SECTION A1

WAIVERS

The Company has sought, and the Stock Exchange has granted, the following waivers from strict compliance with the relevant provisions of the Listing Rules:

Rules	Subject matter
Rules 3.28 and 8.17 of the Listing Rules	Joint Company Secretaries
Rule 19.25A of, and note 2.1 to paragraph 2 of Appendix 16 to, the Listing Rules	Use of U.S. GAAP
Rules 14A.35, 14A.36, 14A.52 and 14A.53 of the Listing Rules	Continuing Connected Transaction Requirements applicable to the Contractual Arrangements
Rule 17.03E of the Listing Rules	Exercise Price of Options to be Granted Pursuant to the Second Amended and Restated 2018 Share Incentive Plan

1.1. Joint Company Secretaries

Requirements under the Listing Rules

Rules 3.28 and 8.17 of the Listing Rules require the Company to appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Reasons for applying for the waiver

The Company appointed, with effect from the Effective Date, Ms. Chau Hing Ling Anita (周慶齡) ("**Ms. Chau**") of Vistra Corporate Services (HK) Limited and Mr. Xin Fan ("**Mr. Fan**"), chief financial officer of the Company, as joint company secretaries. Details of Mr. Fan's biography are set out on page 266 of the Prospectus.

Ms. Chau joined Vistra Corporate Services (HK) Limited in 2013 and currently serves as a director of the corporate services department, where she leads a team of professional staff to provide a full range of corporate services and listed company secretary services. Ms. Chau has over 20 years of experience in the corporate services industry and is currently the company secretary of multiple public listed companies in Hong Kong. Ms. Chau received a Master of Law majoring in corporate and financial law from The University of Hong Kong. She has been a fellow member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrator) in the United Kingdom and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) since May 2013.

The Company's principal business activities are outside Hong Kong. There are practical difficulties in finding persons who possess Mr. Fan's day-to-day knowledge of the Company's affairs while also having the academic and professional qualifications required. The Company believes that Mr. Fan, by virtue of his knowledge and past experience in handling corporate administrative matters of the Company, is capable of discharging the functions of a joint company secretary. The Company also believes that it would be in the best interest of the Company and the corporate governance of the Group to have a person such as Mr. Fan, who is an employee of the Company and has day-to-day knowledge of the Company's affairs, as its joint company secretary. Mr. Fan has the necessary nexus to the Board and close working relationship with management of the Company to perform the function of a joint company secretary and take the necessary actions in the most effective and efficient manner.

Waiver application

Accordingly, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for a period of three years from the date of appointment of Mr. Fan as a joint company secretary of the Company (the "**Waiver Period**") on the conditions that (i) Mr. Fan will be assisted by Ms. Chau (being a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary) during the Waiver Period, and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the Company.

Before the end of the Waiver Period, the Company must demonstrate and seek the Stock Exchange's confirmation that Mr. Fan, having had the benefit of Ms. Chau's assistance during the Waiver Period, has attained the relevant experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Listing Rules such that further waiver will not be necessary.

1.2. Use of U.S. GAAP

Requirements under the Listing Rules

Rule 19.25A of the Listing Rules provides that the annual accounts are required to conform with financial reporting standards acceptable to the Stock Exchange, which are normally HKFRS or IFRS. Where the Stock Exchange allows annual accounts to be drawn up otherwise than in conformity with HKFRS or IFRS, the annual accounts will be required to conform with financial reporting standards acceptable to the Stock Exchange. In such cases the Stock Exchange will normally require the annual accounts to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

Note 2.1 to Paragraph 2 of Appendix 16 to the Listing Rules requires the Company to prepare its financial statements in the financial reports to be in conformity with: (a) HKFRS; (b) IFRS; or (c) China Accounting Standards for Business Enterprises in the case of companies incorporated in China, subject to Note 2.6 to Paragraph 2 of Appendix

16 to the Listing Rules. Note 2.6 to Paragraph 2 of Appendix 16 to the Listing Rules provides that the Stock Exchange may allow the annual financial statements of an overseas issuer to be drawn up otherwise than in conformity with financial reporting standards referred to in Note 2.1 to Paragraph 2 of Appendix 16 to the Listing Rules.

In the Guidance Letter HKEX-GL111-22, the Stock Exchange has indicated that it has accepted that the financial statements and accountants' reports of overseas issuers with, or seeking, a dual primary or secondary listing in the U.S. and on the Stock Exchange can be prepared in conformity with U.S. GAAP. The Guidance Letter HKEX-GL111-22 further provides that, an overseas issuer adopting a body of financial reporting standards other than HKFRS or IFRS for the preparation of its financial statements must include a reconciliation statement setting out the financial effect of any material differences between those financial statements and financial statements prepared using HKFRS or IFRS in its accountants' reports and annual/interim/quarterly reports.

Reasons for applying for the waiver

As a company primary listed on the Nasdaq, the Company uses U.S. GAAP, and the corresponding auditing standards for the filing of its financial statements with the U.S. Securities and Exchange Commission as determined by the United States Public Company Accounting Oversight Board. U.S. GAAP is well recognized and accepted by the international investment community, particularly among technology companies, and significant progress has been made in the convergence between U.S. GAAP and IFRS. Additionally, the Company notes that it might lead to confusion among the Company's investors and Shareholders if the Company was required to adopt different accounting standards for its disclosures in Hong Kong from those in the U.S. Aligning the accountings standards used for disclosures in both markets will alleviate any such confusion.

Waiver application

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 19.25A of, and Note 2.1 to Paragraph 2 of Appendix 16 to, the Listing Rules to use U.S. GAAP in preparing financial statements after the Primary Conversion subject to the following conditions:

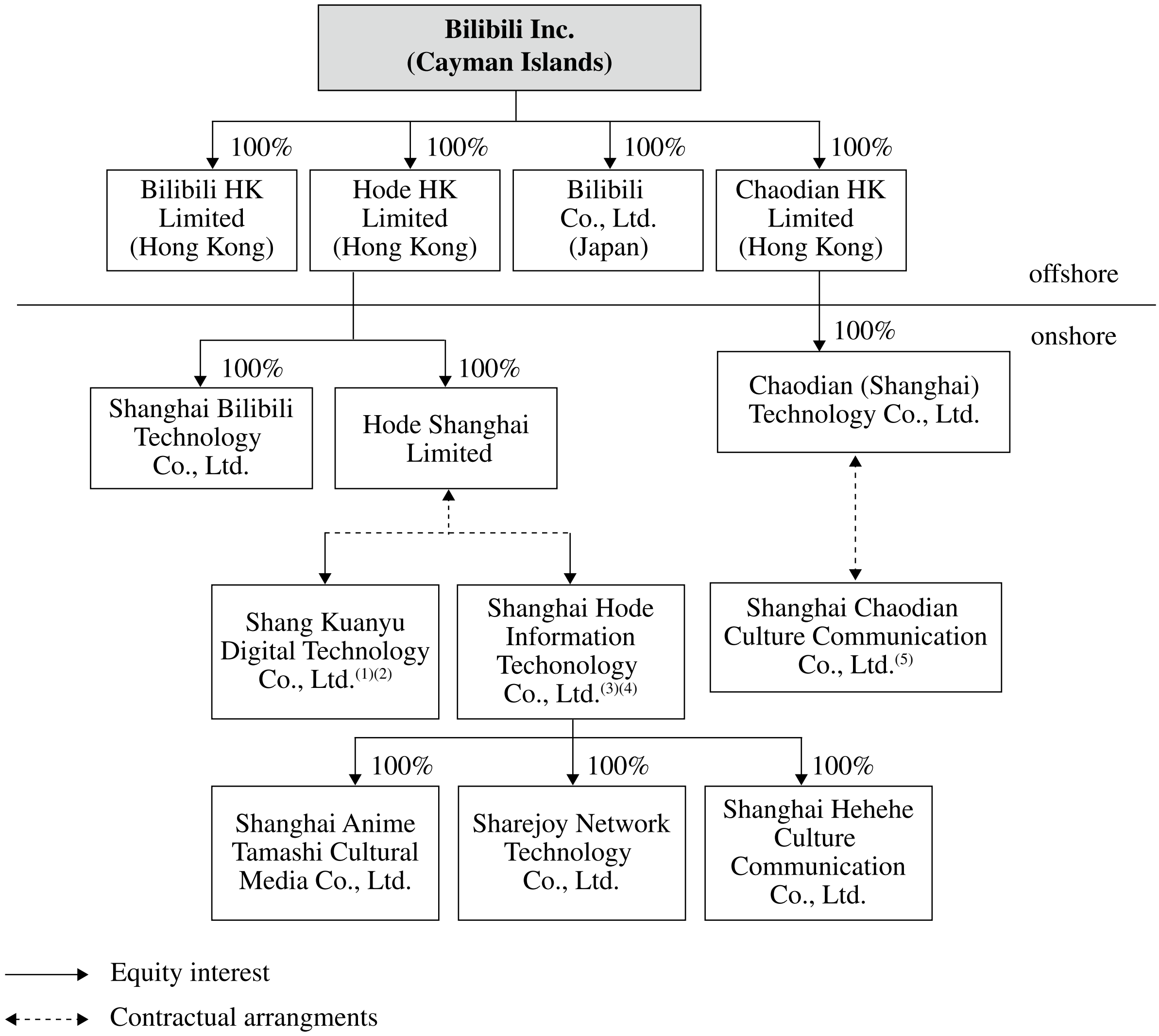
(i) inclusion of (a) a description of the relevant key differences between U.S. GAAP and IFRS; and (b) a reconciliation statement showing the financial effect of any material differences between the financial statements during the reporting period prepared using U.S. GAAP and IFRS in its interim and annual reports after the Primary Conversion. Such reconciliation statement in the interim report will be reviewed by its external accountants in accordance with a standard that is at least equivalent to International Standard on Assurance Engagements 3000 or Hong Kong Standard on Assurance Engagements 3000, and the reconciliation statement in the annual reports will be audited by external accountants; and

(ii) reversion to HKFRS or IFRS in the preparation of the Company's financial statements in the event that the Company is no longer listed or has no obligation to make financial disclosure in the U.S..

1.3. Continuing Connected Transaction Requirements applicable to the Contractual Arrangements

Background of the Contractual Arrangements

The following chart illustrates the Company's organizational structure, including its principal subsidiaries and consolidated affiliated entities, as of the date of this announcement:



Notes:

(1) Mr. Rui Chen holds 100% equity interests in Shanghai Kuanyu. He is also the controlling shareholder, the chairman of the Board and the chief executive officer of the Company.

(2) Shanghai Kuanyu has four subsidiaries.

(3) Mr. Rui Chen, Ms. Ni Li and Mr. Yi Xu hold 52.3%, 3.4%, and 44.3% equity interests in Hode Information Technology, respectively, as of the date of this announcement. Mr. Chen is the controlling Shareholder, the chairman of the Board and the chief executive officer of the Company. Mr. Xu is the founder, director and president of the Company. Ms. Li is the vice chairwoman of the Board and chief operating officer of the Company.

(4) Hode Information Technology has 31 subsidiaries.

(5) Chaodian (Shanghai) Technology Co., Ltd. has entered into a series of contractual arrangements in September 2020 with Chaodian Culture and its individual shareholders, through which the Company obtained control over the operations, and enjoyed all economic benefits, of Chaodian Culture. Mr. Rui Chen, Ms. Ni Li, Mr. Yi Xu, Mr. Xujun Chai, Shanghai Kuanyu and Hode Information Technology hold 31.2%, 6.8%, 9.5%, 5.1%, 44.6% and 2.8% equity interests in Chaodian Culture, respectively, as of the date of this announcement. Mr. Xujun Chai is an employee of the Company.

Since Chaodian (Shanghai) Technology Co., Ltd. has only become a principal subsidiary of the Company in the financial year of 2021, the Contractual Arrangements with respect to the operations of the Relevant Business (as defined below) of Chaodian Culture were not separately disclosed in the Prospectus. Such Contractual Arrangements have been disclosed in the Company's annual report for the financial year of 2021. The terms of the Contractual Arrangements with respect to the operations of all the Relevant Business (as defined below) of the Company (including those entered into with Shanghai Kuanyu, Hode Information Technology, Chaodian Culture and their respective Registered Shareholders, as applicable) are substantially the same.

Contractual arrangements

The Company is a leading video community for young generations in China and covers a wide array of content categories and diverse video, consumption scenarios, including videos, live broadcasting and mobile games. The Company is considered to be engaged in the provision of internet audio-visual program services, radio and television program production and operation business, value-added telecommunications services, production of audio-visual products and/or electronic publications, and internet culture business (the "**Relevant Business**") as a result of the operations of the Company's business. The Company conducts the Relevant Business mainly through the Consolidated Affiliated Entities, namely Shanghai Kuanyu, Hode Information Technology, Chaodian Culture, and their subsidiaries. Pursuant to the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Edition), foreign investors are prohibited from holding equity interest in an entity conducting internet audio-visual program services, radio and television program production and operation business, production of audiovisual products and/or electronic publications, and internet culture business and are restricted to conduct value added telecommunications services (except for electronic commerce, domestic multi-party communication, store-and-forward, and call center). For further details of the limitations on foreign ownership in PRC companies conducting the Relevant Business under applicable PRC laws and regulations, please refer to section headed "Regulatory Overview — Regulations Related to Foreign Investment In The PRC" in the Prospectus.

Since the investment in the Relevant Businesses in which the Company currently operates and may operate are subject to restrictions and prohibitions under current PRC laws and regulations, as advised by the PRC legal adviser of the Company, the Company determined that it was not viable for the Company to hold VIEs directly through equity ownership. Instead, the Company decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, the Company would gain effective control over, and have the right to receive all the economic benefits generated by, the Relevant Businesses currently operated by the VIEs through a series of contractual arrangements (the "**Contractual Arrangements**") between the wholly-foreign owned subsidiaries of the Company (the "**WFOEs**"), on the one hand, and the VIEs and the registered shareholders (the "**Registered Shareholders**"), as applicable, of the Onshore Holdco, on the other hand. Accordingly, the Contractual Arrangements have been designed to ensure that there will be no limit on the amount of fees payable to the Group under the Contractual Agreements. Therefore, there will be no monetary cap on any agreements under the Contractual Arrangements.

For a summary of the Contractual Arrangements with respect to the operations of the Relevant Business of Shanghai Kuanyu and Hode Information Technology, please refer to section headed "Contractual Arrangements — Summary of the Material Terms of the Contractual Arrangements" in the Prospectus. Since the WFOE of the VIE structure with Chaodian Culture, being Chaodian (Shanghai) Technology Co., Ltd., has become a principal subsidiary of the Company in the financial year of 2021, the Contractual Arrangements with respect to the operations of the Relevant Business of Chaodian Culture has been disclosed in the Company's annual report for the financial year of 2021. The Contractual Arrangements with respect to the operations of all the Relevant Business of the Company (including those entered into with Shanghai Kuanyu, Hode Information Technology, Chaodian Culture and their respective Registered Shareholders, as applicable) were entered into before the Company became secondary listed on the Stock Exchange, and the terms of such Contractual Arrangements are substantially the same and have been disclosed in the Prospectus.

Reasons for applying for the waiver

The transactions contemplated under the Contractual Arrangements shall constitute continuing connected transactions of the Company under the Listing Rules upon the Effective Date as certain parties to the Contractual Arrangements, namely Mr. Rui Chen, Ms. Ni Li, and Mr. Yi Xu shall be connected persons of the Company upon the Effective Date. Mr. Rui Chen, Ms. Ni Li and Mr. Yi Xu are executive Directors.

The Contractual Arrangements with respect to the operations of all the Relevant Business of the Company (including those entered into with Shanghai Kuanyu, Hode Information Technology, Chaodian Culture and their respective Registered Shareholders, as applicable) were entered into before the Company became secondary listed on the Stock Exchange, and the terms of such Contractual Arrangements are substantially the same and have been disclosed in the Prospectus.

Based on the above, the Board is of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to the Group's legal structure and business operations. Under this structure, the financial results of the VIEs will be consolidated into the Company's financial statements as if they were the Company's wholly-owned subsidiaries, and all the economic benefits of their business flows to the Group (i.e. the Group will retain substantially all of the profit generated by the VIEs through the service fees payable to the WFOEs), therefore the Board believes that it will not be in the interest of the Company and its Shareholders to set any annual cap on the amount of fees payable to the Group under the Contractual Arrangements. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by any of the VIEs and any member of the Group (the "**New Intergroup Agreements**" and each of them, a "**New Intergroup Agreement**") shall technically constitute continuing connected transactions under Chapter 14A of the Listing Rules upon the Effective Date, the Directors consider that it would be unduly burdensome and impracticable to the Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

The Board is also of the view that: (i) the Contractual Arrangements have been and will be entered into in the ordinary and usual course of business of the Group on normal commercial terms, on terms that fair and reasonable, and in the interests of the Company and its Shareholders as a whole; and (ii) it is normal business practice for the Contractual Arrangements to be of a term greater than three years.

Gram Capital, the independent financial adviser to the Company in respect of the Contractual Arrangements appointed pursuant to Rule 14A.52 of the Listing Rules, is also of the view that in relation to the Contractual Arrangements for the Relevant Business of Shanghai Kuanyu, Hode Information Technology and Chaodian Culture, (i) the continuing connected transactions in respect of the Contractual Arrangements for the Relevant Business of Shanghai Kuanyu, Hode Information Technology and Chaodian Culture have been entered into in the Group's ordinary and usual course of business on normal commercial terms, on terms that are fair and reasonable, and in the interest of the Company and its Shareholders as a whole; and (ii) it is normal business practice for agreements of this type to be of such duration exceeding three years based on all the matters set out above, including in particular: (a) its discussion with the Directors, including regarding the advice of the PRC legal adviser of the Company about, and the necessity of, the Contractual Arrangements for the Relevant Business of Shanghai Kuanyu, Hode Information Technology and Chaodian Culture; (b) the fact that as the contractual arrangement structure thereunder is a long-term arrangement, it would be unduly burdensome and impracticable for the Company to renew Contractual Arrangements for the Relevant Business of Shanghai Kuanyu, Hode Information Technology and Chaodian Culture every three years or less; and (c) the fact that the duration of similar arrangements of other listed issuers on the Stock Exchange are normally infinite until termination or infinite in practice.

Listing Rules implications and waiver application

The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement, circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the Contractual Arrangements and the New Intergroup Agreements, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement requirement under Rule 14A.35 of the Listing Rules; (ii) the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules; (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules; and (iv) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules subject to the following conditions:

(a) No change without independent non-executive Directors' approval

No change to the Contractual Arrangements (including with respect to any fees payable to the WFOEs thereunder) will be made without the approval of the independent non-executive Directors.

(b) No change without independent Shareholders' approval

Save as described in condition (d) below, no change to the agreements governing the Contractual Arrangements will be made without the independent Shareholders' approval. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of the Company (as set out in condition (e) below) will, however, continue to be applicable.

(c) Economic benefits flexibility

The Contractual Arrangements shall continue to enable the Group to receive the economic benefits derived by the VIEs through (i) the Group's option (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests in the VIEs for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which the profit generated by the VIEs is substantially retained by the Group, such that no annual cap shall be set on the amount of service fees payable to the WFOEs by the VIEs under the relevant exclusive business cooperation agreement, and (iii) the Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the VIEs.

(d) Renewal and reproduction

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding, on the one hand, and the VIEs, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however, be treated as connected persons of the Company and transactions between these connected persons and the Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

(e) Ongoing reporting and approvals

The Company will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- The Contractual Arrangements in place during each financial reporting period will be disclosed in the Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.

- The independent non-executive Directors will review the Contractual Arrangements annually and confirm in the Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by the Onshore Holdcos to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group, and (iii) any new contracts entered into, renewed or reproduced between the Group and Onshore Holdcos during the relevant financial period under condition (d) above are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.

- The Company's auditor will carry out review procedures annually on the transactions, pursuant to the Contractual Arrangements, and will provide a letter to the Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of the Directors, have been entered into in accordance with the relevant Contractual Arrangements, and that no dividends or other distributions have been made by the VIEs to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

- For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the VIEs will be treated as the Company's subsidiaries, and at the same time, the directors, chief executives or substantial shareholders of the VIEs and their respective associates will be treated as connected persons of the Company (excluding, for this purpose, the VIEs), and transactions between these connected persons and the Group (including, for this purpose, the VIEs), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

- The VIEs will undertake that, for so long as Class Z Ordinary Shares are listed on the Stock Exchange, the VIEs will provide the Group's management and the Company's auditor full access to its relevant records for the purpose of the Company's auditor's review of the connected transactions.

If any term of the Contractual Arrangements is altered, or if the Company enters into any new agreements with any connected persons (within the meaning of the Listing Rules) in the future, the Company must fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless it applies for and obtains a separate waiver from the Stock Exchange.

1.4 Exercise Price of Options to be Granted Pursuant to the Second Amended and Restated 2018 Share Incentive Plan

Rule 17.03E of the Listing Rules states that the exercise price of an option must be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

Since the listing of the Company's ADSs on the Nasdaq, it has been the Company's practice to issue options exercisable into ADSs (which represents underlying Class Z Ordinary Shares) denominated in U.S. dollars under its share incentive plans and the Company will continue to issue options exercisable into ADSs under the Second Amended and Restated 2018 Share Incentive Plan. By definition, ADSs are denominated in U.S. dollars, and the exercise price for options with respect to ADSs will necessarily be presented in U.S. dollars.

On the basis that: (i) the method for determining the exercise price of the options based on the market price of ADSs substantially replicates the requirement in Rule 17.03E of the Listing Rules, (ii) it has been the Company's practice to issue options exercisable into ADSs with exercise prices denominated in U.S. dollars, and the Company will continue to grant options under the Second Amended and Restated 2018 Share Incentive Plan with exercise prices based on the market price of its ADSs which are denominated in U.S. dollars; and (iii) it would be impracticable and unduly burdensome for the Company to change the existing method for determining the exercise price of the options to strictly comply with Rule 17.03E the Listing Rules, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 17.03E of the Listing

Rules such that the Company will be able to determine the exercise price for options to be granted under its share schemes based on the higher of: (i) the per-share closing price of the Company's ADSs on the Nasdaq on the date of grant, which must be a Nasdaq trading day; and (ii) the average per-share closing price of the Company's ADSs on the Nasdaq for the five Nasdaq trading days immediately preceding the date of grant.

SECTION A2

WAIVERS

The Company has sought, and the Stock Exchange has granted, the following waivers from strict compliance with the relevant provisions of the Listing Rules:

Rules	**Subject matter**
Rules 3.28 and 8.17 of the Listing Rules	Joint Company Secretaries
Rule 19.25A of, and note 2.1 to paragraph 2 of Appendix 16 to, the Listing Rules	Use of U.S. GAAP
Rules 14A.35, 14A.36, 14A.52 and 14A.53 of the Listing Rules	Continuing Connected Transaction Requirements applicable to the Contractual Arrangements
Rule 17.03E of the Listing Rules	Exercise Price of Options to be Granted Pursuant to the Second Amended and Restated 2018 Share Incentive Plan

1.1. Joint Company Secretaries

Requirements under the Listing Rules

Rules 3.28 and 8.17 of the Listing Rules require the Company to appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

Reasons for applying for the waiver

The Company appointed, with effect from the Effective Date, Ms. Chau Hing Ling Anita (周慶齡) ("**Ms. Chau**") of Vistra Corporate Services (HK) Limited and Mr. Xin Fan ("**Mr. Fan**"), chief financial officer of the Company, as joint company secretaries. Details of Mr. Fan's biography are set out on page 266 of the Prospectus.

Ms. Chau joined Vistra Corporate Services (HK) Limited in 2013 and currently serves as a director of the corporate services department, where she leads a team of professional staff to provide a full range of corporate services and listed company secretary services. Ms. Chau has over 20 years of experience in the corporate services industry and is currently the company secretary of multiple public listed companies in Hong Kong. Ms. Chau received a Master of Law majoring in corporate and financial law from The University of Hong Kong. She has been a fellow member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrator) in the United Kingdom and The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) since May 2013.

The Company's principal business activities are outside Hong Kong. There are practical difficulties in finding persons who possess Mr. Fan's day-to-day knowledge of the Company's affairs while also having the academic and professional qualifications required. The Company believes that Mr. Fan, by virtue of his knowledge and past experience in handling corporate administrative matters of the Company, is capable of discharging the functions of a joint company secretary. The Company also believes that it would be in the best interest of the Company and the corporate governance of the Group to have a person such as Mr. Fan, who is an employee of the Company and has day-to-day knowledge of the Company's affairs, as its joint company secretary. Mr. Fan has the necessary nexus to the Board and close working relationship with management of the Company to perform the function of a joint company secretary and take the necessary actions in the most effective and efficient manner.

Waiver application

Accordingly, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules for a period of three years from the date of appointment of Mr. Fan as a joint company secretary of the Company (the "**Waiver Period**") on the conditions that (i) Mr. Fan will be assisted by Ms. Chau (being a person who possesses the qualifications or experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary) during the Waiver Period, and (ii) the waiver can be revoked if there are material breaches of the Listing Rules by the Company.

Before the end of the Waiver Period, the Company must demonstrate and seek the Stock Exchange's confirmation that Mr. Fan, having had the benefit of Ms. Chau's assistance during the Waiver Period, has attained the relevant experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Listing Rules such that further waiver will not be necessary.

1.2. Use of U.S. GAAP

Requirements under the Listing Rules

Rule 19.25A of the Listing Rules provides that the annual accounts are required to conform with financial reporting standards acceptable to the Stock Exchange, which are normally HKFRS or IFRS. Where the Stock Exchange allows annual accounts to be drawn up otherwise than in conformity with HKFRS or IFRS, the annual accounts will be required to conform with financial reporting standards acceptable to the Stock Exchange. In such cases the Stock Exchange will normally require the annual accounts to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

Note 2.1 to Paragraph 2 of Appendix 16 to the Listing Rules requires the Company to prepare its financial statements in the financial reports to be in conformity with: (a) HKFRS; (b) IFRS; or (c) China Accounting Standards for Business Enterprises in the case of companies incorporated in China, subject to Note 2.6 to Paragraph 2 of Appendix

16 to the Listing Rules. Note 2.6 to Paragraph 2 of Appendix 16 to the Listing Rules provides that the Stock Exchange may allow the annual financial statements of an overseas issuer to be drawn up otherwise than in conformity with financial reporting standards referred to in Note 2.1 to Paragraph 2 of Appendix 16 to the Listing Rules.

In the Guidance Letter HKEX-GL111-22, the Stock Exchange has indicated that it has accepted that the financial statements and accountants' reports of overseas issuers with, or seeking, a dual primary or secondary listing in the U.S. and on the Stock Exchange can be prepared in conformity with U.S. GAAP. The Guidance Letter HKEX-GL111-22 further provides that, an overseas issuer adopting a body of financial reporting standards other than HKFRS or IFRS for the preparation of its financial statements must include a reconciliation statement setting out the financial effect of any material differences between those financial statements and financial statements prepared using HKFRS or IFRS in its accountants' reports and annual/interim/quarterly reports.

Reasons for applying for the waiver

As a company primary listed on the Nasdaq, the Company uses U.S. GAAP, and the corresponding auditing standards for the filing of its financial statements with the U.S. Securities and Exchange Commission as determined by the United States Public Company Accounting Oversight Board. U.S. GAAP is well recognized and accepted by the international investment community, particularly among technology companies, and significant progress has been made in the convergence between U.S. GAAP and IFRS. Additionally, the Company notes that it might lead to confusion among the Company's investors and Shareholders if the Company was required to adopt different accounting standards for its disclosures in Hong Kong from those in the U.S. Aligning the accountings standards used for disclosures in both markets will alleviate any such confusion.

Waiver application

The Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 19.25A of, and Note 2.1 to Paragraph 2 of Appendix 16 to, the Listing Rules to use U.S. GAAP in preparing financial statements after the Primary Conversion subject to the following conditions:

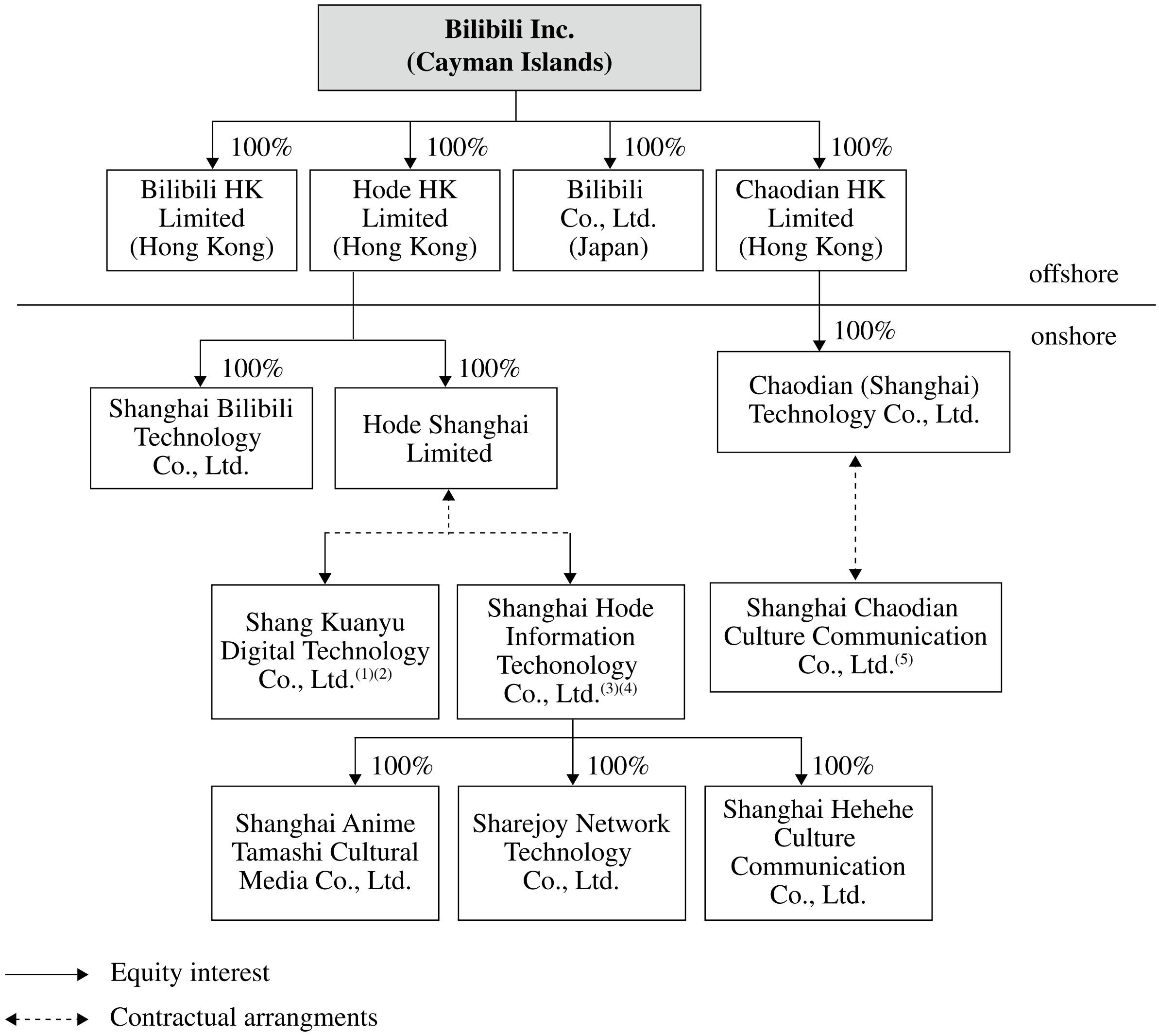
(i) inclusion of (a) a description of the relevant key differences between U.S. GAAP and IFRS; and (b) a reconciliation statement showing the financial effect of any material differences between the financial statements during the reporting period prepared using U.S. GAAP and IFRS in its interim and annual reports after the Primary Conversion. Such reconciliation statement in the interim report will be reviewed by its external accountants in accordance with a standard that is at least equivalent to International Standard on Assurance Engagements 3000 or Hong Kong Standard on Assurance Engagements 3000, and the reconciliation statement in the annual reports will be audited by external accountants; and

(ii) reversion to HKFRS or IFRS in the preparation of the Company's financial statements in the event that the Company is no longer listed or has no obligation to make financial disclosure in the U.S..

1.3. Continuing Connected Transaction Requirements applicable to the Contractual Arrangements

Background of the Contractual Arrangements

The following chart illustrates the Company's organizational structure, including its principal subsidiaries and consolidated affiliated entities, as of the date of this announcement:



Notes:

(1) Mr. Rui Chen holds 100% equity interests in Shanghai Kuanyu. He is also the controlling shareholder, the chairman of the Board and the chief executive officer of the Company.

(2) Shanghai Kuanyu has four subsidiaries.

(3) Mr. Rui Chen, Ms. Ni Li and Mr. Yi Xu hold 52.3%, 3.4%, and 44.3% equity interests in Hode Information Technology, respectively, as of the date of this announcement. Mr. Chen is the controlling Shareholder, the chairman of the Board and the chief executive officer of the Company. Mr. Xu is the founder, director and president of the Company. Ms. Li is the vice chairwoman of the Board and chief operating officer of the Company.

(4) Hode Information Technology has 31 subsidiaries.

(5) Chaodian (Shanghai) Technology Co., Ltd. has entered into a series of contractual arrangements in September 2020 with Chaodian Culture and its individual shareholders, through which the Company obtained control over the operations, and enjoyed all economic benefits, of Chaodian Culture. Mr. Rui Chen, Ms. Ni Li, Mr. Yi Xu, Mr. Xujun Chai, Shanghai Kuanyu and Hode Information Technology hold 31.2%, 6.8%, 9.5%, 5.1%, 44.6% and 2.8% equity interests in Chaodian Culture, respectively, as of the date of this announcement. Mr. Xujun Chai is an employee of the Company.

Since Chaodian (Shanghai) Technology Co., Ltd. has only become a principal subsidiary of the Company in the financial year of 2021, the Contractual Arrangements with respect to the operations of the Relevant Business (as defined below) of Chaodian Culture were not separately disclosed in the Prospectus. Such Contractual Arrangements have been disclosed in the Company's annual report for the financial year of 2021. The terms of the Contractual Arrangements with respect to the operations of all the Relevant Business (as defined below) of the Company (including those entered into with Shanghai Kuanyu, Hode Information Technology, Chaodian Culture and their respective Registered Shareholders, as applicable) are substantially the same.

Contractual arrangements

The Company is a leading video community for young generations in China and covers a wide array of content categories and diverse video, consumption scenarios, including videos, live broadcasting and mobile games. The Company is considered to be engaged in the provision of internet audio-visual program services, radio and television program production and operation business, value-added telecommunications services, production of audio-visual products and/or electronic publications, and internet culture business (the "**Relevant Business**") as a result of the operations of the Company's business. The Company conducts the Relevant Business mainly through the Consolidated Affiliated Entities, namely Shanghai Kuanyu, Hode Information Technology, Chaodian Culture, and their subsidiaries. Pursuant to the Special Administrative Measures (Negative List) for Foreign Investment Access (2021 Edition), foreign investors are prohibited from holding equity interest in an entity conducting internet audio-visual program services, radio and television program production and operation business, production of audiovisual products and/or electronic publications, and internet culture business and are restricted to conduct value added telecommunications services (except for electronic commerce, domestic multi-party communication, store-and-forward, and call center). For further details of the limitations on foreign ownership in PRC companies conducting the Relevant Business under applicable PRC laws and regulations, please refer to section headed "Regulatory Overview — Regulations Related to Foreign Investment In The PRC" in the Prospectus.

Since the investment in the Relevant Businesses in which the Company currently operates and may operate are subject to restrictions and prohibitions under current PRC laws and regulations, as advised by the PRC legal adviser of the Company, the Company determined that it was not viable for the Company to hold VIEs directly through equity ownership. Instead, the Company decided that, in line with common practice in industries in the PRC subject to foreign investment restrictions, the Company would gain effective control over, and have the right to receive all the economic benefits generated by, the Relevant Businesses currently operated by the VIEs through a series of contractual arrangements (the "**Contractual Arrangements**") between the wholly-foreign owned subsidiaries of the Company (the "**WFOEs**"), on the one hand, and the VIEs and the registered shareholders (the "**Registered Shareholders**"), as applicable, of the Onshore Holdco, on the other hand. Accordingly, the Contractual Arrangements have been designed to ensure that there will be no limit on the amount of fees payable to the Group under the Contractual Agreements. Therefore, there will be no monetary cap on any agreements under the Contractual Arrangements.

For a summary of the Contractual Arrangements with respect to the operations of the Relevant Business of Shanghai Kuanyu and Hode Information Technology, please refer to section headed "Contractual Arrangements — Summary of the Material Terms of the Contractual Arrangements" in the Prospectus. Since the WFOE of the VIE structure with Chaodian Culture, being Chaodian (Shanghai) Technology Co., Ltd., has become a principal subsidiary of the Company in the financial year of 2021, the Contractual Arrangements with respect to the operations of the Relevant Business of Chaodian Culture has been disclosed in the Company's annual report for the financial year of 2021. The Contractual Arrangements with respect to the operations of all the Relevant Business of the Company (including those entered into with Shanghai Kuanyu, Hode Information Technology, Chaodian Culture and their respective Registered Shareholders, as applicable) were entered into before the Company became secondary listed on the Stock Exchange, and the terms of such Contractual Arrangements are substantially the same and have been disclosed in the Prospectus.

Reasons for applying for the waiver

The transactions contemplated under the Contractual Arrangements shall constitute continuing connected transactions of the Company under the Listing Rules upon the Effective Date as certain parties to the Contractual Arrangements, namely Mr. Rui Chen, Ms. Ni Li, and Mr. Yi Xu shall be connected persons of the Company upon the Effective Date. Mr. Rui Chen, Ms. Ni Li and Mr. Yi Xu are executive Directors.

The Contractual Arrangements with respect to the operations of all the Relevant Business of the Company (including those entered into with Shanghai Kuanyu, Hode Information Technology, Chaodian Culture and their respective Registered Shareholders, as applicable) were entered into before the Company became secondary listed on the Stock Exchange, and the terms of such Contractual Arrangements are substantially the same and have been disclosed in the Prospectus.

Based on the above, the Board is of the view that the Contractual Arrangements and the transactions contemplated therein are fundamental to the Group's legal structure and business operations. Under this structure, the financial results of the VIEs will be consolidated into the Company's financial statements as if they were the Company's wholly-owned subsidiaries, and all the economic benefits of their business flows to the Group (i.e. the Group will retain substantially all of the profit generated by the VIEs through the service fees payable to the WFOEs), therefore the Board believes that it will not be in the interest of the Company and its Shareholders to set any annual cap on the amount of fees payable to the Group under the Contractual Arrangements. Accordingly, notwithstanding that the transactions contemplated under the Contractual Arrangements and any new transactions, contracts and agreements or renewal of existing transactions, contracts and agreements to be entered into, among others, by any of the VIEs and any member of the Group (the "**New Intergroup Agreements**" and each of them, a "**New Intergroup Agreement**") shall technically constitute continuing connected transactions under Chapter 14A of the Listing Rules upon the Effective Date, the Directors consider that it would be unduly burdensome and impracticable to the Company if such transactions are subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including, among others, the announcement requirement under Rule 14A.35 of the Listing Rules and the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules.

The Board is also of the view that: (i) the Contractual Arrangements have been and will be entered into in the ordinary and usual course of business of the Group on normal commercial terms, on terms that fair and reasonable, and in the interests of the Company and its Shareholders as a whole; and (ii) it is normal business practice for the Contractual Arrangements to be of a term greater than three years.

Gram Capital, the independent financial adviser to the Company in respect of the Contractual Arrangements appointed pursuant to Rule 14A.52 of the Listing Rules, is also of the view that in relation to the Contractual Arrangements for the Relevant Business of Shanghai Kuanyu, Hode Information Technology and Chaodian Culture, (i) the continuing connected transactions in respect of the Contractual Arrangements for the Relevant Business of Shanghai Kuanyu, Hode Information Technology and Chaodian Culture have been entered into in the Group's ordinary and usual course of business on normal commercial terms, on terms that are fair and reasonable, and in the interest of the Company and its Shareholders as a whole; and (ii) it is normal business practice for agreements of this type to be of such duration exceeding three years based on all the matters set out above, including in particular: (a) its discussion with the Directors, including regarding the advice of the PRC legal adviser of the Company about, and the necessity of, the Contractual Arrangements for the Relevant Business of Shanghai Kuanyu, Hode Information Technology and Chaodian Culture; (b) the fact that as the contractual arrangement structure thereunder is a long-term arrangement, it would be unduly burdensome and impracticable for the Company to renew Contractual Arrangements for the Relevant Business of Shanghai Kuanyu, Hode Information Technology and Chaodian Culture every three years or less; and (c) the fact that the duration of similar arrangements of other listed issuers on the Stock Exchange are normally infinite until termination or infinite in practice.

Listing Rules implications and waiver application

The highest applicable percentage ratios (other than the profits ratio) under the Listing Rules in respect of the transactions associated with the Contractual Arrangements are expected to be more than 5%. As such, the transactions will be subject to the reporting, annual review, announcement, circular, independent financial advice and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the Contractual Arrangements and the New Intergroup Agreements, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with (i) the announcement requirement under Rule 14A.35 of the Listing Rules; (ii) the independent Shareholders' approval requirement under Rule 14A.36 of the Listing Rules; (iii) the requirement of limiting the term of the Contractual Arrangements to three years or less under Rule 14A.52 of the Listing Rules; and (iv) the requirement of setting an annual cap for the transactions under the Contractual Arrangements under Rule 14A.53 of the Listing Rules subject to the following conditions:

(a) No change without independent non-executive Directors' approval

No change to the Contractual Arrangements (including with respect to any fees payable to the WFOEs thereunder) will be made without the approval of the independent non-executive Directors.

(b) No change without independent Shareholders' approval

Save as described in condition (d) below, no change to the agreements governing the Contractual Arrangements will be made without the independent Shareholders' approval. Once independent Shareholders' approval of any change has been obtained, no further announcement or approval of the independent Shareholders will be required under Chapter 14A of the Listing Rules unless and until further changes are proposed. The periodic reporting requirement regarding the Contractual Arrangements in the annual reports of the Company (as set out in condition (e) below) will, however, continue to be applicable.

(c) Economic benefits flexibility

The Contractual Arrangements shall continue to enable the Group to receive the economic benefits derived by the VIEs through (i) the Group's option (if and when so allowed under the applicable PRC laws) to acquire, all or part of the entire equity interests in the VIEs for nil consideration or the minimum amount of consideration permitted by applicable PRC laws and regulations, (ii) the business structure under which the profit generated by the VIEs is substantially retained by the Group, such that no annual cap shall be set on the amount of service fees payable to the WFOEs by the VIEs under the relevant exclusive business cooperation agreement, and (iii) the Group's right to control the management and operation of, as well as, in substance, all of the voting rights of the VIEs.

(d) Renewal and reproduction

On the basis that the Contractual Arrangements provide an acceptable framework for the relationship between the Company and its subsidiaries in which the Company has direct shareholding, on the one hand, and the VIEs, on the other hand, that framework may be renewed and/or reproduced upon the expiry of the existing arrangements or in relation to any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group might wish to establish when justified by business expediency, without obtaining the approval of the Shareholders, on substantially the same terms and conditions as the existing Contractual Arrangements. The directors, chief executive or substantial shareholders of any existing or new wholly foreign owned enterprise or operating company (including branch company) engaging in the same business as that of the Group which the Group may establish will, upon renewal and/or reproduction of the Contractual Arrangements, however, be treated as connected persons of the Company and transactions between these connected persons and the Company other than those under similar contractual arrangements shall comply with Chapter 14A of the Listing Rules. This condition is subject to relevant PRC laws, regulations and approvals.

(e) Ongoing reporting and approvals

The Company will disclose details relating to the Contractual Arrangements on an on-going basis as follows:

- The Contractual Arrangements in place during each financial reporting period will be disclosed in the Company's annual report and accounts in accordance with the relevant provisions of the Listing Rules.

- The independent non-executive Directors will review the Contractual Arrangements annually and confirm in the Company's annual report and accounts for the relevant year that (i) the transactions carried out during such year have been entered into in accordance with the relevant provisions of the Contractual Arrangements, (ii) no dividends or other distributions have been made by the Onshore Holdcos to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group, and (iii) any new contracts entered into, renewed or reproduced between the Group and Onshore Holdcos during the relevant financial period under condition (d) above are fair and reasonable, or advantageous to the Shareholders, so far as the Group is concerned and in the interests of the Company and the Shareholders as a whole.

- The Company's auditor will carry out review procedures annually on the transactions, pursuant to the Contractual Arrangements, and will provide a letter to the Directors with a copy to the Stock Exchange confirming that the transactions have received the approval of the Directors, have been entered into in accordance with the relevant Contractual Arrangements, and that no dividends or other distributions have been made by the VIEs to the holders of its equity interests which are not otherwise subsequently assigned or transferred to the Group.

- For the purpose of Chapter 14A of the Listing Rules, and in particular the definition of "connected person", the VIEs will be treated as the Company's subsidiaries, and at the same time, the directors, chief executives or substantial shareholders of the VIEs and their respective associates will be treated as connected persons of the Company (excluding, for this purpose, the VIEs), and transactions between these connected persons and the Group (including, for this purpose, the VIEs), other than those under the Contractual Arrangements, will be subject to requirements under Chapter 14A of the Listing Rules.

- The VIEs will undertake that, for so long as Class Z Ordinary Shares are listed on the Stock Exchange, the VIEs will provide the Group's management and the Company's auditor full access to its relevant records for the purpose of the Company's auditor's review of the connected transactions.

If any term of the Contractual Arrangements is altered, or if the Company enters into any new agreements with any connected persons (within the meaning of the Listing Rules) in the future, the Company must fully comply with the relevant requirements under Chapter 14A of the Listing Rules unless it applies for and obtains a separate waiver from the Stock Exchange.

1.4 Exercise Price of Options to be Granted Pursuant to the Second Amended and Restated 2018 Share Incentive Plan

Rule 17.03E of the Listing Rules states that the exercise price of an option must be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day; and (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant.

Since the listing of the Company's ADSs on the Nasdaq, it has been the Company's practice to issue options exercisable into ADSs (which represents underlying Class Z Ordinary Shares) denominated in U.S. dollars under its share incentive plans and the Company will continue to issue options exercisable into ADSs under the Second Amended and Restated 2018 Share Incentive Plan. By definition, ADSs are denominated in U.S. dollars, and the exercise price for options with respect to ADSs will necessarily be presented in U.S. dollars.

On the basis that: (i) the method for determining the exercise price of the options based on the market price of ADSs substantially replicates the requirement in Rule 17.03E of the Listing Rules, (ii) it has been the Company's practice to issue options exercisable into ADSs with exercise prices denominated in U.S. dollars, and the Company will continue to grant options under the Second Amended and Restated 2018 Share Incentive Plan with exercise prices based on the market price of its ADSs which are denominated in U.S. dollars; and (iii) it would be impracticable and unduly burdensome for the Company to change the existing method for determining the exercise price of the options to strictly comply with Rule 17.03E the Listing Rules, the Company has applied for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 17.03E of the Listing

Rules such that the Company will be able to determine the exercise price for options to be granted under its share schemes based on the higher of: (i) the per-share closing price of the Company's ADSs on the Nasdaq on the date of grant, which must be a Nasdaq trading day; and (ii) the average per-share closing price of the Company's ADSs on the Nasdaq for the five Nasdaq trading days immediately preceding the date of grant.