Post-Closing Covenants.

(i) The covenants of the Warrantors provided in this Section 6.2 with respect to a Series B3 Investor (other than the covenant in Section 6.2(c) shall remain effective until the later of (i) fifteen (15) months after the Series B1 Closing; and (ii) the expiration of the lock-up period applicable to such Series B3 Investor after the Company consummates the IPO and when such Series B3 Investor may freely transfer all its Equity Securities of the Company without any volume, manner of sale or timing restriction.

(ii) The covenants of the Warrantees provided in Section 6.2(c) shall remain effective until the latest of (x) 15 months after the Series B1 Closing, (y) the expiration of the lock-up period applicable to the Series B3 Investor after the Company consummates the IPO and when such Series B3 Investor may freely transfer all its Equity Securities of the Company without any volume, manner of sale or timing restriction and (z) one year after the Completion of an IPO.


7.1 Successors and Assigns. Except as otherwise provided herein, the terms and conditions of this Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the Parties hereto whose rights or obligations hereunder are affected by such terms and conditions. This Agreement and the rights and obligations therein may not be assigned by any Warrantor without the prior written consent of the Series B3 Investors. Each Series B3 Investor is entitled to assign its rights and obligations hereunder together as a whole to its Affiliates, without the prior consent of other Parties hereto. Nothing in this Agreement, express or implied, is intended to confer upon any Party other than the Parties hereto or their respective successors and assigns any rights, remedies, obligations, or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement.

7.2 Governing Law. This Agreement shall be governed by and construed under the Laws of Hong Kong, without regard to principles of conflict of Laws thereunder.

7.3 Dispute Resolution.

(a) Any dispute, controversy or claim (each, a “Dispute”) arising out of or relating to this Agreement, or the interpretation, breach, termination, validity or invalidity thereof, shall be referred to arbitration upon the demand of the claimant to the dispute with notice (the “Arbitration Notice”) to the respondents(s) to the dispute.
(b) The Dispute shall be settled by arbitration in Hong Kong by the Hong Kong International Arbitration Centre (the “HKIAC”) in accordance with the Hong Kong International Arbitration Centre Administered Arbitration Rules (the “HKIAC Rules”) in force when the Arbitration Notice is submitted in accordance with the HKIAC Rules. There shall be three (3) arbitrators. The claimant(s) to the dispute shall jointly select one arbitrator and the respondent(s) to the dispute shall jointly select one arbitrator. All selections shall be made within 30 days after the selecting Party gives or receives the demand for arbitration. Such arbitrators shall be freely selected, and the Parties shall not be limited in their selection to any prescribed list. The Chairman of the HKIAC shall select the third arbitrator, who shall be qualified to practice law in Hong Kong.

(c) The arbitral proceedings shall be conducted in English. To the extent that the HKIAC Rules are in conflict with the provisions of this Section, including the provisions concerning the appointment of the arbitrators, the provisions of this Section shall prevail.

(d) Each party to the arbitration shall cooperate with each other party to the arbitration in making full disclosure of and providing complete access to all information and documents requested by such other party in connection with such arbitral proceedings, subject only to any confidentiality obligations binding on such party.

(e) The award of the arbitral tribunal shall be final and binding upon the parties thereto, and the prevailing party may apply to a court of competent jurisdiction for enforcement of such award.

(f) The arbitral tribunal shall decide any Dispute submitted by the parties to the arbitration strictly in accordance with the substantive Laws of Hong Kong (without regard to principles of conflict of Laws thereunder) and shall not apply any other substantive Law.

(g) Any party to the Dispute shall be entitled to seek preliminary injunctive relief, if possible, from any court of competent jurisdiction pending the constitution of the arbitral tribunal.

(h) During the course of the arbitral tribunal’s adjudication of the Dispute, this Agreement shall continue to be performed except with respect to the part in dispute and under adjudication.

7.4 Notices. Any notice required or permitted pursuant to this Agreement shall be given in writing and shall be given either personally or by sending it by next-day or second-day courier service, fax, electronic mail or similar means to the address of the relevant Party as shown on Schedule V (or at such other address as such Party may designate by fifteen (15) days’ advance written notice to the other Parties to this Agreement given in accordance with this Section). Where a notice is sent by next-day or second-day courier service, service of the notice shall be deemed to be effected by properly addressing, pre-paying and sending by next-day or second-day service through an internationally-recognized courier a letter containing the notice, with a written confirmation of delivery, and to have been effected at the earlier of (i) delivery (or when delivery is refused) and (ii) expiration of two (2) Business Days after the letter containing the same is sent as aforesaid. Where a notice is sent by fax or electronic mail, service of the notice shall be deemed to be effected by properly addressing, and sending such notice through a transmitting organization, with a written confirmation of delivery, and to have been effected on the day the same is sent as aforesaid, if such day is a Business Day and if sent during normal business hours of the recipient, otherwise the next Business Day. Notwithstanding the foregoing, to the extent a “with a copy to” address is designated, notice must also be given to such address in the manner above for such notice, request, consent or other communication hereunder to be effective.
7.5 Survival of Representations, Warranties and Covenants. The representations, warranties and covenants of the Warrantors contained in this Agreement shall survive the Closing and the consummation of the transactions contemplated hereby with the survival period provided herein respectively.

7.6 Indemnity.

(a) The Warrantors hereby agree to jointly and severally indemnify and hold harmless each Series B3 Investor, and such Series B3 Investor's respective employees, Affiliates, Associates, agents and assigns (collectively, the “Indemnified Parties” and each, an “Indemnified Party”), from and against any and all Indemnifiable Losses suffered by any of the Indemnified Parties, directly or indirectly, as a result of, or based upon or arising from any inaccuracy in or breach or nonperformance of any of the representations, warranties, covenants or agreements made by any Warrantors in or pursuant to this Agreement or any of the other Transaction Documents.

(b) Any Indemnified Party seeking indemnification with respect to any Indemnifiable Loss shall give written notice to the party required to provide indemnity hereunder (the “Indemnifying Party”), provided that such written notice shall only be given after the aggregated amounts of Indemnifiable Losses are greater than or equal to US$100,000, in which case the Warrantors shall be liable for the total aggregated amounts of the Indemnifiable Loss back to the first dollar and not for the excess amount only. For the purposes of calculating the amounts for any Indemnifiable Losses, all materiality or Material Adverse Effect qualifiers contained in any representations, warranties or covenants shall be disregarded.

(c) Notwithstanding the above, the aggregate indemnification liability of the Warrantors under the Transaction Documents with respect to a Series B3 Investor (including all of its relevant Indemnified Parties) shall be limited to the amount equal to one hundred percent (100%) of the aggregate amount of Subscription Price paid by such Series B3 Investor for its Subscription Shares, provided however, the aggregate indemnification liability cap of the Warrantors in this Section 7.6(c) shall not apply to any Liability of any Warrantor in connection with fraud or criminal acts of such Warrantor that materially jeopardizes the interests of the Group Companies or the Business or any other future business that the Group Companies may be engaged in (such fraud or criminal acts, “Disqualifying Event”).
(d) With respect to any Indemnifiable Loss suffered by any Series B3 Investor as a result of the breach of any Group Company, the Principals shall bear and assume the relevant indemnification liability only when all the Group Companies fail to bear and assume the relevant indemnification liability pursuant to Section 7.6(d). In the event the Group Companies fail to pay any portion of the Indemnifiable Loss suffered by any Series B3 Investor, within three (3) months after receiving a valid claim for indemnification raised by such Series B3 Investor, the Principals shall, within one (1) month after the expiry of such three (3) months period, pay to such Series B3 Investor by wire transfer in immediately available funds in U.S. dollars to the bank account as designated by such Series B3 Investor, any shortfall in respect of such claim not paid by the Group Companies. Notwithstanding the above, the aggregate indemnification liability of a Principal under the Transaction Documents with respect to all Series B3 Investors (including all of their relevant Indemnified Parties) shall be limited to the amount (such amount, the “Principal Liability Cap”) equal to the fair market value of all the Ordinary Shares then held by such Principal in the Company (through his Principal Holding Company), multiplied by a fraction, the numerator of which is the number of Series B3 Preferred Shares then held by such Series B3 Investor, and the denominator of which is the aggregate number of issued and outstanding Series A Preferred Shares, Series A1 Preferred Shares, Series B1 Preferred Shares, Series B2 Preferred Shares and Series B3 Preferred Shares then held by all the holders of the Series A Preferred Shares, Series A1 Preferred Shares, Series B1 Preferred Shares, Series B2 Preferred Shares and Series B3 Preferred Shares of the Company seeking indemnification (in each case, on an as-converted basis). Notwithstanding anything to the contrary in this Agreement, this Section 7.6(d) shall not apply if there is a Disqualifying Event.

(e) If any claim, demand or Liability is asserted by any third party against any Indemnified Party, the Indemnifying Party shall upon the written request of the Indemnified Party, defend in a diligent manner any actions or proceedings brought against the Indemnified Party in respect of matters covered by the indemnity under this Section 7.6. A judgement under the foregoing legal proceedings against the Indemnified Party suffered by it in good faith shall be conclusive evidence of the amount of Indemnifiable Losses suffered by it against the Indemnifying Party, provided, however, that, if the Indemnifying Party has not received reasonable notice of the action or proceeding against the Indemnified Party or is not allowed to control its defense, judgment against the Indemnified Party shall only constitute presumptive evidence against the Indemnifying Party.

(f) Each of the Warrantors hereby acknowledges that, regardless of any investigation or diligence made (or not made) by or on behalf of any Indemnified Party, the Series B3 Investors have entered into the Transaction Documents in express reliance upon the representations, warranties, covenants and other agreements made therein.

(g) This Section 7.6 shall not be deemed to preclude or otherwise limit in any way the exercise of any other rights or pursuit of other remedies for the breach of this Agreement or with respect to any misrepresentation.

(h) The indemnity obligations of the Warrantors with respect to a Series B3 Investor:

(i) provided in this Section 7.6 (other than a breach of any Fundamental Warranty, a breach of the covenant described in Section 6.2(c) and any indemnity obligations related to the foregoing) shall remain effective until the later of (1) fifteen (15) months after the Series B1 Closing; and (2) the expiration of the lock-up period applicable to such Series B3 Investor after the Company consummates the IPO and when such Series B3 Investor may freely transfer all its Equity Securities of the Company without any volume, manner of sale or timing restriction.
for a breach of the covenant described in Section 6.2(c) shall remain effective until the latest of (1) 15 months after the Series B1 Closing, (2) the expiration of the lock-up period applicable to such Series B3 Investor after the Company consummates the IPO and when such Series B3 Investor may freely transfer all its Equity Securities of the Company without any volume, manner of sale or timing restriction and (3) one year after the Completion of an IPO.

7.7 Specific Indemnity. Without prejudice to the generality of Section 7.6, the Group Companies hereby agree to jointly and severally indemnify and hold harmless any Series B3 Investor and its employees, Affiliates, Associates, directors, agents and assigns, (collectively, the “Specific Indemnified Parties”, and each, a “Specific Indemnified Party”), from and against any and all Indemnifiable Losses suffered by any of the Specific Indemnified Parties, directly or indirectly, as a result of, or based upon or arising from any of the following:

(a) any claim or action that any of the Series A Investors and the Series A1 Investor may have against any of the Group Companies, the Principals or the Principal Holding Companies, in each case, arising out of or in connection with any of the representations, warranties, covenants and indemnities made by each of them under, in connection with or pursuant to (i) the Series A Share Purchase Agreement, (ii) the Series A1 Share Purchase Agreement, (iii) the Series A1 Shareholders Agreement and/or (iv) the investment in the Group by any Series A Investor or Series A1 Investor;

(b) any delay or failure in making any payment for applicable Taxes by any Group Company, including failure of Jifen to pay any Levy of Construction Fee for Cultural Undertakings, value-added tax or withholding tax that are due and payable by Jifen under applicable Laws of the PRC prior to the Closing;

(c) the operation of the Business by Jifen and Xike without the Material Licenses prior to the Closing;

(d) the failure to maintain an appropriate content management system or the publishing, display or distribution of any content by the Group or by any user of the APPs operated by the Group which violate applicable Laws or infringe the rights of any other Persons or without having completed the requisite diligence of the legality of such content; and

(e) the operation of the Business under the name “趣头条” without having registered the “趣头条” trademark with the relevant Governmental Authorities or the infringement of any Intellectual Property rights of any Person due to the operation of the Business under the name “趣头条”.

If any Group Companies fail to pay any portion of the Indemnifiable Losses suffered by the Specific Indemnified Party within three (3) months after receiving a valid claim for indemnification by raised by any Series B3 Investor, the Principals shall be liable to pay for any amount of shortfall in accordance with Section 7.6(d), while such indemnification liabilities of the Principals for such Indemnifiable Losses shall also be subject to the Principal Liability Cap unless there is a Disqualifying Event.
7.8 Rights Cumulative; Specific Performance. Each and all of the various rights, powers and remedies of a Party will be considered to be cumulative with and in addition to any other rights, powers and remedies which such Party may have at Law or in equity in the event of the breach of any of the terms of this Agreement. The exercise or partial exercise of any right, power or remedy will neither constitute the exclusive election thereof nor the waiver of any other right, power or remedy available to such Party. Without limiting the foregoing, the Parties hereto acknowledge and agree irreparable harm may occur for which money damages would not be an adequate remedy in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the Parties shall be entitled to injunction to prevent breaches of this Agreement and to enforce specifically the terms and provisions of this Agreement.

7.9 Confidentiality.

(a) The terms and conditions of this Agreement, any term sheet or memorandum of understanding entered into pursuant to the transactions contemplated hereby, all exhibits and schedules attached hereto and thereto, the transactions contemplated hereby and thereby, including their existence, and all information furnished by any Party hereto and by representatives of such Parties to any other Party hereof or any of the representatives of such Parties (collectively, the “Confidential Information”), shall be considered confidential information and shall not be disclosed by any Party hereto to any third party except in accordance with the provisions set forth below.

(b) Notwithstanding the foregoing, each Party may disclose (i) the Confidential Information to its Affiliates and its and its Affiliates’ respective shareholders, directors, employees or advisers (including without limitation bankers, consultants, financial advisers, accountants, legal counsels or members of advisory boards) on a need-to-know basis, in each case only where such persons or entities are informed of the confidential nature of the Confidential Information and are under appropriate nondisclosure obligations substantially similar to those set forth in this Section 7.9, (ii) such Confidential Information as is required to be disclosed pursuant to routine examination requests from Governmental Authorities with authority to regulate such Party’s operations, in each case as such Party deems appropriate in good faith, and (iii) the Confidential Information to any Person to which disclosure is approved in writing by the other Parties. Any Party hereto may also provide disclosure in order to comply with applicable Laws, as set forth in Section 7.9(c) below.

(c) Except as set forth in Section 7.9(b) above, in the event that any Party is requested or becomes legally compelled (including without limitation, pursuant to any applicable tax, securities, other Laws of any jurisdiction, or any applicable stock exchange rules or regulations) to disclose the existence of this Agreement or any Confidential Information, such Party (the “Disclosing Party”) shall provide the other Parties hereto with prompt written notice of that fact and shall consult with the other Parties hereto regarding such disclosure. At the request of any other Parties, the Disclosing Party may, to the extent reasonably possible and with the cooperation and reasonable efforts of the other Parties, seek a protective order, confidential treatment or other appropriate remedy. In any event, the Disclosing Party shall furnish only that portion of the information that is legally required and shall exercise reasonable efforts to obtain reliable assurance that confidential treatment will be accorded such information.

(d) Notwithstanding any other provision of this Section 7.9, the confidentiality obligations of the Parties shall not apply to: (i) information which a restricted party learns from a third party which the receiving party reasonably believes to have the right to make the disclosure; (ii) information which is rightfully in the restricted party’s possession prior to the time of disclosure by the protected party; or (iii) information which enters the public domain without breach of the confidentiality obligations hereunder of the restricted party.
(e) Notwithstanding the foregoing, no Warrantor shall use the name or logo of any Series B3 Investor in any manner, context or format (including but not limited to reference on or links to websites, press releases) without the prior written consent of such Series B3 Investor.

7.10 Finder’s Fee. Except those finder’s fees which have been disclosed in Section 3.24 of the Disclosure Schedule, each Warrantor agrees, jointly and severally, to indemnify and hold harmless the Series B3 Investors from any liability for any commission or compensation in the nature of a finders’ fee (and the costs and expenses of defending against such liability or asserted liability) for which any Group Company or any of its officers, employees or representatives is responsible.

7.11 Severability. In case any provision of the Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. If, however, any provision of this Agreement shall be invalid, illegal, or unenforceable under any such applicable Law in any jurisdiction, it shall, as to such jurisdiction, be deemed modified to conform to the minimum requirements of such Law, or, if for any reason it is not deemed so modified, it shall be invalid, illegal, or unenforceable only to the extent of such invalidity, illegality, or limitation on enforceability without affecting the remaining provisions of this Agreement, or the validity, legality, or enforceability of such provision in any other jurisdiction.

7.12 Amendments and Waivers. Any term of this Agreement may be amended, only with the written consent of each of (i) the Company, (ii) each Principal, and (iii) each Series B3 Investor. Any amendment effected in accordance with this paragraph shall be binding upon each of the Parties hereto. Notwithstanding the foregoing, the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of the Party against whom such waiver is sought.

7.13 No Waiver. Failure to insist upon strict compliance with any of the terms, covenants, or conditions hereof will not be deemed a waiver of such term, covenant, or condition, nor will any waiver or relinquishment of, or failure to insist upon strict compliance with, any right, power or remedy power hereunder at any one or more times be deemed a waiver or relinquishment of such right, power or remedy at any other time or times.

7.14 Delays or Omissions. No delay or omission to exercise any right, power or remedy accruing to any Party under this Agreement, upon any breach or default of any other Party under this Agreement, shall impair any such right, power or remedy of such non-breaching or non-defaulting Party nor shall it be construed to be a waiver of any such breach or default, or an acquiescence therein, or of or in any similar breach or default thereafter occurring; nor shall any waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring. Any waiver, permit, consent or approval of any kind or character on the part of any Party of any breach or default under this Agreement, or any waiver on the part of any Party of any provisions or conditions of this Agreement, must be in writing and shall be effective only to the extent specifically set forth in such writing.
7.15 No Presumption. The Parties acknowledge that any applicable Law that would require interpretation of any claimed ambiguities in this Agreement against the Party that drafted it has no application and is expressly waived. If any claim is made by a Party relating to any conflict, omission or ambiguity in the provisions of this Agreement, no presumption or burden of proof or persuasion will be implied because this Agreement was prepared by or at the request of any Party or its counsel.

7.16 Headings and Subtitles; Interpretation. The titles and subtitles used in this Agreement are used for convenience only and are not to be considered in construing or interpreting this Agreement. Unless a provision hereof expressly provides otherwise: (i) the term “or” is not exclusive; (ii) words in the singular include the plural, and words in the plural include the singular; (iii) the terms “herein”, “hereof”, and other similar words refer to this Agreement as a whole and not to any particular section, subsection, paragraph, clause, or other subdivision; (iv) the term “including” will be deemed to be followed by, “but not limited to”, (v) the masculine, feminine, and neuter genders will each be deemed to include the others; (vi) the terms “shall”, “will”, and “agrees” are mandatory, and the term “may” is permissive; (vii) the term “day” means “calendar day”, and “month” means calendar month, (viii) all references in this Agreement to designated “Sections” and other subdivisions are to the designated Sections and other subdivisions of the body of this Agreement, (ix) all references in this Agreement to designated Schedules, Exhibits and Appendices are to the Schedules, Exhibits and Appendices attached to this Agreement, (x) the phrase “directly or indirectly” means directly, or indirectly through one or more intermediate Persons or through contractual or other arrangements, and “direct or indirect” has the correlative meaning, (xi) references to laws include any such law modifying, re-enacting, extending or made pursuant to the same or which is modified, re-enacted, or extended by the same or pursuant to which the same is made, (xii) each representation, warranty, agreement, and covenant contained herein will have independent significance, regardless of whether also addressed by a different or more specific representation, warranty, agreement, or covenant, (xiii) all accounting terms not otherwise defined herein have the meanings assigned under the Accounting Standards, (xiv) pronouns of either gender or neuter shall include, as appropriate, the other pronoun forms, (xv) references to this Agreement, any other Transaction Documents and any other document shall be construed as references to such document as the same may be amended, supplemented or novated from time to time, and (xvi) all references to dollars or to “US$” are to currency of the United States of America and all references to RMB are to currency of the PRC.

7.17 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Facsimile and e-mailed copies of signatures shall be deemed to be originals for purposes of the effectiveness of this Agreement.

7.18 Entire Agreement. This Agreement and the Transaction Documents, together with all schedules and exhibits hereto and thereto, constitute the full and entire understanding and agreement among the Parties with regard to the subjects hereof and thereof, and supersede all other agreements between or among any of the Parties with respect to the subject matters hereof and thereof.
7.19 **Use of English Language.** This Agreement has been executed and delivered in the English language. Any translation of this Agreement into another language shall have no interpretive effect. All documents or notices to be delivered pursuant to or in connection with this Agreement shall be in the English language or, if any such document or notice is not in the English language, accompanied by an English translation thereof, and the English language version of any such document or notice shall control for purposes thereof.

7.20 **Termination.**

(a) **Termination of this Agreement.** This Agreement may be terminated prior to the Closing (i) by mutual written consent of the Parties, (ii) by any Series B3 Investor (with respect to such Series B3 Investor only), or by the Company if the Closing has not been consummated within six (6) months after the date hereof, provided that, if the nonoccurrence of the Closing is attributable to one Party, such Party is not entitled to terminate this Agreement in accordance with the this clause (ii), (iii) by the Company if any Series B3 Investor fails to pay the full amount of its payable Subscription Price within fifteen (15) Business Days after the closing conditions provided in Section 5.1 have been duly satisfied or waived (with respect to such Series B3 Investor only), (iv) if any warranty, or any other covenant or agreement contained in this Agreement is materially breached by any Warrantor and such breach (if curable) shall not have been cured on or prior to thirty (30) days after the occurrence of such breach and has caused Material Adverse Effect, then any Series B3 Investor shall have the right to terminate this Agreement (with respect to such Series B3 Investor only), and (v) if any warranty, or any other covenant or agreement contained in this Agreement is materially breached by any Series B3 Investor and such breach (if curable) shall not have been cured on or prior to thirty (30) days after the occurrence of such breach, the Company shall have the right to terminate this Agreement (with respect to such Series B3 Investor only).

(b) **Effects of Termination.** If this Agreement is terminated as provided under this Section 7.20, this Agreement will be of no further force or effect upon termination provided that (i) the termination will not relieve any Party from any Liability for any antecedent breach of this Agreement, and (ii) Sections 7.1, 7.2, 7.3, 7.4, 7.6, 7.8, and 7.9 through 7.20 shall survive the termination of this Agreement.

[The remainder of this page has been left intentionally blank]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

GROUP COMPANIES:

Qtech Ltd.

By: /s/ Tan Siliang  
Name: Tan Siliang (谭思亮)  
Title: Director

InfoUniversal Limited

By: /s/ Tan Siping  
Name: Tan Siping (谭思萍)  
Title: Director

上海趣蕴网络科技有限公司

By: /s/ Li Lei  
Name: Li Lei (李磊)  
Title: Legal Representative

上海基分文化传播有限公司

By: /s/ Chen Sihui  
Name: Chen Sihui (陈思晖)  
Title: Legal Representative

[Signature Page to the Series B3 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

GROUP COMPANIES:

上海溪客信息技术服务有限公司
By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Legal Representative

上海推乐信息技术服务有限公司
By: /s/ Chen Sihui
Name: Chen Sihui (陈思晖)
Title: Legal Representative

安徽掌端网络科技有限公司
By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Legal Representative

北京趣看点网络科技有限公司
By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Legal Representative

上海点冠网络科技有限公司
By: /s/ Liang Xiang
Name: Liang Xiang (梁湘)
Title: Legal Representative

[Signature Page to the Series B3 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

PRINCIPALS:

Tan Siliang (谭思亮)

/s/ Tan Siliang

Li Lei (李磊)

/s/ Li Lei

[Signature Page to the Series B3 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

PRINCIPAL HOLDING COMPANIES:

Innotech Overseas Investment Ltd.

By: /s/ Tan Siping
Name: Tan Siping (谭思萍)
Title: Director

Innotech Group Holdings Ltd.

By: /s/ Tan Siping
Name: Tan Siping (谭思萍)
Title: Director

News Optimizer (BVI) Ltd.

By: /s/ Li Lei
Name: Li Lei (李磊)
Title: Director

[Signature Page to the Series B3 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B3 INVESTOR:  

Harvest Ceres Fund, L.P

By: /s/ Cho Xiaochuan
Name: Cho Xiaochuan
Title: Director

[Signature Page to the Series B3 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B3 INVESTOR:

Hundred TWC Fund Limited Partnership

By: /s/ HE YANQING
Name: HE YANQING
Title: Director of Hundreds Capital, the General Partner of Hundreds TWC Fund Limited Partnership

[Signature Page to the Series B3 Share Purchase Agreement]
IN WITNESS WHEREOF, the parties hereto have caused their respective duly authorized representatives to execute this Agreement on the date and year first above written.

SERIES B3 INVESTOR: Vision Global Capital Limited

By: /s/ ZHU DAPENG
Name: ZHU DAPENG
Title: Director

[Signature Page to the Series B3 Share Purchase Agreement]
## LIST OF PRINCIPAL SUBSIDIARIES AND CONSOLIDATED VARIABLE INTEREST ENTITY AND ITS SUBSIDIARIES OF QUTOUTIAO INC.

### Subsidiaries

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Jurisdiction of Incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>InfoUniversal Limited</td>
<td>Hong Kong</td>
</tr>
<tr>
<td>Qtech USA Inc.</td>
<td>Delaware, United States</td>
</tr>
<tr>
<td>QTT Asia Ltd.</td>
<td>British Virgin Islands</td>
</tr>
<tr>
<td>Kubik Media International Ltd.</td>
<td>British Virgin Islands</td>
</tr>
<tr>
<td>Kubik Technology Pte. Ltd.</td>
<td>Singapore</td>
</tr>
<tr>
<td>Shanghai Quyun Internet Technology Co., Ltd.*</td>
<td>PRC</td>
</tr>
<tr>
<td>Shanghai Dianguan Internet Technology Co., Ltd.*</td>
<td>PRC</td>
</tr>
</tbody>
</table>

### Consolidated Variable Interest Entity (“VIE”)

<table>
<thead>
<tr>
<th>Consolidated VIE</th>
<th>Jurisdiction of Incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shanghai Jifen Culture Communications Co., Ltd.*</td>
<td>PRC</td>
</tr>
</tbody>
</table>

### Subsidiaries of the Consolidated VIE

<table>
<thead>
<tr>
<th>Subsidiary</th>
<th>Jurisdiction of Incorporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anhui Zhangduan Internet Technology Co., Ltd.*</td>
<td>PRC</td>
</tr>
<tr>
<td>Beijing Qukandian Internet Technology Co., Ltd.*</td>
<td>PRC</td>
</tr>
<tr>
<td>Shanghai Xike Information Technology Service Co., Ltd.*</td>
<td>PRC</td>
</tr>
<tr>
<td>Shanghai Tuile Information Technology Co., Ltd.*</td>
<td>PRC</td>
</tr>
</tbody>
</table>

* The English name of this subsidiary, consolidated VIE or subsidiary of consolidated VIE, as applicable, has been translated from its Chinese name.
CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the use in this Registration Statement on Form F-1 of Qutoutiao Inc. of our report dated March 9, 2018, relating to the financial statements, which appears in this Registration Statement. We also consent to the reference to us under the heading “Experts” in such Registration Statement.

/s/ PricewaterhouseCoopers Zhong Tian LLP

Shanghai, People’s Republic of China
August 17, 2018
CONSENT OF ANALYSYS INTERNATIONAL

Analysys International hereby consents to (i) references to our name, (ii) inclusion of information and data contained in our report entitled “Analysis of China Mobile Content Feed Platform Market in 2018” (together with any subsequent amendments made by us thereto, the “Report”) and (iii) citation of the Report, in each case, in this Registration Statement on Form F-1 (and in all subsequent amendments) in connection with the proposed initial public offering of Qutoutiao Inc. (the “Company”), in the prospectus contained therein, and in any other future filings or correspondence with the U.S. Securities and Exchange Commission (the “SEC”). We further hereby consent to the filing of this letter as an exhibit to such Registration Statement and any amendments thereto with the SEC.

/s/ Fu Biao
Name:  Fu Biao
Title:  New Media Center Analyst
Analysys International
3/F, Jingwang Building Block C
19 Wang Hua North Road
989 Changle Road
Chaoyang District
Beijing

August 17, 2018
August 17, 2018

Ladies and Gentlemen:

Pursuant to Rule 438 promulgated under the Securities Act of 1933, as amended, I hereby consent to be named in the Registration Statement on Form F-1 (the “Registration Statement”) of Qutoutiao Inc. (the “Company”), and any amendments thereto, as a person about to become a director of the Company and agree that following the effectiveness of the Registration Statement and commencing at the time the Securities and Exchange Commission declares the registration statement on Form 8-A under Section 12(b) of the Securities Exchange Act of 1934, as amended, effective, I will serve as a member of the board of directors of the Company.

Sincerely yours,

/s/ Feng Li
Name: Feng Li
August 17, 2018

Ladies and Gentlemen:

Pursuant to Rule 438 promulgated under the Securities Act of 1933, as amended, I hereby consent to be named in the Registration Statement on Form F-1 (the “Registration Statement”) of Qutoutiao Inc. (the “Company”), and any amendments thereto, as a person about to become a director of the Company and agree that following the effectiveness of the Registration Statement and commencing at the time the Securities and Exchange Commission declares the registration statement on Form 8-A under Section 12(b) of the Securities Exchange Act of 1934, as amended, effective, I will serve as a member of the board of directors of the Company.

Sincerely yours,

/s/ James Jun Peng
Name: James Jun Peng
To: Qutoutiao Inc.

11/F, Block 3, XingChuang Technology Center
Shen Jiang Road 5005,
Pudong New Area, Shanghai, 200120
People’s Republic of China
+86-21-6858-3790

Referred as the “Company”

Dear Sirs:

We are qualified lawyers of the People’s Republic of China (the “PRC”, for purposes of this opinion, excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan) and as such, are qualified to issue this opinion in respect of the laws and regulations of the PRC effective as at the date hereof.

We have acted as PRC legal counsel for Qutoutiao Inc. (the “Company”), an exempted company incorporated under the laws of the Cayman Islands, in connection with (i) the Company’s Registration Statement on Form F-1, including all amendments or supplements thereto (the “Registration Statement”), filed by the Company with the Securities and Exchange Commission under the U.S. Securities Act of 1933 (as amended) in relation to the offering by the Company of American Depositary Shares (“ADSs”) each representing a certain number of ordinary shares, par value US$ 0.0001 per share, and (ii) the Company’s initial public offering and listing of its ADSs on the NASDAQ Global Market (the “Offering”).

We have been requested to give this opinion on certain legal matters set forth herein.

In so acting, we have examined the originals or photocopies of documents provided to us by the Company and such other documents, corporate records, certificates issued by Government Agencies (as defined below) in the PRC and officers of the Company and other instruments as we have deemed necessary or advisable for the purpose of rendering this opinion (the “Documents”).

In our examination of the Documents and for the purpose of rendering this opinion, we have assumed without further inquiry:

(A) the genuineness of all signatures, seals and chops, and the authenticity of all documents submitted to us as originals and the conformity with authentic original documents submitted to us as copies;

(B) the Documents as submitted to us remain in full force and effect up to the date of this Opinion, and have not been revoked, amended, revised, modified or supplemented except as otherwise indicated in such Documents;
the truthfulness, accuracy, fairness and completeness of Documents as well as all factual statements in the Documents;

that all information provided to us by the Company in response to our inquiries for the purpose of this Opinion is true, accurate, complete and not misleading and that the Company has not withheld anything that, if disclosed to us, would reasonably cause us to alter this Opinion in whole or in part;

that all parties other than the PRC Entities have the requisite power, authority, and, in the case of the PRC Individuals, capacity for civil conduct, to enter into, execute, deliver and perform the Documents to which they are parties;

that all parties other than the PRC Entities have duly executed, delivered, performed, and will duly perform their obligations under the Documents to which they are parties;

that all Governmental Authorizations (as defined below) and other official statement or documentation provided to us are obtained from the competent Government Agencies by lawful means in due course;

that all Documents are legal, valid, binding and enforceable under all such laws as govern or relate to them other than PRC Laws (as defined below); and

all required consents, licenses, permits, approvals, exemptions or authorizations required of or by, and any required registrations or filings with, any governmental authority or regulatory body of any jurisdiction other than of the PRC in connection with the transactions contemplated under the Prospectus (as defined below) have been obtained or made, or where such required consents, licenses, permits, approvals, exemptions or authorizations have not been obtained or made as of the date hereof, no circumstance will cause or result in any failure for the same to be obtained or made.

Where important facts were not independently established to us, we have relied upon representations made by the relevant officers of the Company. This Opinion is confined to and rendered on the basis of the PRC laws and regulations currently effective and we express no opinion on the laws of any jurisdiction other than the PRC.

In addition to the terms defined in the context of this opinion, the following capitalized terms used in this opinion shall have the meanings ascribed to them as follows:

“SAMR” means the State Administration for Market Regulation or its local counterpart in the PRC, which is the successor of the State Administration for Industry and Commerce

“CSRC” means the China Securities Regulatory Commission

“Government Agency” or “Government Agencies” means any competent government authorities, agencies, courts, arbitration commissions, or regulatory bodies of the PRC or any province, autonomous region, city or other administrative division of the PRC.

“Governmental Authorization” means any approval, consent, permit, authorization, filing, registration, exemption, waiver, endorsement, annual inspection, qualification and license required by the PRC Laws to be obtained from any Government Agency.
Based on the foregoing, the Documents, and the statements and confirmations made by the Company and the PRC Entities, and after our inquiry against the Company and the PRC Entities, we are of the opinion that:

1. Schedule II hereto sets forth a true and correct list of the VIE Contracts among the WFOE, the VIE and/or all shareholders of the VIE. Based on our understanding of the current PRC Laws, (A) the ownership structure of the WFOE, the VIE and its subsidiaries set forth in Schedule I, both currently and immediately after giving effect to the Offering, does not violate and will not violate applicable PRC Laws currently in effect; (B) each of the VIE Contracts is valid, binding and enforceable against each of the parties thereto in accordance with its terms and conditions and applicable PRC Laws currently in effect, and, both currently and immediately after giving effect to the Offering, does not and will not violate any PRC Laws currently in effect, and further (i) the effectiveness of the equity pledge under the Equity Interest Pledge Agreement is subject to the registration with SAMR; and (ii) the exercise of the call options under the Exclusive Option Agreement shall be approved, registered and/or filed by/with relevant Government Agencies, subject to any adjustment made to the PRC Law up to the date of such exercise; and (C) the description of the summary of the VIE Contracts under the heading “Contractual Arrangements among Shanghai Quyun and Shanghai Jifen and its Shareholders” set forth in the “Our History and Corporate Structure” section of the Prospectus, to the extent that it constitutes matters of PRC Laws, are true and accurate and nothing has been omitted from such description which would make the same misleading in any material respects. However, there are substantial uncertainties regarding the interpretation and application of current and future PRC Laws governing the validity of the contractual arrangements mentioned herein, and there can be no assurance that the Government Agencies will take a view that is not contrary to or otherwise different from our opinion stated above.
2. The M&A Rules require, among other things, that offshore special purpose vehicles, or SPVs, that are controlled by PRC Entities or individuals and that have been formed for overseas listing purposes through acquisitions of PRC domestic interest held by such PRC Entities or individuals, to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange. We are of the opinion that the Offering is not subject to the M&A Rules since (A) WFOE was incorporated as a foreign-invested enterprise by means of foreign direct investments at the time of its incorporation rather than by merger with or acquisition of any PRC domestic companies as defined under the M&A Rules; and (B) there is no statutory provision that clearly classifies the contractual arrangement among the WFOE, the VIE and its shareholders as transactions regulated by the M&A Rules. However, there are substantial uncertainties regarding the interpretation and application of PRC Laws and future PRC laws and regulations, and there can be no assurance that the Government Agencies will take a view that is not contrary to or otherwise different from our opinion stated above.

3. The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedure Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedure Law based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. Under PRC law, a foreign judgment, which does not otherwise violate basic legal principles, state sovereignty, safety or public interest, may be recognized and enforced by a PRC court, based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. As there existed no treaty or other form of reciprocity between China and the United States governing the recognition and enforcement of judgments as of the date hereof, including those predicated upon the liability provisions of the United States federal securities laws, there is uncertainty whether and on what basis a PRC court would enforce judgments rendered by United States courts.

4. As of the date hereof, the discussions of PRC taxation in the Prospectus are true and accurate based on the PRC Laws, and the statements of law and legal conclusions in the Registration Statement under the caption “Taxation – People’s Republic of China Taxation” constitute our opinion as to the material tax consequences of an investment in the ADSs under the PRC Laws.

5. The statements in the Prospectus under the captions “Prospectus Summary”, “Risk Factors”, “Enforceability of Civil Liabilities”, “Dividend Policy”, “Our History and Corporate Structure”, “Business”, “Regulations”, “Related Party Transactions”, “Taxation”, and “Legal Matters” and elsewhere insofar as such statements describe or summarize PRC legal or regulatory matters, or documents, agreements or proceedings governed by PRC Laws, are true, accurate and correct in all material respects, and fairly present or fairly summarize in all material respects the PRC legal and regulatory matters, documents, agreements or proceedings referred to therein; and such statements do not contain an untrue statement of a material fact, and do not omit to state any material fact necessary to make the statements, in light of the circumstances under which they were made, not misleading.
This Opinion is subject to the following qualifications:

(a) This Opinion is subject to (A) applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or similar laws affecting creditors’ rights generally, (B) possible judicial or administrative actions or any PRC Law affecting creditors’ rights. In particular, the term “enforceable” used in this Opinion does not mean the relevant agreement, contract, or other legal instrument will be necessarily enforced. Whether such documents can be actually enforced is contingent upon various factors. While a court or arbitral body may find that a person is obligated to perform its obligations under a contract binding on such person, a claim from the non-defaulting party will not be necessarily be upheld and enforced, if, for example, (i) performance of the contractual obligation is legally or factually impossible, (ii) forcible performance is unsuitable for the subject matter, or the cost to enforce performance is unduly high, or (iii) the creditor fails to demand the performance within a reasonable period (Article 110, PRC Contract Law). Enforcement of creditors’ rights may also be limited by bankruptcy, insolvency, liquidation, reorganization, force majeure event, readjustment of debts or moratorium or other laws of general application relating to or affecting the rights of creditors. Some claims may become barred under the statute of limitation or may be or become subject to defenses of set-off, counterclaim, and similar defenses. An application requesting a court to enforce a ruling or arbitral award in effect may be also be halted if a third party disputes the enforcement based on its own rights on reasonable ground, and in other circumstances provided in the PRC Law on Civil Procedure and other applicable PRC Laws.

(b) This Opinion is subject to (A) certain equitable, legal or statutory principles in affecting the enforceability of contractual rights generally under concepts of public interest, interests of the state, national security, reasonableness, good faith and fair dealing, and applicable statutes of limitation; (B) any circumstances in connection with formulation, execution or implementation of any legal documents that would be deemed materially mistaken, clearly unconscionable, fraudulent, or coercionary at the conclusions thereof; (C) judicial discretion with respect to the availability of indemnifications, remedies or defenses, the calculation of damages, the entitlement to attorney fees and other costs, the waiver of immunity from jurisdiction of any court or from legal process; and (D) the legally vested discretion of any competent PRC legislative, administrative or judicial bodies in exercising their authority in the PRC.

(c) This Opinion relates only to PRC Laws and we express no opinion as to any laws other than PRC Laws. There is no guarantee that any of such PRC Laws will not be changed, amended, replaced or revoked in the immediate future or in the longer term with or without retroactive effect.

(d) Under relevant PRC laws and regulations, foreign investment is restricted in certain businesses. The interpretation and implementation of these laws and regulations, and their application to and effect on the legality, binding effect and enforceability of contracts and transactions are subject to the discretion of competent PRC legislative, administrative and judicial authorities.

(e) This Opinion is limited to paragraph 1 to 5 above only.
This Opinion is intended to be used in the context which is specifically referred to herein and each paragraph should be looked at as a whole and no part should be extracted and referred to independently.

This Opinion is provided to the Company for the Offering by us in our capacity as the Company’ PRC legal adviser and may not be relied upon by any other persons or corporate entities or used for any other purpose without our prior written consent.

We hereby consent to the use of this opinion in, and the filing hereof as an exhibit to, the Registration Statement, and to the use of our firm’s name under the captions “Risk Factors”, “Enforceability of Civil Liabilities”, “Our History and Corporate Structure”, “Taxation” and “Legal Matters” in the Registration Statement. In giving such consent, we do not thereby admit that we come within the category of persons whose consent is required under Section 7 of the U.S. Securities Act of 1933, as amended, or the regulations promulgated thereunder.

King & Wood Mallesons
# Schedule I

List of PRC Entities and Shareholding Information

<table>
<thead>
<tr>
<th>PRC Subsidiaries</th>
<th>Full Name</th>
<th>Shareholder(s)</th>
<th>Percentage(s) of Equity Interests Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Shanghai Quyun Network Technology Co., Ltd. (上海趣蕴网络科技有限公司, “Shanghai Quyun” or the “WFOE”)</td>
<td>InfoUniversal Limited</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>2. Shanghai Dianguan Internet Technology Co., Ltd. (上海点冠网络科技有限公司, “Shanghai Dianguan”)</td>
<td>Shanghai Quyun</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>

## VIE and its subsidiaries

<table>
<thead>
<tr>
<th>VIE and its subsidiaries</th>
<th>Full Name</th>
<th>Shareholder(s)</th>
<th>Percentage(s) of Equity Interests Owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Shanghai Ji Fen Culture Communication Co., Ltd. (上海基分文化传播有限公司, “Shanghai Ji Fen” or the “VIE”)</td>
<td>Mr. Eric Siliang TAN (谭思亮)</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mr. Lei LI (李磊)</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Tianjin Shanshi Technology Partnership (Limited Partnership) (天津珊石科技合伙企业（有限合伙), “Tianjin Shanshi”)</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shanghai Xihu Culture Communication Co., Ltd (上海喜狐文化传播有限公司, “Shanghai Xihu”)</td>
<td>20%</td>
<td></td>
</tr>
<tr>
<td>4. Beijing Qukandian Internet Technology Co., Ltd. (北京趣看点网络科技有限公司, “Beijing Qukandian”)</td>
<td>Shanghai Ji Fen</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>5. Anhui Zhangduan Internet Technology Co., Ltd. (安徽掌端网络科技有限公司, “Anhui Zhangduan”)</td>
<td>Shanghai Ji Fen</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>6. Shanghai Xike Information Technology Service Co., Ltd. (上海溪客信息技术服务有限公司, “Shanghai Xike”)</td>
<td>Shanghai Ji Fen</td>
<td>100%</td>
<td></td>
</tr>
<tr>
<td>7. Shanghai Tuile Information Technology Service Co., Ltd. (上海推乐信息技术服务有限公司, “Shanghai Tuile”)</td>
<td>Shanghai Ji Fen</td>
<td>100%</td>
<td></td>
</tr>
</tbody>
</table>
Schedule II

List of VIE Contracts

1. Exclusive Technology and Consulting Service Agreement entered into by the WFOE and the VIE on October 13th, 2017;
2. Exclusive Option Agreement entered into by the WFOE, the VIE and all shareholders of the VIE on October 13th, 2017;
3. Voting Rights Proxy Agreement entered into by the WFOE, the VIE and all shareholders of the VIE on October 13th, 2017;
4. Loan Agreement entered into by the WFOE and all shareholders of the VIE on October 13th, 2017; and
5. Equity Interest Pledge Agreement entered into by the WFOE, the VIE and all shareholders of the VIE on October 13th, 2017.