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This is a draft registration statement that is being confidentially submitted to the Securities and Exchange Commission on August 6, 2019.
Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

LIZHI INC.
(Exact Name of Registrant as Specified in Its Charter)

Not Applicable
(Translation of Registrant's name into English)

Cayman Islands	**7370**	**Not Applicable**
(State or Other Jurisdiction of Incorporation or Organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

Yangcheng Creative Industry Zone,
No. 309 Middle Huangpu Avenue,
Tianhe District, Guangzhou 510655,
The People's Republic of China
+86 20 8381-8791
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Cogency Global Inc.
10 E. 40th Street, 10th Floor
New York, the United States
NY 10016
+1 800 221-0102
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

James C. Lin, Esq.	**Li He, Esq.**	**Z. Julie Gao, Esq.**
Davis Polk & Wardwell LLP	**Davis Polk & Wardwell LLP**	**Skadden, Arps, Slate, Meagher & Flom LLP**
c/o 18th Floor, The Hong Kong Club Building	**c/o 18th Floor, The Hong Kong Club Building**	**c/o 42/F, Edinburgh Tower, The Landmark**
3A Chater Road	**3A Chater Road**	**15 Queen's Road Central**
Central, Hong Kong	**Central, Hong Kong**	**Hong Kong**
+852 2533-3300	**+852 2533-3300**	**+852 3740-4700**

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, 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.

Emerging growth company ☒

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

Title of each class of securities to be registered	**Proposed maximum aggregate offering price(2)(3)**	**Amount of registration fee**
Ordinary shares, par value US$0.0001 per share(1)(2)	US$	US$

(1) American depositary shares issuable upon deposit of ordinary shares registered hereby will be registered under a separate registration statement on Form F-6 (Registration No. 333-). Each American depositary share represents ordinary shares.
(2) Includes ordinary shares initially offered and sold outside the United States that may be resold from time to time in the United States either as part of their distribution or within 40 days after the later of the effective date of this registration statement and the date the shares are first bona fide offered to the public, and also includes ordinary shares that are issuable upon the exercise of the underwriters' over-allotment option. These ordinary shares are not being registered for the purpose of sales outside the United States.
(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.

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 United States Securities and Exchange Commission, acting pursuant to such Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to completion
Preliminary Prospectus dated , 2019

American Depositary Shares

LIZHI

LIZHI INC.

Representing Ordinary Shares

This is an initial public offering of American depositary shares, or ADSs, representing ordinary shares of LIZHI INC. We are offering ADSs. Each ADS represents of our ordinary shares, par value US$0.0001 per share.

Prior to this offering, there has been no public market for the ADSs. It is currently estimated that the initial public offering price per ADS will be between US$ and US$.

We intend to apply to list the ADSs representing our ordinary shares on the [New York Stock Exchange] / [Nasdaq Global Select Market] under the symbol "LIZI."

We are an "emerging growth company" under applicable U.S. federal securities laws and are eligible for reduced public company reporting requirements.

See "Risk Factors" beginning on page 15 for 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.

	Per ADS	Total
Public offering price	US$	US$
Underwriting discounts and commissions(1)	US$	US$
Proceeds, before expenses, to us	US$	US$

(1) See "Underwriting" for additional disclosure regarding compensation payable by us to the underwriters.

The underwriters have an option to purchase up to an additional ADSs from us at the initial public offering price less the underwriting discounts and commissions, within 30 days from the date of this prospectus.

The underwriters expect to deliver the ADSs against payment in U.S. dollars in New York, New York on , 2019.

Credit Suisse **Citigroup**

The date of this prospectus is , 2019.

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We have not authorized anyone to provide any information other than that contained in this prospectus or in any free writing prospectus prepared by or on behalf of us or to which we may have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We and the underwriters have not authorized any other person to provide you with different or additional information. Neither we nor the underwriters are making an offer to sell the ADSs representing our ordinary shares in any jurisdiction where the offer or sale is not permitted. This offering is being made in the United States and elsewhere solely on the basis of the information contained in this prospectus. You should assume that the information appearing in this prospectus is true, complete and accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of the ADSs representing our ordinary shares. Our business, financial condition, results of operations and prospects may have changed since the date of this prospectus.

We have not taken any action to permit a public offering of the ADSs representing our ordinary shares outside the United States or to permit the possession or distribution of this prospectus outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of the ADSs and the distribution of the prospectus outside the United States.

Until , 2019 (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

The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements and the related notes appearing elsewhere in this prospectus. In addition to this summary, we urge you to read the entire prospectus carefully, especially the risks of investing in our ADSs discussed under "Risk Factors" and information contained in "Management's Discussion and Analysis of Financial Condition and Results of Operations" before deciding whether to buy our ADSs. Investors should note that LIZHI INC., our ultimate Cayman Islands holding company, does not directly own any substantive business operations in the PRC and all of our businesses in the PRC as described in this prospectus are operated through our VIEs.

Overview

Our mission is to enable everyone to showcase vocal talent. Driven by this, we have transformed the audio industry to create *Lizhi*, a mobile app for everyone to create, store, share, discover and enjoy audio, and interact through it.

What Inspires Us

Human voice is powerful. It reveals our feelings and thoughts, creates understanding and empathy, and fills us with joy and inspirations. It establishes companionship and brings us together in a way like no other medium.

Over 100 years ago, radio was invented to connect the world through human voices. Its massive reach, seamless transmission, and ubiquitous presence have changed and enriched everyone's life. Fifteen years ago, the rapid development of internet gave rise to podcasts, attracting a younger audience and nurturing audio hosts of the future.

Now, with the rise of mobile technology, we saw an opportunity to transform audio creation and sharing to elevate the roles of voices in people's lives. That's why we built *Lizhi* six years ago—to revamp traditional radio and podcasts to create a bigger and more accessible stage for everyone to create, store, share, discover and enjoy audio, and interact through it.

What we do today is just the beginning. We envision a global community—a place where everyone can become a host, share stories, and empathize and connect with each other, through voices and across cultures.

What We Do

We are the largest interactive audio entertainment platform and the second largest online audio platform in China in terms of average total MAUs for the first quarter of 2019 according to iResearch. We launched our *Lizhi* app in 2013 to allow users to create, store and share their own podcasts on mobile devices with the help of intuitive recording and reach their audience through various discovery tools.

Since 2013, we have amassed extensive user-generated audio content, with approximately 11.4 million hours of podcasts created by over 22.3 million users as of March 31, 2019. Approximately 129.0 million podcasts have been uploaded to our platform as of March 31, 2019, which have been played over 5.0 billion times in the first quarter of 2019. Through our extensive podcast library, we attract a growing and engaging user base, which presents attractive monetization opportunities.

With user interactions built into every podcast and live streaming, our users don't just listen on our platform. We launched audio live streaming as our first audio entertainment product in 2016, making it possible

for our users to enjoy a multi-dimensional, interactive audio experience. Through *Lizhi*, users can follow their favorite hosts and channels, become a host and create their own podcasts, perform in live streaming, and interact with others through various interactive features. Today, it is not only easy and fast to discover one's favorite audio on *Lizhi*—we also offer a far more engaging and diversified entertainment experience through audio.

We believe this audio-centric interaction is a natural extension of the power of human voices. Since our launch, we have also introduced a wide range of interactive audio products to drive user interactions, such as *Friends Hall* and *Lizhi Party*.

We plan to expand our overseas presence. In April 2019, we launched the locally tailored version of our audio entertainment products, *Sugar Chat*, in the Middle East and North Africa, or the MENA. We also plan to attract users in Southeast Asia and reach a global audience.

Throughout the years, we have grown by helping people express themselves through their voices. Today, our vibrant platform fosters a thriving community with the following elements:

- ***Users***—We reach a highly-engaged user base of over 40.7 million average total mobile MAUs in the first quarter of 2019, representing an increase of 31.6% from approximately 31.0 million average total mobile MAUs in the first quarter of 2018. Our users are young, with a strong demand for self-expression and social interactions. They are highly engaged, spending an average of 41.7 minutes every day per mobile daily active user on our platform in the first quarter of 2019. Our users are not only listeners, but also content creators. In the first quarter of 2019, we had approximately 5.4 million average monthly active hosts on our *Lizhi* app, representing 13.2% of our average total mobile MAUs in the same period.
- ***Content***—We are the largest online audio UGC platform in China. Our platform offers a variety of tools to enable our users to create, edit, store and share audio content to demonstrate their vocal talent. We offer a broad range of podcasts across 29 categories such as romance, parenting, ACG, music radio and talk shows and 107 sub-categories including love stories, bedtime stories and family, catering to the evolving and diversified interests of our user base. For audio entertainment, we offer seven categories covering content such as social, music, talk show, ACG and audio books. Almost all of the audio content on our platform was generated by our users.
- ***Interactions***—We have developed innovative products for our users to interact with our hosts and other users. Features such as following, chatting, sharing, commenting, liking, on-air dialogues and virtual gifting are deeply integrated into the audio content offered on our platform, enhancing our user experience and engagement. In the first quarter of 2019, our users had posted an average of approximately 46.0 million comments and had an average of approximately 2.6 million multi-user on-air dialogues on our platform every day.
- ***Audio and AI technologies***—Through our industry-leading audio technologies, we simplify the audio creation process for our users, improve sound quality and effects, and ensure a consistently high-quality live streaming experience. Our proprietary voice engineering features include 3D recording, noise reduction, and voice beautification and synthesis. Machine learning and data analytics help us find patterns in users' vocal and behavior data. Our AI technologies enable us to recommend relevant audio content to our users based on their interests through a fully automated process.

At current stage, we strategically offer most of our podcasts for free to attract a large user base. We primarily generate net revenues through sales of virtual gifts to users in relation to audio entertainment. Through virtual gifting, our users are able to reward their favorite hosts to drive interactions and content creation on our platform. This also allows us to attract more users and motivate more content creation. We will continue to seek to diversify monetization channels as our user and content base continues to grow.

We grew rapidly in 2017 and 2018 with our net revenues increasing by 76.1% from RMB453.5 million in 2017 to RMB798.6 million (US$116.1 million) in 2018. Our net loss decreased by 93.9% from RMB153.7 million in 2017 to RMB9.3 million (US$1.4 million) in 2018.

Our Strengths

We believe the following competitive strengths are essential for our continued success and differentiate us from our competitors:

- A leading online audio platform;
- Extensive user-generated audio content;
- Highly engaged user community;
- Leading audio and AI technologies;
- Sustainable business model with substantial monetization potential; and
- Visionary management team and a universal passion for human voices.

Our Strategies

Leveraging audio and AI technologies to transform audio content creation and sharing, we aim to become a global online audio platform. We intend to pursue the following strategies to achieve this goal:

- Advance audio and AI technologies;
- Strengthen paying user conversion and diversify monetization;
- Develop new products;
- Enrich content; and
- Expand overseas.

Our Market Opportunities

- China's pan-audio entertainment market, including online and offline audio and music, was the largest by number of users, and the second largest by revenues in the world in 2018, which is expected to grow from approximately US$28.6 billion in 2018 to US$51.8 billion in 2023 at a CAGR of 12.6%.
- China's online audio market was the largest by number of users, and the second largest by revenues in the world in 2018, which is expected to grow from approximately RMB11.3 billion in 2018 to RMB69.8 billion in 2023 at a CAGR of approximately 44%. Sales of virtual items, which represent the largest revenue segment within online audio market, are expected to grow from approximately RMB4.9 billion in 2018 to RMB34.7 billion in 2023 at a CAGR of approximately 48%.
- China's online audio market benefits from a young, engaging and growing user base, users' increasing willingness to pay for content, continuous product and technology innovations, and expansion of use cases.
- Particularly, the explosive growth in Internet of Things, such as smart devices, smart homes and connected cars, further propel the growth of the online audio industry as they continue to introduce more use cases and diversify monetization channels in this industry.
- In China's online audio industry, UGC audio platforms are capable of fostering a self-reinforcing ecosystem that results in higher user and host stickiness.

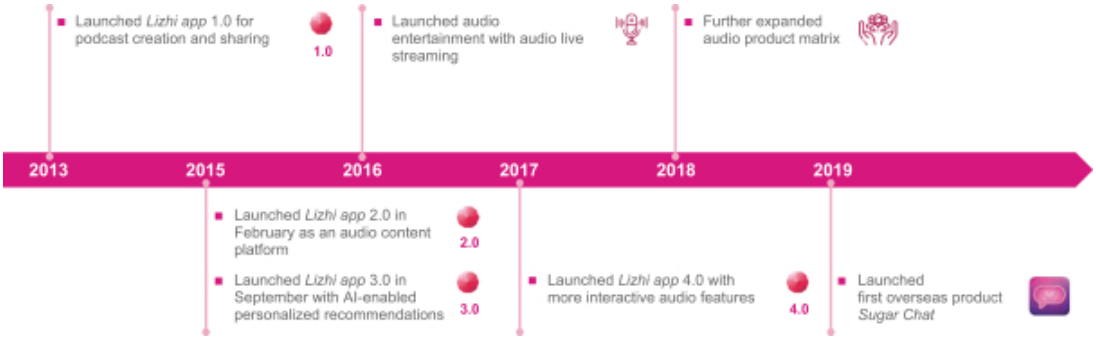
For details, see "Industry Overview."

Our Challenges

- Our ability to retain our existing users, to keep them engaged, to further grow our user base or to increase paying ratio;

- Uncertainties in relation to laws and regulations applicable to our industry and potential restrictive measures that may be taken against us;
- Our ability to attract, cultivate and retain talented and popular hosts;
- Our ability to prevent misconduct by our platform users and misuse of our platform;
- Our ability to offer attractive audio content on our platform;
- Our ability to generate profits in the future;
- Our limited operating history with a relatively new business model in a relatively new market make it difficult to evaluate our business and growth prospects;
- Whether we are able to obtain or maintain the required licenses and approvals;
- Our ability to maintain, protect and enhance our brand;
- Our ability to sustain our rapid growth and manage the associated expenditures;
- Our ability to implement our monetization strategies; and
- The accessibility of our mobile applications on third-party mobile application distribution channels.

Our Major Business Milestones



Our Corporate History

We commenced operations in 2010 with the establishment of Guangzhou Lizhi.

In November and October 2010, each of Lizhi Holding Limited and LIZHI INC., our wholly owned subsidiaries, was incorporated in Hong Kong and the British Virgin Islands, respectively.

In March 2011, Beijing Hongyi Technology Co., Ltd., or Hongyi Technology, our wholly owned subsidiary, was established in the PRC. In March 2011, due to the restrictions imposed by PRC laws and regulations on foreign ownership of companies engaged in value-added telecommunication services and certain other businesses, Hongyi Technology entered into a series of contractual arrangements, as supplemented and amended, with Guangzhou Lizhi and then shareholders of Guangzhou Lizhi, by which Hongyi Technology may exert control over Guangzhou Lizhi and consolidate Guangzhou Lizhi's financial statements under U.S. GAAP. For details, please refer to "Corporate History and Structure—Contractual Arrangements with Our VIEs and Their Respective Shareholders."

In October 2013, we launched our *Lizhi* app operated by Guangzhou Lizhi.

In November and December 2015, each of Changsha Limang Interactive Entertainment Co., Ltd., or Changsha Limang, and Huai'an Lizhi Network Technology Co., Ltd., or Huai'an Lizhi, was established in the PRC, respectively. In March 2017, Wuhan Lizhi Network Technology Co., Ltd., or Wuhan Lizhi, was established in the PRC. In January, February and April 2019, each of Guangzhou Moyin Network Technology Co., Ltd., Guangzhou Teqi Network Technology Co., Ltd. and Chongqing Piwan Network Technology Co., Ltd. was established in the PRC, respectively. These entities are wholly and directly held by Guangzhou Lizhi and provide supporting services to our *Lizhi* app.

In July 2016, Guangzhou Huanliao Network Technology Co., Ltd., was established in the PRC by Guangzhou Lizhi. Currently, Guangzhou Huanliao does not have any substantial business operations. In March 2019, Guangzhou Tiya, our wholly owned subsidiary, was established in the PRC. In May 2019, Guangzhou Tiya entered into a series of contractual arrangements with Guangzhou Huanliao and then shareholder of Guangzhou Huanliao, by which Guangzhou Tiya may exert control over Guangzhou Huanliao and consolidate Guangzhou Huanliao's financial statements under U.S. GAAP. For details, please refer to "Corporate History and Structure—Contractual Arrangements with Our VIEs and Their Respective Shareholders."

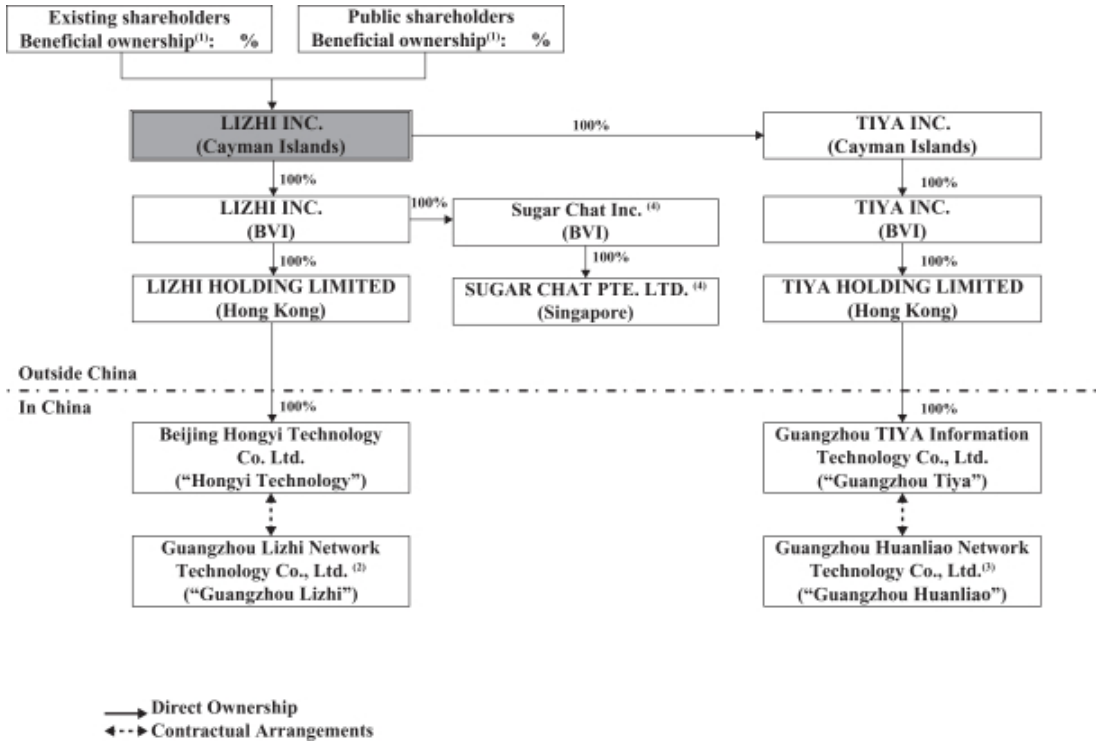
As such, we refer to each of Hongyi Technology and Guangzhou Tiya as our wholly foreign owned entity, or WFOE, and to each of Guangzhou Lizhi and Guangzhou Huanliao as our variable interest entity, or VIE, in this prospectus.

In January 2019, LIZHI INC., our current ultimate holding company, was incorporated under the laws of the Cayman Islands as part of the restructuring transactions in contemplation of this offering. In connection with its incorporation, in March 2019, we completed a share swap transaction and issued ordinary and preferred shares of LIZHI INC. to the then existing shareholders of LIZHI INC., or Lizhi BVI, a company incorporated under the laws of the British Virgin Islands, based on their then respective equity interests held in Lizhi BVI. Lizhi BVI then became our wholly owned subsidiary. For details of the issuances of shares by LIZHI INC. to its shareholders prior to this offering, please refer to "Description of Share Capital—History of Securities Issuances."

In April 2019, SUGAR CHAT PTE. LTD. was incorporated under the laws of Singapore for the purposes of carrying out our overseas operations.

We are a holding company and do not directly own any substantive business operations in the PRC. We currently focus our business operations within the PRC through our VIEs, Guangzhou Lizhi and Guangzhou Huanliao. See "Risk Factors—Risks Related to Our Corporate Structure." Guangzhou Lizhi and Guangzhou Huanliao and their respective subsidiaries hold our ICP License, Internet Culture Operation License, Radio and Television Program Production and Operating Permit, and other licenses or permits that are necessary for our business operations in the PRC.

The following diagram illustrates our corporate structure, including our significant subsidiaries and VIEs, immediately upon the completion of this offering, assuming no exercise of the over-allotment option granted to the underwriters.



Notes:

(1) Beneficial ownership percentages represent beneficial ownership of our total issued and outstanding share capital immediately after the completion of this offering, assuming the underwriters do not exercise their over-allotment option. Beneficial ownership is determined in accordance with the rules and regulations of the SEC. 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, warrant, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

(2) The shareholders of Guangzhou Lizhi and their relationship with our company are as follows: (i) Mr. Jinnan (Marco) Lai (84.81%), our founder, Chief Executive Officer and director, and the sole shareholder of VOICE WORLD Ltd, one of our shareholders; (ii) Mr. Ning Ding (7.50%), our co-founder, Chief Technology Officer and director, and the sole shareholder of AI VOICE Ltd, one of our shareholders; and (iii) Zhuhai Dayin Ruoxi Enterprise Management Center (Limited Partnership) (formerly known as Zhuhai Dayin Ruoxi Investment Development Center (Limited Partnership) (珠海市大音若希企业管理中心 (有限合伙)) (7.69%), 99.17% of whose interest is owned by Mr. Jinnan (Marco) Lai. Guangzhou Lizhi operates our *Lizhi* app.

(3) The sole shareholder of Guangzhou Huanliao is Mr. Ning Ding, our co-founder, Chief Technology Officer and director. Guangzhou Huanliao currently does not have any substantial business operations.

(4) Sugar Chat Inc. and SUGAR CHAT PTE. LTD. currently focus on our overseas business.

OUR CORPORATE INFORMATION

Our principal executive offices are located at Yangcheng Creative Industry Zone, No. 309 Middle Huangpu Avenue, Tianhe District, Guangzhou 510655, People's Republic of China. Our telephone number at this address is +86 20 8381-8791. Our registered office in the Cayman Islands is located at the offices of Osiris International

Cayman Limited, Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands. Our agent for service of process in the United States is Cogency Global Inc. located at 10 E. 40th Street, 10th Floor, New York, NY 10016. Investors should submit any inquiries to the address and telephone number of our principal executive offices. Our corporate website is *www.lizhi.fm*. The information contained on our website is not a part of this prospectus.

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 (as amended by the Fixing America's Surface Transportation Act of 2015), 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, in the assessment 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. Pursuant to the JOBS Act, we have elected to take advantage of the benefits of this extended transition period for complying with new or revised accounting standards as required when they are adopted for public companies. As a result, our operating results and financial statements may not be comparable to the operating results and financial statements of other companies who have adopted the new or revised accounting standards.

We will remain as an emerging growth company until the earliest of (i) the last day of our fiscal year during which we have total annual gross revenues of at least US$1.07 billion; (ii) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (iii) the date on which we have, during the previous three-year period, issued more than US$1.0 billion in non-convertible debt; or (iv) 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 our 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. For details, please refer to "Risk Factors—Risks Related to This Offering and our American Depositary Shares—We are an emerging growth company and may take advantage of certain reduced reporting requirements."

CONVENTIONS WHICH APPLY TO THIS PROSPECTUS

Unless we indicate otherwise, all information in this prospectus reflects the following:

- no exercise by the underwriters of their over-allotment option to purchase up to additional ADSs representing ordinary shares; and

Except where the context otherwise requires and for purposes of this prospectus only:

- "ACG" refers to animation, comics and games;
- "AI" refers to artificial intelligence;
- "active users" refers to users who visited our *Lizhi* app at least once in a given period, measured by the number of mobile devices that launched our mobile app in a given period. The number of active users is calculated by treating each distinguishable mobile device as a separate user even though some

individuals may access our platform using more than one mobile device and multiple individuals may access our services using the same mobile device. An active user is not necessarily a registered user, since one does not have to register with our *Lizhi* app in order to access our audio content;

- "ADSs" refers to the American depositary shares, each representing of our ordinary shares;
- "audio entertainment mobile MAUs" refers to the number of active users who have accessed our audio entertainment products in a given month;
- "audio entertainment paying ratio" in a given period is calculated by dividing (i) average audio entertainment paying users in such period by (ii) average audio entertainment mobile MAUs in the same period;
- "audio entertainment paying user" refers to a paying user that has purchased virtual items for our audio entertainment products at least once during the relevant period;
- "average audio entertainment paying users" refers to the monthly average number of audio entertainment paying users in a given period, calculated by dividing (i) the total number of audio entertainment paying users in each month of such period by (ii) the number of months in the same period;
- "average paying users" refers to the monthly average number of paying users in a given period, calculated by dividing (i) the total number of paying users in each month of such period by (ii) the number of months in the same period;
- "China" or "PRC" refer to the People's Republic of China, excluding, for the purpose of this prospectus only, Taiwan, Hong Kong and Macau;
- "guild" refers to an organized group of hosts that recruit, manage, train and support its member hosts;
- "iResearch" refers to iResearch Consulting Group;
- "MAUs" refers to the number of active users in a given month;
- "MENA" refers to the Middle East and North Africa;
- "monthly active hosts" refers to the total number of users who accessed our *Lizhi* app as a host in a given month;
- "ordinary shares" prior to the completion of this offering refers to our ordinary shares of par value US$0.0001 per share;
- "paying user" refers to an user that has purchased virtual items or subscribed for paid podcasts at least once during the relevant period. A paying user is not necessarily a unique user, however, as a unique user may set up multiple user accounts on our platform. The number of paying users we present in this prospectus may not be equal to the number of unique individuals who actually purchase or consume virtual items or subscribe for paid podcasts on our platform for any given period;
- "RMB" or "Renminbi" refers to the legal currency of the PRC;
- "total mobile MAUs" refers to the number of active users of our *Lizhi* app in a given month;
- "total paying ratio" in connection with our *Lizhi* app for a given period is calculated by dividing (i) the average paying users in such period by (ii) the average total mobile MAUs in such period;
- "UGC" refers to user-generated content;
- "user click-through rate" on a given day is calculated by dividing (i) the number of mobile devices through which users click podcasts or audio entertainment programs by (ii) the number of mobile devices that received recommendations of such content on our platform;
- "US$," "dollars" or "U.S. dollars" refers to the legal currency of the United States;
- "VIEs" refers to variable interest entities; and

- "We," "us," "our company," and "our," refer to LIZHI INC., a Cayman Islands company, its subsidiaries, VIEs and the subsidiaries of its VIEs.

We have made rounding adjustments to some of the figures included in this prospectus. Accordingly, numerical figures shown as totals or percentages may not be an arithmetic calculation of the figures that preceded them.

This prospectus contains information derived from various public sources and certain information from an industry report dated August 6, 2019, as supplemented, that was commissioned by us and prepared by iResearch Consulting Group, or iResearch, a third-party industry research firm, to provide information regarding our industry and market position in China. We refer to this report as the iResearch Report. Such information involves a number of assumptions and limitations, and you are cautioned not to give undue weight to these estimates. The industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the "Risk Factors" section. These and other factors could cause results to differ materially from those expressed in these publications and reports.

Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this prospectus are made at RMB6.8755 to US$1.00, the exchange rate set forth in the H.10 statistical release of the Federal Reserve Board on December 28, 2018. We make no representation that any Renminbi or U.S. dollar amounts 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 2, 2019, the noon buying rate for Renminbi was RMB6.9387 to US$1.00.

THE OFFERING	
Offering price	We currently estimate that the initial public offering price will be between US$ and US$ per ADS.
ADSs offered by us	ADSs (or ADSs if the underwriters exercise their over-allotment option in full).
The ADSs	Each ADS represents ordinary shares, par value US$0.0001 per share. The depositary will hold the ordinary shares underlying the ADSs. You will have rights as provided in the deposit agreement. We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our ordinary shares, the depositary will pay you the cash dividends and other distributions it receives on our ordinary shares, after deducting its fees and expenses in accordance with the terms set forth in the deposit agreement. You may turn in the ADSs to the depositary in exchange for ordinary shares. The depositary will charge you fees for any exchange. We may amend or terminate the deposit agreement without your consent. If you continue to hold the ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended. To better understand the terms of the ADSs, you should carefully read the "Description of American Depositary Shares" section of this prospectus. You should also read the deposit agreement, which is filed as an exhibit to the registration statement that includes this prospectus.
Ordinary shares	We will issue ordinary shares represented by ADSs in this offering. All options, regardless of grant dates, will entitle holders to the equivalent number of ordinary shares once the vesting and exercising conditions on such share-based compensation awards are met. See "Description of Share Capital."
Ordinary shares outstanding immediately after this offering	Immediately upon the completion of this offering, ordinary shares will be outstanding, comprising ordinary shares, par value US$0.0001 per share (or ordinary shares if the underwriters exercise their option to purchase additional ADSs in full).

Over-allotment option	We have granted to the underwriters an option, which is exercisable within 30 days from the date of this prospectus, to purchase up to an aggregate of additional ADSs.
Use of proceeds	We expect to receive net proceeds of approximately US$ million from this offering, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We plan to use % of the net proceeds of this offering to develop innovative products, % to invest in the application of our AI technologies, and % to expand our overseas operations, as well as % for general corporate purposes. See "Use of Proceeds."
Listing	We intend to apply to list the ADSs representing our ordinary shares, par value $0.0001 per share, on the [New York Stock Exchange, or NYSE,] / [Nasdaq Global Select Market, or Nasdaq] under the symbol "LIZI."
Lock-up	We, [our directors and executive officers, our existing shareholders and certain of our option holders] have agreed with the underwriters, subject to certain exceptions, not to sell, transfer or dispose of, directly or indirectly, any of ADSs or ordinary shares or securities convertible into or exercisable or exchangeable for the ADSs or ordinary shares for a period of [180] days after the date of this prospectus. See "Shares Eligible for Future Sale" and "Underwriting" for more information.
Payment and settlement	The underwriters expect to deliver the ADSs against payment therefor through the facilities of The Depository Trust Company on , 2019.
Depositary	
[Directed share program	At our request, the underwriters have reserved for sale, at the initial public offering price, up to an aggregate of ADSs offered in this offering to our directors, officers, employees, business associates and related persons.]
Risk factors	See "Risk Factors" and other information included in this prospectus for discussions of the risks relating to investing in the ADSs. You should carefully consider these risks before deciding to invest in the ADSs.

OUR SUMMARY CONSOLIDATED FINANCIAL DATA AND OPERATING DATA

The following summary consolidated statements of operations and comprehensive loss data for the years ended December 31, 2017 and 2018, summary consolidated balance sheets data as of December 31, 2017 and 2018 and summary consolidated cash flows data for the years ended December 31, 2017 and 2018 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of results expected for future periods. You should read this Summary Consolidated Financial Data and Operating Data section together with our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

	For the Year Ended December 31,		
	2017	2018	
	RMB	RMB	US$
	(in thousands, except for share and per share data)		
Net revenues	453,529	798,561	116,146
Cost of revenues	(330,822)	(565,634)	(82,268)
Gross profit	**122,707**	**232,927**	**33,878**
Operating expenses:			
Selling and marketing expenses	(206,795)	(135,014)	(19,637)
General and administrative expenses	(22,645)	(26,702)	(3,884)
Research and development expenses	(43,189)	(83,209)	(12,102)
Total operating expenses	**(272,629)**	**(244,925)**	**(35,623)**
Other (expenses)/income:			
Interest (expenses)/income, net	(2,008)	221	32
Foreign exchange losses	(3,563)	(58)	(8)
Investment losses	—	(458)	(67)
Government grants	2,033	3,626	527
Others, net	(205)	(675)	(98)
Loss before income taxes	**(153,665)**	**(9,342)**	**(1,359)**
Income tax expense	—	—	—
Net loss	**(153,665)**	**(9,342)**	**(1,359)**
Accretions to preferred shares redemption value	(291,275)	(216,185)	(31,443)
Net loss attributable to our Company's ordinary shareholders	**(444,940)**	**(225,527)**	**(32,802)**
Net loss	**(153,665)**	**(9,342)**	**(1,359)**
Other comprehensive (loss)/income:			
Foreign currency translation adjustments	(876)	2,649	385
Total other comprehensive (loss)/income	**(876)**	**2,649**	**385**
Comprehensive loss	**(154,541)**	**(6,693)**	**(974)**
Accretions to preferred shares redemption value	(291,275)	(216,185)	(31,443)
Comprehensive loss attributable to our Company's ordinary shareholders	**(445,816)**	**(222,878)**	**(32,417)**
Net loss attributable to our Company's ordinary shareholders per share			
Basic	(1.73)	(0.87)	(0.13)
Diluted	(1.73)	(0.87)	(0.13)
Weighted average number of ordinary shares			
Basic	260,000,000	260,000,000	260,000,000
Diluted	260,000,000	260,000,000	260,000,000

Consolidated Balance Sheets Data

The following table presents our summary consolidated balance sheets data as of December 31, 2017 and 2018.

	As of December 31,				
	2017	2018		2018	
	Actual	Actual		Pro forma(1) (Unaudited)	
	RMB	RMB	US$	RMB	US$
	(in thousands)				
Summary Consolidated Balance Sheets Data:					
Cash and cash equivalents	206,509	205,604	29,904	205,604	29,904
Total current assets	231,056	218,013	31,709	218,013	31,709
Total non-current assets	11,491	18,646	2,712	18,646	2,712
Total assets	**242,547**	**236,659**	**34,421**	**236,659**	**34,421**
Accounts payable	52,454	76,715	11,158	76,715	11,158
Deferred revenue	5,878	10,668	1,552	10,668	1,552
Salary and welfare payable	24,317	39,521	5,748	39,521	5,748
Other tax payable	1,213	4,884	710	4,884	710
Accrued expenses and other current liabilities	71,147	24,026	3,494	24,026	3,494
Total current liabilities	**155,009**	**155,814**	**22,662**	**155,814**	**22,662**
Total liabilities	**155,009**	**155,814**	**22,662**	**155,814**	**22,662**
Total mezzanine equity	790,619	1,006,804	146,433	—	—
Total shareholders' (deficit)/equity	(703,081)	(925,959)	(134,674)	80,845	11,759
Total liabilities, mezzanine equity and shareholders' (deficit)/equity	**242,547**	**236,659**	**34,421**	**236,659**	**34,421**

Note:
(1) The unaudited consolidated balance sheet data as of December 31, 2018 on a pro forma basis reflects the automatic conversion of all of our outstanding series A, B, C, C1, C1+, D and D1 preferred shares into 569,036,090 ordinary shares immediately prior to the completion of this offering.

The following table presents our summary consolidated cash flows data for the years ended December 31, 2017 and 2018.

	For the Year Ended December 31,		
	2017	2018	
	RMB	RMB	US$
	(in thousands)		
Net cash (used in)/generated from operating activities	(31,334)	13,962	2,031
Net cash used in investing activities	(13,195)	(17,375)	(2,528)
Net cash generated from financing activities	237,787	—	—
Effect of foreign exchange rate changes on cash and cash equivalents	(5,152)	2,508	365
Net increase/(decrease) in cash and cash equivalents	**188,106**	**(905)**	**(132)**
Cash and cash equivalents at the beginning of the year	**18,403**	**206,509**	**30,036**
Cash and cash equivalents at the end of the year	**206,509**	**205,604**	**29,904**

Key Operating Data

The following table presents our key operating data for the periods indicated:

	For the Three Months Ended								
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
	(in thousands, except for audio entertainment paying ratio)								
Average Total Mobile MAUs	25,473	27,093	25,263	28,466	30,964	33,777	36,776	38,767	40,747
Average Audio Entertainment Mobile MAUs	3,028	3,274	3,141	3,301	3,517	3,767	4,151	4,536	4,767
Average Audio Entertainment Paying Users	62.1	95.9	150.0	180.5	202.4	222.7	246.1	253.1	280.6
Audio Entertainment Paying Ratio	2.1%	2.9%	4.8%	5.5%	5.8%	5.9%	5.9%	5.6%	5.9%

RISK FACTORS

You should consider carefully all of the information in this prospectus, including the risks and uncertainties described below and our consolidated financial statements and related notes, before making an investment in our ADSs. Any of the following risks and uncertainties could have a material adverse effect on our business, financial condition, results of operations and prospects. The market price of our ADSs could decline significantly as a result of any of these risks and uncertainties, and you may lose all or part of your investment.

Risks Related to Our Business and Industry

If we fail to retain our existing users, to keep them engaged, to further grow our user base or to increase paying ratio, our business, operation, profitability and prospects may be materially and adversely affected.

The size of our user base and the level of our user engagement are critical to our success. We generate substantially all of our net revenues from virtual gift sales for our audio entertainment. Therefore, our success in monetization primarily depends on our ability to maintain and increase the size of our user base and user engagement level. If our user base decreases or stops growing, our users become less active or interested, or the quality and quantity of our paying user base deteriorate, it is probable that they would spend less on our platform or access our platform less often in general. As a result, our business, financial condition and results of operations will be materially and adversely impacted.

Maintaining and improving the current size of user base and level of user engagement are critical to our continued success. To do so, we would have to ensure, among other things, that we adequately and timely respond to changes in user preferences, attract and retain popular hosts, continue to provide user-friendly experience and improve user experience, and curate our hosts to offer new and high-quality features and content that attract new users while keep the existing users interested. There is no guarantee that we could meet all of these goals. A number of factors could negatively affect user retention, growth and engagement, including if:

- we fail to provide sufficient, high-quality user-generated audio content that keep our users interested and draw them to our platform;
- we are unable to provide user-friendly experience to our hosts or users or continue innovating our products to improve user experience;
- we fail to identify key changes in user preferences in a timely manner or effectively respond to the changing user preferences;
- we fail to keep pace with changes in technologies;
- technical or other problems prevent us from delivering our services in a rapid and reliable manner or otherwise adversely affect the user experience;
- we fail to comply with applicable laws and regulations, including those related to illegal or inappropriate content;
- our hosts fail to keep our users engaged with our services or platform;
- we suffer from negative publicity, fail to maintain our brand or if our reputation is damaged;
- we fail to address user concerns related to privacy and communication, safety, security or other factors; and
- there are adverse changes in our services that are mandated by, or that we elect to make to address, legislation, regulations, government mandates or app store policies.

The PRC government may further tighten the regulation on online audio and entertainment platforms, which may materially and negatively affect our reputation, business, financial condition and results of operations.

The PRC government has closely regulated the online audio and entertainment platforms in the past and may continue to tighten the regulation and control on those platforms. In accordance with the Notice on Further

Regulating the Order of Online Audio-Visual Program Dissemination, which was issued by State Administration of Press, Publication, Radio, Film and Television and became effective on March 16, 2018, online program service providers are forbidden to illegally seize, edit and adapt audio-visual programs, and online program service providers shall enhance management of certain audio-visual programs and naming and sponsorship of programs on their platforms. The provincial press, publication, radio and television administrative authorities shall supervise the local audio-visual program websites to further improve the program content monitoring system and ensure the online program service providers to fully implement the relevant requirements.

In August 2018, the National Office of Anti-Pornography and Illegal Publication, or the NOAPIP, the MIIT, the Ministry of Public Security, the Ministry of Culture and Tourism, the National Radio and Television Administration and the Cyberspace Administration of China jointly issued the Notice on Strengthen the Management of Live Streaming Service, which required a real-name registration system for users to be put in place by live streaming service providers. Under this real-name registration system, we validate the identity information of the registered users primarily based on their mobile numbers. Currently, we are not required to obtain information such as legal names, citizen identification cards or other personal information during the registration process to validate the identify information of our users who are not a host. However, the PRC government may further tighten the real-name registration requirements or require us to implement a more thorough compulsory real-name registration system for all users on our platform in the future. If we were required to implement a more rigid real-name registration system for users on our platform, potential users may be deterred from registering with our platform, which may in turn negatively affect the growth of our user base and prospect.

On June 28, 2019, the Office of the Central Cyberspace Affairs Commission of China, or CAC, launched a campaign against illegal activities and inappropriate content on online audio platforms and undertook restrictive measures against 26 online audio platforms, including suspending the operation of a new audio social network app recently launched by us in December 2018, along with a number of other audio social network apps, for an indefinite period of time. Given the immaterial contributions of such app to our business, we currently do not expect its suspension to have a material and adverse impact on our business, financial condition, results of operations and prospects. In the same campaign, CAC also notified Apple's and Android's App Stores to suspend downloading services of our *Lizhi* app along with a number of other online audio platforms for a period of 30 days starting from June 28, 2019, mainly because certain audio content on our platform was, as of such time, considered to be inappropriate by the governmental authority. During this period, we were allowed to maintain normal operations of our *Lizhi* app that have been already installed by our existing users on their mobile devices and were required to adopt enhanced measures to improve our content monitoring system. Subsequent to such campaign, we submitted a report to CAC on the enhanced measures taken by us, including building a more comprehensive training mechanism for our content monitoring team, enhancing our AI-enabled content monitoring technologies and applying more stringent compliance training and management programs to our hosts. See "—Our content monitoring system may not be effective in preventing misconduct by our platform users and misuse of our platform and such misconduct or misuse may materially and adversely impact our business, financial condition and results of operations." As of the date of this prospectus, CAC has lifted the suspension on downloading services of our *Lizhi* app. Our *Lizhi* app is currently available for download in all major app stores, including Apple's and Android's App Stores. Due to such temporary suspension, the growth of our user base and user spending, as well as our revenues and results of operations for the rest of 2019, may be adversely affected. According to an interview with the relevant governmental authority, the campaign was not specifically targeting our apps but was rather an action to regulate and improve the online audio industry as a whole. However, if the PRC government undertakes further actions against our platform, our business, financial condition, and results of operations may be further adversely affected.

We also do not have full control over the behaviors of our hosts and users and the content generated by them, and therefore cannot assure you that our platform would not be misused by others to engage in illegal or inappropriate activities. Due to the uncertainty of the evolving regulatory regime in the PRC, we may be subject to tightened implementation of applicable regulations in the future and additional restrictive measures may be

imposed upon our platform. Accordingly, we may be required to change our business strategies, substantially change the functions of our products, impose restrictions on user behaviors and content creation, or adjust our monetization methods. Also, we cannot assure you that our new products or features will meet the requirements of governmental authorities in China in a timely manner, or at all.

We may fail to attract, cultivate and retain talented and popular hosts, which may materially and negatively affect our user retention and thus our business and operations.

As of March 31, 2018 and 2019, we had approximately 39.9 million and 52.2 million hosts on our *Lizhi* app. Certain hosts are able to attract a large follower base. Hosts are rewarded usually for their high-quality content, which are the primary contributors to user stickiness on our platform and are hard to be replicated by other hosts. The total number of *Golden Coins*, our virtual currency, spent by our paying users to send virtual gifts to our top 100 hosts and top 10 hosts represented approximately 29.3% and 9.2% of the total number of *Golden Coins* spent by our paying users in 2018, respectively. Certain of these top hosts received a large portion of their virtual gifts from a limited number of paying users.

Although we have signed contracts with some of our hosts or guilds that contain non-compete clauses, popular hosts may still choose to depart us when their contract period ends, and their departure may cause a corresponding decline in our user base. Sometimes, our hosts may leave us to join a competing platform, whereas hosts from a competing platform may also choose to join us, in both of which scenarios legal and commercial dispute may arise. These disputes may distract management and impose additional costs on us. Departures of our hosts, particularly popular hosts, will have a negative impact on our user retention and reputation which may be material to our operations. To retain popular hosts, we must devise better compensation schemes, improve our monetization capabilities and help the popular hosts reach a wider audience. Although we strive to improve ourselves in these respects, we cannot guarantee that our hosts will not leave us even if we do our best to retain them.

Meanwhile, we strive to discover and cultivate promising hosts. We cannot guarantee that the performance metrics and technology we use to track promising hosts will enable us to identify future popular hosts. We have developed AI technologies to identify the audio content that may become a hit and discover those hosts with unique and high-quality content. Then we train those hosts with necessary skillsets and, sometimes via guilds, promote those hosts on our platform. See “Business—Our Business —Our Content Creators.” Some of the hosts we identify as promising may turn out to be underperforming, and we may also fail to spot truly promising hosts in early stages of their career. In addition to a waste of resources, either one of these scenarios could prevent us from cultivating top hosts, which could weaken our core competitive strength against competing platforms and thus cause an outflow of users to those platforms.

Our content monitoring system may not be effective in preventing misconduct by our platform users and misuse of our platform and such misconduct or misuse may materially and adversely impact our business, financial condition and results of operations.

Our platform allows hosts to publish and users to listen to podcasts, participate in audio entertainment activities and engage in interactions with each other. Our audio entertainment provides a virtual space for our users and hosts to discuss, share, comment and express themselves. Because we do not have timely or sufficient control over the activities conducted by our hosts and users and the content generated by them, our platform may be misused by others to engage in illegal or inappropriate activities, or other activities that require permits, license or approval from the governmental authorities. If any illegal or unauthorized content is found on or linked to our platform, we as the service provider may be held liable for infringement of the rights of our hosts or users or violation of relevant PRC laws and regulations. The government may impose other legal sanctions against us, including, in serious cases, suspending or revoking the licenses needed to operate our platform.

We have deployed AI-based technologies supplemented by a team of approximately 170 people, primarily consisting of staff outsourced from third parties, to monitor content for any illegal, fraudulent or inappropriate

content or activities on our platform. See "Business—Content Monitoring System." If our AI system fails to interpret true and improper meaning of certain content, or if our monitoring team draws incorrect decision as to legality of certain content, illegal or unauthorized content may become accessible to our users via our platform and expose us to various risks which may materially and adversely impact our business, financial condition and results of operations. Despite our efforts to monitor content on our platform and the actions of the hosts and users, our platform was previously subject to restrictive measures taken by the government authority in the past for insufficient monitoring system. As a result of such incidents, we have adopted a more stringent content monitoring system to meet the tightened regulatory standards and to screen and remove all inappropriate content stored on our platform. See "—The PRC government may further tighten the regulation on online audio and entertainment platforms, which may materially and negatively affect our reputation, business, financial condition and results of operations." However, we cannot assure you that our content monitoring system is sufficient to detect all improper or illegal content or activities in the future. We can neither assure you that we will not be subject to fines and other penalties in the future for improper or illegal content or activities on our platform.

We may also face tortious liabilities to third party for infringement of their rights. See "—We may be liable for intellectual property infringement with respect to content displayed on, retrieved from or linked to our platform which may materially and adversely affect our business, financial condition and prospects" and "—We may be held liable for information or content displayed on, retrieved from or linked to our platform, if such content is deemed to violate any PRC laws or regulations, or for improper or fraudulent activities conducted on our platform, and PRC authorities may impose legal sanctions on us and our reputation may be damaged."

We may fail to offer attractive audio content on our platform.

In response to users' growing interests, we have been devoted to expanding and diversifying our content offerings. If we fail to continue to expand and diversify our audio content offerings, identify trending and popular genres, or maintain the quality of our content, we may experience decreased user traffic and engagement, which may materially and adversely affect our business, financial condition and results of operations.

In addition, we largely rely on our hosts to create high-quality audio content as almost all of our audio content offerings are generated by users. We have in place a revenue sharing mechanism to encourage hosts to supply content that are attractive to our users. However, if we fail to observe the latest trends and timely guide hosts and guilds accordingly, or fail to attract or maintain a good relationship with hosts who are capable of creating content based on popular genres, or if hosts fail to produce popular content, our users number may decline and our business, financial condition and results of operations may be materially and adversely affected.

We have incurred net losses in the past, and we may continue to incur losses in the future.

In 2017 and 2018, we incurred a net loss of RMB153.7 million and RMB9.3 million (US$1.4 million) respectively. Although our net loss has decreased significantly in 2018 as compared to 2017, such trend may not result in a net profit in 2019 or the upcoming years, and we may continue to be unprofitable for the foreseeable future. The time it will take for us to eventually achieve profitability hinges on our ability to grow rapidly in a cost-effective way, and we may not be able to grow this way successfully.

Our ability to sustain profitability is affected by various external factors, many of which are beyond our control, such as the continual development of online audio and entertainment in China. We cannot assure you that we will be able to improve profitability in the future.

We may again incur losses in the near future due to our continued investment in services, technologies, research and development and our continued sales and marketing initiatives. Changes in the macroeconomic and regulatory environment or competitive dynamics and our inability to respond to these changes in a timely and effective manner may also impact our profitability. Accordingly, we cannot assure you that our company will turn profitable in the short term.

Our limited operating history with a relatively new business model in a relatively new market could make it difficult to evaluate our business and growth prospects.

Our *Lizhi* app commenced operations in 2013 and we have experienced a rapid growth in the number of total mobile MAUs, paying users and net revenue since 2017. However, our growth in the recent years may not be indicative of our future performance, as our operating results represent a limited size of samples of operating results and may be hard to be repeated in the future.

Many of the elements of our business are unique and evolving. The markets for online audio platforms are relatively new and rapidly developing and are subject to significant challenges, especially in terms of maintaining a stable paying user base and attracting new paying users, as well as complying with changes in regulatory requirements on online audio content and social interactions. There is no guarantee that we may succeed in adapting to such changes in the markets.

As the online audio industry in China is relatively young, there are few proven methods of projecting user demand or available industry standards on which we can rely. Some of our current monetization methods are relatively recent innovations of the online audio industry and their long-term sustainability have not been tested. Meanwhile, we have explored and will continuously explore new monetization methods and client retention strategies, which may or may not be a success. For example, we launched *Friends Hall*, an interactive audio product, in December 2017 after strategic planning and regional experiments. After launch, *Friends Hall* has been well received by our users. Due to the initial success of the interactive audio products, we plan to continue to strengthen and expand our interactive audio product offerings. We cannot assure you that our efforts will continue to achieve satisfactory results. Neither could we assure you that our ongoing and future attempts to innovate our communities and monetize our users will always be successful, profitable or accepted, and therefore the income potential of our business is difficult to gauge. In addition, any new and experimental products that we may develop and launch in the future may not be well received by our targeted users and may be affected by adverse industry trends such as evolving development, interpretation and implementation of applicable laws and regulations. See "—The PRC government may further tighten the regulation on online audio and entertainment platforms, which may materially and negatively affect our reputation, business, financial condition and results of operations."

Our growth prospects should be considered in light of the risks and uncertainties that fast-growing early-stage companies with limited operating history in an evolving industry may encounter, including, among others, risks and uncertainties regarding our ability to:

- develop new monetization methods;
- provide new content that is appealing to our users;
- adapt to and comply with the evolving regulatory framework on online audio and entertainment;
- compete with other innovative forms of entertainment for our users' time;
- maintain stable relationships with popular hosts; and
- expand to new geographic markets with high growth potential.

Addressing these risks and uncertainties will require significant capital expenditures and allocation of valuable management and employee resources. If we fail to successfully address any of the above risks and uncertainties, the size of our user base, our revenue and operating margin may decline.

If we fail to obtain or maintain the required licenses and approvals or if we fail to comply with laws and regulations applicable to our industry, our business, financial condition and results of operations may be materially and adversely affected.

The internet industry in China is highly regulated, which requires certain licenses, permits, filings and approvals to conduct and develop business. Currently, we have obtained valid ICP License for provision of internet information services, Internet Culture Operation License for operating online music products and online performances, Radio and Television Program Production and Operating Permit for producing radio program through our PRC VIEs.

Due to the uncertainties of interpretation and implementation of existing and future laws and regulations, the licenses we held may not be sufficient to meet regulatory requirements, which may restrain our ability to expand our business scope and may subject us to fines or other regulatory actions by relevant regulators if our practice is deemed as violating relevant laws and regulations. As we further develop and expand our business scope, we may need to obtain additional qualifications, permits, approvals or licenses. Moreover, we may be required to obtain additional licenses or approvals if the PRC government adopts more stringent policies or regulations for our industry.

For example, according to the Administrative Provisions on Internet Audio-visual Programs Services which was jointly promulgated by the State Administration for Radio, Film and Television, or SARFT, which is the predecessor of the State Administration of Press, Publication, Radio, Film and Television, and Ministry of Information Industry of the PRC, which is the predecessor of the Ministry of Industry and Information Technology of the PRC, or SAPPRFT, came into effect on January 31, 2008, and amended on August 28, 2015, or Audio/Video Measures, to engage in the business of online transmitting audio-visual programs, a License for Online Transmission of Audio-visual Programs, or Audio-visual License, is required.

According to the Notice on Implementing Provincial Investigation on Live Streaming Services for Online Audio-visual Programs issued by SAPPRFT of the Guangdong Province on September 26, 2016, or Guangdong Province Letter, with respect to live streaming services, only those covering (i) major political, military, economics, social, cultural, sports activities or reality event streaming or (ii) activities such as general social cultural activities or sports events are required to apply for an Audio-visual License. The Guangdong Province Letter further stated that live streaming platforms offering online shows, online games and online drama performances are not required to obtain an Audio-visual License. Our PRC counsel, King & Wood Mallesons, has advised us that, based on an interview with the relevant authority, so long as our operations and the content on our platform are in compliance with applicable laws and regulations, the likelihood of such authority undertaking adverse actions against our platform due to the lack of the Audio-visual License is relatively low. However, a relevant government authority may in the future interpret the requirement of the relevant provisions of PRC law differently and may require us to obtain the Audio-visual License for our audio live streaming platform business. In addition to audio live streaming, we also allow our users to post podcasts on our platforms. We may be required to obtain the Audio-visual License for our podcasts service, which we currently do not hold. Failure to obtain the Audio-visual License or operating internet audio-visual program services without the Audio-visual License may result in fines or other penalties being imposed to us or forbid us from performing our audio content business, which may materially and adversely affect our business, financial conditions and results of operations.

In addition, to expand our business scope and explore innovative business models, we have adopted and will continue to adopt various operating strategies and measures. Due to the uncertainties of interpretation and application of pertinent laws by the government authority, we cannot guarantee that such strategies and measures will not be challenged under PRC laws and regulations and if so, relevant PRC government authorities may issue warnings, order us to rectify our violating operations and impose fines on us. In the case of serious violations as determined by relevant authorities at their discretion, they may ban the violating operations, seize our equipment in connection with such operations, impose a fine or revoke the license, which may materially and adversely affect our business.

On May 14, 2019, the Internal Office of Department of Culture and Tourism issued a notice that local culture and tourism authority will no longer be in charge of issuing approvals for Internet Culture Operation License to companies with the business scope in online gaming and publication of virtual currency. It is not clear from this notice or other applicable laws and regulations whether a second government office will regulate the online gaming and publication of virtual currency by form of an approval license or other methods. Our Internet Culture Operation License was renewed in July 2019. We currently plan to apply for permit or approval on virtual currency operation from the applicable authority once the regulatory body is clarified.

Moreover, according to the Measures for Online Publication Service Administration, or Online Publication Measures, which was jointly promulgated by the SAPPRFT and Ministry of Industry and Information Technology of the PRC, or the MIIT, came into effect on March 10, 2016, or Online Publication Measures, an Online Publishing Service License is required for the provision of online publishing services. Currently, we allow hosts to upload their recorded podcasts on our platform, which may be considered as the "internet publications." As of the date of this prospectus, we have not obtained an Online Publishing Service License. If the relevant PRC government authority decides that we are operating without the proper license, we may be subject to penalties such as shutting down of the website, deletion of all relevant online publications, confiscation of income and major equipment and special tools relating to podcasts operation, fines or other penalties. As the internet industry in China is still at a relatively early stage of development, new laws and regulations may be adopted from time to time to address new issues that come to the authorities' attention. Considerable uncertainties still exist with respect to the interpretation and implementation of existing and future laws and regulations governing our business activities. We cannot assure you that we will not be found in violation of any future laws and regulations or any of the laws or regulations currently in effect due to changes in the relevant authorities' interpretation of these laws and regulations.

As of the date of this prospectus, we have not been subject to any material penalties from the relevant government authorities for failure to obtain any licenses for our business operations in the past. We cannot assure you, however, that the government authorities will not do so in the future. In addition, we may be required to obtain additional license or permits, and we cannot assure you that we will be able to timely obtain, maintain or renew all the required licenses or permits or make all the necessary filings in the future. If we fail to obtain, hold or maintain any of the required licenses or permits or make the necessary filings on time or at all, we may be subject to various penalties, such as confiscation of the net revenues that were generated through the unlicensed activities, the imposition of fines and the discontinuation or restriction of our operations. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

Our business depends on a strong brand, and any failure to maintain, protect and enhance our brand would hurt our ability to retain or expand our user and customer base, or our ability to increase their level of engagement.

In China, we market our key services under the brand "*Lizhi*." Our business and financial performance are highly dependent on the strength and the market perception of our brand and services. A well-recognized brand is critical to increasing our user base and, in turn, facilitating our efforts to monetize our services and enhancing our attractiveness to customers. Since we operate in a highly competitive market, brand maintenance and enhancement directly affect our ability to maintain our market position. From time to time, we conduct marketing activities across various media to enhance our brand and to guide public perception of our brand and services, and may further increase our marketing expenditures in the future. Also, we must continuously exercise strict quality control of our platform to ensure that our brand image is not tarnished by substandard products or services. We must also find ways to distinguish our platform from those of our competitors. If for any reason we are unable to maintain and enhance our brand recognition, or if we incur excessive expenses in this effort, our business, results of operations and prospects may be materially and adversely affected.

In addition, we must actively protect and maintain the legal ownership of our trademarks under which we market our brand and operate our platforms and business. Any failure to register or maintain the registration of

our trademarks in any geographic region in which we operate our business may result in an adverse and material effect on our operation and financial conditions. We currently have pending trademark applications that may be subject to governmental scrutiny or third-party objection, and are using certain marks and symbols that may be claimed by third parties to be an infringement on their rights over registered trademarks. Although we are currently discussing with certain third parties to obtain the trademarks applicable in such areas of operations, have engaged a special PRC intellectual property counsel to actively register our trademarks in other categories, and have taken other measures to minimize our risks of infringement, we cannot assure you that we would not be subject to trademark infringement claims due to such trademark uses by us, or that we have duly registered all the trademarks necessary for our operations with competent governmental authorities. We may also be subject to other intellectual property infringement claims. As competition intensifies and as litigation becomes a more common method for resolving commercial disputes in China, we face a higher risk of intellectual property infringement claims.

If we are unsuccessful in obtaining trademark protection for our trademarks, we may be required to change our brand names and may incur substantial costs in diverting the existing users and potential users to the entrance under a new name and may lose audience traffic to a material extent during the process. Any potential conflict over the usage of "*Lizhi*" brand may expose us to substantial legal costs and take up the time and energy of our management which could have been used on development of our business.

We may not effectively sustain our rapid growth or manage the associated expenditures, and our brand, business and results of operations may be materially and adversely affected.

We have experienced a period of significant rapid growth and expansion that impose a challenge on our management to maintain such growth in the future. However, given our limited operating history and the rapidly evolving market in which we operate, we may encounter difficulties as we establish and expand our operations, research and development, sales and marketing, and general and administrative capabilities. We cannot assure you that this level of growth will be sustainable or achieved at all in the future. We believe that our continued growth will depend on our ability to attract and retain users and high quality hosts, develop an infrastructure to service and support an expanding body of users and hosts, explore new monetization avenues, adapt to and comply with evolving regulatory framework, convert non-paying users to paying users, increase user engagement level and compete effectively in the online audio industry. We cannot assure you that we will be successful with any of the above.

To manage our growth and maintain profitability, we expect our costs and expenses to continue to increase in the future as we anticipate that we will need to continue to implement, from time to time, a variety of new and upgraded operational, informational and financial systems, procedures and controls on an as-needed basis. We will also need to further expand, train, manage and motivate our workforce and manage our relationships with hosts and users. All of these endeavors involve risks and will require substantial management efforts and skills and significant additional expenditures. Continued growth could end up straining our ability to maintain reliable service levels for all of our users and hosts, develop and improve our operational, financial, legal and management controls, and enhance our reporting systems and procedures. Managing our growth will require significant expenditures and the allocation of valuable management resources. If we fail to achieve the necessary level of efficiency in our organization as we grow, our business, operating results and financial condition could be harmed.

Our existing revenue model may not remain effective and our business may suffer if we fail to successfully implement our monetization strategies.

Our *Lizhi* app is free to access, and we generate substantially all of our net revenues from virtual gift sales to users of our audio entertainment products. As a result, our revenue is affected by our ability to increase user engagement and convert non-paying users into paying users, which in turn depends on our ability to increase user base, cultivate and maintain hosts, and provide high-quality content and other services. If we are not successful in

enhancing our ability to monetize our existing services or developing new approaches to monetization, we may not be able to maintain or increase our revenues and profits or recover any associated costs. We monitor market developments and may adjust our monetization strategies accordingly from time to time, which may result in decreases of our overall revenue or revenue contributions from some monetization channels. In addition, we may in the future introduce new services to further diversify our revenue streams, including services with which we have little or no prior development or operating experience. If these new or enhanced services fail to engage customers or platform partners, we may fail to generate sufficient revenues to justify our investments, and our business and operating results may suffer as a result.

We mainly compete with other online audio and entertainment platforms. If we are unable to compete effectively, our business and operating results may be materially and adversely affected.

Our major competitors include other online audio and entertainment platforms with an established presence in the industry, and competition in our industry remains intense. As it is unlikely that users will listen to audio programs on two platforms simultaneously, and certain top hosts sign exclusive contracts with only one platform, we compete mainly for user traffic and top hosts. If we are not able to effectively compete with our competitors, our overall user base and level of user engagement may decrease, which may result in loss of top hosts to other platforms.

To better compete with competitors which may have more cash, traffic, technological advantages, top hosts, business networks and other resources than us, we may be required to spend additional resources, which may 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 hosts. Our competitors may unilaterally decide to adopt a wide range of measures targeted at us, including approaching our top hosts, filing complaint against our platform to remove our apps from application stores, or even attacking our platform. 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.

We believe that our ability to compete effectively depends upon many factors both within and beyond our control, including:

- the popularity, usefulness, ease of use, performance and reliability of our services compared to those of our competitors, and the research and development abilities of us and our competitors;
- the unique content, services, products and interactive community we offer on our platform that distinguish ourselves from other competing platforms;
- changes mandated by, or that we elect to make to address, legislation, regulations or government policies, some of which may have a disproportionate effect on us;
- acquisitions or consolidation within our industry, which may result in more formidable competitors; and
- our reputation and brand strength relative to our competitors.

In addition, our users have a vast array of entertainment choices. Other forms of entertainment, such as online video streaming, social networking, traditional PC and console games, as well as more traditional mediums such as television, movies and sports, are much more well-established in mature 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.

Our revenue growth is heavily dependent on our paying user base. If we fail to grow our paying user base, our revenue may not increase, which may materially and adversely affect our business operation and financial results.

The number of our paying users had generally increased since 2017. Our monthly average paying users for audio entertainment increased from approximately 202,500 in the first quarter of 2018 to approximately 280,600 in the first quarter of 2019. Whether we can continue this trend of growth depends on many factors, and many of them are out of our control. For example, our paying users may have less disposable income as they need to meet financial obligations elsewhere, they may decide to no longer support a particular host that they used to follow financially, and an overall worsening economic condition can lower disposable income for all existing paying users, causing them to spend less on our platform. We expect that our business will continue to be heavily dependent on revenue collected from paying users in the near future. Any decline in the number or quality of our paying user base or our paying ratio may materially and adversely affect our results of operations and financial results. See "—Our existing revenue model may not remain effective and our business may suffer if we fail to successfully implement our monetization strategies."

In addition, total cash received from our top 100 paying users accounted for approximately 18.4% of the total cash proceeds received from our paying users in 2018. Also, since a unique user may set up multiple user accounts on our platform, contribution of our top 100 unique users in terms of total purchase on our platform may be even more significant. As a material portion of our revenue is contributed by certain key paying users, if we fail to maintain the number of such key paying users or their purchase on our platform, our operations and financial results may be materially and adversely affected.

We cooperate with various guilds to cultivate and organize our hosts. If we are not able to maintain our relationship with guilds, our operations may be materially and adversely affected.

We cooperate with guilds to cultivate and organize hosts on our platform. As we are an open platform that welcomes all hosts to register on our websites, we believe cooperation with guilds increases our operational efficiency in terms of discovering, supporting and managing hosts in a more organized and structured manner.

We pay our hosts and their guild fees determined based on a percentage of revenue from virtual gift sales that is attributed to the hosts' programs according to the three-party contractual arrangements among us, hosts and their guilds. From time to time, there may be contractual disputes between hosts, guilds and/or us or involving a third party. Any such disputes may not only be costly and time-consuming to solve, but may also be detrimental to the quality of the content produced by our hosts, causing our hosts or guilds to leave our platform, decrease user engagement on our platform or otherwise adversely affect our business, financial condition and results of operations. In addition, many of those contractual arrangements with guilds are not exclusive. If we are not able to maintain our relationship with guilds, they may choose to devote their resources to hosts who release programs on the other platforms, or they may encourage their hosts to use other platforms, which could materially and adversely affect our business, financial condition and results of operations.

We may be liable for intellectual property infringement with respect to content displayed on, retrieved from or linked to our platform which may materially and adversely affect our business, financial condition and prospects.

We do not have full control over how and what the creators of our content will share, display on or link to our platform. As substantially all of our content is generated by users who can be any person registered on our platform, we do not have the capacity or resources to verify the originality of each content uploaded to our platform or distinguish if proper license has been obtained or not with respect to any given content. We have been and may continue to be subject to intellectual property infringement claims by third parties for services we provide or for content displayed on, retrieved from, linked to, recorded, stored or make accessible on our platform, which may materially and adversely affect our business, financial condition and prospects. Although

those allegations arise out of individual behaviors, platforms as service providers are often sued or investigated for any potential liabilities or misbehaviors. Under relevant PRC laws and regulations, internet service providers, which provide storage space for users to upload works or links to other services or content, could be held liable for copyright infringement under various circumstances, including situations where the internet service provider knows or should reasonably have known that the relevant content uploaded or linked to on its platform infringes upon the copyright of others and the internet service provider failed to take necessary actions to prevent such infringement, such as deletion, blocking or disconnection. Under the Tort Law of the PRC and the Regulation on the Right to Communicate Works to the Public Over Information Networks, if an internet user infringes the civil rights, right to communicate works to the public over information networks or interests of another through using the internet, the person whose rights are infringed has the right to notify and request the internet service provider on which the infringement allegedly takes place to take necessary measures including the deletion, blocking or disconnection of an internet link. If, after being notified, the internet service provider fails to take necessary measures in a timely manner to end the infringement, it will be jointly and severally liable for any additional harm caused by its failure to act. In addition, if there is no evidence indicating that an internet service provider clearly knows the facts of infringement, or the internet service provider has taken measures to disconnect or remove relevant content after receiving notification from the owner, the internet service provider shall not be liable for compensation liability. Such defense is also referred to as the "safe harbor exemption." However, the court practice is currently unclear whether or to what extent a platform would be liable for the unauthorized content performed or presented by hosts.

In addition, companies in the internet, technology and media industries are frequently involved in litigations based on allegations of infringement of intellectual property, unfair competition, invasion of privacy, defamation and other violations of other parties' rights. Also, in China, as the internet-related industries have a relatively recent history and are constantly changing, the regulatory regimes on protection of intellectual property rights in internet-related industries, especially in our evolving online audio industry, are uncertain and still evolving. As we face increasing competition and as litigation becomes a more common method for resolving commercial disputes in China, we face a higher risk of being the subject of intellectual property infringement claims or other legal proceedings.

We have adopted systematic methods to reduce our exposure to the risks of intellectual property infringement claims. Under our agreements with hosts, we are the owner of the intellectual property arising out of podcasts generation and live streaming activities on our platform. When users register on our platform, they agree to our standard agreement, under which they agree not to disseminate any content infringing on third-party copyright. We also require users to acknowledge and agree that they will not upload or perform content which may infringe upon others' copyrights. However, we have historically allowed users to upload content without going through the registration process, and our platform has, over the years, accumulated user-generated content for which users may not have obtained proper and complete copyright licenses. It is challenging for us to accurately identify such content and verify if proper license is obtained in each case. We also develop AI-backed technologies combined with manual supervision to screen for improper or illegal use of our platform. We implant the "complaint" button on our operation interface which allows users to inform us of any risky or problematic content they are aware of. We also implement policies to take down content that has allegedly infringed a third party's right in a timely manner to be eligible to invoke the safe harbor exemption for service providers. Our platform also has procedures in place to block blacklisted users from uploading content for a temporary period of time or permanently. However, we cannot assure you those methods are sufficient to shield us from third party liabilities for intellectual property infringement, or our efforts will be considered favorably by a given court or relevant governmental authority. Liabilities for intellectual property infringement, or allegations of such infringement, may impose a burden on our management, cause penalties, lead to unfavorable media coverage and damage to our reputation, or even cause PRC authorities to impose sanctions on us, including, in serious cases, suspending our operation, which may materially and adversely affect our business, financial condition and prospects.

We may be held liable for information or content displayed on, retrieved from or linked to our platform, if such content is deemed to violate any PRC laws or regulations, or for improper or fraudulent activities conducted on our platform, and PRC authorities may impose legal sanctions on us and our reputation may be damaged.

Our online audio platform enables users to exchange information, generate content, advertise products and services, and engage in various other online activities. Although real-name registration is required for hosts by our platform based on their citizen identity card and other identification information, we may not be able to verify the identity information provided by our hosts as true and accurate. For registration of users before they become hosts, we verify identities primarily based on verification text messages sent to their mobile devices, which may not always be reliable. Hosts and users may engage in illegal conversations or activities, including the publishing of inappropriate or illegal content on our platforms that may be unlawful under PRC laws and regulations.

We require users to agree to our terms of service upon account registration. Our terms of service set out types of content strictly prohibited on our platform, and we have also developed a content monitoring system. See "Business—Our Business—Content Monitoring System." However, although we use our best efforts to monitor content on our platform, it is impossible for us to detect every incident of inappropriate content on our platform due to the immense quantity of user-generated content on our platform. Our monitoring system, which is comprised of AI-backed technologies and manual scrutiny, may not detect each and every misconduct or illegal or inappropriate content. See "—Our content monitoring system may not be effective in preventing misconduct by our platform users and misuse of our platform and such misconduct or misuse may materially and adversely impact our business, financial condition and results of operations."

If we are deemed to have facilitated the appearance of inappropriate content placed by third parties on our platform under PRC laws and regulations, we may be subject to fines or other disciplinary actions, including in serious cases suspension or revocation of the licenses necessary to operate our platform, imposed by court or government authority. We had the experience in the past of being suspended or fined by a local government authority and reported by media for improper content on our platform. Our apps had been removed from the app stores for inappropriate content placed by third parties on our platform. See "—The PRC government may further tighten the regulation on online audio and entertainment platforms, which may materially and negatively affect our reputation, business, financial condition and results of operations" and "—Our content monitoring system may not be effective in preventing misconduct by our platform users and misuse of our platform and such misconduct or misuse may materially and adversely impact our business, financial condition and results of operations."

Meanwhile, we may face claims for fraud, defamation, libel, negligence, copyright, patent or trademark infringement, other unlawful activities or other theories and claims based on the nature and content of the information delivered on or otherwise accessed through our platform. In addition, if any third party suffers or alleges to have suffered physical, financial or emotional harm following contact initiated on our platform or after hearing unsettling, inappropriate, fraudulent or misleading content that our content monitoring system failed to filter out, or if any third party suffers or alleges to have suffered damages as a result of improper or fraudulent activities on our platform, we may face civil lawsuits or other liabilities initiated by the affected third party, or governmental or regulatory actions against us.

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 for non-compliance with PRC laws and regulations concerning the dissemination of information on the internet 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 website and mobile application, or even revoke our licenses or permits to provide internet content service. Defending any such actions could be costly and require significant time and attention of our management and other resources, and may cause damages to our reputation, which would materially and adversely affect our business.

We rely on our mobile application to provide services to our users which, if inaccessible, may have material adverse impact on our business, financial condition and results of operations.

We rely on third-party mobile application distribution channels such as Apple's App Store, various Android's App Stores and other channels to distribute our mobile application to users. We expect a substantial number of downloads of our mobile application will continue to be derived from these distribution channels. As such, the promotion, distribution and operation of our applications are subject to such distribution platforms' standard terms and policies for application developers, which are subject to the interpretation of, and frequent changes by, these distribution channels. If Apple's App Store or any other major distribution channels interpret or change their standard terms and conditions in a manner that is detrimental to us, or terminate their existing relationship with us, our business, financial condition and results of operations may be materially and adversely affected. We have experienced in the past removal or suspension of our apps by mobile application stores for reasons such as government scrutiny on our business or industry. For example, on June 28, 2019, pursuant to a notice issued by CAC, a new social network app recently launched by us was suspended from operation and removed from all application stores in China as part of the government campaign to tighten regulations on online audio platforms. For details, please refer to "—The PRC government may further tighten the regulation on online audio and entertainment platforms, which may materially and negatively affect our reputation, business, financial condition and results of operations." Our *Lizhi* app was also temporarily removed from Apple's and Android's App Stores for 30 days due to inappropriate content stored on our platform. As of the date of this prospectus, CAC has lifted the suspension on downloading services of our *Lizhi* app. Our *Lizhi* app is currently available for download in all major app stores, including Apple's and Android's App Stores. In addition, our *Lizhi* app was temporarily removed from Apple's App Store for 28 days due to non-compliance with Apple's App Store policies before and was subsequently restored. We cannot assure you that our app will not be removed again by a third party mobile application distribution channel in future and our business operation, reputation and financial conditions may be negatively affected.

Increases in the costs in relation to content creators, such as higher hosts' compensation and costs of discovering and cultivating a top host, may have an adverse effect on our business, financial condition and results of operations.

We depend upon content creators, i.e., our podcasts and live streaming hosts, to continuously provide a large variety of high-quality content on our platform, which is a key factor of engaging and satisfactory user experience that ensures long-term user stickiness. We also rely on our interactive audio products hosts to provide fun and engaging experience to users of *Friends Hall*, *Lizhi Party* and other interactive audio products. On one hand, we discover, curate and cultivate top hosts who self-register on our platform as a host. On the other hand, we compete with other audio platforms for active, popular or celebrity hosts. To attract and retain top hosts and maintain the high level of content quality, we enter into contracts with our hosts under which such hosts are usually paid a certain percentage of the sales of virtual gifts or currency that they receive. The compensation to and the cost to discover, train and develop a top host may increase as the competition intensifies. If our content creators become too costly, we will not be able to produce high quality content at commercially acceptable costs. If our competitors' platforms offer higher revenue sharing percentage with an intent to attract our popular hosts and content creators, costs to retain such hosts and content creators may increase. Furthermore, as our business and user base further expands, we may have to devote more resources in encouraging our hosts to produce content that meets the evolving interests of a diverse user base, which would increase the costs of content on our platform. If we are unable to generate sufficient revenues that outpace our increased costs in relation to content creators, our business, financial condition and results of operations may be materially and adversely affected.

Any compromise to the cyber security of our platform could materially and adversely affect our business, reputation and results of operations.

On November 7, 2016, the Standing Committee of the National People's Congress released the Cyber Security Law, which took effect on June 1, 2017. The Cyber Security Law requires network operators to fulfill certain obligations to safeguard security in the cyberspace and enhance network information management.

Our products and services are generally provided through the internet and involve the storage and transmission of users' information. Any security breach would expose us to a risk of loss of information and result in litigation and potential liability. As the techniques used to obtain unauthorized access, disable or degrade online or sabotage operating systems change frequently and often are not recognized until launched against a target, we may not be able to anticipate such techniques or implement adequate preventative measures. All of our user data is encrypted and saved in two different places within our internal servers rather than client-based servers, protected by access control, and further backed up in our long-distance disaster recovery system, so as to minimize the possibility of data loss or breach. Upon a security breach, our technical team will be notified immediately and coordinate with the local supporting staff to diagnose and solve the technical problems. As of the date of this prospectus, we have not experienced any material incidents of security breach.

Despite the security measures we have implemented, our facilities, systems and procedures and those of our third-party providers, may be vulnerable to security breaches, act of vandalism, software viruses, misplaced or lost data, programming or human errors or other similar events which may disrupt our delivery of services or expose the confidential information of our users and others. If an actual or perceived breach of our security occurs, the market perception of the effectiveness of our security measures could be harmed, we may lose current and potential users and may be exposed to legal and financial risks, including legal claims, regulatory fines and penalties, which in turn could adversely affect our business, reputation and results of operations.

Spammers and malicious software and applications may affect user experience, which could reduce our ability to attract users and advertisers and materially and adversely affect our business, financial condition and results of operations.

Spammers may use our platforms to send spam or illegal messages to users, which may affect user experience. As a result, our users may reduce using our products and services or stop using them altogether. In spamming activities, spammers typically create multiple user accounts for the purpose of sending a high volume of repetitive messages. Although we attempt to identify and delete accounts created for spamming purposes, we may not be able to effectively eliminate all spam messages from our platform in a timely fashion. Any spamming activities could have a material and adverse effect on our business, financial condition and results of operations.

In addition, malicious software and applications may interrupt the operations of our platform and pass on such malware to our users and hosts which could adversely hinder user experience. Although we have been successfully blocking these attacks in the past, we cannot guarantee that this will always be the case, and in the incident if users experience a malware attack by using our platform, our users may associate the malware with our websites or mobile apps, and our reputation, business, financial condition and results of operations would be materially and adversely affected.

Our operations depend on the performance of the internet infrastructure, fixed telecommunications networks and mobile operating systems in China, which may experience unexpected system failure, interruption, inadequacy or security breaches.

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. 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 cannot increase our capacity to deliver our online services, we may not be able to the increases in traffic we anticipate from our expanding user base, and the adoption of our services may be hindered, which could adversely impact our business, financial condition and results of operations.

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 results of operations may be materially and adversely affected. Furthermore, if internet access fees or other charges to internet users increase, some users may stop accessing or minimize their activities on 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.

The proper functioning of our platform is essential to our business. Any disruption to our IT systems could materially affect our ability to maintain the satisfactory performance of our platform.

The proper functioning of our platforms is essential to our business. The satisfactory performance, reliability and availability of our IT systems are critical to our success and our ability to provide content to attract and retain users.

Our technology or infrastructure may not function properly at all times. Any system interruptions caused by telecommunications failures, computer viruses, hacking or other attempts to harm our systems could result in the unavailability or slowdown of our platform and the attractiveness of content provided on our platform. Our servers may also be vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to system interruptions, website or mobile app slowdown or unavailability or loss of data. Any of such occurrences could cause severe disruption to our daily operations. As a result, our reputation may be materially and adversely affected, our market share could decline and we could be subject to liability claims.

We use third-party services and technologies in connection with our business, and any disruption to the provision of these services and technologies to us could result in adverse publicity and a slowdown in the growth of our users, which could materially and adversely affect our business, financial condition and results of operations.

Our business depends upon services provided by, and relationships with, third parties. We currently engage third-party service providers in certain areas of our operation such as monitoring of our podcasts and audio entertainment. If such third-party service providers fail to detect the illegal or inappropriate activities or content in our podcasts and audio entertainment, we may be subject to regulator's disapproval or penalties as well as adverse media exposure which could materially and adversely affect our business, financial condition and results of operations. In addition, some third-party software we use in our operations is currently publicly available without charge. If the owner of any such software decides to make claims against us, charge users, or no longer makes the software publicly available, we may need to enter into settlement with such owners, incur significant cost to license the software, find replacement software or develop it on our own. If we are unable to find or develop replacement software at a reasonable cost, or at all, our business and operations may be adversely affected.

Our overall network relies on bandwidth connections provided by third-party operators and we expect this dependence on third parties to continue. The networks maintained and services provided by such third parties are vulnerable to damage or interruption, which could impact our business, financial condition and results of operations. See "—Our operations depend on the performance of the internet infrastructure, fixed telecommunications networks and mobile operating systems in China, which may experience unexpected system failure, interruption, inadequacy or security breaches."

We also depend on the third party online payment systems for sales of our products and services. If any of these third-party online payment systems suffer from security breaches, users may lose confidence in such payment systems and refrain from purchasing our virtual gifts online, in which case our results of operations would be negatively impacted.

We exercise no control over the third parties with whom we have business arrangements. For some of services and technologies such as online payment systems, we rely on a limited number of third-party providers

with limited access to alternative networks or services in the event of disruptions, failures or other problems. If such third parties increase their prices, fail to provide their services effectively, terminate their service or agreements or discontinue their relationships with us, we could suffer service interruptions, reduced revenues or increased costs, any of which may have a material adverse effect on our business, financial condition and results of operations.

Concerns about the collection, use and disclosure of personal data and other privacy-related and security matters could deter customers and users from using our services and adversely affect our reputation and business.

Concerns about our practices with regard to the collection, use or disclosure of personal information or other privacy-related and security matters, even if unfounded, could damage our reputation and operations. The PRC Constitution, the PRC Criminal Law, the General Rules of the PRC Civil Law and the PRC Internet Security Law protect individual privacy in general, which require certain authorization or consent from internet users prior to collection, use or disclosure of their personal data and also protection of the security of the personal data of such users. In particular, Amendment 7 to the PRC Criminal Law prohibits institutions, companies and their employees in the telecommunications and other industries from selling or otherwise illegally disclosing a citizen's personal information obtained during the course of performing duties or providing services. While we strive to comply with all applicable data protection laws and regulations, as well as our own privacy policies, any failure or perceived failure to comply may result in proceedings or actions against us by government entities or private individuals, which could have an adverse effect on our business. Moreover, failure or perceived failure to comply with applicable laws and regulations related to the collection, use, or sharing of personal information or other privacy-related and security matters could result in a loss of confidence in us by customers and users, which could adversely affect our business, financial condition and results of operations.

As we continue to expand overseas, foreign and international laws, regulations, standards, and other obligations, and changes in the interpretation of such laws, regulations, standards, and other obligations could result in increased regulation, increased costs of compliance and penalties for non-compliance, and limitations on data collection, use, disclosure, and transfer for us and our users. In 2016, the European Union ("EU") adopted a new regulation governing data privacy called the General Data Protection Regulation ("GDPR"), which became effective in May 2018. The GDPR establishes new requirements applicable to the handling of personal data and imposes penalties for non-compliance of up to 4% of worldwide revenue. In addition, to the extent we deploy services of any third party supplies to support our overseas business, we must continue to seek assurances from our sub-processors that they are handling personal data in accordance with GDPR requirements in order to meet our own obligations under the GDPR. In addition, in June 2018, the California Consumer Privacy Act ("CCPA"), which takes effect on January 1, 2020, was enacted. The CCPA gives California consumers certain rights similar to those provided by the GDPR, and users may seek similar assurances from suppliers regarding compliance.

Unauthorized use of our intellectual property by our hosts and employees and other third parties and the expenses incurred in protecting our intellectual property rights may harm our brands and reputation and materially and adversely affect our business.

We regard our copyrights, trademarks and other intellectual properties as critical to our success, and rely on a combination of trademark and copyright laws, trade secrets protection, restrictions on disclosure and other agreements that restrict the use of our intellectual properties to protect these rights. Although our contracts with users typically prohibit the unauthorized use of our brands, images, characters and other intellectual property rights, we cannot assure you that they will always comply with these terms. These agreements may not effectively prevent disclosure of confidential information and may not provide an adequate remedy in the event of unauthorized disclosure of confidential information. We enter into confidentiality agreements and intellectual property ownership agreements with our employees, we cannot assure you that these confidentiality agreements will not be breached, that we will have adequate remedies for any breach, or that our proprietary technology, know-how or other intellectual property will not otherwise become known to third parties. In addition, third

parties may independently discover trade secrets and proprietary information, limiting our ability to assert any trade secret rights against such parties.

While we actively take steps to protect our proprietary rights, such steps may not be adequate to prevent the infringement or misappropriation of our intellectual property. In addition, we cannot assure you that any of the above trademark applications will ultimately proceed to registration or will result in registration with adequate scope for our business. Some of our pending applications or registrations may be successfully challenged or invalidated by others. If our trademark applications are not successful, we may have to use different marks for affected products or services, or seek to enter into arrangements with any third parties who may have prior registrations, applications or rights, which might not be available on commercially reasonable terms, if at all.

Implementation of intellectual property laws in China has historically been lacking, primarily because of ambiguities in the laws and difficulties in enforcement. Accordingly, intellectual property right protection in China may not be as effective as in other jurisdictions with a more developed legal framework regulating intellectual property rights. Policing unauthorized use of our proprietary technology, trademarks and other intellectual property is difficult and expensive, and litigation may be necessary in the future to enforce our intellectual property rights. Future litigation could result in substantial costs and diversion of our resources, and could disrupt our business, as well as materially adversely affect our financial condition and results of operations.

Our increased research and development expenditure may lower our profitability. Furthermore, if we fail to anticipate or successfully implement new technologies, our proprietary technologies or platform could become unattractive or obsolete, and our revenues and market share may decline.

Our technological capabilities and infrastructure underlying our platform are critical to our success. We have invested and will continue investing significant resources, including financial resources, in research and development to keep pace with technological advances in order to make our development capabilities, our platform and our services competitive in the market. For example, we are among the first platforms that provide one-stop technology services for hosts to record, edit and release content with ready-to-use elements at their choice according to iResearch. In order to continue attracting hosts to generate content on our platform, we must provide new and attractive features for creating and optimizing audio content. If we fail to anticipate or implement new features to our hosts users, we may not be able to retain existing hosts and users or attract new members to join our community. Also, our operations and development rely heavily on our AI technologies. We have developed an AI-based system to accomplish tasks that usually require a massive amount of manpower, such as monitoring hundreds of millions of podcasts uploaded to our platform to protect us from improper or illegal use of our platform. The AI-based system also plays a key role in content distribution and recommendation. See “Business—Our Business—Our Technology” and “Business—Our Business—Content Monitoring System.” If we cannot develop or maintain an effective operation of artificial intelligence to assist in those areas, or if we fail to improve our AI-based system to align with the fast increase of our data volume, we may not have the technologies required to support our business operations and development. In 2017 and 2018, we spent RMB43.2 million and RMB83.2 million (US$12.1 million), respectively, on research and development activities, and our research and development expenses may continue to raise in future.

However, significant expenditures in research activities cannot guarantee a commercially practical result, or at all. Accordingly, our increased expenditures may not generate corresponding benefits, which in turn will reduce our profitability. Given the fast pace with which the internet technology has been and will continue to be developed, we may not be able to timely upgrade our streaming technology, our engines or the software framework for our platform development 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.

Our business depends substantially on the continuing efforts of our executive officers, key employees and qualified personnel, and our business operations may be adversely and negatively impacted if we lose their services.

Our future success depends substantially on the continued efforts of our executive officers and key employees. In particular, we rely on the expertise, experience and vision of our founder and chief executive officer, Mr. Jinnan (Marco) Lai, as well as other members of our senior management team. If one or more of our executive officers or key employees were unable or unwilling to continue their services with us, we might not be able to replace them easily, in a timely manner, or at all. Since the user-generated audio content industry is characterized by high demand and intense competition for talents, we cannot assure you that we will be able to attract or retain qualified staff or other highly skilled employees. In addition, as our company is relatively young, our ability to train and integrate new employees into our operations may not meet the growing demands of our business which may materially and adversely affect our ability to grow our business and hence our results of operations.

We do not have key man insurance for our executive officers or key employees. If any of our executive officers and key employees terminates their services with us, our business may be severely and adversely affected, our financial condition and results of operations may be materially and adversely affected and we may incur additional expenses to recruit, train and retain qualified personnel. If any of our executive officers or key employees joins a competitor or forms a competing company, we may lose customers, know-how and key professionals and staff members. Each of our executive officers and key employees has entered into an employment agreement and a non-compete agreement with us. However, certain provisions under the non-compete agreement may be deemed invalid or unenforceable under PRC laws. If any dispute arises between our executive officers and key employees and us, we cannot assure you that we would be able to enforce these non-compete agreements in China, where these executive officers reside, in light of uncertainties with China's legal system.

We rely on assumptions and estimates to calculate certain key operating metrics, such as total mobile MAUs and paying users, and real or perceived inaccuracies in such metrics may lead to inaccurate interpretation of our business operations by our management and investors, and harm our reputation and negatively affect our business.

The numbers of total mobile MAUs or paying users or certain other key operating metrics are calculated using internal company data. While these numbers are based on what we believe to be reasonable calculations for the applicable periods of measurement, there are inherent challenges in measuring users and user engagement across our large user base. The actual number of individual users, for example, is likely to be lower than that of registered user accounts, total mobile MAUs and paying users, potentially significantly, due to various reasons such as repetitive registration. Some of our user accounts may also be created for specific purposes such as to increase the number of votes for certain hosts in various contests, but the number of paying users and total mobile MAUs do not exclude user accounts created for such purposes. We have limited ability to validate or confirm the accuracy of information provided during the user registration process to ascertain whether a new user account created was actually created by an existing user who is registering duplicative accounts. The respective number of our total mobile MAUs and paying users may overstate the number of individuals who register on our platforms, sign onto our platforms, purchase virtual gifts or other products and services on our platform and access own apps, respectively, which may lead to an inaccurate interpretation of our metric. The calculations of our active users may not accurately reflect the actual number of people using our platforms.

If the growth in the number of our registered user accounts, total mobile MAUs or paying users is lower than the actual growth in the number of individual registered, total mobile MAUs or paying users, our user engagement level, sales and our business may not grow as quickly as required to meet the demand of our user base, which may harm our business, financial condition and results of operations. In addition, if the user base is overstated, it may cause inaccurate evaluation of our business operations by our management and by investors, which may also materially and adversely affect our business and results of operations.

In addition, our measures of such key operating metrics may differ from estimates published by third parties or from metrics used by other companies in similar industries due to differences in methodology. As a result, such key operating metrics may not be directly comparable to those similarly titled metrics used by other companies. If others do not perceive our key operating metrics to be accurate representations of our results of operations, or if we discover material inaccuracies in our key operating metrics, our reputation may be harmed and customers and platform partners may be less willing to allocate their resources or spending to us, which could negatively affect our business and operating results.

We are subject to risks relating to litigation and disputes, which could adversely affect our business, prospects, results of operations and financial condition.

We may be subject to litigation, disputes or claims of various types brought by our competitors, users, hosts, employees, or others against us in matters relating to intellectual property rights, contractual disputes and competition claims or claims and disputes involving misconducts of our hosts, users, and employees. For example, we have been subject to user complaints and disputes relating to virtual gifting transactions consummated on our platform and may be subject to litigation or threatened proceedings with our users in the future. We cannot assure you that we will not be subject to similar disputes, complaints or legal proceedings in the future, which may damage our reputation, evolve into litigations or otherwise have a material adverse impact on our reputation and business.

Litigation is expensive, subjects us to the risk of significant damages, requires significant management time and attention and could have a material and adverse effect on our business, financial condition and results of operations. The outcomes of actions we institute may not be successful or favorable to us. Lawsuits against us may also generate negative publicity that significantly harms our reputation, which may adversely affect our user base. We may also need to pay damages or settle lawsuits with a substantial amount of cash.

We have been involved in litigation arose in the ordinary course of business. As of July 31, 2019, there were 117 lawsuits pending in connection with our platform against us or our affiliates with an aggregate estimated amount of claimed damages of approximately RMB5.6 million. Substantially all of these lawsuits involve intellectual property infringement on our platform and commercial disputes with certain hosts. While we do not believe that any currently pending proceedings are likely to have a material adverse effect on us, if there were adverse determinations in legal proceedings against us, we could be required to pay substantial monetary damages or adjust our business practices, which could have a material and adverse effect on our business, financial condition and results of operations.

Some of our products and services contain open source software, which may pose particular risk to our proprietary software, products and services in a manner that negatively affects our business.

We use open source software in some of our products and services and will continue to use open source software in the future. There is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our products or services. Additionally, we may face claims from third parties claiming ownership of, or demanding release of, the open source software or derivative works that we developed using such software. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license or cease offering the implicated products or services unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources, and we may not be able to complete it successfully.

Negative publicity may materially and adversely affect our brand, reputation, business and growth prospects.

Negative publicity involving us, our hosts, our users, our management, our content, our platform or our business model may materially and adversely harm our brand and our business. See “—We may be liable for

intellectual property infringement with respect to content displayed on, retrieved from or linked to our platform which may materially and adversely affect our business, financial condition and prospects." We cannot assure you that we will be able to defuse negative publicity about us, our management and/or our services to the satisfaction of our investors, users, customers and platform partners. There has been negative publicity about our platform and the misuse of our services by certain hosts and users. Such negative publicity may divert our management's attention and materially and adversely impact our business, financial condition and results of operations.

We generate a portion of our revenues from podcast, advertising and others. If we fail to maintain or grow podcast, advertising and others revenue, our financial results may be adversely affected.

In 2017 and 2018, we generated RMB17.4 million and RMB13.5 million (US$2.0 million) of net revenues from podcast, advertising and others, representing 3.8% and 1.7% of our total net revenues for the same periods. While our revenue generated from podcast, advertising and others represents a small portion of our revenue, our financial results could be adversely affected if we fail to maintain or grow it in the future. In addition, one of our advertising business customers accounted for 84.9% of the total accounts receivable as of December 31, 2018. If we fail to collect our receivable balance from our key customers in our advertising business, our financial results may be adversely affected.

Advertisements shown on our platform may subject us to penalties and other administrative actions.

We derived a small portion of our revenue from advertising business. Under PRC advertising laws and regulations, as a publisher of internet advertisements, we are obligated to monitor the advertising content shown on our platform to comply with applicable laws and regulations. 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 publish an announcement correcting any misleading information. In circumstances involving serious violations by us, PRC governmental authorities may force us to terminate our advertising operations or revoke our licenses.

We are subject to risks relating to our third-party online payment platforms.

Currently, we sell almost all of our products and services to our users through third-party online payment systems. We expect that an increasing amount of our sales will be conducted over the internet as a result of the growing use of online payment systems. We utilize third-party online payment platforms, such as China UnionPay, Wechat Pay and Alipay, to receive cash proceeds from sales of our virtual currency through direct purchases on our platform. Any scheduled or unscheduled interruption in the ability of our users to use these and other online payment platforms could adversely affect our payment collection, and in turn, our revenue. In addition, in online payment transactions, secure transmission of user information, such as debit and credit card numbers and expiration dates, personal information and billing addresses, over public networks, is essential to user privacy protection and maintaining their confidence in our platform.

We do not have control over the security measures of our third-party payment platforms, and their security measures may not be adequate at present or may not be adequate with the expected increased usage of online payment platforms. We could be exposed to litigation and possible liability if online transaction safety of our users is compromised in transactions involving payments for our virtual currency, which could harm our reputation and our ability to attract users and may materially adversely affect our business. We also rely on the stability of such payment transmissions to ensure the continued payment services provided to our users. If any of these third-party online payment platforms fails to process, or ensure the security of, users' payments for any reason, our reputation will be damaged and we may lose our paying users and discourage the potential purchases, which in turn, will materially and adversely affect our business, financial condition and prospects.

Restrictions on virtual currency may adversely affect our revenues.

In 2016, we launched "Golden Coin," the virtual currency that can be used by our users to purchase virtual gifts in relation to our audio entertainment products. Due to the relatively short history of virtual currency in China, the regulatory framework governing the industry is still under development.

The Notice on the Reinforcement of the Administration of Online Games issued by the Ministry of Culture and other governmental authorities on February 15, 2007 directs the People's Bank of China to strengthen the administration of virtual currency to avoid any adverse impact on the PRC economic and financial system. This notice provides that the total amount of virtual currency issued by an operator and the amount of purchased by individual users should be strictly limited, with a strict and clear division between virtual transactions and real transactions carried out by way of electronic commerce. This notice also provides that virtual currency should only be used to purchase virtual items.

On June 4, 2009, the Ministry of Culture and the MOFCOM jointly issued the Notice on Strengthening the Administration of Online Game Virtual Currency, or the Virtual Currency Notice. The Virtual Currency Notice requires that the operators who engage in issuance of online game virtual currency or offering of online game virtual currency transaction services shall apply for approval from the MOC through its provincial branches. The term "virtual currency" is widely used in the live streaming industry, such term as used in our industry does not fall under the definition under the Virtual Currency Notice. Although we do not think Virtual Currency Notice applies to the operation of our live streaming platform, given the wide discretion of relevant governmental authorities and uncertainties in the regulatory environment, we cannot assure that relevant governmental authorities will not in the future interpret the Virtual Currency Notice in a different way and subject our operation to the scope of the Virtual Currency Notice or issue new rules to regulate the virtual currency in our industry. In that case, our operation may be adversely affected.

Our users may suffer from third party fraud when purchasing our virtual currency and we may suffer fraud when selling virtual currency to users.

We offer our users multiple options to purchase *Golden Coin*, our virtual currency. Users can purchase these virtual currencies directly on platforms, make in- app purchases using third-party payment channels such as WeChat pay, Alipay and Apple's App Store. From time to time, certain third parties fraudulently claim that users can purchase *Golden Coin* through them. If our users choose to purchase our virtual currency from such third parties, they may suffer losses from such fraudulent activities by third parties. Although we are not directly responsible for such fraudulent activities conducted by third parties, our user experience may be adversely affected and they may choose to leave our platform as a result. Such fraudulent activities by third parties might also generate negative publicity, disputes or even legal claims. The measures we take in response to such negative publicity, disputes or legal claims may be expensive, time consuming and disruptive to our operations and divert our management's attention.

In addition, we have run into multiple incidents in the past where the users paid for our virtual currency through fraudulent methods, including illegal use of credit cards. Such incidents had not resulted in any material and adverse impact on our business and operations. While such incidents have decreased given tightened regulation, we may lose all the revenue we were supposed to generate from the sales as we were not able to collect or recover on any of it when such incidents occur. Although we have instated authentication mechanisms that help us detect such fraudulent paying methods, we still cannot guarantee that our mechanisms can prevent all fraudulent virtual currency purchases. These fraudulent transactions cause harm to our financial results and business operations.

Present and future business partnerships or acquisitions may fail and materially and adversely affect our business, reputation and results of operations.

We may enter into business partnerships, including joint ventures or minority equity investments, with third parties from time to time in connection with our business. These partnerships could subject us to a number of

risks, including risks associated with sharing proprietary information, non-performance by third parties and increased expenses in establishing new business partnerships, any of which may materially and adversely affect our business. We may have limited ability to monitor or control the actions of these third parties and, to the extent any of these strategic third parties suffers negative publicity or harm to their reputation from events relating to their business, we may also suffer negative publicity or harm to our reputation by virtue of our association with any such third party.

In addition, we may acquire additional assets, products, technologies or businesses that are complementary to our existing business. Future acquisitions and the subsequent integration of new assets and businesses into our own would require significant attention from our management and could divert resources from our existing business, which in turn could adversely affect our operations. Acquired assets or businesses may not generate the financial results we expect. Acquisitions could result in the use of substantial amounts of cash, potentially dilutive issuances of equity securities, significant goodwill impairment charges, amortization expenses for other intangible assets and exposure to potential unknown liabilities of the acquired businesses. Moreover, the costs of identifying and consummating acquisitions may be significant. In addition to possible shareholder approval, we may have to obtain approvals and licenses from government authorities and comply with applicable PRC laws and regulations, which could result in increased delays and costs.

We may be unable to obtain additional capital in a timely manner or on acceptable terms. Furthermore our future capital needs may cause us to be bound by covenants that restrict our operations, such as our ability to incur additional indebtedness or pay dividends

We have conducted several rounds of financing since our inception. We also issued convertible loans in the past which have been fully converted to our preferred shares. As we continue to expand our operations, we may need to raise additional capital to meet our financing demand. If we are unable to obtain such capital in a timely manner or on acceptable terms, or if we enter into financing agreements imposing restrictions on our operations, such as our ability to incur additional indebtedness or distribute dividends, our business, operation and financial conditions may be negatively affected.

We do not currently have business insurance to cover our main assets and business. Any uninsured occurrence of business disruption, litigation or natural disaster could expose us to significant costs, which could have an adverse effect on our results of operations.

The insurance industry in China is still at an early stage of development, and insurance companies in China currently offer limited business-related insurance products. As such, we may not be able insure against certain risks related to our assets or business even if we desire to. In addition, the costs of insuring for such risks and the difficulties associated with acquiring such insurance on commercially reasonable terms make it impractical for us to have such insurance. We do not have any business liability or disruption insurance to cover our operations. Any uninsured occurrence of business disruption, litigation or natural disaster, or significant damages to our uninsured equipment or facilities could disrupt our business operations, requiring us to incur substantial costs and divert our resources, which could have an adverse effect on our business, financial condition and results of operations.

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

Prior to this offering, we were a private company with limited accounting personnel and other resources with which to address our internal controls and procedures. In the course of auditing our consolidated financial statements for the years ended December 31, 2017 and 2018, we and our independent registered public accounting firm identified one material weakness in our internal control over financial reporting as of December 31, 2018, in accordance with the standards established by the Public Company Accounting Oversight Board of the United States.

The material weakness identified relates to our lack of sufficient and competent accounting and financial reporting personnel, including personnel with appropriate knowledge of U.S. GAAP and SEC financial reporting requirements. The lack of such personnel impacts our ability to timely and completely address complex U.S. GAAP accounting matters, carry out period-end financial reporting control and procedures, and prepare our consolidated financial statements and related disclosures to fulfill U.S. GAAP and SEC financial reporting requirements. We have implemented and are continuing to implement a number of measures to remedy this material weakness. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Internal Control Over Financial Reporting." We cannot assure you, however, that these measures may fully address the material weakness in our internal control over financial reporting or that we may conclude that they have been fully remedied.

Upon completion of this offering, we will become a public company in the United States subject to the Sarbanes-Oxley Act of 2002. Section 404 of the Sarbanes-Oxley Act of 2002, of Section 404, will require that we include a report of management on our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the year ending December 31, 2020. In addition, once we cease to be an "emerging growth company" as such 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 effective, our independent registered public accounting firm, after conducting its own independent testing, may issue a report that is qualified if it is not satisfied with our internal controls or the level at which our controls are documented, designed, operated or reviewed, or if it interprets the relevant requirements differently from us. In addition, after we become a public company, our reporting obligations may place a significant strain on our management, operational and financial resources and systems for the foreseeable future. We may be unable to timely complete our evaluation testing and any required remediation.

During the course of documenting and testing our internal control procedures, in order to satisfy the requirements of Section 404, we may identify other weaknesses and deficiencies in our internal control over financial reporting. In addition, if we fail to maintain the adequacy of our internal control over financial reporting, as these standards are modified, supplemented or amended from time to time, we may not be able to conclude on an ongoing basis that we have effective internal control over financial reporting. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our financial statements and fail to meet our reporting obligations, which would likely cause investors to lose confidence in our reported financial information. This could in turn limit our access to capital markets, harm our results of operations and lead to a decline in the trading price of our shares. Additionally, ineffective internal control over financial reporting could expose us to increased risk of fraud or misuse of corporate assets and subject us to potential delisting from the stock exchange on which we list, regulatory investigations and civil or criminal sanctions. We may also be required to restate our financial statements from prior periods.

We have granted share-based compensations in the past and will continue to grant share-based awards in the future, which may result in increased share-based compensation expenses and have an adverse effect on our future profit. Exercise of the share options or restricted shares granted will increase the number of our shares in circulation, which may adversely affect the market price of our shares.

We, through a wholly owned subsidiary, adopted a share incentive plan on September 30, 2018, which has been terminated and replaced in its entirety by a new share incentive plan adopted directly by us on May 31, 2019, or the 2019 Share Incentive Plan, for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. The maximum aggregate number of ordinary shares we are authorized to issue pursuant to all awards under the 2019 Share Incentive Plan is 40,000,000 ordinary shares. We may adopt share incentive plans in the future that permits granting of share-based compensation awards to employees and directors, which will result in significant share-based compensation expenses to us.

As of the date of this prospectus, awards to purchase 38,194,330 shares under the 2019 Share Incentive Plan have been granted and outstanding. We will not recognize expenses in our consolidated statement of income until the completion of this offering. As a result, a number of awards will become vested once we complete this offering and we will recognize a significant amount of share-based compensation expenses upon then. As of December 31, 2018, our unrecognized share-based compensation expenses related to unvested awards amounted to RMB40.1 million (US$5.8 million). On the assumption the vesting condition was satisfied on June 30, 2019, we would have recognized share-based compensation expenses in the amount of RMB8.1 million (US$1.2 million) for those awards. We believe the granting of share-based compensation awards is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Competition for highly skilled personnel is often intense and we may incur significant costs or not successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. We have, from time to time, experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications. Our ability to attract or retain highly skilled employees may be adversely affected by declines in the perceived value of our equity or equity awards. Furthermore, there are no assurances that the number of shares reserved for issuance under our share incentive plans will be sufficient to grant equity awards adequate to recruit new employees and to compensate existing employees.

We may be the subject of allegations, harassing or other detrimental conduct by third parties, which could harm our reputation and cause us to lose market share, users and customers.

We have been subject to allegations by third parties or purported former employees, negative internet postings and other adverse public exposure on our business, operations and staff compensation. We may also become the target of harassment or other detrimental conduct by third parties or disgruntled former or current employees. Such conduct may include complaints, anonymous or otherwise, to regulatory agencies, media or other organizations. We may be subject to government or regulatory investigation or other proceedings as a result of such third-party conduct and may be required to spend significant time and incur substantial costs to address such third-party conduct, and there is no assurance that we will be able to conclusively refute each of the allegations within a reasonable period of time, or at all. Additionally, allegations, directly or indirectly against us, may be posted on the internet, including social media platforms by anyone, whether or not related to us, on an anonymous basis. Any negative publicity on us or our management can be quickly and widely disseminated. Social media platforms and devices immediately publish the content of their subscribers and participants post, often without filters or checks on accuracy of the content posted. Information posted may be inaccurate and adverse to us, and it may harm our reputation, business or prospects. The harm may be immediate without affording us an opportunity for redress or correction. Our reputation may be negatively affected as a result of the public dissemination of negative and potentially false information about our business and operations, which in turn may cause us to lose market share, users or customers.

Non-compliance on the part of our employees or third parties involved in our business could adversely affect our business.

Our compliance controls, policies and procedures may not protect us from acts committed by our employees, agents, contractors, or collaborators that violate the laws or regulations of the jurisdictions in which we operate, which may adversely affect our business.

In addition, our business partners or other third parties involved in our business through our business partners (such as contractors, guilds or other third parties entered into business relationship with our third-party business partners) may be subject to regulatory penalties or punishments because of their regulatory compliance failures, which may, directly or indirectly, disrupt our business. Although we conduct review of legal formalities and certifications before entering into contractual relationship with other businesses such as advertisers and

guilds, 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 infringed or will infringe any third parties' legal rights or violate any regulatory requirements or rule out the likelihood of incurring any liabilities imposed on us due to any regulatory failures by third parties. We identify irregularities or non-compliance in the business practices of any parties with whom we pursue existing or future cooperation and we cannot assure you that any of these irregularities will be corrected in a prompt and proper manner. We cannot assure you that our business partners will be able to supervise and administrate those third parties actively involved in our business through these business partners in an effective way. The legal liabilities and regulatory actions on our business partners or other third parties involved in our business may affect our business activities and reputation and in turn, our results of operations.

We face risks and uncertainties to comply with the laws, regulations and rules in various aspects in overseas jurisdictions. Failure to comply with such applicable laws, regulations and rules may subject our overseas operation to strict scrutiny by local authorities, which in turn may materially and adversely affect our globalized operations.

As we expand our operations overseas, we may have to adapt our business models or operations to the local markets due to various legal requirements and market conditions. Our international operations and expansion efforts may result in increased costs and are subject to various of risks, including content control from local authorities, uncertain enforcement of intellectual property rights and infringements, the complexity of compliance with foreign laws and regulations and cultural differences. Compliance with applicable foreign laws and regulations related to matters that are central to our business, including those related to content restrictions, data privacy, virtual gift sales, anti-corruption laws, anti-money laundry and minors protection, increases the costs and risk exposure of doing business in foreign jurisdictions. In some cases, compliance with the laws and regulations of one country could violate the laws and regulations of another country. As our globalized operations evolves, we cannot assure you that we are able to fully comply with the legal requirements of each foreign jurisdiction and successfully adapt our business models to local market conditions. Due to the complexity involved in our overseas business expansion, we cannot assure you that we are in compliance with all local laws or regulations, including license requirements, or that our existing licenses will be successfully renewed or expanded to cover all of our areas of operations.

In addition, cultural differences may also impose additional challenges to our efforts in content control. Therefore, such different and possibly more stringent regulatory and cultural environments may increase the risk exposure to our daily operations in foreign jurisdictions. Our failure to comply with other foreign laws, regulations and rules could materially and adversely affect our business, results of operations, global reputation and global growth efforts. In additional, each of foreign jurisdictions may have different regulatory framework, implementation and enforcement for online audio platforms, which may substantially increase our compliance costs to obtain, maintain or renew requisite licenses and permits or fulfil any required administrative procedures.

We have limited experience in international markets. If we fail to meet the challenges presented by our expansion overseas, our business, financial condition and results of operations may be materially and adversely affected.

We are exploring opportunities overseas. We have limited experience in international markets and we expect to enter and expand our operations in international markets. Global expansion could expose us to a number of risks, including:

- compliance with applicable foreign laws and regulations, including but not limited to internet content provider licenses, internet content requirements, foreign exchange controls, cash repatriation restrictions, intellectual property protection rules and data privacy requirements;
- challenges in identifying appropriate local business partners and establishing and maintaining good working relationships with them. Our business partners primarily include popular hosts and their

agencies, third parties that promote our platform and applications and third parties that provide us technology support;

- challenges in formulating effective marketing strategies targeting users from various jurisdictions and cultures, who have a diverse range of preferences and demands;
- challenges in attracting users to generate appealing content on our overseas platforms;
- challenges associated with internet infrastructure and telecommunication network services overseas and risks of system security breaches;
- local competition;
- local employment laws and practices;
- fluctuations in currency exchange rates;
- exposure to different tax jurisdictions that may subject us to greater fluctuations in our effective tax rate and assessments in multiple jurisdictions on various tax-related assertions, including transfer pricing adjustments and permanent establishment; and
- increased costs associated with doing business in foreign jurisdictions.

Our business, financial condition and results of operations may be materially and adversely affected by these and other risks associated with our global expansion.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

We may be subject to social and natural catastrophic events that are beyond our control, such as natural disasters, health epidemics, riots, political and military upheavals and other outbreaks in the country or region where we have our operations or where a portion of our users or podcasts are located. Such events could significantly disrupt our operations and negatively impact our business, financial conditions and development.

We will incur additional costs as a result of being a public company.

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. These additional costs could negatively affect our financial results. In addition, changing laws, regulations and standards relating to corporate governance and public disclosure, including regulations implemented by the [NYSE/Nasdaq], may increase legal and financial compliance costs and make some activities more time-consuming. These laws, regulations and standards are subject to varying interpretations and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. We intend to invest resources to comply with evolving laws, regulations and standards, and this investment may result in increased general and administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities. If, notwithstanding our efforts to comply with new laws, regulations and standards, we fail to comply, regulatory authorities may initiate legal proceedings against us and our business may be harmed.

Risks Related to Our Corporate Structure

If the PRC government finds that the agreements that establish the structure for operating our businesses in China do not comply with PRC regulations on foreign investment in internet and other related businesses, or if these regulations or their interpretation change in the future, we could be subject to severe penalties or be forced to relinquish our interests in those operations.

PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in internet and other related businesses, including the provision of internet content. Specifically, foreign

ownership is prohibited in industries of online audio program services and internet cultural business (excluding music), foreign ownership of an internet content provider in managing value-added telecommunications business may not exceed 50%, and the major foreign investor is required to have a record of good performance and operating experience. We are a company registered in the Cayman Islands and Hongyi Technology and Guangzhou Tiya (our wholly-owned subsidiaries in China) are considered foreign-invested enterprises, or WFOEs. To comply with PRC laws and regulations, our WFOEs conduct our business in China mainly through Guangzhou Lizhi and Guangzhou Huanliao, our VIEs, and their respective subsidiaries, based on a series of contractual arrangements by and among our WFOEs, our VIEs and the respective shareholders of our VIEs. As a result of these contractual arrangements, we exert control over our consolidated affiliated entities, including our VIEs and their subsidiaries, and consolidate their financial results in our financial statements under U.S. GAAP. Our consolidated affiliated entities hold the licenses, approvals and key assets that are essential for our operations. See "Corporate History and Structure—Contractual Arrangements with Our VIEs and Their Respective Shareholders."

In the opinion of our PRC counsel, King & Wood Mallesons, based on its understanding of the relevant PRC laws and regulations, each of the contractual arrangements among each of Guangzhou Lizhi and Guangzhou Huanliao, our VIEs, and their respective shareholders is valid, binding and enforceable in accordance with its terms. However, we have been further advised by our PRC counsel that there are substantial uncertainties regarding the interpretation and application of current or future PRC laws and regulations. Thus, the PRC government may ultimately take a view contrary to the opinion of our PRC counsel. In addition, PRC government authorities may deem that foreign ownership is directly or indirectly involved in each of our VIE's shareholding structure. If we are found in violation of any PRC laws or regulations, or if the contractual arrangements among any of our WFOEs, our VIEs and/or their respective shareholders are determined as illegal or invalid by the PRC court, arbitral tribunal or regulatory authorities, the relevant governmental authorities would have broad discretion in dealing with such violation, including, without limitation:

- revoking the business licenses and/or operating licenses of such entities;
- imposing fines on us;
- confiscating any of our income that they deem to be obtained through illegal operations;
- discontinuing or placing restrictions or onerous conditions on our operations;
- placing restrictions on our right to collect revenues;
- shutting down our servers or blocking our app/websites;
- requiring us to restructure the operations in such a way as to compel us to establish a new enterprise, re-apply for the necessary licenses or relocate our businesses, staff and assets;
- imposing additional conditions or requirements with which we may not be able to comply; or
- taking other regulatory or enforcement actions against us that could be harmful to our business.

The imposition of any of these penalties may result in a material and adverse effect on our ability to conduct our business operations. In addition, if the imposition of any of these penalties causes us to lose the rights to direct the activities of our VIEs or the right to receive their economic benefits, we would no longer be able to consolidate their financial results.

We rely on contractual arrangements with our VIEs and their shareholders for our operations in China, which may not be as effective in providing operational control as direct ownership.

Due to PRC restrictions or prohibitions on foreign ownership of internet and other related businesses in China, we operate our business in China through our VIEs and their subsidiaries, in which we have no ownership interest. We rely on a series of contractual arrangements with our VIEs and their shareholders, including the

powers of attorney, to control and operate business of our VIEs. These contractual arrangements are intended to provide us with effective control over our VIEs and allow us to obtain economic benefits from them. See "Corporate History and Structure—Contractual Arrangements with Our VIEs and Their Respective Shareholders" for more details about these contractual arrangements. In particular, our ability to control the VIEs depends on the powers of attorney, pursuant to which Hongyi Technology and Guangzhou Tiya (our WFOEs) can exercise all shareholders rights in our VIEs. We believe these powers of attorney are legally enforceable but may not be as effective as direct equity ownership.

Although we have been advised by our PRC counsel, King & Wood Mallesons, that each of the contractual arrangements among each of our WFOEs, our VIEs, and shareholders of our VIEs is valid, binding and enforceable under existing PRC laws and regulations, these contractual arrangements may not be as effective in providing control over our VIEs and their subsidiaries as direct ownership. If our VIEs or their shareholders fail to perform their respective obligations under the contractual arrangements, we may incur substantial costs and expend substantial resources to enforce our rights. Although Hongyi Technology or Guangzhou Tiya has an option, subject to the registration process with PRC governmental authorities, to purchase the equity of our VIEs, if the shareholders of VIEs do not cooperate or there are any disputes relating to these contractual arrangements, we will have to enforce our rights under these contracts under PRC laws through arbitration, litigation and other legal proceedings, the outcome of which is uncertain. These contractual arrangements are governed by and interpreted in accordance with PRC law, and disputes arising from these contractual arrangements will be resolved through arbitration in China. However, the legal system in China, particularly as it relates to arbitration proceedings, is not as developed as the legal system in many other jurisdictions, such as the United States. There are very few precedents and little official guidance as to how contractual arrangements in the context of a variable interest entity should be interpreted or enforced under PRC law. There remain significant uncertainties regarding the ultimate outcome of arbitration should legal action become necessary. These uncertainties could limit our ability to enforce these contractual arrangements. In addition, arbitration awards are final and can only be enforced in PRC courts through arbitration award recognition proceedings, which could cause additional expenses and delays. In the event we are unable to enforce these contractual arrangements or we experience significant delays or other obstacles in the process of enforcing these contractual arrangements, we may not be able to exert effective control over our VIEs and may lose control over the assets owned by our VIEs. As a result, we may be unable to consolidate the financial results of such entities in our consolidated financial statements, our ability to conduct our business may be negatively affected, and our operations could be severely disrupted, which could materially and adversely affect our business, financial condition and results of operations.

We may lose the ability to use and enjoy assets held by our VIEs and their subsidiaries that are important to our business if our VIEs and their subsidiaries declare bankruptcy or become subject to a dissolution or liquidation proceeding.

Our VIEs and their subsidiaries hold certain assets that are important to our operations, including the ICP License, the Internet Culture Operation License and Radio and Television Program Production and Operating Permit. Under our contractual arrangements, the shareholders of our VIEs may not voluntarily liquidate our VIEs or approve them to sell, transfer, mortgage or dispose of their assets or legal or beneficial interests exceeding certain threshold in the business in any manner without our prior consent. However, in the event that the shareholders breach this obligation and voluntarily liquidate our VIEs, or our VIEs declare bankruptcy, or all or part of their assets become subject to liens or rights of third-party creditors, we may be unable to continue some or all of our operations, which could materially and adversely affect our business, financial condition and results of operations. Furthermore, if our VIEs or their subsidiaries undergo a voluntary or involuntary liquidation proceeding, their shareholders or unrelated third-party creditors may claim rights to some or all of its assets, hindering our ability to operate our business, which could materially and adversely affect our business, financial condition and results of operations.

Contractual arrangements we have entered into with our VIEs may be subject to scrutiny by the PRC tax authorities. A finding that we owe additional taxes could negatively affect our financial condition and the value of your investment.

Pursuant to applicable PRC laws and regulations, arrangements and transactions among related parties may be subject to audit or challenge by PRC tax authorities. We may be subject to adverse tax consequences if the PRC tax authorities determine that the contractual arrangements among each of our WFOEs, our VIEs, and shareholders of our VIEs are not on an arm's length basis and therefore constitute favorable transfer pricing. As a result, the PRC tax authorities could require that our VIEs adjust their taxable income upward for PRC tax purposes. Such an adjustment could increase our VIEs' tax expenses without reducing the tax expenses of Hongyi Technology or Guangzhou Tiya, subject our VIEs to late payment fees and other penalties for under-payment of taxes, and result in the loss of any preferential tax treatment Hongyi Technology or Guangzhou Tiya may have. As a result, our consolidated results of operations may be adversely affected.

If the chops of our PRC subsidiaries, our VIEs and their subsidiaries, are not kept safely, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised.

In China, a company chop or seal serves as the legal representation of the company towards third parties even when unaccompanied by a signature. Each legally registered company in China is required to maintain a company chop, which must be registered with the local Public Security Bureau. In addition to this mandatory company chop, companies may have several other chops which can be used for specific purposes. The chops of our PRC subsidiaries, our VIEs and their subsidiaries are generally held securely by personnel designated or approved by us in accordance with our internal control procedures. To the extent those chops are not kept safe, are stolen or are used by unauthorized persons or for unauthorized purposes, the corporate governance of these entities could be severely and adversely compromised and those corporate entities may be bound to abide by the terms of any documents so chopped, even if they were chopped by an individual who lacked the requisite power and authority to do so. If any of our authorized personnel obtains, misuses or misappropriates our chops for whatever reason, we could experience disruptions in our operations. We may also have to take corporate or legal action, which could require significant time and resources to resolve while distracting management from our operations. Any of the foregoing could adversely affect our business and results of operations.

Our shareholders or the shareholders of our VIEs may have potential conflicts of interest with us, which may materially and adversely affect our business.

The shareholders of our VIEs include persons who are also our shareholders or affiliates of our shareholders, and, in some cases, our directors or officers. Conflicts of interest may arise between the roles of them as shareholders, directors or officers of our company and as shareholders of our VIEs. For individuals who are also our directors and officers, we rely on them to abide by the laws of the Cayman Islands, which provide that directors and officers owe a fiduciary duty to our company to act in good faith and in the best interest of our company and not to use their positions for personal gain. The shareholders of our VIEs have executed powers of attorney to appoint Hongyi Technology or Guangzhou Tiya (our WFOEs) to vote on their behalf and exercise voting rights as shareholders of our VIEs. We cannot assure you that when conflicts arise, these shareholders will act in the best interest of our company or that conflicts will be resolved in our favor. If we cannot resolve any conflicts of interest or disputes between us and these shareholders, we would have to rely on legal proceedings, which may be expensive, time-consuming and disruptive to our operations. There is also substantial uncertainty as to the outcome of any such legal proceedings.

Additionally, we rely on our shareholders and the shareholders of our VIEs to secure, both at the internal and external level, all the necessary approvals, permits, filings or other formalities and proceedings in relation to their respective investment in us and/or our VIEs. We cannot assure you that our shareholders and shareholders of our VIEs have obtained all of such necessary approvals, permits, filings or other formalities and proceedings.

The failure to obtain such approvals, permits, filings or other formalities and proceedings may adversely affect our business and results of operation.

Certain existing shareholders have substantial influence over our company and their interests may not be aligned with the interests of our other shareholders.

Upon the completion of this offering, our founder and Chief Executive Officer, Mr. Jinnan (Marco) Lai, through entities controlled by him, will hold % of our total outstanding ordinary shares, representing % of our total voting power, assuming the underwriters do not exercise their option to purchase additional ADSs. As a result, Mr. Lai is expected to have substantial influence over our business, including significant corporate actions such as mergers, consolidations, sales of substantially all of our assets, election of directors and related party transactions.

Our controlling shareholders may take actions that are not in the best interest of us or our other shareholders and conflicts of interest between them and us may arise as a result of their operation of or investment in businesses that compete with us. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could deprive our shareholders of a premium for their shares as part of a sale of our company and may reduce the price of the ADSs. These actions may be taken even if they are opposed by our other shareholders, including those who purchase ADSs in this offering. In addition, the significant concentration of share ownership may adversely affect the trading price of the ADSs due to investors' perception that conflicts of interest may exist or arise. For more information regarding our principal shareholders and their affiliated entities, see "Principal Shareholders."

We may rely on dividends paid by our PRC subsidiaries to fund cash and financing requirements. Any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business and to pay dividends to holders of the ADSs and our ordinary shares.

We are a holding company, and we may rely on dividends to be paid by our PRC subsidiaries to fund our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to the holders of the ADSs and our ordinary shares and service any debt we may incur. If our PRC subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other distributions to us.

Under PRC laws and regulations, a wholly foreign-owned enterprise in China, such as Hongyi Technology or Guangzhou Tiya, may pay dividends only out of its accumulated profits as determined in accordance with PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise is required to set aside at least 10% of its after-tax profits each year, after making up previous years' accumulated losses, if any, to fund certain statutory reserve funds, until the aggregate amount of such fund reaches 50% of its registered capital. At the discretion of the board of directors of the wholly foreign-owned enterprise, it may allocate a portion of its after-tax profits based on PRC accounting standards to staff welfare and bonus funds. These reserve funds and staff welfare and bonus funds are not distributable as cash dividends. For more detail on those limits, see "—Risks Related to Doing Business in China—Our PRC subsidiaries and PRC VIEs are subject to restrictions on paying dividends or making other payments to us, which may restrict our ability to satisfy our liquidity requirements." Any limitation on the ability of our PRC subsidiaries to pay dividends or make other distributions to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends, or otherwise fund and conduct our business.

Substantial uncertainties exist with respect to whether the foreign investor's controlling PRC onshore variable interest entities via contractual arrangements will be recognized as "foreign investment" and how it may impact the viability of our current corporate structure and operations.

On March 15, 2019, the National People's Congress of the PRC adopted the PRC Foreign Investment Law, which will come into force on January 1, 2020. The PRC Foreign Investment Law defines the "foreign

investment" as the investment activities in China conducted directly or indirectly by foreign investors in the following manners: (i) the foreign investor, by itself or together with other investors establishes a foreign invested enterprises in China; (ii) the foreign investor acquires shares, equities, asset tranches, or similar rights and interests of enterprises in China; (iii) the foreign investor, by itself or together with other investors, invests and establishes new projects in China; (iv) the foreign investor invests through other approaches as stipulated by laws, administrative regulations or otherwise regulated by the State Council. The PRC Foreign Investment Law keeps silent on how to define and regulate the "variable interest entities," while adding a catch-all clause that "other approaches as stipulated by laws, administrative regulations or otherwise regulated by the State Council" can fall into the concept of "foreign investment," which leaves uncertainty as to whether the foreign investor's controlling PRC onshore variable interest entities via contractual arrangements will be recognized as "foreign investment." Pursuant to the PRC Foreign Investment Law, PRC governmental authorities will regulate foreign investment by applying the principle of pre-entry national treatment together with a "negative list," which will be promulgated by or promulgated with approval by the State Council. Foreign investors are prohibited from making any investments in the industries which are listed as "prohibited" in such negative list; and, after satisfying certain additional requirements and conditions as set forth in the "negative list," are allowed to make investments in the industries which are listed as "restricted" in such negative list. For any foreign investor that fails to comply with the negative list, the competent authorities are entitled to ban its investment activities, require such investor to take measures to correct its non-compliance and impose other penalties.

The internet content service, internet audio-visual program services and online culture activities that we conduct through our consolidated variable interest entities are subject to foreign investment restrictions/prohibitions set forth in the Guidance Catalogue of Industries for Foreign Investment (2017 Revision), the Special Management Measures for the Market Entry of Foreign Investment (Negative List) (2019 Version) and the Market Access Negative List (2018 Version) issued by MOFCOM and the National Development and Reform Commission. It is unclear whether any new "negative list" to be issued under the PRC Foreign Investment Law will be different from the foregoing lists that already exist.

The PRC Foreign Investment Law leaves leeway for future laws, administrative regulations or provisions of the State Council to provide for contractual arrangements as a form of foreign investment. It is therefore uncertain whether our corporate structure will be seen as violating foreign investment rules as we are currently using the contractual arrangements to operate certain businesses in which foreign investors are currently prohibited from or restricted to investing. Furthermore, if future laws, administrative regulations or provisions of the State Council mandate further actions to be taken by companies with respect to existing contractual arrangements, we may face substantial uncertainties as to whether we can complete such actions in a timely manner, or at all. If we fail to take appropriate and timely measures to comply with any of these or similar regulatory compliance requirements, our current corporate structure, corporate governance and business operations could be materially and adversely affected.

Risks Related to Doing Business in China

Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

The PRC legal system is based on written statutes where prior court decisions have limited value as precedents. Our PRC subsidiaries, VIEs and WFOEs, are subject to laws and regulations applicable to foreign-invested enterprises as well as various Chinese laws and regulations generally applicable to companies incorporated in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involves uncertainties.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, 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. Furthermore, the PRC legal system is based in part on government policies and internal rules that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation. Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, could materially and adversely affect our business and impede our ability to continue our operations.

Regulation and censorship of information disseminated over the mobile and internet in China may adversely affect our business and subject us to liability for content on our platforms.

Internet companies in China are subject to a variety of existing and new rules, regulations, policies, and license and permit requirements. In connection with enforcing these rules, regulations, policies and requirements, relevant government authorities may suspend services by, or revoke licenses of, any internet or mobile content service provider that is deemed to provide illicit content online or on mobile devices, and such activities may be intensified in connection with any ongoing government campaigns to eliminate prohibited content online. For example, in 2016, the Office of the Anti-Pornography and Illegal Publications Working Group, the State Internet Information Office, the MIIT, the Ministry of Culture and the Ministry of Public Security jointly launched a "Clean Up the Internet 2016" campaign. Based on publicly available information, the campaign aims to eliminate pornographic information and content in the internet information services industry by, among other things, holding liable individuals and corporate entities that facilitate the distribution of pornographic information and content. Publicly traded companies voluntarily initiated self-investigations to filter and remove content from their websites and cloud servers.

We endeavor to eliminate illicit content from our platform. We have made substantial investments in resources, including artificial intellectual technology to work together with a team of specialized individuals, to monitor content that users post on our platform and the way in which our users engage with each other through our platform. We use a variety of methods to ensure our platform remains a healthy and positive experience for our users. See "Business—Our Business—Content Monitoring System." Although we employ these methods to filter content posted on our platform, we cannot be sure that our internal content control efforts will be sufficient to remove all content that may be viewed as indecent or otherwise non-compliant with PRC law and regulations. Government standards and interpretations as to what constitutes illicit online content or behavior are subject to interpretation and may change in a manner that could render our current monitoring efforts insufficient. The Chinese government has wide discretion in regulating online activities and, irrespective of our efforts to control the content on our platform, government campaigns and other actions to reduce illicit content and activities could subject us to negative press or regulatory challenges and sanctions, including fines, suspension or revocation of our licenses to operate in China or a suspension or ban on our mobile or online platform, including suspension or closure of one or more parts of or our entire business. Further, our senior management could be held criminally liable if we are deemed to be profiting from illicit content on our platform. Although our business and operations have not been materially and adversely affected by government campaigns or any other regulatory actions in the past, we cannot assure you that our business and operations will be immune from government actions or sanctions in the future. If government actions or sanctions are brought against us, or if there are widespread rumors that government actions or sanctions have been brought against us, our reputation could be harmed, we may lose users and customers, our revenues and results of operation may be materially and adversely affected and the value of our ADSs could be dramatically reduced.

Adverse changes in global or China's economic, political or social conditions or government policies could have a material adverse effect on our business, financial condition and results of operations.

Our revenues are substantially sourced from China. Accordingly, our business, results of operations, financial condition and prospects are influenced by economic, political and legal developments in China. Economic reforms begun in the late 1970s have resulted in significant economic growth. However, any economic

reform policies or measures in China may from time to time be modified or revised. China's economy differs from the economies of most developed countries in many respects, including with respect to the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth in the past 40 years, growth has been uneven across different regions and among different economic sectors and the rate of growth has been slowing.

China's economic conditions 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 global macroeconomic environment is facing new challenges and 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. Recent international trade disputes, including tariff actions announced by the United States, the PRC and certain other countries, and the uncertainties created by such disputes may cause disruptions in the international flow of goods and services and may adversely affect the Chinese economy as well as global markets and economic conditions. There have also been concerns about the economic effect of the military conflicts and political turmoil or social instability in the Middle East, Europe, Africa and other places. Any severe or prolonged slowdown in the global economy may adversely affect the Chinese economy which in turn may adversely affect our business and operating results.

The PRC government exercises significant control over China's economic growth through strategically allocating resources, controlling the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular industries or companies. Although the PRC economy has grown significantly in the past decade, that growth may not continue, as evidenced by the slowing of the growth of the PRC economy since 2012. Any adverse changes in economic conditions in China, in the policies of the PRC government or in the laws and regulations in China could have a material adverse effect on the overall economic growth of China. Such developments could adversely affect our business and operating results, lead to reduction in demand for our services and adversely affect our competitive position.

Currently there is no law or regulation specifically governing virtual asset property rights and therefore it is not clear what liabilities, if any, online platform operator may have for virtual assets.

While participating on our platform, our users acquire, purchase and accumulate some virtual assets, such as gifts or certain status. Such virtual assets can be important to users and have monetary value and, in some cases, are sold for actual money. In practice, virtual assets can be lost for various reasons, often through unauthorized use of the user account of one user by other users and occasionally through data loss caused by delay of network service, network crash or hacking activities. Currently, there is no PRC law or regulation specifically governing virtual asset property rights. As a result, there is uncertainty as to who the legal owner of virtual assets is, whether and how the ownership of virtual assets is protected by law, and whether an operator of online platform such as us would have any liability, whether in contract, tort or otherwise, to users or other interested parties, for loss of such virtual assets. Based on recent PRC court judgments, the courts have typically held online platform operators liable for losses of virtual assets by platform users, and ordered online platform operators to return the lost virtual items to users or pay damages and losses if the online platform operators fail to fulfill their obligations as the service provider. In case of a loss of virtual assets, we may be sued by our users and held liable for damages, which may negatively affect our reputation and business, financial condition and results of operations.

Under the PRC enterprise income tax law, we may be classified as a PRC "resident enterprise," which could result in unfavorable tax consequences to us and our shareholders and ADS holders and have a material adverse effect on our results of operations and the value of your investment.

Under the PRC enterprise income tax law that became effective on January 1, 2008, an enterprise established outside the PRC with "de facto management bodies" within the PRC is considered a "resident enterprise" for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income

tax rate on its worldwide income. On April 22, 2009, the State Taxation Administration, or the SAT, issued the Circular Regarding the Determination of Chinese-Controlled Overseas Incorporated Enterprises as PRC Tax Resident Enterprise on the Basis of De Facto Management Bodies, or SAT Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Further to SAT Circular 82, on August 3, 2011, the SAT issued the Administrative Measures of Enterprise Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial), or SAT Bulletin 45, which became effective on September 1, 2011, to provide more guidance on the implementation of SAT Circular 82.

According to SAT Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be considered a PRC tax resident enterprise by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its worldwide income only if all of the following conditions are met: (a) the senior management and core management departments in charge of its daily operations function have their presence mainly in the PRC; (b) its financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) its major assets, accounting books, company seals, and minutes and files of its board and shareholders' meetings are located or kept in the PRC; and (d) not less than half of the enterprise's directors or senior management with voting rights habitually reside in the PRC. SAT Bulletin 45 provides further rules on residence status determination, post-determination administration as well as competent tax authorities procedures.

Although SAT Circular 82 and SAT Bulletin 45 apply only to offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise group and not those controlled by PRC individuals or foreigners, King & Wood Mallesons, our legal counsel as to PRC law, has advised us that the determination criteria set forth therein may reflect SAT's general position on how the term "de facto management body" could be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, individuals or foreigners.

We do not meet all of the conditions set forth in SAT Circular 82. Therefore, we believe that we should not be treated as a "resident enterprise" for PRC tax purposes even if the standards for "de facto management body" prescribed in the SAT Circular 82 applied to us. For example, our minutes and files of the resolutions of our board of directors and the resolutions of our shareholders are maintained outside the PRC.

However, it is possible that the PRC tax authorities may take a different view. King & Wood Mallesons, our legal counsel as to PRC law, has advised us that if the PRC tax authorities determine that our Cayman Islands holding company or any British Virgin Islands or Hong Kong subsidiary is a PRC resident enterprise for PRC enterprise income tax purposes, its world-wide income could be subject to PRC tax at a rate of 25%, which could reduce our net income. In addition, we will also be subject to PRC enterprise income tax reporting obligations. Although dividends paid by one PRC tax resident to another PRC tax resident should qualify as "tax-exempt income" under the enterprise income tax law, we cannot assure you that dividends paid by our PRC subsidiaries to us or any of our Hong Kong subsidiaries will not be subject to a 10% withholding tax if we or any of our Hong Kong subsidiaries were treated as a PRC resident enterprise, as the PRC foreign exchange control authorities, which enforce the withholding tax on dividends, and the PRC tax authorities have not yet issued guidance with respect to the processing of outbound remittances to entities that are treated as resident enterprises for PRC enterprise income tax purposes.

If we are treated as a resident enterprise, non-PRC resident ADS holders and shareholders may also be subject to PRC withholding tax on dividends paid by us and PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is sourced from within the PRC. The tax would be imposed at the rate of 10% in the case of non-PRC resident enterprise ADS holders and shareholders and 20% in the case of non-PRC resident individual ADS holders and shareholders. In the case of dividends, we would be required to withhold the tax at source. Any PRC tax liability may be reduced under applicable tax treaties or similar arrangements, but it is unclear whether our non-PRC ADS holders and shareholders would be able to

claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Although our holding company is incorporated in the Cayman Islands, it remains unclear whether dividends received and gains realized by our non-PRC resident ADS holders and shareholders will be regarded as income from sources within the PRC if we are classified as a PRC resident enterprise. Any such tax will reduce the returns on your investment in our ADSs.

There are uncertainties with respect to indirect transfers of PRC taxable properties outside a public stock exchange.

We face uncertainties on the reporting and consequences on private equity financing transactions, private share transfers and share exchange involving the transfer of shares in our company by non-resident investors. According to the Notice on Several Issues Concerning Enterprise Income Tax for Indirect Share Transfer by Non-PRC Resident Enterprises, issued by the State Taxation Administration on February 3, 2015, or SAT Circular 7, an "indirect transfer" of assets of a PRC resident enterprise, including a transfer of equity interests in a non-PRC holding company of a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable properties, if such transaction lacks reasonable commercial purpose and was undertaken for the purpose of reducing, avoiding or deferring PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and tax filing or withholding obligations may be triggered, depending on the nature of the PRC taxable properties being transferred. According to SAT Circular 7, "PRC taxable properties" include assets of a PRC establishment or place of business, real properties in the PRC, and equity investments in PRC resident enterprises, in respect of which gains from their transfer by a direct holder, being a non-PRC resident enterprise, would be subject to PRC enterprise income taxes. When determining if there is a "reasonable commercial purpose" of the transaction arrangement, factors to be taken into consideration include: whether the main value of the equity interest of the relevant offshore enterprise derives from PRC taxable properties; 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 properties have a 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 properties; and the tax situation of such indirect transfer outside China and its applicable tax treaties or similar arrangements. In respect of an indirect offshore transfer of assets of a PRC establishment or place of business of a foreign enterprise, the resulting gain is to be included with the annual enterprise 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 PRC real properties 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 at 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 payer fails to withhold any or sufficient tax, the transferor shall declare and pay such tax to the competent tax authority by itself within the statutory time limit. Late payment of applicable tax will subject the transferor to default interest. Currently, SAT Circular 7 does not apply to the sale of shares or ADSs by investors through a public stock exchange where such shares or ADSs were acquired in a transaction on a public stock exchange.

We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing and withholding or tax payment obligations and associated penalties with respect to any internal restructuring, and our PRC subsidiaries may be requested to assist in the filing. Any PRC tax imposed on a transfer of our shares not through a public stock exchange, or any adjustment of such gains would cause us to incur additional costs and may have a negative impact on the value of your investment in our company.

Implementation of the new labor laws and regulations in China may adversely affect our business and results of operations.

Pursuant to the Labor Contract Law of PRC that took effect in January 2008, its implementation rules that took effect in September 2008 and its amendment that took effect in July 2013, employers are subject to stricter requirements in terms of signing labor contracts, minimum wages, paying remuneration, determining the term of employees' probation and unilaterally terminating labor contracts. Due to lack of detailed interpretative rules and uniform implementation practices and broad discretion of the local competent authorities, it is uncertain as to how the labor contract law and its implementation rules will affect our current employment policies and practices. Our employment policies and practices may violate the labor contract law or its implementation rules, and we may thus be subject to related penalties, fines or legal fees. Compliance with the labor contract law and its implementation rules may increase our operating expenses, in particular our personnel expenses. In the event that we decide to terminate some of our employees or otherwise change our employment or labor practices, the labor contract law and its implementation rules may also limit our ability to effect those changes in a desirable or cost-effective manner, which could adversely affect our business and results of operations. On October 28, 2010, the Standing Committee of the National People's Congress promulgated the PRC Social Insurance Law, or the Social Insurance Law, which became effective on July 1, 2011 and was last amended in December 2018. According to the Social Insurance Law, employees must participate in pension insurance, work-related injury insurance, medical insurance, unemployment insurance and maternity insurance and the employers must, together with their employees or separately, pay the social insurance premiums for such employees.

We expect our labor costs to increase due to the implementation of these new laws and regulations. As the interpretation and implementation of these new laws and regulations are still evolving, we cannot assure you that our employment practice will at all times be deemed in full compliance with labor-related laws and regulations in China, which may subject us to labor disputes or government investigations. If we are deemed to have violated relevant labor laws and regulations, we could be required to provide additional compensation to our employees and our business, financial condition and results of operations could be materially and adversely affected.

We have accrued in the financial statements but not made full contributions to the social insurance plans and the housing provident fund for employees as required by the relevant PRC laws and regulations. As of the date of this prospectus, we are not aware of any notice from regulatory authorities or any claim or request from these employees in this regard.

Further, labor disputes, work stoppages or slowdowns at our company or any of our third-party service providers could significantly disrupt our daily operation or our expansion plans and have a material adverse effect on our business, financial condition and results of operations.

China's M&A Rules and certain other PRC regulations establish complex procedures for certain acquisitions of Chinese companies by foreign investors, which could make it more difficult for us to pursue growth through acquisitions in China.

The Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, or the M&A Rules, and other recently adopted regulations and rules concerning mergers and acquisitions established additional procedures and requirements that could make merger and acquisition activities by foreign investors more time consuming and complex. For example, the M&A Rules require that 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) such transaction involves factors that impact or may impact 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. Moreover, the PRC Anti-Monopoly Law promulgated by the Standing Committee of the National People's Congress effective 2008 requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds (i.e., during the previous fiscal year, (i) the total global turnover of all operators participating in the transaction exceeds RMB10 billion and at

least two of these operators each had a turnover of more than RMB400 million within China, or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB2 billion, and at least two of these operators each had a turnover of more than RMB400 million within China) must be cleared by the anti-monopoly enforcement authority before they can be completed. In addition, in 2011, the General Office of the State Council promulgated a Notice on Establishing the Security Review System for Mergers and Acquisitions of Domestic Enterprises by Foreign Investors, also known as Circular 6, which officially established a security review system for mergers and acquisitions of domestic enterprises by foreign investors. Further, MOFCOM promulgated the Regulations on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors, effective 2011, to implement Circular 6. Under Circular 6, a security review is required for mergers and acquisitions by foreign investors having "national defense and security" concerns and mergers and acquisitions by which foreign investors may acquire the "de facto control" of domestic enterprises with "national security" concerns. Under the foregoing MOFCOM regulations, MOFCOM will focus on the substance and actual impact of the transaction when deciding whether a specific merger or acquisition is subject to security review. If MOFCOM decides that a specific merger or acquisition is subject to a security review, it will submit it to the Inter-Ministerial Panel, an authority established under Circular 6 led by the National Development and Reform Commission, and MOFCOM under the leadership of the State Council, to carry out security review. The regulations prohibit foreign investors from bypassing the security review by structuring transactions through trusts, indirect investments, leases, loans, control through contractual arrangements or offshore transactions. There is no explicit provision or official interpretation stating that the merging or acquisition of a company engaged in the internet content business requires security review, and there is no requirement that acquisitions completed prior to the promulgation of the Security Review Circular are subject to MOFCOM review.

In the future, we may grow our business by acquiring complementary businesses. Complying with the requirements of the above-mentioned regulations and other relevant rules to complete such transactions could be time consuming, and any required approval processes, including obtaining approval from MOFCOM or its local counterparts may delay or inhibit our ability to complete such transactions. We believe that it is unlikely that our business would be deemed to be in an industry that raises "national defense and security" or "national security" concerns. However, MOFCOM or other government agencies may publish explanations in the future determining that our business is in an industry subject to the security review, in which case our future acquisitions in China, including those by way of entering into contractual control arrangements with target entities, may be closely scrutinized or prohibited.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiary's ability to increase their registered capital or distribute profits to us or otherwise expose us to liability and penalties under PRC law.

The SAFE issued Circular on Several Issues concerning Foreign Exchange Administration for Domestic Residents to Engage in Financing and in Return Investments via Overseas Special Purpose Companies, or Circular No. 75, on October 21, 2005, which became effective on November 1, 2005. Under Circular 75, prior registration with the local SAFE branch is required for PRC residents to establish or to control an offshore company for the purposes of financing that offshore company with assets or equity interests in an onshore enterprise located in the PRC. The SAFE promulgated the Circular on Relevant Issues Relating to Domestic Resident's Investment and Financing and Roundtrip Investment through Special Purpose Vehicles, or SAFE Circular 37, in July 2014 that requires PRC residents or entities to register with SAFE or its local branch in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing. In addition, such PRC residents or entities must update their SAFE registrations when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, transfers or exchanges of shares, or mergers or divisions. 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.

If our shareholders who are PRC residents or entities do not complete their registration with the local SAFE branches, our PRC subsidiaries may be prohibited from distributing their profits and proceeds from any reduction in capital, share transfer or liquidation to us, and we may be restricted in our ability to contribute additional capital to our PRC subsidiaries. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions. We have requested PRC residents who, to our knowledge, hold direct or indirect interest in us to make the necessary applications, filings and amendments as required under SAFE regulations. However, we may not at all times be fully aware or informed of the identities of all our shareholders or beneficial owners that are required to make such registrations, and we cannot compel our beneficial owners to comply with SAFE registration requirements. As a result, we cannot assure you that all of our shareholders or beneficial owners who are PRC residents or entities have complied with, and will in the future make or obtain any applicable registrations or approvals required by, SAFE regulations. Failure by such shareholders or beneficial owners to comply with SAFE regulations, or failure by us to amend the foreign exchange registrations of our PRC subsidiaries, could subject us to fines or legal sanctions, restrict our overseas or cross-border investment activities, limit our PRC subsidiaries' ability to make distributions or pay dividends or affect our ownership structure, which could adversely affect our business and prospects.

PRC regulation of direct investment and loans by offshore holding companies to PRC entities may delay or limit us from using the proceeds of our initial public offering to make additional capital contributions or loans to our PRC subsidiaries.

We are an offshore holding company conducting our operations in China through our PRC subsidiaries, VIEs and their subsidiaries. We may make loans to our PRC subsidiaries, VIEs and their subsidiaries, or we may make additional capital contributions to our PRC subsidiaries.

Any capital contributions or loans that we, as an offshore entity, make to our PRC subsidiaries, including from the proceeds of our initial public offering, are subject to PRC regulations. For example, none of our loans to a PRC subsidiary can exceed the difference between its total amount of investment and its registered capital approved under relevant PRC laws, or certain amount calculated based on elements including capital or net assets and the cross-border financing leverage ratio and the loans must be registered with the local branch of SAFE and the competent development and reform commission in case of any external debts of more than one year. Our capital contributions to our PRC subsidiaries must be approved by or filed with the MOFCOM or its local counterpart.

On March 30, 2015, SAFE issued the Circular on the Reforming of the Management Method of the Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, or SAFE Circular 19, which took effect on June 1, 2015. Under SAFE Circular 19, a foreign-invested enterprise, within the scope of business, may choose to convert its registered capital from foreign currency to RMB on a discretionary basis, and the RMB capital so converted can be used for equity investments within PRC, provided that such usage shall fall into the scope of business of the foreign-invested enterprise, which will be regarded as the reinvestment of foreign-invested enterprise. See "Regulation—Regulations Related to Foreign Exchange."

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 registration or obtain the necessary approval on a timely basis, or at all. If we fail to complete the necessary registration or obtain the necessary approval, our ability to make loans or equity contributions to our PRC subsidiaries may be negatively affected, which could adversely affect our PRC subsidiaries' liquidity and its ability to fund its working capital and expansion projects and meet its obligations and commitments.

Our PRC subsidiaries and PRC VIEs are subject to restrictions on paying dividends or making other payments to us, which may restrict our ability to satisfy our liquidity requirements.

We are a holding company incorporated in the Cayman Islands. In 2017 and 2018, our subsidiaries and our VIEs (including their subsidiaries) located in the PRC have not paid dividends. However, the payment of dividends by our PRC subsidiaries and PRC VIEs is an important source of income for us to meet our financing need, and such payment is and may be subject to various restrictions. Current PRC regulations permit our PRC subsidiaries to pay dividends to us only out of their accumulated after-tax profits upon satisfaction of relevant statutory condition and procedures, if any, determined in accordance with Chinese accounting standards and regulations. In addition, each of our PRC subsidiaries is required to set aside at least 10% of its accumulated profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. As of December 31, 2018, we had not made appropriations to statutory reserves as our subsidiaries and our VIEs (including their subsidiaries) reported accumulated loss. Furthermore, if our PRC subsidiaries, VIEs and their subsidiaries incur debt on their own behalf in the future, the instruments governing the debt may restrict their ability to pay dividends or make other payments to us, which may restrict our ability to satisfy our liquidity requirements. In addition, the EIT Law, and its implementation rules provide that withholding tax rate of 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless otherwise exempted or reduced according to treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC-resident enterprises are incorporated.

Fluctuations in exchange rates could have a material adverse effect on our results of operations and the value of your investment.

The value of the RMB against the U.S. dollar and other currencies is affected by changes in China's political and economic conditions and by China's foreign exchange policies, among other things. In July 2005, the PRC government changed its decades-old policy of pegging the value of the RMB to the U.S. dollar, and the RMB 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 RMB and the U.S. dollar remained within a narrow band. Since June 2010, the RMB 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 with effect from October 1, 2016, RMB 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 RMB has depreciated significantly in the backdrop of a surging U.S. dollar and persistent capital outflows of China. While appreciating approximately by 7% against the U.S. dollar in 2017, the Renminbi in 2018 depreciated approximately by 5% against the U.S. dollar. With the development of the foreign exchange market and progress towards interest rate liberalization and RMB internationalization, the PRC government may in the future announce further changes to the exchange rate system and we cannot assure you that the RMB 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 RMB and the U.S. dollar in the future.

There remains significant international pressure on the Chinese government to adopt a flexible currency policy to allow the RMB to appreciate against the U.S. dollar. Significant revaluation of the RMB may have a material adverse effect on your investment. Substantially all of our revenues and costs are denominated in RMB. Any significant revaluation of RMB may materially and adversely affect our revenues, earnings and financial position, and the value of, and any dividends payable on, our ADSs in U.S. dollars. To the extent that we need to convert U.S. dollars into RMB for capital expenditures and working capital and other business purposes, appreciation of the RMB against the U.S. dollar would have an adverse effect on the RMB amount we would receive from the conversion. Conversely, a significant depreciation of the RMB against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings, which in turn could adversely affect the price of

our ADSs, and if we decide to convert RMB into U.S. dollars for the purpose of making payments for dividends on our ordinary shares or ADSs, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against the RMB would have a negative effect on the U.S. dollar amount available to us.

Very limited hedging options are available in China to reduce our exposure to exchange rate fluctuations. To date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. While we may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and we may not be able to adequately hedge our exposure or at all. In addition, our currency exchange losses may be magnified by PRC exchange control regulations that restrict our ability to convert RMB into foreign currency. As a result, fluctuations in exchange rates may have a material adverse effect on your investment.

Governmental control of currency conversion may limit our ability to utilize our revenues effectively and affect the value of your investment.

The PRC government imposes control on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive substantially all of our revenues in RMB. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior SAFE approval by complying with certain procedural requirements. Therefore, our PRC subsidiaries are able to pay dividends in foreign currencies to us without prior approval from SAFE. However, approval from or registration with appropriate government authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies. The PRC government may also at its discretion restrict access to foreign currencies for current account transactions in the future. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of our ADSs.

Failure to comply with PRC regulations regarding the registration requirements for employee stock ownership plans or share option 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 share incentive plans in overseas non-publicly-listed companies may submit applications to SAFE or its local branches for the foreign exchange registration with respect to offshore special purpose companies. In the meantime, our directors, executive officers and other employees who are PRC citizens or who are non-PRC residents residing in the PRC for a continuous period of not less than one year, subject to limited exceptions, and who have been granted incentive share awards by us, may follow the Circular on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly-Listed Company, or the SAFE Circular 7, promulgated by the SAFE in 2012. Pursuant to the SAFE Circular 7, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year who participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent, which could be the PRC subsidiaries of such overseas listed company, and complete certain other procedures. In addition, an overseas entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We and our executive officers and other employees who are PRC citizens or who reside in the PRC for a continuous period of not less than one year and who have been granted options will be subject to these regulations when our company becomes an overseas listed company upon the completion of this offering. Failure to complete the SAFE registrations may subject them to fines, and legal sanctions and may also limit our ability to contribute additional capital into our PRC subsidiaries and limit our PRC subsidiaries' ability to distribute dividends to us. We also face regulatory uncertainties that could restrict our ability to adopt additional incentive plans for our directors, executive officers and employees under PRC law. See "Regulation—Regulations Related to Employee Stock Incentive Plan."

The SAT has issued certain circulars concerning equity incentive awards. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. Each of our PRC subsidiaries has obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities or other PRC governmental authorities. See "Regulation—Regulations related to Employee Stock Incentive Plan."

Our leased property interests may be defective and our right to lease the properties affected by such defects may be challenged, which could adversely affect our business.

As of December 31, 2018, we lease nine premises in China, including our headquarters in Guangzhou. As to some of our leased properties, our landlords did not provide us with sufficient property title certificates or other supporting documents to prove ownership of the leased properties. We also lease some properties constructed on lands allocated by government on certain conditions. The lease of structures on allocated lands shall meet relevant requirements and be approved by the competent authorities. If our landlords' ownership of the leased properties is successfully challenged by a third party or our landlords lease the relevant properties on allocated lands without approval, our lease agreements may not be enforceable and we may be forced to vacate the premise and relocate to a different premise. We cannot assure you that we will cause all of our landlords to provide sufficient property title certificates and obtain approvals in time, or at all, and if we have to relocate, our business may be disrupted and we may incur additional expenses. The planned purpose of some of our leased properties is for residence only, but we lease from our lessors for purpose of business. If our lessors don't obtain the prior consent of the owners of other properties in the same building, such owners may request our lessors to remove the impairment and compensate for their damages. Under such circumstances, our lessors may force us to relocate and our business will be interrupted. Some of such landlords have not registered the lease agreements with the government authorities or have not completed the registration process with respect to their ownership rights to the leased premises. We may be subject to monetary fines due to failure by the landlords to complete the registration process as required by applicable laws.

We may also be forced to relocate our operations if the landlords do not obtain valid title and approvals to or complete the required registrations with local housing authorities in a timely manner or at all. We might not be able to locate desirable alternative sites for our operations in a timely and cost-effective manner which may adversely affect our business.

Proceedings instituted by the SEC against certain PRC-based accounting firms, including our independent registered public accounting firm, could result in financial statements being determined to not be in compliance with the requirements of the Exchange Act.

In December 2012, the SEC instituted administrative proceedings against the Big Four China-based accounting firms, including our independent registered public accounting firm, alleging that these firms had violated U.S. securities laws and the SEC's rules and regulations thereunder by failing to provide to the SEC the firms' audit work papers with respect to certain PRC-based companies that are publicly traded in the United States.

On January 22, 2014, the administrative law judge, or the ALJ, presiding over the matter rendered an initial decision that each of the firms had violated the SEC's rules of practice by failing to produce audit papers and other documents to the SEC. The initial decision censured each of the firms and barred them from practicing before the SEC for a period of six months.

On February 6, 2015, the four China-based accounting firms each agreed to a censure and to pay a fine to the SEC to settle the dispute and avoid suspension of their ability to practice before the SEC and audit U.S.-listed companies. The settlement required the firms to follow detailed procedures and to seek to provide the SEC with

access to Chinese firms' audit documents via the CSRC. Under the terms of the settlement, the underlying proceeding against the four China-based accounting firms was deemed dismissed with prejudice four years after entry of the settlement. The four-year mark occurred on February 6, 2019.

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 the proceedings against these audit firms may cause investor uncertainty regarding PRC-based, United States-listed companies and the market price of our ADSs may be adversely affected.

If our independent registered public accounting firm was 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 financial statements, our 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 delisting of our ADSs from the [NYSE/Nasdaq] or deregistration from the SEC, or both, which would substantially reduce or effectively terminate the trading of our ADSs in the United States.

Our auditor, like other independent registered public accounting firms operating in China, is not permitted to be subject to inspection by Public Company Accounting Oversight Board, and consequently investors may be deprived of the benefits of such inspection.

Our auditor, the independent registered public accounting firm that issued the audit reports included elsewhere in this annual report, as an auditor of companies that are traded publicly in the United States and a firm registered with the Public Company Accounting Oversight Board (United States), or PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess its compliance applicable professional standards. Our auditor is located in, and organized under the laws of, the PRC, which is a jurisdiction where the PCAOB has been unable to conduct inspections without the approval of the Chinese authorities. In May 2013, PCAOB announced that it had entered into a Memorandum of Understanding on Enforcement Cooperation with the CSRC and the PRC Ministry of Finance, which establishes a cooperative framework between the parties for the production and exchange of audit documents relevant to investigations undertaken by PCAOB, the CSRC or the PRC Ministry of Finance in the United States and the PRC, respectively. PCAOB continues to be in discussions with the China Securities Regulatory Commission, or CSRC, and the PRC Ministry of Finance to permit joint inspections in the PRC of audit firms that are registered with PCAOB and audit Chinese companies that trade on U.S. exchanges.

On December 7, 2018, the SEC and the PCAOB issued a joint statement highlighting continued challenges faced by the U.S. regulators in their oversight of financial statement audits of U.S.-listed companies with significant operations in China. However, it remains unclear what further actions, if any, the SEC and PCAOB will take to address the problem.

This lack of PCAOB inspections in China prevents the PCAOB from fully evaluating audits and quality control procedures of our independent registered public accounting firm. As a result, we and investors in our ordinary shares are deprived of the benefits of such PCAOB inspections. The inability of the PCAOB to conduct inspections of auditors in China makes it more difficult to evaluate the effectiveness of our independent registered public accounting firm's audit procedures or quality control procedures as compared to auditors outside of China that are subject to PCAOB inspections, which could cause investors and potential investors in our stock to lose confidence in our audit procedures and reported financial information and the quality of our financial statements.

Risks Related to This Offering and our American Depositary Shares

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

We intend to apply to list our ADSs on the [NYSE/Nasdaq]. We have no current intention to seek a listing for our ordinary shares on any stock exchange. Prior to the completion of this offering, there has been no public market for our ADSs or our ordinary shares, and we cannot assure you that a liquid public market for our ADSs will develop. If an active public market for our ADSs does not develop following the completion of this offering, the market price and liquidity of our ADSs may be materially and adversely affected. The initial public offering price for our ADSs was determined by negotiation between us and the underwriters based upon several factors, and we can provide no assurance that the trading price of our ADSs after this offering will not decline below the initial public offering price. As a result, investors in our securities may experience a significant decrease in the value of their ADSs.

The market price for our ADSs may be volatile.

The trading price of our ADSs is likely to be volatile and could fluctuate widely due to factors beyond our control. This may happen because of broad market and industry factors, including the performance and fluctuation of the market prices of other companies with business operations located mainly in China that have listed their securities in the United States. In addition to market and industry factors, the price and trading volume for our ADSs may be highly volatile for factors specific to our own operations, including the following:

- variations in our revenues, earnings, cash flow and data related to our user base or user engagement;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new product and service offerings, solutions and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our products and services or our industry;
- additions or departures of key personnel;
- release of lock-up or other transfer restrictions on our outstanding equity securities or sales of additional equity securities; and
- potential litigation or regulatory investigations.

Any of these factors may result in large and sudden changes in the volume and price at which our ADSs will trade.

In the past, shareholders of public companies have often brought securities class action suits against those companies following periods of instability in the market price of their 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 and require us to incur significant expenses to defend the suit, which could harm our results of operations. 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 have a material adverse effect on our business, financial condition and results of operations.

If securities or industry analysts do not publish research or publish inaccurate or unfavorable research about our business, the market price for our ADSs and trading volume could decline.

The trading market for our ADSs will be influenced by research or reports that industry or securities analysts publish about our business. If one or more analysts who cover us downgrade our ADSs, the market price

for our ADSs would likely decline. If one or more of these analysts cease to cover us or fail to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause the market price or trading volume for our ADSs to decline.

Because 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 US$ per ADS, representing the difference between the assumed initial public offering price of US$ per ADS, the midpoint of the estimated range of the initial public offering price, and our net tangible book value per ADS as of December 31, 2018, after giving effect to the net proceeds to us from this offering. In addition, you may experience further dilution upon the exercise of the vested options or the vesting of restricted shares issued under the 2019 Share Incentive Plan. See "Dilution" for a more complete description of how the value of your investment in our ADSs will be diluted upon completion of this offering.

Because we do not expect to pay dividends in the foreseeable future after this offering, you must rely on price appreciation of our ADSs for return on your investment.

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. Therefore, you should not rely on an investment in our ADSs as a source for any future dividend income.

Our board of directors has complete discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our board of directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. 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 our ADSs will likely depend entirely upon any future price appreciation of our ADSs. There is no guarantee that our 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 our ADSs and you may even lose your entire investment in our ADSs.

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

Sales of our ADSs in the public market after this offering, or the perception that these sales could occur, could cause the market price of our ADSs to decline. Immediately after the completion of this offering, we will have ordinary shares outstanding including ordinary shares represented by ADSs, assuming the underwriters do not exercise their over-allotment option. All ADSs sold in this offering will be freely transferable without restriction or additional registration under the Securities Act. The remaining ordinary shares outstanding after this offering will be available for sale, upon the expiration of the [180]-day lock-up period beginning from the date of this prospectus, subject to volume and other restrictions as applicable under Rules 144 and 701 under the Securities Act. Any or all of these shares may be released prior to the expiration of the lock-up period at the discretion of the representatives of the underwriters of this offering. To the extent shares are released before the expiration of the lock-up period and sold into the market, the market price of our ADSs could decline.

After completion of this offering, certain holders of our ordinary shares may cause us to register under the Securities Act the sale of their shares, subject to the [180]-day lock-up period 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 registered shares in the form of ADSs in the public market could cause the price of our ADSs to decline.

The voting rights of holders of ADSs are limited by the terms of the deposit agreement, and you may not be able to exercise your right to direct the voting of the underlying ordinary shares which are represented by your ADSs.

As a holder of our ADSs, you will only be able to exercise the voting rights with respect to the underlying ordinary shares representing your ADSs in accordance with the provisions of the deposit agreement. Under the deposit agreement, you must vote by giving voting instructions to the depositary. Upon receipt of your voting instructions, the depositary will vote the underlying ordinary shares representing your ADSs in accordance with these instructions. You will not be able to directly exercise your right to vote with respect to the underlying ordinary shares representing your ADSs unless you withdraw the shares and become the registered holder of such shares prior to the record date for the general meeting. Under our [Second Amended and Restated Memorandum and Articles of Association], effective upon the completion of this offering, the minimum notice period required for convening a general meeting is days. When a general meeting is convened, you may not receive sufficient advance notice enable you to withdraw the shares underlying your ADSs and become the registered holder of such shares prior to the record date of the general meeting to allow you to vote with respect to any specific matter. In addition, under our [Second Amended and Restated Memorandum and Articles of Association] that will become effective immediately upon completion of this offering, [for the purposes of determining those shareholders who are entitled to attend and vote at any general meeting, our directors may close our register of members or fix in advance a record date for such meeting, and such closure of our register of members or the setting of such a record date may prevent you from withdrawing the shares underlying your ADSs and becoming the registered holder of such shares prior to the record date, so that you would not be able to attend the general meeting or to vote directly.] Where any matter is to be put to a vote at a general meeting, the depositary will use its best endeavors to notify you of the upcoming vote and to deliver our voting materials to you. 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 their manner of carrying out your voting instructions. This means that you may not be able to exercise your right to vote and you may have no legal remedy if the shares underlying your ADSs are not voted as you requested.

Except in limited circumstances, the depositary for our ADSs will give us a discretionary proxy to vote the ordinary shares underlying your ADSs if you do not vote at shareholders' meetings, which could adversely affect your interests.

Under the deposit agreement for the ADSs, if you do not timely and properly give voting instructions to the depository as to how to vote the ordinary shares underlying your ADSs, the depositary will give us or our nominee a discretionary proxy to vote the ordinary shares underlying your ADSs at shareholders' meetings unless:

- we have failed to timely provide the depositary with notice of meeting and related voting materials;
- we have instructed the depositary that we do not wish a discretionary proxy to be given;
- we have informed the depositary that there is substantial opposition as to a matter to be voted on at the meeting;
- a matter to be voted on at the meeting would have a material adverse impact on shareholders; or
- the voting at the meeting is to be made on a show of hands.

The effect of this discretionary proxy is that if you do not timely and properly give voting instructions to the depository as to how to vote the ordinary shares underlying your ADSs at shareholders' meetings, you cannot prevent such ordinary shares underlying your ADSs from being voted, except under the circumstances described above. This may make it more difficult for shareholders to influence the management of our company. Holders of our ordinary shares are not subject to this discretionary proxy.

Your rights to pursue claims against the depositary as a holder of ADSs are limited by the terms of the deposit agreement.

Under the deposit agreement, any action or proceeding against or involving the depositary, arising out of or based upon the deposit agreement or the transactions contemplated thereby or by virtue of owning the ADSs may only be instituted in a state or federal court in New York, New York, and you, as a holder of our ADSs, will have irrevocably waived any objection which you may have to the laying of venue of any such proceeding, and irrevocably submitted to the exclusive jurisdiction of such courts in any such action or proceeding. However, the depositary may, in its sole discretion, require that any dispute or difference arising from the relationship created by the deposit agreement be referred to and finally settled by an arbitration conducted under the terms described in the deposit agreement. The arbitration provisions in the deposit agreement do not preclude you from pursuing claims under federal securities laws in federal courts. Also, we may amend or terminate the deposit agreement without your consent. If you continue to hold your ADSs after an amendment to the deposit agreement, you agree to be bound by the deposit agreement as amended. See "Description of American Depositary Shares" for more information.

ADSs holders may not be entitled to a jury trial with respect to claims arising under the deposit agreement, which could result in less favorable outcomes to the plaintiff(s) in any such action.

The deposit agreement governing the ADSs representing our ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial for any claim they may have against us or the depositary arising out of or relating to our shares, the ADSs or the deposit agreement, including any claim under the U.S. federal securities laws.

If we or the depositary were to oppose a jury trial based on this waiver, the court would have to determine whether the waiver was enforceable based on the facts and circumstances of the case in accordance with applicable state and federal law. To our knowledge, the enforceability of a contractual pre-dispute jury trial waiver in connection with claims arising under the federal securities laws has not been finally adjudicated by the United States Supreme Court. However, we believe that a contractual pre-dispute jury trial waiver provision is generally enforceable, including under the laws of the State of New York, which govern the deposit agreement, or by a federal or state court in the City of New York, which has non-exclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this would be the case with respect to the deposit agreement and the ADSs. It is advisable that you consult legal counsel regarding the jury waiver provision before investing in the ADSs.

If you or any other holders or beneficial owners of ADSs bring a claim against us or the depositary in connection with matters arising under the deposit agreement or the ADSs, including claims under federal securities laws, you or such other holder or beneficial owner may not be entitled to a jury trial with respect to such claims, which may have the effect of limiting and discouraging lawsuits against us or the depositary. If a lawsuit is brought against us or the depositary under the deposit agreement, it may be heard only by a judge or justice of the applicable trial court, which would be conducted according to different civil procedures and may result in different outcomes than a trial by jury would have, including outcomes that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver is not permitted by applicable law, an action could proceed under the terms of the deposit agreement with a jury trial. No condition, stipulation or provision of the deposit agreement

or the ADSs serves as a waiver by any holder or beneficial owner of ADSs or by us or the depositary of compliance with any substantive provision of the U.S. federal securities laws and the rules and regulations promulgated thereunder.

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 such rights available to you in the United States 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 dividends or other distributions on our ordinary shares and you may not receive any value for them, if it is illegal or impractical to make them available to you.

The depositary of our ADSs has agreed to pay to you the cash dividends or other distributions it or the custodian receives on ordinary shares or other deposited securities underlying our ADSs, after deducting its fees and expenses. You will receive these distributions in proportion to the number of ordinary shares your ADSs represent. However, the depositary is not responsible if it decides that it is unlawful or impractical to make a distribution available to any holders of ADSs. For example, it would be unlawful to make a distribution to a holder of ADSs if it consists of securities that require registration under the Securities Act but that are not properly registered or distributed under an applicable exemption from registration. The depositary may also determine that it is not feasible to distribute certain property through the mail. Additionally, the value of certain distributions may be less than the cost of mailing them. In these cases, the depositary may determine not to distribute such property. We have no obligation to register under U.S. securities laws any ADSs, ordinary shares, rights or other securities received through such distributions. We also have no obligation to take any other action to permit the distribution of ADSs, ordinary shares, rights or anything else to holders of ADSs. This means that you may not receive distributions we make on our ordinary shares or any value for them if it is illegal or impractical for us to make them available to you. These restrictions may cause a material decline in the value of our ADSs.

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 books at any time or from time to time when it deems expedient in connection with the performance of its duties. The depositary may close its books from time to time for a number of reasons, including in connection with corporate events such as a rights offering, during which time the depositary needs to maintain an exact number of ADS holders on its books for a specified period. The depositary may also close its books in emergencies, and on weekends and public holidays. The depositary may refuse to deliver, transfer or register transfers of our ADSs generally when our share register or the books of the depositary are closed, or at any time if we or the depositary thinks that it is 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 in accordance with the terms of the deposit agreement. As a result, you may be unable to transfer your ADSs when you wish to.

Certain judgments obtained against us by our shareholders may not be enforceable.

We are an exempted company limited by shares incorporated under the laws of the Cayman Islands. We conduct substantially all of our operations in China and substantially all of our assets are located in China. In

addition, a majority of our directors and executive officers reside within China, and most of the assets of these persons are located within China. As a result, it may be difficult or impossible for you to effect service of process within the United States upon these individuals, or to bring an action against us or against these individuals in the United States in the event that you believe 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 and of the PRC may render you unable to enforce a judgment against our assets or the assets of our directors and officers. For more information regarding the relevant laws of the Cayman Islands and China, see "Enforceability of Civil Liabilities."

Our post-offering memorandum and articles of association contain anti-takeover provisions that could have a material adverse effect on the rights of holders of our ordinary shares and ADSs.

We will adopt amended and restated memorandum and articles of association that will become effective immediately prior to the completion of this offering. [Our post-offering memorandum and articles of association, which will become effective immediately prior to the completion of this offering, will contain certain provisions to limit the ability of others to acquire control of our company or cause us to engage in change-of-control transactions, including a provision that grants authority to our board of directors to establish and issue from time to time one or more series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares without action by our shareholders and to determine, with respect to any series of preferred shares, the terms and rights of that series.] These provisions could have the effect of depriving our shareholders and ADSs holders of the opportunity to sell their shares or ADSs at a premium over the prevailing market price by discouraging third parties from seeking to obtain control of our company in a tender offer or similar transactions.

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 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 and Wales, 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 has a less developed body of securities laws than the United States. Some U.S. 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 post-offering memorandum and articles of association we expect to adopt, 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 United States. 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 United States and their shareholders, see "Description of Share Capital—Differences in Corporate Law."

The approval of the China Securities Regulatory Commission may be required in connection with this offering under PRC law.

The M&A Rules requires an overseas special purpose vehicle formed for listing purposes through acquisitions of PRC domestic companies and controlled by PRC companies or individuals to obtain the approval of the China Securities Regulatory Commission, or the CSRC, prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. The interpretation and application of the regulations remain unclear, and this offering may ultimately require approval from the CSRC. In addition, it is reported that the CSRC intended to propose a pre-approval regime that requires all offshore listings by China-based companies with variable interest entity structures, such as ours, that operate in industry sectors subject to foreign investment restrictions to obtain CSRC's approval. If CSRC approval is required, it is uncertain whether it would be possible for us to obtain the approval and any failure to obtain or delay in obtaining CSRC approval for this offering would subject us to sanctions imposed by the CSRC and other PRC regulatory agencies.

Our PRC counsel, King & Wood Mallesons, has advised us based on their understanding of the current PRC law, rules and regulations that the CSRC's approval is not required for the listing and trading of our ADSs on the [NYSE/Nasdaq] in the context of this offering, given that:

- the CSRC currently has not issued any definitive rule or interpretation concerning whether offerings like ours under this prospectus are subject to this regulation; and
- no provision in this regulation clearly classifies contractual arrangements as a type of transaction subject to its regulation.

However, our PRC legal counsel has further advised us that there remains some uncertainty as to how the M&A Rules will be interpreted or implemented in the context of an overseas offering and its opinions summarized above are subject to any new laws, rules and regulations or detailed implementations and interpretations in any form relating to the M&A Rules. We cannot assure you that relevant PRC governmental agencies, including the CSRC, would reach the same conclusion as we do. If it is determined that CSRC approval is required for this offering, we may face sanctions by the CSRC or other PRC regulatory agencies for failure to seek CSRC approval for this offering. These sanctions may include fines and penalties on our operations in the PRC, limitations on our operating privileges in the PRC, delays in or restrictions on the repatriation of the proceeds from this offering into the PRC, restrictions on or prohibition of the payments or remittance of dividends by our China subsidiary, or other actions that could have a material and adverse effect on our business, financial condition, results of operations, reputation and prospects, as well as the trading price of our ADSs. The CSRC or other PRC regulatory agencies may also take actions requiring us, or making it advisable for us, to halt this offering before the settlement and delivery of the ADSs that we are offering. Consequently, if you engage in market trading or other activities in anticipation of and prior to the settlement and delivery of the ADSs we are offering, you would be doing so at the risk that the settlement and delivery may not occur.

You must rely on the judgment of our management as to the use of the net proceeds from this offering, and such use may not produce income or increase our ADS price.

Our management will have considerable discretion in the application of the net proceeds received by us. You will not have the opportunity, as part of your investment decision, to assess whether proceeds are being used appropriately. The net proceeds may be used for corporate purposes that do not improve our efforts to achieve or maintain profitability or increase our ADS price. The net proceeds from this offering may be placed in investments that do not produce income or that lose value.

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.

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. Pursuant to the JOBS Act, we have elected to take advantage of the benefits of this extended transition period for complying with new or revised accounting standards as required when they are adopted for public companies. As a result, our operating results and financial statements may not be comparable to the operating results and financial statements of other companies who have adopted the new or revised accounting standards.

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

Because we qualify as a foreign private issuer under the Exchange Act, we are exempt from certain provisions of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers, including:

- 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;
- the sections of the Exchange Act regulating the solicitation of proxies, consents, or authorizations in respect of a security registered under the Exchange Act;
- 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
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD.

We will be 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 [NYSE/Nasdaq]. 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 U.S. 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.

As an exempted 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 [NYSE/Nasdaq] corporate governance listing standards; these practices may afford less protection to shareholders than they would enjoy if we complied fully with the [NYSE/Nasdaq] corporate governance listing standards.

As an exempted company incorporated in the Cayman Islands company that is listed on the [NYSE/Nasdaq], we are subject to the [NYSE/Nasdaq] corporate governance listing standards. However, [NYSE/Nasdaq] 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 [NYSE/Nasdaq] corporate governance listing standards. [Currently, we plan to rely on home country practice with respect to our corporate governance after we complete this offering. Specifically, we

do not plan to have a majority of independent directors serving on our board of directors or to establish a nominating committee and a compensation committee composed entirely of independent directors.] For details, please refer to [“Management—Board of Directors.”] As a result,, our shareholders may be afforded less protection than they otherwise would enjoy under the [NYSE/Nasdaq] corporate governance listing standards applicable to U.S. domestic issuers.

There can be no assurance that we will not be a passive foreign investment company, or PFIC, for any taxable year, which could result in adverse U.S. federal income tax consequences to U.S. investors in the ADSs or ordinary shares.

In general, a non-U.S. corporation is a passive foreign investment company for U.S. federal income tax purposes, or PFIC, for any taxable year in which (i) 75% or more of its gross income consists of passive income; or (ii) 50% or more of the value of its assets (generally determined on an average quarterly basis) consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns (or is treated as owning for U.S. federal income tax purposes), directly or indirectly, at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties and certain gains. Cash is a passive asset for these purposes. Goodwill is generally characterized as a nonpassive or passive asset based on the nature of the income produced in the activity to which the goodwill is attributable. Based on the expected composition of our income and assets and the value of our assets, including goodwill, which is based on the expected price of the ADSs in this offering, we do not expect to be a PFIC for our current taxable year. However, our PFIC status for any taxable year can be made only after the end of such year and will depend on the composition of our income and assets and the value of our assets from time to time (which may be determined, in part, by reference to the market price of the ADSs, which could be volatile). Moreover, it is not entirely clear how the contractual arrangements between our WFOEs, our VIEs and the shareholders of our VIEs will be treated for purposes of the PFIC rules, and we may be or become a PFIC if our VIEs are not treated as owned by us for these purposes. In addition, the extent to which our goodwill should be characterized as an active asset is not entirely clear. Furthermore, we will hold a substantial amount of cash following this offering. Accordingly, there can be no assurance that we will not be a PFIC for our current or any future taxable year. If we were a PFIC for any taxable year during which a U.S. taxpayer holds ADSs or ordinary shares, the U.S. taxpayer generally would be subject to adverse U.S. federal income tax consequences, including increased tax liability on disposition gains and “excess distributions,” and additional reporting requirements. See “Taxation—Material U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Rules.”

We will incur increased costs as a result of being a public company, particularly after we cease to qualify as an “emerging growth company.”

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 [NYSE/Nasdaq], 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. 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 controls 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 or 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 have a material adverse effect on our business, financial condition and results of operations.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that involve risks and uncertainties. All statements other than statements of historical facts are forward-looking statements. 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.

You can identify these forward-looking statements by words or phrases such as “may,” “will,” “expect,” “anticipate,” “aim,” “estimate,” “intend,” “plan,” “believe,” “likely to” or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include, but are not limited to, statements about:

- our goals and growth strategies;
- our future business development, results of operations and financial condition;
- relevant government policies and regulations relating to our business and industry;
- our expectation regarding the use of proceeds from this offering;
- general economic and business condition in China and global markets; and
- assumptions underlying or related to any of the foregoing.

You should read thoroughly this prospectus and the documents that we refer to in this prospectus with the understanding that our actual future results may be materially different from and worse than what we expect. Other sections of this prospectus include additional factors which could adversely impact our business and financial performance. Moreover, we operate in an evolving environment. New risk factors and uncertainties emerge from time to time and it is not possible for our management to predict all risk factors and uncertainties, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. We qualify all of our forward-looking statements by these cautionary statements.

You should not rely upon forward-looking statements as predictions of future events. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately US$ million, or approximately US$ million if the underwriters exercise their option to purchase additional ADSs in full, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us.

We plan to use % of the net proceeds of this offering to develop innovative products, % to invest in the application of our AI technologies, and % to expand our operation overseas, as well as % for general corporate purposes.

The foregoing represents our current intentions based upon our present plans and business conditions to use and allocate the net proceeds of this offering. Our management will have significant flexibility in applying and discretion to apply the net proceeds of the offering. If an unforeseen event occurs or business conditions change, we may use the proceeds of this offering differently than as described in this prospectus. Pending use of the net proceeds, we intend to hold our net proceeds in short-term, interest-bearing, financial instruments or demand deposits.

In utilizing the proceeds from this offering, we are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries only through loans or capital contributions, and to our consolidated VIEs only through loans, subject to the approval of government authorities and limit on the amount of capital contributions and loans. Subject to satisfaction of applicable government registration and approval requirements, we may extend inter-company loans to our wholly foreign-owned subsidiary in China or make additional capital contributions to our wholly-foreign-owned subsidiary to fund its capital expenditures or working capital. For an increase of registered capital of our wholly foreign-owned subsidiary, we need to submit recordation of modification documents with the State Administration for Market Regulation, or the SAMR, or its local counterparts within 30 days of such increase of registered capital. If we provide funding to our wholly foreign-owned subsidiary through loans, the total amount of such loans may not exceed the difference between the entity's total investment as approved by the foreign investment authorities and its registered capital, or certain amount calculated based on elements including capital or net assets and the cross-border financing leverage ratio. Such loans must be registered with SAFE or its local branches, which usually takes up to 20 working days or longer to complete, and the competent development and reform commission in case of any external debts of more than one year. We cannot assure you that we will be able to meet these requirements on a timely basis, if at all. See "Risk Factors—Risks Related to Doing Business in China—PRC regulation of direct investment and loans by offshore holding companies to PRC entities may delay or limit us from using the proceeds of our initial public offering to make additional capital contributions or loans to our PRC subsidiaries."

DIVIDEND POLICY

We have not previously declared or paid cash dividends and we have no plan to declare or pay any dividends in the near future on our ordinary shares or the ADSs representing our ordinary shares. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

We are a holding company incorporated in the Cayman Islands. We rely principally on dividends from our PRC subsidiaries for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiaries to pay dividends to us. See "Regulation—Regulations Related to Dividend Distribution."

Our Board of Directors has discretion as to whether to distribute dividends, subject to certain requirements of Cayman Islands law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our Board of Directors. Under Cayman Islands law, a Cayman Islands company may pay a dividend out of either profit or share premium account, provided that in no circumstances may a dividend be paid if this would result in the company being unable to pay its debts as they fall due in the ordinary course of business. Even if our Board of Directors decides to pay dividends, the form, frequency and amount will depend upon 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 on our ordinary shares, we will pay those dividends which are payable in respect of the ordinary shares underlying the ADSs to the depositary, as the registered holder of such ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the ordinary shares underlying the ADSs held by such ADS holders, subject to the terms of the deposit agreement, including the fees and expenses payable thereunder. See "Description of American Depositary Shares."

CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2018:

- on an actual basis;
- on a pro forma basis to reflect the automatic conversion of all our outstanding convertible preferred shares into 569,036,090 of our ordinary shares on a one to one basis immediately upon the completion of this offering; and
- on a pro forma as adjusted basis to reflect (i) the automatic conversion of all our outstanding convertible preferred shares into 569,036,090 of our ordinary shares on a one to one basis immediately upon the completion of this offering, and (ii) the issuance and sale of ordinary shares in the form of ADSs by us in this offering at an initial public offering price of US$ per ADS, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us (assuming the underwriters do not exercise their option to purchase additional ADSs).

You should read this table together with our consolidated financial statements and the related notes included elsewhere in this prospectus and the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of December 31, 2018					
	Actual		Pro forma		Pro forma as adjusted(1)(2)	
	RMB	US$	RMB	US$	RMB	US$
	(in thousands)					
Mezzanine equity:						
Total mezzanine equity	**1,006,804**	**146,433**	**—**	**—**		
Shareholders' (deficit)/equity:						
Ordinary shares (US$0.0001 par value, 930,963,910 shares authorized, 260,000,000 issued and outstanding as of December 31, 2017 and 2018, respectively, 829,036,090 shares authorized, issued and outstanding on a pro-forma basis as of December 31, 2018)	171	25	538	78		
Additional paid-in capital	—	—	1,006,437	146,379		
Accumulated deficit	(929,888)	(135,247)	(929,888)	(135,247)		
Accumulated other comprehensive income	3,758	549	3,758	549		
Total shareholders' (deficit)/equity	**(925,959)**	**(134,674)**	**80,845**	**11,759**		
Total mezzanine equity and shareholders' (deficit)/equity	**80,845**	**11,759**	**80,845**	**11,759**		

Notes:
(1) The pro forma as adjusted information discussed above is illustrative only. Our additional paid-in capital, total shareholders' (deficit)/equity and total capitalization following the completion of this offering are subject to adjustment based on the actual initial public offering price and other terms of this offering determined at pricing.
(2) Assuming the number of ADSs offered by us as set forth on the cover page of this prospectus remains the same, and after deduction of underwriting discounts and commissions and the estimated offering expenses payable by us, a $1.00 change in the assumed initial public offering price of US$ per ADS, being the mid-point of the estimated range of the initial offering price shown on the front cover of this prospectus, would, in the case of an increase, increase and, in the case of a decrease, decrease each of additional paid-in capital, total shareholders' (deficit)/equity and total capitalization by US$ million.

DILUTION

If you invest in the 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 ordinary share is substantially in excess of the book value per ordinary share attributable to the existing shareholders for our presently outstanding ordinary shares.

Our net tangible book value as of December 31, 2018 was approximately US$0.04 per ordinary share and US$ per ADS. Net tangible book value per ordinary share represents the amount of total tangible assets, minus the amount of total liabilities, divided by the total number of ordinary shares outstanding. Dilution is determined by subtracting net tangible book value per ordinary share from the public offering price per ordinary share.

Without taking into account any other changes in such net tangible book value after December 31, 2018, other than to give effect to (i) the conversion of all of our preferred shares into ordinary shares on a one-to-one basis, which will occur automatically immediately prior to the completion of this offering and (ii) our issuance and sale of ADSs offered in this offering at an initial public offering price of US$ per ADS, being the mid-point of the estimated range of the initial offering price shown on the front cover 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 December 31, 2018 would have been approximately US$ million, or US$ per ordinary share and US$ per ADS. This represents an immediate increase in net tangible book value of US$ per ordinary share, or US$ per ADS to existing shareholders and an immediate dilution in net tangible book value of US$ per ordinary share, or US$ per ADS, to purchasers of ADSs in this offering.

The following table illustrates the dilution on a per ordinary share basis at the initial public offering price per ordinary share is US$ and all ADSs are exchanged for ordinary shares:

Initial public offering price per ordinary share	US$
Net tangible book value per ordinary share	US$
Pro forma net tangible book value per ordinary share after giving effect to the automatic conversion of all of our outstanding preferred shares	US$
Pro forma net tangible book value per ordinary share as adjusted to give effect to the automatic conversion of all of our outstanding preferred shares, this offering as of December 31, 2018	US$
Amount of dilution in net tangible book value per ordinary share to new investors in the offering	US$
Amount of dilution in net tangible book value per ADS to new investors in the offering	US$

The pro forma information discussed above is illustrative only. A US$1.00 increase (decrease) in the public offering price of US$ per ADS 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 following table summarizes, on a pro forma basis as of December 31, 2018, the differences between the existing shareholders and the new investors with respect to the number of ordinary shares purchased from us in this offering, the total consideration paid and the average price per ordinary share paid at the initial public offering price of US$ per ADS before deducting estimated underwriting discounts and commissions and

estimated offering expenses. The total number of ordinary shares does not include ordinary shares underlying the ADSs issuable upon the exercise of the over-allotment option granted to the underwriters and options and restricted shares outstanding under our 2019 Share Incentive Plan as of the date of this prospectus.

	Ordinary shares Purchased		Total Consideration		Average Price Per Ordinary Share	Average Price Per ADS
	Number	Percent	Amount (in thousands of US$)	Percent		
			US$		US$	US$
Existing shareholders						
New investors						
Total						

The discussion and tables above take into consideration the automatic conversions of all of our outstanding convertible preferred shares immediately upon the completion of this offering and exclude the options and restricted shares granted under our 2019 Share Incentive Plan. As of the date of this prospectus, there are 38,194,330 options and restricted shares granted and outstanding under our 2019 Share Incentive Plan. To the extent that any of these options or restricted shares are exercised or vested, there will be further dilution to new investors. For details, please refer to “Management—Share Incentive Plan.”

ENFORCEABILITY OF CIVIL LIABILITIES

We were incorporated in the Cayman Islands, as an exempted company, in order to enjoy the following benefits:

- political and economic stability;
- an effective judicial system;
- a favorable tax system;
- the absence of exchange control or currency restrictions; and
- the availability of professional and support services.

However, certain disadvantages accompany incorporation in the Cayman Islands. These disadvantages include, but are not limited to, the following:

- the Cayman Islands has a less developed body of securities laws as compared to the United States and these securities laws provide significantly less protection to investors as compared to the United States; and
- Cayman Islands companies may not have standing to sue before the federal courts of the United States.

Our constitutional documents do not contain provisions requiring that disputes, including those arising under the securities laws of the United States, between us, our officers, directors and shareholders, be arbitrated.

All of our operations are conducted outside the United States, and all of our assets are located outside the United States. A majority of our directors and officers are nationals or residents of jurisdictions other than the United States and a substantial portion of their assets are located outside the United States. As a result, it may be difficult for a shareholder to effect service of process within the United States upon 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.

We have appointed Cogency Global Inc. as our agent upon whom process may be served in any action brought against us under the securities laws of the United States.

Walkers (Hong Kong), our counsel as to Cayman Islands law, and King & Wood Mallesons, our counsel as to PRC law, have advised us, respectively, that there is uncertainty as to whether the courts of the Cayman Islands and China, respectively, would:

- 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 so far as the liabilities imposed by those provisions are penal in nature; or
- entertain original actions brought in each respective jurisdiction 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.

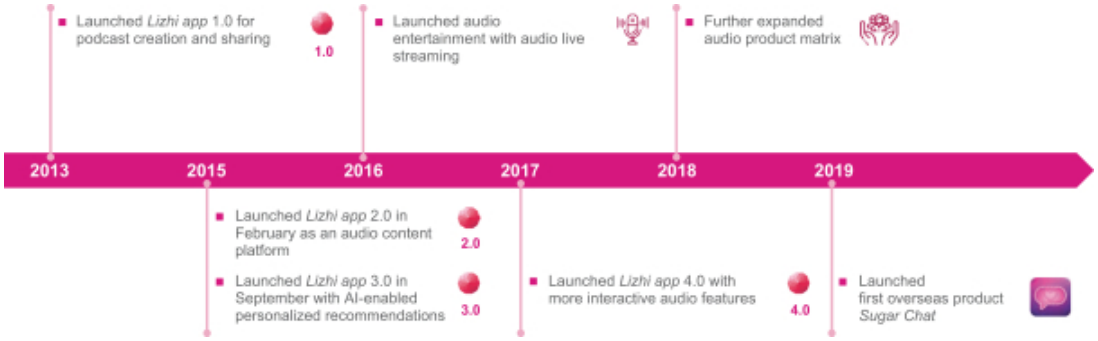
Walkers (Hong Kong) has informed us that it is uncertain whether the courts of the Cayman Islands will allow shareholders of our company to originate actions in the Cayman Islands based upon securities laws of the United States. In addition, there is uncertainty with regard to Cayman Islands law related to whether a judgment obtained from the U.S. courts under civil liability provisions of U.S. 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 Islands company, such as our company. As the courts of the Cayman Islands have yet to rule on making such a determination in relation to

judgments obtained from U.S. courts under civil liability provisions of U.S. securities laws, it is uncertain whether such judgments would be enforceable in the Cayman Islands. Walkers (Hong Kong) has further informed us that although there is no statutory enforcement in the Cayman Islands of judgments obtained in the federal or state courts of the United States (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), a judgment obtained in such jurisdiction will be recognized and enforced in the courts of the Cayman Islands at common law, without any reexamination of the merits of the underlying dispute, by an action commenced on the foreign judgment debt in the Grand Court of the Cayman Islands, provided such judgment (a) is given by a foreign court of competent jurisdiction, (b) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (c) is final, (d) is not in respect of taxes, a fine or a penalty, and (e) was not obtained in a manner and is not of a kind the enforcement of which is contrary to natural justice or the public policy of the Cayman Islands.

We have been advised by King & Wood Mallesons, our PRC legal counsel, that there is uncertainty as to whether the courts of the PRC would enforce judgments of United States courts or Cayman courts obtained against us or these persons predicated upon the civil liability provisions of the United States federal and state securities laws or Cayman Island laws. King & Wood Mallesons has further advised us that the recognition and enforcement of foreign judgments are provided for under PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of PRC Civil Procedures Law based either on treaties between China and the country where the judgment is made or on reciprocity between jurisdictions. China does not have any treaties or other form of reciprocity with the United States or the Cayman Islands that provide for the reciprocal recognition and enforcement of foreign judgments. In addition, according to the PRC Civil Procedures Law, courts in the PRC will not enforce a foreign judgment against us or our directors and officers if they decide that the judgment violates the basic principles of PRC law or national sovereignty, security or public interest. As a result, it is uncertain whether and on what basis a PRC court would enforce a judgment rendered by a court in the United States or in the Cayman Islands.

CORPORATE HISTORY AND STRUCTURE

Our Major Business Milestones



Our Corporate History

We commenced operations in 2010 with the establishment of Guangzhou Lizhi.

In November and October 2010, each of Lizhi Holding Limited and LIZHI INC., our wholly owned subsidiaries, was incorporated in Hong Kong and the British Virgin Islands, respectively.

In March 2011, Hongyi Technology, our wholly owned subsidiary, was established in the PRC. In March 2011, due to the restrictions imposed by PRC laws and regulations on foreign ownership of companies engaged in value-added telecommunication services and certain other businesses, Hongyi Technology entered into a series of contractual arrangements, as supplemented and amended, with Guangzhou Lizhi and then shareholders of Guangzhou Lizhi, by which Hongyi Technology may exert control over Guangzhou Lizhi and consolidate Guangzhou Lizhi's financial statements under U.S. GAAP. For details, please refer to "—Contractual Arrangements with Our VIEs and Their Respective Shareholders."

In October 2013, we launched our *Lizhi* app operated by Guangzhou Lizhi.

In November and December 2015, each of Changsha Limang and Huai'an Lizhi was established in the PRC, respectively. In March 2017, Wuhan Lizhi was established in the PRC. In January, February and April 2019, each of Guangzhou Moyin Network Technology Co., Ltd., Guangzhou Teqi Network Technology Co., Ltd. and Chongqing Piwan Network Technology Co., Ltd. was established in the PRC, respectively. These entities are wholly and directly held by Guangzhou Lizhi and provide supporting services to our *Lizhi* app.

In July 2016, Guangzhou Huanliao was established in the PRC by Guangzhou Lizhi. Currently, Guangzhou Huanliao does not have any substantial business operations. In March 2019, Guangzhou Tiya, our wholly owned subsidiary, was established in the PRC. In May 2019, Guangzhou Tiya entered into a series of contractual arrangements with Guangzhou Huanliao and then shareholder of Guangzhou Huanliao, by which Guangzhou Tiya may exert control over Guangzhou Huanliao and consolidate Guangzhou Huanliao's financial statements under U.S. GAAP. For details, please refer to "—Contractual Arrangements with Our VIEs and Their Respective Shareholders."

As such, we refer to each of Hongyi Technology and Guangzhou Tiya as our wholly foreign owned entity, or WFOE, and to each of Guangzhou Lizhi and Guangzhou Huanliao as our variable interest entity, or VIE, in this prospectus.

In January 2019, LIZHI INC., our current ultimate holding company, was incorporated under the laws of the Cayman Islands as part of the restructuring transactions in contemplation of this offering. In connection with its

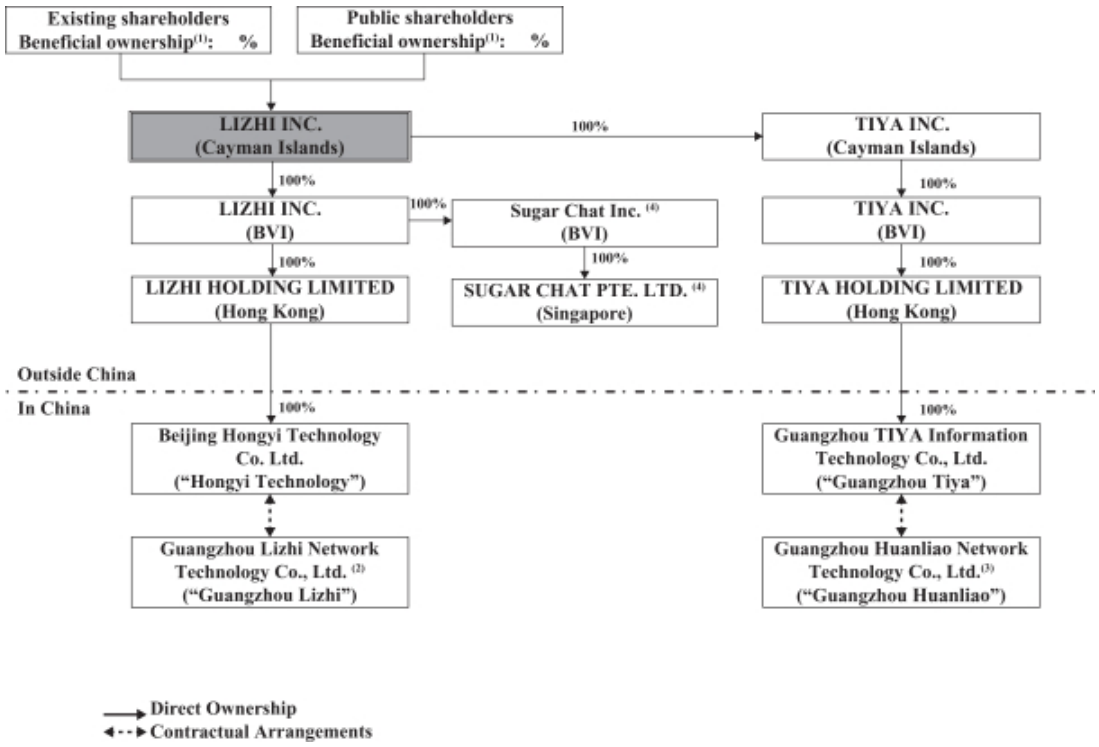
incorporation, in March 2019, we completed a share swap transaction and issued ordinary and preferred shares of LIZHI INC to the then existing shareholders of LIZHI INC., or Lizhi BVI, a company incorporated under the laws of the British Virgin Islands, based on their then respective equity interests held in Lizhi BVI. Lizhi BVI then became our wholly owned subsidiary. For details of the issuances of shares by LIZHI INC. to its shareholders prior to this offering, please refer to "Description of Share Capital—History of Securities Issuances."

In April 2019, SUGAR CHAT PTE. LTD. was incorporated under the laws of Singapore for purposes of carrying out our overseas operations.

We are a holding company and do not directly own any substantive business operations in the PRC. We currently focus our business operations within the PRC through our VIEs, Guangzhou Lizhi and Guangzhou Huanliao. See "Risk Factors—Risks Related to Our Corporate Structure." Guangzhou Lizhi and Guangzhou Huanliao and their respective subsidiaries hold our ICP License, Internet Culture Operation License, Radio and Television Program Production and Operating Permit, and other licenses or permits that are necessary for our business operations in the PRC.

Corporate Structure

The following diagram illustrates our corporate structure, including our significant subsidiaries and VIEs, immediately upon the completion of this offering, assuming no exercise of the over-allotment option granted to the underwriters.



Notes:
(1) Beneficial ownership percentages represent beneficial ownership of our total issued and outstanding share capital immediately after the completion of this offering, assuming the underwriters do not exercise their over-allotment option. Beneficial ownership is determined in

accordance with the rules and regulations of the SEC. 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, warrant, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

(2) The shareholders of Guangzhou Lizhi and their relationship with our company are as follows: (i) Mr. Jinnan (Marco) Lai (84.81%), our founder, CEO and director, and the sole shareholder of VOICE WORLD Ltd, one of our shareholders; (ii) Mr. Ning Ding (7.50%), our co-founder, Chief Technology Officer and director, and the sole shareholder of AI VOICE Ltd, one of our shareholders; and (iii) Zhuhai Dayin Ruoxi Enterprise Management Center (Limited Partnership) (formerly known as Zhuhai Dayin Ruoxi Investment Development Center (Limited Partnership) (珠海市大音若希企业管理中心(有限合伙)) (7.69%), 99.17% of whose interest is owned by Mr. Jinnan (Marco) Lai. Guangzhou Lizhi operates our *Lizhi* app.

(3) The sole shareholder of Guangzhou Huanliao is Mr. Ning Ding, our co-founder, Chief Technology Officer and director. Guangzhou Huanliao currently does not have any substantial business operations.

(4) Sugar Chat Inc. and SUGAR CHAT PTE. LTD. currently focus on our overseas business.

Contractual Arrangements with Our VIEs and Their Respective Shareholders

Currently, our business in China are operated primarily through our VIEs, Guangzhou Lizhi and Guangzhou Huanliao, due to PRC legal restrictions on foreign ownership in value-added telecommunication services and other internet related business. The Special Administrative Measures for Entrance of Foreign Investment (Negative List) (2019 Version) provides that foreign investors are generally not allowed to own more than 50% of the equity interests in a value-added telecommunication service provider other than an e-commerce service provider, and the Provisions on the Administration of Foreign-Invested Telecommunications Enterprises (2016 Revision) require that the major foreign investor in a value-added telecommunication service provider in China must have experience in providing value-added telecommunications services overseas and maintain a good track record. In addition, foreign investors are prohibited from investing in companies engaged in certain online and culture related businesses. See "Regulation—Regulations Related to Foreign Investment." We are a company incorporated in the Cayman Islands. Hongyi Technology and Guangzhou Tiya, our PRC subsidiaries, are considered as foreign-invested enterprises. To comply with the foregoing PRC laws and regulations, we primarily conduct our business in China through our VIEs in the PRC, based on a series of contractual arrangements. As a result of these contractual arrangements, we exert effective control over our VIEs and consolidate their operating results in our consolidated financial statements under U.S. GAAP. These contractual arrangements may not be as effective as direct ownership in providing us with control over our VIEs. If our VIEs or their respective shareholders fail to perform their respective obligations under the contractual arrangements, we could be limited in our ability to enforce the contractual arrangements that give us effective control over our business operations in the PRC and may have to incur substantial costs and expend additional resources to enforce such arrangements. We may also have to rely on legal remedies under PRC law, including seeking specific performance or injunctive relief, and claiming damages, which we cannot assure will be effective under PRC law. For details, please refer to "Risk Factors—Risks Related to Our Corporate Structure."

In the opinion of King & Wood Mallesons, our PRC counsel:

- the ownership structures of our VIEs, both currently and immediately after giving effect to this offering, do not and will not contravene any PRC laws or regulations currently in effect; and
- the contractual arrangements among Hongyi Technology, Guangzhou Lizhi and their respective shareholders, as well as among Guangzhou Tiya, Guangzhou Huanliao and their respective shareholders governed by PRC laws are valid and binding upon each party to such arrangements and enforceable against each party thereto in accordance with their terms and applicable PRC laws and regulations currently in effect.

There are substantial uncertainties regarding the interpretation and application of current and future PRC laws, regulations and rules. In particular, in March 2019, the National People's Congress of the PRC adopted the PRC Foreign Investment Law, which will become effective on January 1, 2020. Among other things, the PRC Foreign Investment Law defines the "foreign investment" as investment activities in China by foreign investors in a direct or indirect manner, including those circumstances explicitly listed thereunder as establishing new

projects or foreign invested enterprises or acquiring shares of enterprises in China, and other approaches of investment as stipulated by laws, administrative regulations or otherwise regulated by the State Council. The PRC Foreign Investment Law leaves uncertainty as to whether foreign investors' controlling PRC onshore variable interest entities via contractual arrangements will be recognized as "foreign investment" and thus be subject to the restrictions/prohibitions on foreign investments. Accordingly, the PRC regulatory authorities may in the future take a view that is contrary to the above opinion of our PRC counsel. If the PRC government finds that the agreements that establish the structure for operating our podcasts, audio entertainment and other internet related businesses do not comply with PRC government restrictions on foreign investment in certain industries, such as value-added telecommunications services business, we could be subject to severe penalties, including being prohibited from continuing operations. See "Risk Factors—Risks Related to Our Corporate Structure."

The following is a summary of the contractual arrangements by and among Hongyi Technology, Guangzhou Lizhi and the shareholders of Guangzhou Lizhi, and by and among Guangzhou Tiya, Guangzhou Huanliao and Mr. Ning Ding, the sole shareholder of Guangzhou Huanliao.

Guangzhou Lizhi

Equity Pledge Agreement

Pursuant to an equity pledge agreement entered into in June 20, 2019 by and between Hongyi Technology and then shareholders of Guangzhou Lizhi, such shareholders of Guangzhou Lizhi pledged all of their equity interests in Guangzhou Lizhi to Hongyi Technology, to guarantee the performance of Guangzhou Lizhi and, to the extent applicable, such shareholders of Guangzhou Lizhi, of their obligations under the contractual arrangements of our VIEs. If Guangzhou Lizhi or such shareholders of Guangzhou Lizhi fail to perform their obligations under the contractual arrangement of our VIEs, Hongyi Technology will be entitled to, among other things, right to sell the pledged shares of Guangzhou Lizhi via an auction. The pledge under the equity pledge agreement has been registered with the relevant PRC legal authority pursuant to PRC laws and regulations. The existing equity pledge agreement was initially entered into in March 2011 and was subsequently amended and restated on substantially similar terms in December 2014, June 2017, August 2017 and June 2019, respectively.

Exclusive Equity Transfer Option Agreement

Pursuant to an exclusive equity transfer option agreements entered into in June 20, 2019 by and between Hongyi Technology and then shareholders of Guangzhou Lizhi, such shareholders of Guangzhou Lizhi exclusively granted Hongyi Technology or any party appointed by Hongyi Technology an irrevocable option to purchase all or part of the shares in Guangzhou Lizhi held by then shareholders of Guangzhou Lizhi at a price no lower than the lowest price permitted by PRC law. Whether to exercise this option and the timing, methods and frequency of exercising such option are at the full discretion of Hongyi Technology. The existing share option agreement was initially entered into in March 2011 and was subsequently amended and restated on substantially similar terms in December 2014, June 2017, August 2017 and June 2019, respectively.

Exclusive Technical Consulting and Service Agreement

Pursuant to an exclusive technical consulting and service agreement entered into in June 9, 2017 by and between Hongyi Technology and Guangzhou Lizhi, Guangzhou Lizhi agreed to appoint Hongyi Technology as its exclusive provider of technology services, including software development, internet maintenance, network security and other services in exchange for a service fee of an amount equal to 90% of the after-tax net profit of Guangzhou Lizhi. The existing exclusive technology consulting and service agreement was initially entered into in March 2011 and was subsequently superseded by an amended and restated exclusive technology consulting and service agreement on substantially similar terms in June 2017.

Operation Agreement

Pursuant to an operation agreement entered into in June 20, 2019 by and among Hongyi Technology, Guangzhou Lizhi and then shareholders of Guangzhou Lizhi, such shareholders of Guangzhou Lizhi agreed that, without written consent of Hongyi Technology's or a party designated by it, Guangzhou Lizhi shall refrain from conducting any action that may materially or adversely affect its assets, business, personnel, obligations, rights or operation. Such actions include, among other things, incurrence of debt to a third party, change of directors or senior management, acquisition or disposal of assets or shares, amendment to its articles of association or business scope and other matters. Hongyi Technology is also entitled to appoint directors and senior management of Guangzhou Lizhi and instruct Guangzhou Lizhi on matters pertinent to its daily operation, financial management. Guangzhou Lizhi is obligated to fully effectuate the appointment or instructions made by Hongyi Technology in methods consistent with applicable laws and articles of Guangzhou Lizhi. The existing operating agreement was initially entered into in March 2011 and was subsequently superseded by an amended and restated operating agreement on substantially similar terms in June 2017 and June 2019, respectively.

Power of Attorney

Pursuant to a series of power of attorney issued by shareholders of Guangzhou Lizhi in June 20, 2019, such shareholders of Guangzhou Lizhi irrevocably appointed Hongyi Technology as their attorney-in-fact to act on their behalf on all shareholder matters of Guangzhou Lizhi and exercise all rights as shareholders of Guangzhou Lizhi. The existing series of power of attorney was initially entered into in March 2011 and was subsequently superseded by a new series of powers of attorney on substantially similar terms in June 2017 and June 2019, respectively.

Guangzhou Huanliao

Equity Pledge Agreement

Pursuant to an equity pledge agreement entered into in May 20, 2019 by and between Guangzhou Tiya and Mr. Ning Ding, the sole shareholder of Guangzhou Huanliao, Mr. Ning Ding pledged all of his equity interests in Guangzhou Huanliao to Guangzhou Tiya to guarantee the performance of Guangzhou Huanliao and, to the extent applicable, Mr. Ning Ding, of their obligations under the contractual arrangement of our VIEs. If Guangzhou Huanliao or Mr. Ning Ding fails to perform their obligations under the contractual arrangement of our VIEs, Guangzhou Tiya will be entitled to, among other things, a right to sell the pledged shares of Guangzhou Huanliao via an auction. The pledge under the equity pledge agreement has been registered with the relevant PRC legal authority pursuant to PRC laws and regulations.

Exclusive Equity Transfer Option Agreement

Pursuant to an exclusive equity transfer option agreements entered into in May 20, 2019 by and between Guangzhou Huanliao, Guangzhou Tiya and Mr. Ning Ding, the sole shareholder of Guangzhou Huanliao, Mr. Ning Ding exclusively granted Guangzhou Tiya or any party appointed by Guangzhou Tiya an irrevocable option to purchase all or part of the shares in Guangzhou Huanliao held by Mr. Ning Ding at a price no lower than the lowest price permitted by PRC law. Whether to exercise this option and the timing, methods and frequency of exercising such option are at the full discretion of Guangzhou Tiya.

Exclusive Technical Consulting and Service Agreement

Pursuant to an exclusive technology consulting and service agreement entered into in May 20, 2019 by and between Guangzhou Tiya and Guangzhou Huanliao, Guangzhou Huanliao agreed to appoint Guangzhou Tiya as its exclusive provider of technology services, including software development, internet maintenance, network security and other services in exchange for a service fee of an amount equal to 90% of the after-tax net profit of Guangzhou Huanliao.

Operation Agreement

Pursuant to an operation agreement entered into in May 20, 2019 by and among Guangzhou Tiya, Guangzhou Huanliao and Mr. Ning Ding, the sole shareholder of Guangzhou Huanliao, Mr. Ning Ding agreed that, without written consent of Guangzhou Tiya or a party designated by it, Guangzhou Huanliao shall refrain from conducting any action that may materially or adversely affect its assets, business, personnel, obligations, rights or operation. Such actions include, among other things, incurrence of debt to a third party, change of directors or senior management, acquisition or disposal of assets or shares, amendment to its articles of association or business scope and other matters. Guangzhou Tiya is also entitled to appoint directors and senior management of Guangzhou Huanliao and instruct Guangzhou Huanliao on matters relating to its daily operation, financial management. Guangzhou Huanliao is obligated to fully effectuate the appointment or instructions made by Guangzhou Tiya in methods consistent with applicable laws and articles of Guangzhou Huanliao.

Power of Attorney

Pursuant to a series of power of attorney issued by Mr. Ning Ding, the sole shareholder of Guangzhou Huanliao in May 20, 2019, Mr. Ning Ding irrevocably appointed Guangzhou Tiya as his attorney-in-fact to act on his behalf on all shareholder matters of Guangzhou Huanliao and exercise all rights as the sole shareholder of Guangzhou Huanliao.

SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated statements of operations and comprehensive loss data for the years ended December 31, 2017 and 2018, selected consolidated balance sheets data as of December 31, 2017 and 2018 and selected consolidated cash flows data for the years ended December 31, 2017 and 2018 have been derived from our audited consolidated financial statements included elsewhere in this prospectus. Our historical results are not necessarily indicative of results expected for future periods. You should read this Selected Consolidated Financial Data section together with our consolidated financial statements and the related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

	For the Year Ended December 31,		
	2017	2018	
	RMB	RMB	US$
	(in thousands, except for share and per share data)		
Selected Consolidated Statements of Operations and Comprehensive Loss			
Net revenues	453,529	798,561	116,146
Cost of revenues	(330,822)	(565,634)	(82,268)
Gross profit	**122,707**	**232,927**	**33,878**
Operating expenses:			
Selling and marketing expenses	(206,795)	(135,014)	(19,637)
General and administrative expenses	(22,645)	(26,702)	(3,884)
Research and development expenses	(43,189)	(83,209)	(12,102)
Total operating expenses	**(272,629)**	**(244,925)**	**(35,623)**
Other (expenses)/income:			
Interest (expenses)/income, net	(2,008)	221	32
Foreign exchange losses	(3,563)	(58)	(8)
Investment losses	—	(458)	(67)
Government grants	2,033	3,626	527
Others, net	(205)	(675)	(98)
Loss before income taxes	**(153,665)**	**(9,342)**	**(1,359)**
Income tax expense	—	—	—
Net loss	**(153,665)**	**(9,342)**	**(1,359)**
Accretions to preferred shares redemption value	(291,275)	(216,185)	(31,443)
Net loss attributable to our Company's ordinary shareholders	**(444,940)**	**(225,527)**	**(32,802)**
Net loss	**(153,665)**	**(9,342)**	**(1,359)**
Other comprehensive (loss)/income:			
Foreign currency translation adjustments	(876)	2,649	385
Total other comprehensive (loss)/income	**(876)**	**2,649**	**385**
Comprehensive loss	**(154,541)**	**(6,693)**	**(974)**
Accretions to preferred shares redemption value	(291,275)	(216,185)	(31,443)
Comprehensive loss attributable to our Company's ordinary shareholders	**(445,816)**	**(222,878)**	**(32,417)**
Net loss attributable to our Company's ordinary shareholders per share			
Basic	(1.73)	(0.87)	(0.13)
Diluted	(1.73)	(0.87)	(0.13)
Weighted average number of ordinary shares			
Basic	260,000,000	260,000,000	260,000,000
Diluted	260,000,000	260,000,000	260,000,000

The following table presents our selected consolidated balance sheets data as of December 31, 2017 and 2018.

	As of December 31,				
	2017	2018		2018	
	Actual	Actual		Pro forma(1) (Unaudited)	
	RMB	RMB	US$	RMB	US$
		(in thousands)			
Selected Consolidated Balance Sheets Data:					
Cash and cash equivalents	206,509	205,604	29,904	205,604	29,904
Total current assets	231,056	218,013	31,709	218,013	31,709
Total non-current assets	11,491	18,646	2,712	18,646	2,712
Total assets	**242,547**	**236,659**	**34,421**	**236,659**	**34,421**
Accounts payable	52,454	76,715	11,158	76,715	11,158
Deferred revenue	5,878	10,668	1,552	10,668	1,552
Salary and welfare payable	24,317	39,521	5,748	39,521	5,748
Other tax payable	1,213	4,884	710	4,884	710
Accrued expenses and other current liabilities	71,147	24,026	3,494	24,026	3,494
Total current liabilities	**155,009**	**155,814**	**22,662**	**155,814**	**22,662**
Total liabilities	**155,009**	**155,814**	**22,662**	**155,814**	**22,662**
Total mezzanine equity	790,619	1,006,804	146,433	—	—
Total shareholders' (deficit)/equity	(703,081)	(925,959)	(134,674)	80,845	11,759
Total liabilities, mezzanine equity and shareholders' (deficit)/equity	**242,547**	**236,659**	**34,421**	**236,659**	**34,421**

Note:
(1) The unaudited consolidated balance sheet data as of December 31, 2018 on a pro forma basis reflects the automatic conversion of all of our outstanding series A, B, C, C1, C1+, D and D1 preferred shares into 569,036,090 ordinary shares immediately prior to the completion of this offering.

The following table presents our selected consolidated cash flows data for the years ended December 31, 2017 and 2018.

	For the Year Ended December 31,		
	2017	2018	
	RMB	RMB	US$
		(in thousands)	
Net cash (used in)/generated from operating activities	(31,334)	13,962	2,031
Net cash used in investing activities	(13,195)	(17,375)	(2,528)
Net cash generated from financing activities	237,787	—	—
Effect of foreign exchange rate changes on cash and cash equivalents	(5,152)	2,508	365
Net increase/(decrease) in cash and cash equivalents	**188,106**	**(905)**	**(132)**
Cash and cash equivalents at the beginning of the year	**18,403**	**206,509**	**30,036**
Cash and cash equivalents at the end of the year	**206,509**	**205,604**	**29,904**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with the section entitled "Selected Consolidated Financial Data" and our consolidated financial statements and the related notes included elsewhere in this prospectus. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results and the timing of events could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

Overview

We are the largest interactive audio entertainment platform and the second largest online audio platform in China in terms of average total MAUs for the first quarter of 2019 according to iResearch. We launched our *Lizhi* app in 2013 to allow users to create, store and share their own podcasts on mobile devices with the help of intuitive recording and reach their audience through various discovery tools. Since 2013, we have amassed extensive user-generated audio content, with approximately 11.4 million hours of podcasts created by over 22.3 million users as of March 31, 2019. Approximately 129.0 million podcasts had been uploaded to our platform as of March 31, 2019, which had been played over 5.0 billion times in the first quarter of 2019. Through our extensive podcast library, we attract a growing and engaging user base, which presents attractive monetization opportunities.

With user interactions built into every podcast and live streaming, our users don't just listen on our platform. We launched audio live streaming as our first audio entertainment product in 2016, making it possible for our users to enjoy a multi-dimensional, interactive audio experience. Through *Lizhi*, users can follow their favorite hosts and channels, become a host and create their own podcasts, perform in live streaming, and interact with others through various interactive features. Since our launch, we have also introduced a wide range of interactive audio products to drive user interactions, such as *Friends Hall* and *Lizhi Party*.

At current stage, we strategically offer most of our podcasts for free to attract a large user base. We primarily generate revenues through sales of virtual gifts to users in relation to audio entertainment. Through virtual gifting, our users are able to reward their favorite hosts to drive interactions and content creation on our platform. This also allows us to attract more users and motivate more content creation. We will continue to seek to diversify monetization channels as our user and content base continues to grow.

Major Factors Affecting Our Results of Operations

General Factors Affecting Our Results of Operations

Our business and operating results are affected by general factors affecting China's online audio and entertainment industries, which include:

- China's overall economic growth;
- Usage and penetration rate of mobile internet and mobile payment;
- Users' preferences and changes in market trends in China's online audio and entertainment industries;
- Growth and competitive landscape of China's online audio market; and
- Governmental policies and initiatives affecting China's online audio and internet industries.

Unfavorable changes in any of these general industry conditions could negatively affect demand for our services and materially and adversely affect our results of operations.

Specific Factors Affecting Our Results of Operations

While our business is influenced by general factors affecting the online audio industry in China, we believe our results of operations are more directly affected by company specific factors, including the following major factors:

Our ability to expand user base and enhance user engagement

We rely on our engaged and growing user community to drive our net revenue growth. We ranked No. 1 among China's interactive audio entertainment platforms and ranked No. 2 among China's online audio platforms in terms of average total mobile MAUs in the first quarter of 2019. Our user base and level of user engagement in turn help us motivate hosts to produce high-quality content on our platform, which further stimulates user interactions and spending. Our ability to effectively expand our user base and increase user engagement will affect the growth of our business and our revenue going forward.

The following table sets forth our average total mobile MAUs for each of the quarters indicated. We have generally achieved steady growth in our user base during these periods.

	For the Three Months Ended								
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
	(in thousands)								
Average Total mobile MAUs	25,473	27,093	25,263	28,466	30,964	33,777	36,776	38,767	40,747

Our ability to maintain and expand our user base, as well as maintain and enhance user engagement, depends on, among other things, our ability to cultivate and retain high-quality hosts, our ability to continuously produce quality content, our ability to maintain our pivotal position in the growing online audio industry in China, and our ability to continually improve our users' entertainment experience through technological innovation. Also, the growth of our user base could be largely influenced by the restrictive and regulatory measures that the PRC government authority may impose on the industry we operate in. See "Risk Factors—Risks Related to Our Business and Industry—The PRC government may further tighten the regulation on online audio and entertainment platforms, which may materially and negatively affect our reputation, business, financial condition and results of operations."

Our ability to cultivate and retain hosts and to enrich our content

Hosts are critical to expanding our user base and enhancing user engagement. As of March 31, 2018 and 2019, we had approximately 39.9 million and 52.2 million hosts on our *Lizhi* app, respectively. In the first quarter of 2019, we had approximately 5.4 million average monthly active hosts on *Lizhi* app, as compared to approximately 4.4 million in the same period in 2018. We will continue to attract, nurture and promote our hosts through our comprehensive host development system and increase our hosts' stickiness to and reliance on our platform.

The high-quality content generated by our hosts attracts more users to our platform, increases their level of engagement and in turn drives the growth of our net revenue. The monthly average number of podcasts uploaded to *Lizhi* app increased from approximately 3.6 million in the first quarter of 2018 to approximately 4.9 million in the same period in 2019. Our ability to cultivate and retain hosts and drive content creation depends on, among other things, our brand awareness, the size and engagement of our user base, our audio technologies, and monetization opportunities available on our platform.

Our ability to maximize monetization potential

At current stage, we strategically offer most of our podcasts for free to create an engaging audio community, which is essential in expanding our user base and providing strong monetization potential through audio

entertainment. We currently generate substantially all of our net revenues through virtual gift sales to users of our audio entertainment products, with a small portion of net revenues generated from podcast, advertising and others.

Our virtual gift sales are primarily driven by the number of paying users. We have experienced significant growth in the number of paying users as a result of our innovative product offering and diversification of virtual gifting scenarios. We intend to attract and train more popular hosts, provide more high-quality content, expand user paying scenarios on our platform, and enhance interactions between hosts and audience. For example, we launched new interactive audio products such as *Friends Hall* and *Lizhi Party*, which have achieved initial monetization success.

The following table sets forth the number of our average audio entertainment paying users and audio entertainment paying ratio for each of the quarters indicated. Our average audio entertainment paying users and audio entertainment paying ratio have generally increased during such periods. In addition, the total paying ratio on our *Lizhi* app increased from 0.3% in the first quarter of 2017 to 0.7% in the first quarter of 2019. We attribute our success in cultivating our users' willingness to pay to our ability to offer compelling audio content and interactive audio products that drive user engagement and spending.

	For the Three Months Ended								
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	March 31, 2018	June 30, 2018	September 30, 2018	December 31, 2018	March 31, 2019
	(in thousands, except for audio entertainment paying ratio)								
Average Audio Entertainment Paying Users	62.1	95.9	150.0	180.5	202.4	222.7	246.1	253.1	280.6
Audio Entertainment Paying Ratio	2.1%	2.9%	4.8%	5.5%	5.8%	5.9%	5.9%	5.6%	5.9%

We will continue to strengthen and expand our innovative audio entertainment product offerings to drive paying ratio and diversify our monetization channels. Leveraging our large user base, we are also looking to monetize our podcast services and introducing new models such as revenue sharing podcasts.

In June 2019, CAC notified Apple's and Android's App Stores to suspend the downloading services of our *Lizhi* app along with a number of other online audio platforms for a period of 30 days starting from June 28, 2019. As of the date of this prospectus, CAC has lifted the suspension on downloading services of our *Lizhi* app. Our *Lizhi* app is currently available for download in all major app stores, including Android's and Apple's App Stores. Due to such temporary suspension, the number of our paying users and paying ratio may fluctuate in the remaining periods of 2019. See "Risk Factors—Risks Related to Our Business and Industry—The PRC government may further tighten the regulation on online audio and entertainment platforms, which may materially and negatively affect our reputation, business, financial condition and results of operations."

Our ability to further improve cost efficiency and economies of scale

We have made substantial investments in our technology, products, content and team. Our costs and expenses consist primarily of revenue sharing fees in relation to arrangements with our hosts. It is critical for us to manage our costs and expenses effectively and improve operational efficiency. We believe our platform has achieved strong operating leverage and economies of scale as a result of our engaged user base and extensive content library. Our user-generated content library makes our business more cost-effective compared to competitors focused on acquiring costly professional-generated content. Our large podcast user base and their loyalty to hosts serve as an organic funnel to direct traffic from our podcasts to our audio entertainment, thereby lowering our user acquisition costs.

Our ability to achieve greater cost efficiency and economies of scale also depends on our ability to efficiently manage and control our costs and expenses. We plan to upgrade our technological capabilities and

infrastructure to support the growth of our business. We expect the adoption of advanced streaming and AI technologies to improve our operational efficiency, which, together with our strong business growth, will enable us to benefit further from economies of scale.

Key Components of Results of Operations

	For the Year Ended December 31,		
	2017	2018	
	RMB	RMB	US$
	(in thousands, except for share and per share data)		
Net revenues	453,529	798,561	116,146
Cost of revenues	(330,822)	(565,634)	(82,268)
Gross profit	**122,707**	**232,927**	**33,878**
Operating expenses:			
Selling and marketing expenses	(206,795)	(135,014)	(19,637)
General and administrative expenses	(22,645)	(26,702)	(3,884)
Research and development expenses	(43,189)	(83,209)	(12,102)
Total operating expenses	**(272,629)**	**(244,925)**	**(35,623)**
Other (expenses)/income:			
Interest (expenses)/income, net	(2,008)	221	32
Foreign exchange losses	(3,563)	(58)	(8)
Investment losses	—	(458)	(67)
Government grants	2,033	3,626	527
Others, net	(205)	(675)	(98)
Loss before income taxes	**(153,665)**	**(9,342)**	**(1,359)**
Income tax expense	—	—	—
Net loss	**(153,665)**	**(9,342)**	**(1,359)**
Accretions to preferred shares redemption value	(291,275)	(216,185)	(31,443)
Net loss attributable to our Company's ordinary shareholders	**(444,940)**	**(225,527)**	**(32,802)**
Net loss	**(153,665)**	**(9,342)**	**(1,359)**
Other comprehensive (loss)/income:			
Foreign currency translation adjustments	(876)	2,649	385
Total other comprehensive (loss)/income	**(876)**	**2,649**	**385**
Comprehensive loss	**(154,541)**	**(6,693)**	**(974)**
Accretions to preferred shares redemption value	(291,275)	(216,185)	(31,443)
Comprehensive loss attributable to our Company's ordinary shareholders	**(445,816)**	**(222,878)**	**(32,417)**
Net loss attributable to our Company's ordinary shareholders per share			
Basic	(1.73)	(0.87)	(0.13)
Diluted	(1.73)	(0.87)	(0.13)
Weighted average number of ordinary shares			
Basic	260,000,000	260,000,000	260,000,000
Diluted	260,000,000	260,000,000	260,000,000

Net Revenues

We generate net revenues through (i) sales of virtual gifts to users in relation to audio entertainment, and (ii) podcast, advertising and others.

The following table sets forth sources of our net revenues in absolute amounts and as percentages of total net revenues for the periods indicated:

	For the Year Ended December 31,				
	2017		2018		
	RMB	%	RMB	US$	%
	(in thousands, except for percentages)				
Net revenues					
Audio entertainment	436,109	96.2	785,101	114,188	98.3
Podcast, advertising and others	17,420	3.8	13,460	1,958	1.7
Total	**453,529**	**100.0**	**798,561**	**116,146**	**100.0**

Cost of Revenues

Our cost of revenues consists of (i) revenue sharing fees, (ii) salary and welfare benefits, (iii) payment handling costs, (iv) bandwidth costs, and (v) others. The table below sets forth a breakdown of our cost of revenues in absolute amounts and as percentages of total cost of revenues for the periods indicated:

	For the Year Ended December 31,				
	2017		2018		
	RMB	%	RMB	US$	%
	(in thousands, except for percentages)				
Cost of revenues					
Revenue sharing fees	299,168	90.5	527,128	76,668	93.2
Salary and welfare benefits	8,373	2.5	11,750	1,709	2.1
Payment handling costs	6,991	2.1	7,219	1,050	1.3
Bandwidth costs	2,303	0.7	3,490	508	0.6
Others	13,987	4.2	16,047	2,334	2.8
Total	**330,822**	**100.0**	**565,634**	**82,268**	**100.0**

Revenue sharing fees. Our revenue sharing fees represent our payment to hosts or guilds based on a percentage of revenue from sales of virtual items and certain performance based incentives. We expect the revenue sharing fees to increase in absolute amount as we further expand our content offerings. We expect the percentage of revenue sharing fees of total net revenues to decline in the long term as we continue to benefit from economies of scale.

Salary and welfare benefits. Salary and welfare benefits represent payroll-related expenses incurred for our employees involved in the operations of our platform and products. We expect our salary and welfare benefits to continue to increase in absolute amount in parallel with our business growth.

Payment handling costs. Payment handling costs represent fees that we pay to third-party payment processing platforms through which our users purchase our virtual currencies. We expect our payment handling costs to continue to increase in absolute amount in parallel with our business growth.

Bandwidth costs. Bandwidth costs is fees that we pay to telecommunication service providers for bandwidth and content delivery-related services. We expect our bandwidth costs to continue to increase in absolute amount in parallel with our business growth.

Others. Other costs of revenues include other taxes and surcharges, advertising production cost, depreciation and amortization and other costs.

Operating Expenses

Our operating expenses consist of (i) selling and marketing expenses; (ii) research and development expenses; and (iii) general and administrative expenses.

The following table sets forth the components of our operating expenses in absolute amounts and as percentages of total operating expenses for the periods indicated:

	For the Year Ended December 31,				
	2017		2018		
	RMB	%	RMB	US$	%
	(in thousands, except for percentages)				
Operating expenses					
Selling and marketing expenses	206,795	75.9	135,014	19,637	55.1
Research and development expenses	43,189	15.8	83,209	12,102	34.0
General and administrative expenses	22,645	8.3	26,702	3,884	10.9
Total	**272,629**	**100.0**	**244,925**	**35,623**	**100.0**

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of (i) advertising and promotional expenses, including traffic promotion and brand marketing; and (ii) salaries and welfare benefits to our sales and marketing personnel. We expect our selling and marketing expenses to grow in absolute amount as we expand our operations in new territories and continue to reinforce our brand value.

Research and Development Expenses

Our research and development expenses primarily consist of salaries and welfare benefits of our research and development staff and bandwidth costs relating to research and development activities associated with upgrading our platform. We expect our research and development expenses to continue to grow in absolute amount in parallel with our business growth as we continue to upgrade our audio and AI technologies.

General and Administrative Expenses

Our general and administrative expenses primarily consist of (i) salaries and welfare benefits of our general and administrative staff; (ii) professional service fees and (iii) other expenses such as leases and depreciation and amortization. We expect our general and administrative expenses to grow in absolute amount as we grow our business.

Other Expenses/Income

Our other expenses/income consist mainly of (i) foreign exchange losses; (ii) interest expenses of our convertible loans that were converted in 2017; (iii) government grants we received; and (iv) others primarily including litigation gains/losses and bank fees.

Other Comprehensive Income/Loss

Our other comprehensive income/loss mainly consists of foreign currency translation adjustments. Foreign currency translation adjustments are reported as a cumulative translation adjustments. A cumulative translation adjustment is resulted from the translation of the financial statements of the consolidating entities within the group with functional currency other than the group's reporting currency in Renminbi. We expect that the foreign currency translation adjustments will continue to fluctuate in accordance with the fluctuation between Renminbi and U.S. dollars in future periods.

Results of Operations

Year Ended December 31, 2018 Compared to Year Ended December 31, 2017

Net revenues. Our net revenues increased by 76.1% from RMB453.5 million in 2017 to RMB798.6 million (US$116.1 million) in 2018, mainly attributable to increase in virtual gift sales in relation to our audio entertainment products.

Audio entertainment. Our net revenues generated from audio entertainment increased by 80.0% from RMB436.1 million in 2017 to RMB785.1 million (US$114.2 million) in 2018. Such increase in our net revenues from audio entertainment was mainly driven by the increase in the number of audio entertainment paying users during such periods. The increase in the number of audio entertainment paying users was in turn mainly driven by the increasing popularity of our interactive audio products such as *Friends Hall* since their recent launches. We currently plan to continue to strengthen and expand our interactive audio product offerings, which we believe will create new spending scenarios for our users and continue to drive their engagement and spending on our platform.

Podcast, advertising and others. Our net revenue generated from podcast, advertising and others decreased by 22.7% from RMB17.4 million in 2017 to RMB13.5 million (US$2.0 million) in 2018, mainly because we further strengthened and expanded our audio entertainment since late 2017.

Cost of revenues. Our cost of revenues increased by 71.0% from RMB330.8 million in 2017 to RMB565.6 million (US$82.3 million) in 2018, primarily due to continuous growth of our business which required higher revenue sharing fees, better bandwidth support and higher headcount and labor costs.

Revenue sharing fees. Our revenue sharing fees increased by 76.2% from RMB299.2 million in 2017 to RMB527.1 million (US$76.7 million) in 2018, primarily due to an increase in the profit sharing fees with hosts and guilds in 2018 as compared with 2017 as a result of the growth of our audio entertainment business.

Salary and welfare benefits. Our Salary and welfare benefits increased by 40.3% from RMB8.4 million in 2017 to RMB11.8 million (US$1.7 million) in 2018, primarily due to an increase in the number of our operational employees in line with the growth of our business operations in 2018.

Payment handling costs. Our payment handling costs increased by 3.3% from RMB7.0 million in 2017 to RMB7.2 million (US$1.0 million) in 2018, primarily due to an increase in the commissions to the third-party payment channels in 2018.

Bandwidth costs. Our bandwidth costs increased by 51.5% from RMB2.3 million in 2017 to RMB3.5 million (US$0.5 million) in 2018, primarily as a result of an increase in our active users and our business growth in 2018.

Others. Our other cost of revenues increased by 14.7% from RMB14.0 million in 2017 to RMB16.0 million (US$2.3 million) in 2018, primarily due to an increase in other taxes and surcharges, partially offset by decreases in advertising production costs, and depreciation and amortization.

Gross profit and gross profit margin. As a result of the foregoing, our gross profit increased by 89.8% from RMB122.7 million in 2017 to RMB232.9 million (US$33.9 million) in 2018. Our gross profit margin improved from 27.1% to 29.2% during the same periods.

Total operating expenses. Our total operating expenses decreased by 10.2% from RMB272.6 million in 2017 to RMB244.9 million (US$35.6 million) in 2018.

Selling and marketing expenses. Our selling and marketing expenses decreased by 34.7% from RMB206.8 million in 2017 to RMB135.0 million (US$19.6 million) in 2018. This decrease was primarily attributable to discretionary expenses in an amount of RMB82.8 million associated with a variety of online and offline marketing and promoting activities to promote our corporate image and mobile app in 2017.

Research and development expenses. Our research and development expenses increased by 92.7% from RMB43.2 million in 2017 to RMB83.2 million (US$12.1 million) in 2018. The increase was primarily due to our enhanced research and development activities in 2018, such as increase in research and development personnel from 157 to 282, investment in bandwidth upgrading and infrastructure server depreciation.

General and administrative expenses. Our general and administrative expenses increased by 17.9% from RMB22.6 million in 2017 to RMB26.7 million (US$3.9 million) in 2018. This increase was primarily attributable to an increase in the number of our administrative staff in 2018.

Interest (expenses)/income, net. We recorded interest expenses of RMB2.0 million in 2017 and interest income of RMB0.2 million (US$0.03 million) in 2018, respectively. The change in interest (expenses)/income, net was mainly due to the decrease of interest expenses on convertible loans incurred in 2017, which have been fully converted.

Foreign exchange losses. Our foreign exchange losses decreased by 98.4% from RMB3.6 million in 2017 to RMB0.06 million (US$0.008 million) in 2018. The decrease is mainly relating to fluctuation in currency exchange rate in 2018.

Government grants. Our government grants increased by 78.4% from RMB2.0 million in 2017 to RMB3.6 million (US$0.5 million) in 2018. The increase is mainly relating to an increase in the subsidies granted by local governments to us as a high-tech enterprise in 2018.

Loss before income taxes. As a result of the foregoing, our loss before income taxes decreased by 93.9% from RMB153.7 million in 2017 to RMB9.3 million (US$1.4 million) in 2018.

Income tax expense. We had zero income tax expense in 2017 and 2018 due to our cumulative net loss and the resulting tax loss carried forward.

Net loss. As a result of foregoing, our net loss decreased by 93.9% from RMB153.7 million in 2017 to RMB9.3 million (US$1.4 million) in 2018.

Taxation

Cayman Islands

Under the current laws of the Cayman Islands, we are not subject to tax on income or capital gain. Additionally, upon payments of dividends by us to respective shareholders, no Cayman Islands withholding tax will be imposed.

British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in British Virgin Islands are exempted from income tax on their foreign-derived incomes in the British Virgin Islands. There are no withholding taxes in the British Virgin Islands.

Hong Kong

Our subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong before April 1, 2018. Starting from the financial year commencing on April 1, 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million.

PRC

Generally, our subsidiaries and consolidated VIEs in China are subject to enterprise income tax on their taxable income in China at a rate of 25%, except where a special preferential rate applies. The enterprise income tax is calculated based on the entity’s global income as determined under PRC tax laws and accounting standards.

Guangzhou Lizhi obtained High and New Technology Enterprise, or HNTE, status from November 9, 2017 to November 8, 2020. It enjoyed a preferential tax rate of 15% in enterprise income tax to the extent it has taxable income under the PRC Enterprise Income Tax Law. It will enjoy the 15% preferential tax rate as long as it re-applies for HNTE status every three years and meet the HNTE criteria during this three-year period. If Guangzhou Lizhi fails to meet the criteria for qualification as an HNTE in any year, (i) the enterprise cannot enjoy the 15% preferential tax rate in that year and must instead use the uniform 25% enterprise income tax rate and (ii) it will need to re-apply for HNTE status.

Dividends paid by our wholly foreign-owned subsidiaries in China to our intermediary holding companies in Hong Kong will be subject to a withholding tax rate of 10%, unless the relevant Hong Kong entities satisfy 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 subsidiaries would be subject to withholding tax at the preferential rate of 5%. Effective from November 1, 2015, the above mentioned approval requirement has been abolished, but a Hong Kong entity is still required to file application package with the relevant tax authority, and settle the overdue taxes if the preferential 5% tax rate is denied based on the subsequent review of the application package by the relevant tax authority.

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%. See “Risk Factors—Risks Related to Doing Business in China—Under the PRC enterprise income tax law, we may be classified as a PRC “resident enterprise,” which could result in unfavorable tax consequences to us and our shareholders and ADS holders and have a material adverse effect on our results of operations and the value of your investment.”

We are subject to value-added tax, or VAT, at a rate of 6% on the services we provide, less any deductible VAT we have already paid or borne. We are also subject to surcharges on VAT payments in accordance with PRC law.

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 over financial reporting. As defined in the standards established by the U.S. Public Company Accounting Oversight Board, 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.

One material weakness that has been identified relates to our lack of sufficient and competent accounting and financial reporting personnel, including personnel with appropriate knowledge of U.S. GAAP and SEC financing reporting requirements. The lack of such personnel impacts our ability to timely and completely address complex U.S. GAAP accounting matters, carry out period-end financial reporting control and procedures, and prepare our consolidated financial statements and related disclosures to fulfill U.S. GAAP and SEC financial reporting requirements.

We have implemented and plan to implement a number of measures to address the material weakness that has been identified in connection with the audit of our consolidated financial statements as of and for the years ended December 31, 2017 and 2018. To remedy this material weakness, we have begun to, and will continue to, (1) hire additional competent accounting staff with appropriate knowledge and experience of U.S. GAAP and SEC financial reporting requirements and strengthen period-end financial reporting controls and procedures; (2) establish an ongoing program to provide sufficient and appropriate training for financial reporting and accounting personnel, especially training related to U.S. GAAP and SEC financial reporting requirements;

(3) assign clear roles and responsibilities for accounting and financial reporting staff to address accounting and financial reporting issues; (4) hire qualified consultant to assess Sarbanes-Oxley Act compliance readiness, assess generally where overall internal controls over financial reporting can be improved and assist us to implement improvements where necessary. We intend to remediate this material weakness in multiple phases and expect that we will incur certain costs for implementing our remediation measures. We cannot assure you, however, that all these measures will be sufficient to remediate our material weakness in time, or at all. See "Risk Factors—Risks Related to Our Business and Industry—If we fail to implement and maintain an effective system of internal controls, we may be unable to accurately report our results of operations, meet our reporting obligations or prevent fraud, and investor confidence and the market price of our shares may be materially and adversely affected." 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 in the assessment of the emerging growth company's internal control over financial reporting.

Critical Accounting Policies, Judgments and Estimates

Principles of Consolidation

The consolidated financial statements include the financial statements of us, our subsidiaries, VIE and subsidiaries of VIE for which we are the primary beneficiary.

Subsidiaries are those entities in which we, directly or indirectly, control more than one half of the voting power, have 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 the board of directors, or have 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 subsidiary, through contractual arrangements, have the power to direct the activities that most significantly impact the entity's economic performance, bear the risks of and enjoy the rewards normally associated with ownership of the entity, and therefore we or our subsidiary is the primary beneficiary of the entity.

All transactions and balances among us, our subsidiaries, VIE and subsidiaries of VIE have been eliminated upon consolidation.

Use of estimates

The preparation of our consolidated financial statements in conformity with the U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the balance sheet date and reported revenues and expenses during the reported periods in the consolidated financial statements and accompanying notes. Significant accounting estimates include, but are not limited to, assessment of whether we act as a principal or an agent in different revenue streams, assessment of user relationship period for podcast business, assessment for the impairment of long-lived assets, valuation allowance of deferred tax assets, determination of the fair value of ordinary shares, preferred shares, and valuation and recognition of share-based compensation expenses.

Revenue recognition

Our net revenues comprise of audio entertainment revenue and podcast, advertising and other revenue.

We adopted ASC Topic 606, "Revenue from Contracts with Customers" for all periods presented. Consistent with the criteria of Topic 606, we 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 receive in exchange for those goods or services using the five steps defined under ASC Topic 606.

Audio entertainment

We are principally engaged in operating our own interactive audio entertainment platform, which enable hosts and users to interact with each other in audio live streaming and other interactive audio products. Audio entertainment revenue is generated from sales of virtual items to our users. We have a recharge system for users to purchase our virtual currency which can be used to purchase virtual items. Users can recharge via bank transfer and various online third-party payment platforms, including AliPay, WeChat Pay and other payment platforms. Virtual currency is non-refundable and without expiry. The virtual currency is often consumed soon after it is purchased based on history of turnover of the virtual currency. Unconsumed virtual currency is recorded as deferred revenue. Virtual currencies used to purchase virtual items are recognized as revenue according to the prescribed revenue recognition policies of virtual items addressed below unless otherwise stated.

Hosts engage in audio live streaming performance on our platform. We share a portion of the sales proceeds of virtual items ("revenue sharing fee") with hosts and their respective guilds in accordance with their audio entertainment live streaming service agreements.

We evaluate and determine that we are the principal and view users to be our customers. We report audio entertainment revenues on a gross basis. Accordingly, the amounts billed to users are recorded as revenues and revenue sharing fee paid to hosts and their respective guilds are recorded as cost of revenues. Where we are the principal, we control the virtual items before they are transferred to users. Its control is evidenced by our sole ability to monetize the virtual items before they are transferred to users, and is further supported by us being primarily responsible to users and having a level of discretion in establishing pricing. We design, create and offer various virtual items for sale to users with pre-determined stand-alone selling prices. Virtual items are categorized as consumable and time-based items. Consumable items are consumed upon purchase and use while time-based items could be used for a fixed period of time such as a virtual special symbol that can be purchased and displayed on the users' profile over a fixed period of time; users can purchase consumable or time-based items and present these virtual items to hosts to show support for their favorite hosts or purchase time-based virtual items that enhance the users' personal profile.

Revenue related to each consumable item is a single performance obligation provided on a consumption basis, and is recognized at the point in time when the virtual item is transferred directly to the users and consumed by them. Revenue related to time-based virtual items is recognized ratably over the contract period. We do not have further performance obligations to the user after the virtual items are consumed immediately or after the stated contract period of time for time-based items.

Podcast

We provide users with certain subscription services which entitle paying subscribers to listen to specific podcast content on the platform. The subscription fee is time-based and is collected upfront from subscribers.

The receipt of subscription fee is initially recorded as deferred revenue. We satisfy our performance obligation by providing services throughout the estimated user relationship period as the subscription period is generally perpetual. Revenue is recognized ratably over the estimated average user relationship period. The estimated average user relationship period is based on data collected from those paying subscribers who have subscribed to a specific podcast content. We estimate the user relationship period for a podcast content to be from the date a paying subscriber subscribes to it through the date which we estimate to be for the last time the paying subscriber listens to the content. The determination of the estimated average user relationship period is based on our best estimate that takes into account all known and relevant information at the time of assessment. We assess the estimated average user relationship period on a regular basis. Any adjustments arising from changes in the estimated average user relationship period as a result of new information will be accounted as a change in accounting estimate in accordance with ASC 250 Accounting Changes and Error Corrections.

The podcast content are licensed by hosts to us. We record revenue on a gross basis as (i) we are the primary obligor in the arrangement; and (ii) we have latitude in establishing the selling price.

Advertising

We generate advertisement revenues from rendering of various forms of advertisement services by way of advertisement display on the audio entertainment live streaming platform. Advertisements on our platform are generally charged on the basis of duration whereby revenue is recognized ratably over the contract period of display. We provide sales incentives in the forms of discounts and rebates to advertisement agencies based on purchase volume. Revenue is recognized based on the price charged to the advertisers or agencies, net of sales incentives provided to the agencies. Sales incentives are recorded at the time of revenue recognition based on the contracted rebate rates and contract amount.

Share-based compensation

Share-based compensation expenses arise out of share-based awards, including share options and restricted shares granted under our share incentive plans. We recognize our share-based compensation following ASC 718 Stock Compensation. For share options for the purchase of ordinary shares granted to employee and non-employee determined to be equity classified awards, the related share-based compensation expenses are recognized in the consolidated financial statements based on their grant date fair values which are calculated using the binomial option pricing model. The determination of the fair value is affected by the fair value of ordinary shares as well as assumptions regarding a number of complex and subjective variables, including the expected volatility of the fair value of ordinary shares, actual and projected employee share option exercise behavior, risk-free interest rates and expected dividends. The fair value of the ordinary shares is assessed using the income approach/discounted cash flow method, with a discount for lack of marketability, given that the shares underlying the awards were not publicly traded at the time of grant. Share-based compensation expenses are recorded net of actual forfeitures using straight-line method during the service period requirement, such that expenses are recorded only for those share-based awards that are expected to ultimately vest.

For an award with a performance and/or service condition that affects vesting, the performance and/or service condition is not considered in determining the award's fair value on the grant date. Performance and service conditions should be considered when we are estimating the quantity of awards that will vest. Compensation expenses will reflect the number of awards that are expected to vest and will be adjusted to reflect those awards that do ultimately vest. We recognize compensation expenses for awards with performance conditions if and when we conclude that it is probable that the performance condition will be achieved, net of actual pre-vesting forfeitures over the requisite service period. We reassess the probability of vesting at each reporting period for awards with performance conditions and adjusts compensation expenses based on its probability assessment, unless on certain situations, we may not be able to determine that it is probable that a performance condition will be satisfied until the event occurs.

2019 Share Incentive Plan share-based compensation

In September 2018, Lizhi BVI adopted the 2018 Share Incentive Plan, or the 2018 BVI Plan. Under the 2018 BVI Plan, Lizhi BVI granted 27,765,900 options and restricted shares to its certain management members, employees and a consultant corresponding to 27,765,900 ordinary shares.

We adopted a share incentive plan on May 31, 2019, or the 2019 Share Incentive Plan. The 2019 Share Incentive Plan replaced the 2018 BVI Plan in its entirety and granted 38,194,330 options and restricted shares to certain management members, employees and consultant corresponding to 38,194,330 of our ordinary shares. The granted and outstanding awards under the 2018 BVI Plan have since been terminated. For key terms of the 2019 Share Incentive Plan, see "Management—Share Incentive Plan."

The following table sets forth the fair value of our ordinary shares underlying the options and restricted shares granted pursuant to the 2018 BVI Plan and the 2019 Share Incentive Plan estimated at different times with the assistance from an independent valuation firm:

Date of Valuation	Options Granted	Exercise Price	Fair Value of Options	Restricted Shares Granted	Fair Value of Restricted Shares	Fair Value of Ordinary Shares	Discount Rate
September 30, 2018	13,265,900	US$0.0001	US$0.2111	14,500,000	US$0.2107	US$0.2107	19%

We use binomial option pricing model to determine fair value of the share-based awards. The estimated fair value of each option granted is estimated on the date of grant using the binomial option-pricing model with the following assumptions:

	2018
Expected volatility	56.38%
Weighted average volatility	56.38%
Expected dividends yield	—
Risk-free rate	3.05%
Contractual terms (in years)	10
Enterprise value per ordinary share	US$0.21

The expected volatility at the grant date and each option valuation date was estimated based on the annualized standard deviation of the daily return embedded in historical share prices of comparable peer companies with a time horizon close to the expected expiry of the term of the options. The weighted average volatility is the expected volatility at the grant date weighted by number of options. We have never declared or paid any cash dividends on its capital stock, and we do not anticipate any dividend payments in the foreseeable future. The contractual term is the contract life of the options. We estimated the risk free interest rate based on the market yield of U.S. government bonds with maturities of ten years as of the valuation date, plus a country default risk spread between China and U.S.

For the purpose of determining the estimated fair value of our share options, we believe the expected volatility and the estimated fair value of our ordinary shares are the most critical assumptions. Changes in these assumptions could significantly affect the fair value of share options and hence the amount of stock-based compensation we recognize in our consolidated financial statements. Since we did not have a trading history for our shares sufficient to calculate our own historical volatility, the expected volatility of our future ordinary share price was estimated based on the price volatility of the shares of comparable public companies that operate in the same or similar business.

Fair value of ordinary shares

Prior to our initial public offering, we were a private company with no quoted market prices for our ordinary shares. We therefore needed to make estimates of financial forecast at various dates for the purpose of determining the fair value of our ordinary shares at the date of the grant of share-based compensation awards to our employees as one of the inputs into determining the grant date fair value of the award.

The option-pricing method was used to allocate equity value of our company to preferred and ordinary shares, taking into account the guidance prescribed by the AICPA Audit and Accounting Practice Aid. This method requires making estimates of the anticipated timing of a potential liquidity event, such as a sale of our company or an initial public offering, and estimates of the volatility of our equity securities. The anticipated timing is based on the plans of our board and management. The other major assumptions used in calculating the fair value of ordinary shares include:

- Weighted average cost of capital, or WACC: The WACCs were determined in consideration of factors including risk-free rate, comparative industry risk, equity risk premium, company size and non-systematic risk factors.

- Comparable companies: In deriving the WACCs, which are used as the discount rates under the income approach, certain publicly traded companies in the live broadcasting and audio entertainment business were selected for reference as our guideline companies.
- Discount for lack of marketability, or DLOM: DLOM was quantified by the Finnerty put options model. Under this option-pricing method, which assumed that the put option is struck at the average price of the stock before the privately held shares can be sold, the cost of the put option was considered as a basis to determine the DLOM. This option pricing method is one of the methods commonly used in estimating DLOM as it can take into consideration factors such as timing of a liquidity event, for instance an initial public offering, and estimated volatility of our shares. The farther the valuation date is from an expected liquidity event, the higher the put option value is and thus the higher the implied DLOM is.

The lower DLOM is used for the valuation, the higher the determined fair value of the ordinary shares becomes. DLOM remained in the range of 22% to 13% in the period from December 31, 2016 to December 31, 2018.

The determination of the equity value requires complex and subjective judgments to be made regarding prospects of the industry and the products at the valuation date, our projected financial and operating results, our unique business risks and the liquidity of our shares.

The fair value of our ordinary shares increased from US$0.037 per share as of December 31, 2016 to US$0.158 per share as of December 31, 2017, which was primarily due to the organic growth of our business and the continuous improvement in our financial performance. The fair value of our ordinary shares increased from US$0.158 per share as of December 31, 2017 to US$0.227 per share as of December 31, 2018, which was primarily due to (i) the organic growth of our business; (ii) the continuous improvement in our financial performance; and (iii) the decrease in the discount rate of the marketability of our shares.

Once a public trading market of the ADSs has been established in connection with the completion of this offering, it will no longer be necessary for us to estimate the fair value of our ordinary shares in connection with our accounting for granted share options and restricted shares.

Recently issued accounting pronouncements

For detailed discussion on recent accounting pronouncements, see Note 2(cc) to our consolidated financial statements included elsewhere in this prospectus.

Liquidity and Capital Resources

Cash flows and working capital

Prior to this offering, our principal sources of liquidity have been funding received from private placements of convertible redeemable preferred shares. As of December 31, 2018, we had RMB205.6 million (US$29.9 million) in cash and cash equivalents. Our cash and cash equivalents mainly represent cash on hand, which are deposited with large reputable banks in China, and constitute highly liquid investments that are readily convertible to fixed amounts of cash and with original maturities from the date of purchase with terms of three months or less.

We intend to finance our future working capital requirements and capital expenditures from cash generated from operating activities and funds raised from financing activities, including the net proceeds we will receive from this offering. We may, however, require additional cash due to changing business conditions or other future developments, including any investments or acquisitions we may decide to pursue. We believe that our current cash and cash equivalents, together with our cash generated from operating activities and financing activities will be sufficient to meet our present anticipated working capital requirements and capital expenditures.

If our existing cash is insufficient to meet our requirements, we may seek to issue debt or equity securities or obtain additional credit facilities. Financing may be unavailable in the amounts we need or on terms acceptable to us, if at all. Issuance of additional equity securities, including convertible debt securities, would dilute our earnings per share. The incurrence of debt would divert cash for working capital and capital expenditures to service debt obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders. If we are unable to obtain additional equity or debt financing as required, our business and prospects may suffer.

The following table presents the summary of our consolidated cash flows data for the years ended December 31, 2017 and 2018.

	For the Year Ended December 31,		
	2017	2018	
	RMB	RMB	US$
	(in thousands)		
Net cash (used in)/generated from operating activities	(31,334)	13,962	2,031
Net cash used in investing activities	(13,195)	(17,375)	(2,528)
Net cash generated from financing activities	237,787	—	—
Effect of foreign exchange rate changes on cash and cash equivalents	(5,152)	2,508	365
Net increase/(decrease)in cash and cash equivalents	**188,106**	**(905)**	**(132)**
Cash and cash equivalents at the beginning of the year	**18,403**	**206,509**	**30,036**
Cash and cash equivalents at the end of the year	**206,509**	**205,604**	**29,904**

Operating activities

Net cash generated from operating activities was RMB14.0 million (US$2.0 million) in 2018. The difference between our net cash generated from operating activities and our net loss of RMB9.3 million (US$1.4 million) was due to (i) an increase in salary and welfare payable of RMB15.2 million (US$2.2 million), (ii) a decrease in prepayments and other current assets of RMB6.0 million (US$0.9 million), (iii) a decrease in accounts receivable of RMB6.2 million (US$0.9 million), (iv) depreciation of property, equipment and leasehold improvement of RMB5.8 million (US$0.8 million) and (v) a decrease in accrued expenses and other current liabilities of RMB47.0 million (US$6.8 million), partially offset by an increase in accounts payable of RMB24.3 million (US$3.5 million). The increases in salary and welfare payable and accounts payable are attributable to our business growth which requires and is likely to continue to require (i) more revenue sharing fees payable to hosts and guilds, (ii) higher bandwidth and facilities cost, and (iii) higher labor cost. The increase in deferred revenue is likely to continue as a result of the growth in unconsumed virtual currency in parallel with the growth of our business. The depreciation of property, equipment and leasehold improvement, amortization of intangible assets were all non-cash in nature and were adjusted in the presentation of our net cash flow from operating activities based on indirect method. The increase in the depreciation of property, equipment and leasehold improvement and amortization of intangible assets is likely to continue as a result of our continued growth. The foreign exchange loss was mainly due to certain assets of our PRC entities denominated in U.S. dollar.

Net cash used in operating activities was RMB31.3 million in 2017. The difference between our net cash used in operating activities and our net loss of RMB153.7 million was due to (i) an increase in accounts payable of RMB41.0 million, (ii) an increase of accrued expenses and other current liabilities of RMB66.2 million, (iii) an increase of salaries and welfare payable of RMB12.4 million, partially offset by an increase in prepayments and other current assets of RMB8.6 million. The increases in accounts payable, accrued expenses and other current liabilities and salaries and welfare payable are attributable to our business growth which requires higher bandwidth and facilities cost, more payables to our suppliers and higher headcounts. The increase in prepayments and other current assets is likely to continue as a result of our continued efforts to provide high-quality content by securing top hosts.

Investing activities

Net cash used in investing activities was RMB17.4 million (US$2.5 million) in 2018 primarily due to purchase of property, equipment and leasehold improvement of RMB14.2 million (US$2.1 million).

Net cash used in investing activities was RMB13.2 million in 2017 primarily due to purchase of property, equipment and leasehold improvement of RMB7.9 million.

Financing activities

Net cash generated from financing activities was zero in 2018 as we did not have any financing activities in 2018.

Net cash generated from financing activities was RMB237.8 million in 2017 primarily due to our completion of series D and series D1 equity financings in 2017, partially offset by the cost of such series of financing.

Capital Expenditures

We made capital expenditures of RMB13.2 million and RMB17.4 million (US$2.5 million) in 2017 and 2018, respectively. In these periods, our capital expenditures were mainly used for purchases of property, equipment, leasehold improvement and intangible assets.

Contractual Obligations

The following table sets forth our contractual obligations as of December 31, 2018:

	Payment Due by Years Ending				
	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years	Total
	(in RMB thousands)				
Lease obligations	6,034	4,449	—	—	10,483

Holding Company Structure

LIZHI INC. is a holding company with no material operations of its own. We conduct our operations primarily through our VIEs and their subsidiaries in China. As a result, our ability to pay dividends depends upon dividends paid by our subsidiaries, VIEs and their subsidiaries. If our subsidiaries and VIEs or any newly formed subsidiaries incur debts on their own behalf in the future, the instruments governing their debts may restrict their ability to pay dividends to us.

In addition, our subsidiaries, VIEs and their subsidiaries in China are permitted to pay dividends to us only out of their retained earnings, if any, as determined in accordance with the Accounting Standards for Business Enterprise as promulgated by the Ministry of Finance of the PRC, or the PRC GAAP. In accordance with PRC company laws, our consolidated VIEs in China must make appropriations from their after-tax profits to non-distributable reserve funds including (i) statutory surplus fund and (ii) discretionary surplus fund. The appropriation to the statutory surplus fund must be at least 10% of the after-tax profits calculated in accordance with the PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of our consolidated VIEs. Appropriation to discretionary surplus fund is made at the discretion of our consolidated VIEs. Pursuant to the law applicable to China's foreign invested enterprise, our subsidiaries that are foreign invested enterprise in the PRC have to make appropriation from their after-tax profits, as determined under the PRC GAAP, to reserve funds including (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of

the after-tax profits calculated in accordance with the PRC GAAP. Appropriation is not required if the reserve fund has reached 50% of the registered capital of our subsidiaries, VIEs and their subsidiaries. Appropriation to the other two reserve funds are at the discretion of our subsidiaries.

As a holding company with no material operations of our own, we conduct our operations primarily through our PRC subsidiaries, our VIEs and their subsidiaries. We held cash and cash equivalents of RMB52.2 million as of December 31, 2018, while substantially all of our assets were held and substantially all of our net revenues were generated by our PRC subsidiaries, our VIEs and their subsidiaries.

As an offshore holding company, we are permitted under PRC laws and regulations to provide funding from the proceeds of our offshore fund raising activities to our PRC subsidiaries only through loans or capital contributions, and to our consolidated affiliated entity only through loans, in each case subject to the satisfaction of the applicable government registration and approval requirements. See "Risk Factors—Risks Related to Doing Business in China—PRC regulation of direct investment and loans by offshore holding companies to PRC entities may delay or limit us from using the proceeds of our initial public offering to make additional capital contributions or loans to our PRC subsidiaries" and "Use of Proceeds." The ability of our subsidiaries in China to make dividends or other cash payments to us is subject to various restrictions under PRC laws and regulations. See "Risk Factors—Risks Related to Doing Business in China—We may rely on dividends paid by our PRC subsidiaries to fund cash and financing requirements. Any limitation on the ability of our PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct our business and to pay dividends to holders of the ADSs and our ordinary shares" and "Risk Factors—Risks Related to Doing Business in China—Under the PRC enterprise income tax law, we may be classified as a PRC 'resident enterprise,' which could result in unfavorable tax consequences to us and our shareholders and ADS holders and have a material adverse effect on our results of operations and the value of your investment." As a result, there is uncertainty with respect to our ability to provide prompt financial support to our PRC subsidiaries when needed. Notwithstanding the foregoing, our PRC subsidiaries may use their own retained earnings (rather than Renminbi converted from foreign currency denominated capital) to provide financial support to our consolidated affiliated entity either through entrustment loans from our PRC subsidiaries or direct loans to such consolidated affiliated entity's nominee shareholders, which would be contributed to our VIEs as capital injections. Such direct loans to the nominee shareholders would be eliminated in our consolidated financial statements against the consolidated affiliated entity's share capital.

Off-Balance Sheet Commitments and 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.

Quantitative and Qualitative Disclosure about Market Risk

Interest rate risk

Our exposure to interest rate risk primarily relates to the interest income generated by excess cash, which is mostly held in interest-bearing bank deposits. 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 risk exposure.

After 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.

Foreign exchange risk

Substantially all of our revenues are denominated in Renminbi. The Renminbi is not freely convertible into foreign currencies for capital account transactions. The value of the Renminbi against the U.S. dollar and other currencies is affected by, among other things, changes in China's political and economic conditions and China's foreign exchange policies. On July 21, 2005, the PRC government changed its decade-old policy of pegging the value of the Renminbi to the U.S. dollar, and 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. 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 date, we have not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risk. To the extent that we need to convert U.S. dollars we received from this offering into Renminbi for our operations or capital expenditures, appreciation of the Renminbi against the U.S. dollar would have an adverse effect on the Renminbi amount we would receive from the conversion. 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 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 amount available to us.

As of December 31, 2018, we had U.S. dollar-denominated cash and cash equivalents of US$14.5 million, respectively. A 10% depreciation of U.S. dollar against the Renminbi based on the foreign exchange rate on December 31, 2018 would result in a decrease of RMB9.9 million in cash and cash equivalents. A 10% appreciation of U.S. dollar against the Renminbi based on the foreign exchange rate on December 31, 2018 would result in an increase of RMB9.9 million in cash and cash equivalents.

We estimate that we will receive net proceeds of approximately US$ million from this offering, after deducting underwriting discounts and commissions and the estimated offering expenses payable by us, based on the initial offering price of US$ per ADS. Assuming that we convert the full amount of the net proceeds from this offering into RMB , a 10% appreciation of the U.S. dollar against RMB , from a rate of RMB6.8755 to US$1.00, the rate in effect as of December 31, 2018, to a rate of RMB to US$ 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 RMB , from a rate of RMB6.8755 to US$1.00, the rate in effect as of December 31, 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.

Inflation risk

Since our inception, inflation in China has not materially impacted 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 2017 and 2018 were increases of 1.8% and 1.9%, respectively. Although we have not in the past been materially affected by inflation since our inception, we can provide no assurance that we will not be affected in the future by higher rates of inflation in China.

INDUSTRY OVERVIEW

Certain information, including statistics and estimates, set forth in this section and elsewhere in this prospectus has been derived from an industry report commissioned by us and independently prepared by iResearch in connection with this offering. We believe that the sources of such information are appropriate, and we have taken reasonable care in extracting and reproducing such information. However, such information involves a number of assumptions and limitations, and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. Therefore, investors are cautioned not to place any undue reliance on the information, including statistics and estimates, set forth in this section or similar information included elsewhere in this prospectus. Forecasts and other forward-looking information obtained from the sources of such information are subject to the same qualifications and uncertainties as the other forward-looking statements in this prospectus, as well as risks due to a variety of factors, including those described under "Risk factors" and elsewhere in this prospectus.

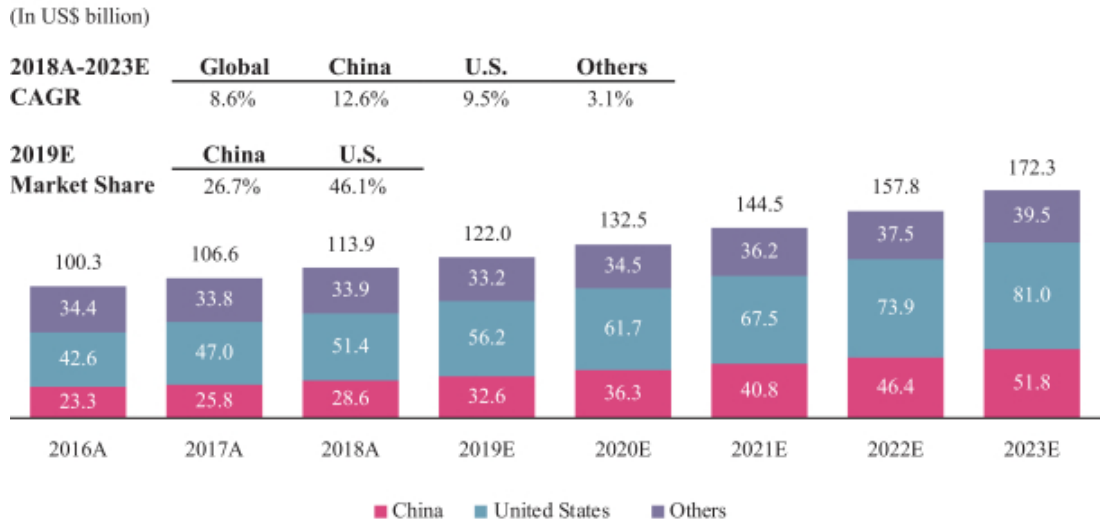
Pan-audio Entertainment Market in China

The pan-audio entertainment market consists of (i) online audio, which mainly includes podcasts, online radio, audiobook, audio live streaming, audio social network, and other interactive audio entertainment, (ii) offline audio, which mainly includes traditional radio, and (iii) online and offline music services.

China's pan-audio entertainment market was the largest in terms of number of users, and the second largest in terms of revenues in the world in 2018.

In addition, China's pan-audio entertainment market is projected to grow faster than other major audio markets in the world. In 2016, China accounted for 23.3% of the global audio market in terms of revenue, and is expected to reach 30.0% by 2023.

Global Pan-audio Entertainment Market Size by Revenue, 2016A–2023E



Note:
(1) Translations of RMB into US$ are solely for the convenience of the reader. Due to currency translation and rounding adjustments, numerical figures shown as percentages may not be an arithmetic calculation of the figures as presented in the table.

Driven by internet technologies, the global pan-audio entertainment industry has been going through a major paradigm shift in recent years. Due to the rise of mobile internet users, listeners are increasingly turning to online

and mobile channels for audio entertainment options. Traditional players such as radio stations that historically dominated the pan-audio entertainment market have been increasingly replaced by online players. In addition, technology and product innovations, such as smart speakers and connected cars, will not only deliver a more engaging user experience but also further expand use cases. As such, the global online pan-audio entertainment penetration rate in terms of revenue is estimated to increase from 19.0% in 2018 to 35.6% in 2023. Fueled by rapid innovation and development of internet-enabled services, China is undergoing an even more rapid transformation from offline to online in the pan-audio entertainment industry. The online pan-audio entertainment penetration rate in China in terms of revenue is estimated to increase from 14.6% in 2018 to 39.9% in 2023.

China is a Global Leader in Online Audio Market

The global online audio market, which mainly includes podcasts, online radio, audiobook, audio live streaming, audio social network, and other interactive audio entertainment, is expected to grow from approximately US$10.5 billion in revenue in 2018 to US$30.7 billion in 2023, representing a CAGR of 23.8%.

China has the world's largest population of online audio users, which is expected to grow further from approximately 377.2 million in 2018 to 901.5 million in 2023.

Number of Online Audio Users

(In mm)	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Global	686.8	877.8	1,095.4	1,311.0	1,487.1	1,652.3	1,776.0	1,874.9
China	104.6	232.6	377.2	491.8	618.1	741.3	832.0	901.5
US	199.5	209.2	214.2	219.5	223.7	227.0	230.0	231.5

China is the world's second largest online audio market by revenue, which represents approximately 15% of the global online audio market in 2018. China's online audio market is expected to grow at a CAGR of approximately 44% from 2018 to 2023, significantly outpacing the growth of the US online audio market.

Online Audio Market Size

(In US$bn)	2016	2017	2018	2019E	2020E	2021E	2022E	2023E
Global	7.2	8.8	10.5	13.2	16.7	20.8	25.5	30.7
China	0.3	0.8	1.6	2.6	4.0	5.8	7.9	10.2
US	5.1	6.0	6.9	8.1	9.6	11.5	13.7	16.5

China is also a global leader in online audio product innovations. Unlike other major online audio markets such as the United States, China has seen the rise of innovative audio content and product formats in recent years. This trend has fundamentally transformed its online audio market into a dynamic ecosystem with creative professional- and user-generated content offerings, diverse monetization models, and immersive interactive and entertainment features.

Key product innovations in China include:

Podcasts

In the United States, podcasts have historically been and are expected to continue to develop as a fast growing segment in the next five years. Over half of the population in the United States listened to the podcast, consuming over 10.0 billion hours of podcasts in 2018. China had approximately 245 million podcast users in 2018, but penetration rate in China was still relatively low compared to the United States. Driven by product innovations and increasing willingness to pay for high-quality audio content, the podcast market in China represents significant growth and monetization potentials in the long term.

Compared with podcasts in the United States, podcasts in China have the following distinct characteristics:

- **Easiness to record and host:** In the United States, podcast hosts often need to understand the certain technical knowledge of recording and publishing in order to record and host. But in China such requirement of the technical knowledge is much lower as recording, storing, editing, and distributing can all happen in one single platform through mobile devices, effectively lowering the barriers to become podcast producers.
- **Exclusive contents:** Due to the separation of podcast content creation and distribution in the United States, mainstream podcast apps primarily serve as a podcast distribution channel and generally do not own exclusive contents, resulting in minimal differentiation among competing apps. In contrast, the podcast platforms in China are often highly integrated, allowing platforms to own exclusive contents. This effectively allows audio platforms in China to differentiate by content offerings.
- **Monetization capabilities:** In the United States, mainstream podcast apps are often free and podcast hosts primarily monetize through advertising that is separate from podcast apps. In contrast, podcast apps in China monetize through sales of virtual items paid by app users, advertising, and content subscriptions. Podcast platforms also share certain portion of their revenue with their hosts, further incentivizing the hosts to create more and better contents.

Audio-centric Interactions

Social interactions through audio apps are often limited in the United States due to the lack of integrated platforms that connect users and hosts. In addition, hosts generally do not have strong financial incentives to actively interact with their users as those U.S. audio platforms primarily monetize through advertisement which generally does not reward hosts directly based on their level of interactions with their audience.

In China, vertically integrated online audio platforms closely connect hosts with their audience through social features such as audio live streaming and other audio-centric interactive products. Hosts in China primarily monetize through receiving virtual gifts from their fans, creating strong incentives for them to actively interact with their audience and create more content.

As compared to video live streaming, audio live streaming has the following advantages that support its sustainable growth over the long term.

- **Deeper connections:** users of online audio tend to establish stronger and more lasting emotional connections with their hosts. Such connections are strengthened over time, which further enhance user stickiness. In contrast, users of video live streaming are more easily attracted by visual stimulation, as a result of which their stickiness may diminish over time due to lack of emotional connections.
- **Content:** audio live streaming is more content-focused as users cannot see but only listen to the hosts. By comparison, video live streaming platforms provide a large number of eye-catching shows, leading to limited differentiations in terms of the depth of content.
- **Flexibility:** compared to traditional video content, audio content can be enjoyed anywhere and anytime, which optimizes users' time spent. This ubiquitous presence and high flexibility also create a stronger sense of companionship for the users.

Monetization and Key Growth Drivers of Online Audio Market in China

Monetization

Online audio platforms in China employ diversified monetization channels, including sales of virtual items, advertising, and content subscriptions, whereas online audio platforms in the United States monetize primarily through advertising and content subscription.

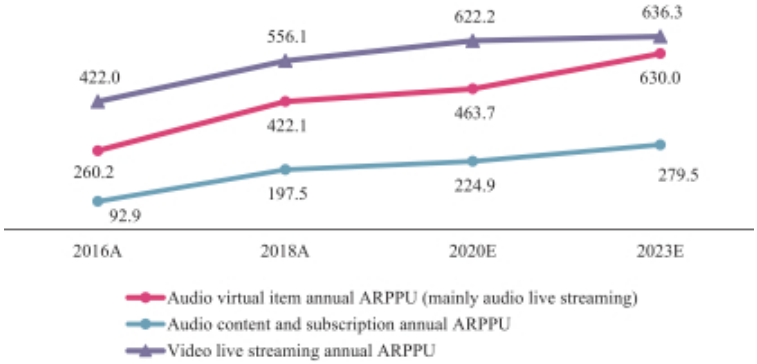
While content subscription is a popular monetization channel in China, sales of virtual items surpasses the paid subscription in terms of average revenue per paying user, or ARPPU, and paying ratio, indicating a higher willingness to pay for virtual items in China. Annual ARPPU for virtual items is expected to increase from approximately RMB422.1 in 2018 to RMB630.0 in 2023, compared to RMB197.5 in 2018 and RMB279.5 in 2023 for content subscriptions. The paying ratio for virtual items is estimated to grow from 6.6% in 2018 to 8.8% in 2023, compared to 4.2% in 2018 and 6.4% in 2023 for content subscriptions.

In addition, audio live streaming, which primarily monetizes through virtual gifting, had a lower ARPPU relative to video live streaming in 2018, indicating significant monetization potential for audio live streaming.

The following chart compares the average revenue per paying user among audio content subscriptions, audio live streaming, and video live streaming.

Audio Content Subscriptions vs. Audio Live Streaming vs. Video Live Streaming by ARPPU, 2016A—2023E

(In RMB)

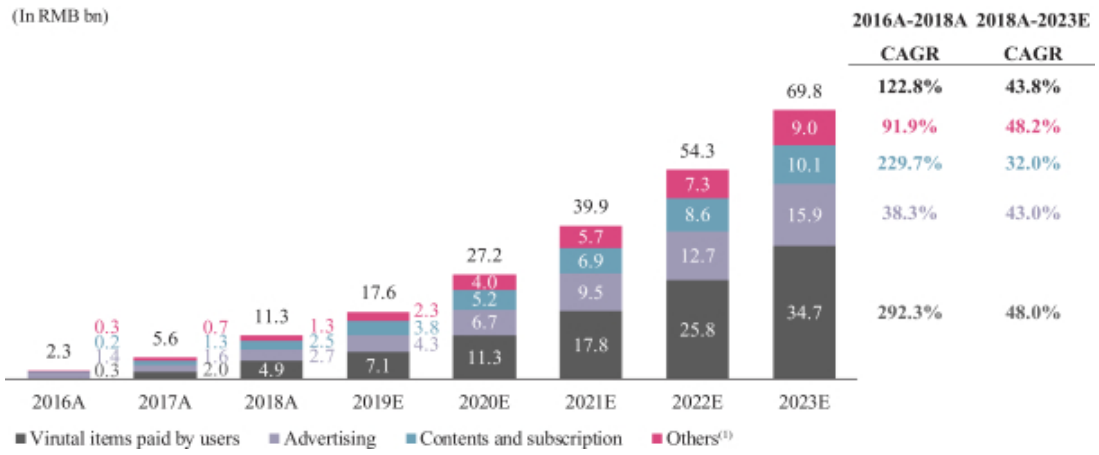


Size and Growth

Online audio market in China is estimated to grow from approximately RMB11.3 billion in 2018 to RMB69.8 billion in 2023, representing a CAGR of approximately 44%. Audio-centric interaction, which mainly monetizes through sales of virtual items, is expected to be the largest revenue contributor in China's online audio industry.

The following charts illustrate total revenues by revenue segments within China's online audio market.

Chinese Online Audio Market Size by Revenue Segments, 2016A—2023E



Note:
(1) Others mainly include revenue from hardware, copyright operations, joint operation of games and offline activities.

Key Growth Drivers

The growth of China's online audio industry is driven by the following trends:

Younger user base: Generation Z (born between 1990 and 2009) in China is also a key growth driver for online audio market, especailly for UGC-focused platforms. In general, Generation Z is creative and expressive. They are especially eager to connect with others through creating and sharing content. As such, they are actively involved in content creation through interactive online platforms, becoming the significant driving force for both supply and demand of user generated audio contents. In first quarter in 2019, approximately half of online audio users in China is Generation Z.

Further penetration: The penetration rate of online audio among internet users in China was still relatively low at 45.5% in 2018, compared to 88.9%, 82.5%, and 73.9% for music content, games and online video, indicating significant potential for future growth. The number of China's online audio users is estimated to grow from 377.2 million in 2018 to 901.5 million is 2023.

Rising willingness to pay: Chinese users are rapidly developing the habit of paying for digital contents, especially for contents with entertainment features. Proliferate of mobile payment will also make it easy to pay for those digital contents. Supported by improving engaging and entertaining user experience, the willingness to pay for online audio content will continue to rise. The number of virtual gifting paying users in China is expected to increase from approximately 11.6 million in 2018 to 55.1 million in 2023 at CAGR of 36.6%.

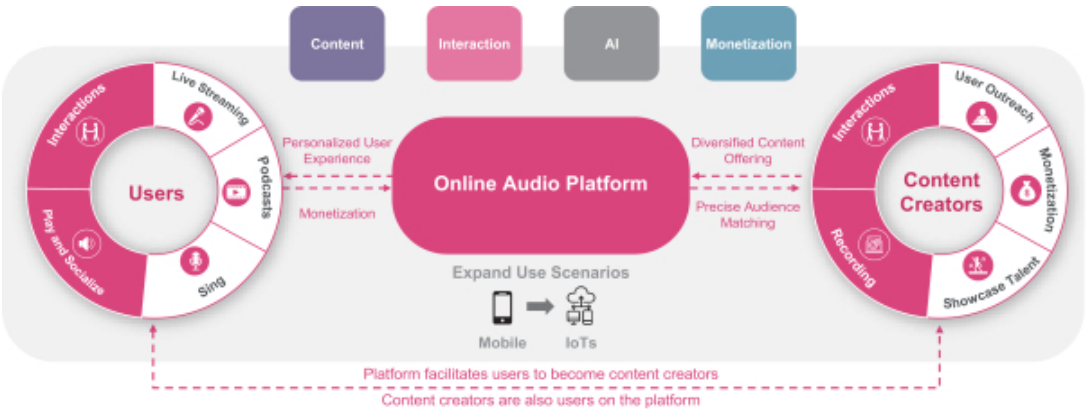
Product innovation: Continuous product innovation is critical to engage users and drive further monetization for online audio platforms. Therefore, online audio platforms are motivated to develop innovative product features that cater to user preferences, driving attractive monetization opportunities and industry growth as a whole.

Advancement of data technology: The massive data access combined with artificial intelligence allows online audio platforms to provide more personalized podcast contents and audio experience for their users. Improving data technologies will also help online audio platforms better optimize their operation and develop product features catering to users' evolving needs, driving the industry forward.

Expansion in use cases: The explosive growth in Internet of Things, such as smart devices, smart homes and connected cars, will give the online audio industry a further boost as they will facilitate the integrations of online audio to more use scenes. In addition, 5G will provide a huge leap forward in access speed and connectivity in the near future. This will fundamentally transform the audio streaming experience and stimulate audio media innovations, further attracting more users and increasing the time spent.

A Thriving UGC Audio Ecosystem

Online audio platforms in China primarily contain user-generated content and professionally-generated content. Compared to professionally-generated content, UGC focuses on driving user engagement and creating a social community. As such, a well-run UGC audio content platform is capable of fostering a thriving user community with a self-reinforcing content ecosystem and higher user and host stickiness.



As compared to PGC-focused platforms, vertically integrated UGC online audio platforms in China are able to analyze diversified user data throughout the entire value chain, including data generated from recording, publishing, listening, as well as from interactions among users and content creators. As the platforms amass more data, the data analytics capabilities continue to improve, attracting more users and enhancing user engagement.

In addition, UGC audio platforms typically enjoy lower content acquisition and production costs compared to those focused on PGC.

Furthermore, it is also easier for the UGC online audio platform to expand overseas, as it generally requires more effort or resource to create or acquire professionally-generated content overseas.

Global Opportunities For Chinese Online Audio Platforms

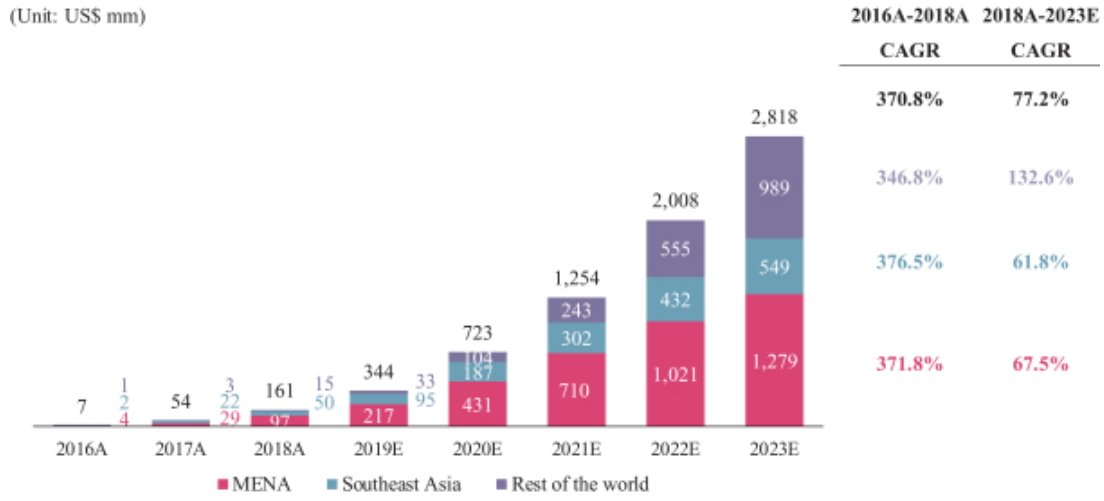
As needs for social interactions are universal across cultures, online entertainment, especially interactive live streaming, has attracted a fast growing user base in overseas markets.

Since 2016, leading Chinese online interactive entertainment platforms, which include video live streaming, short video, and audio interaction, have achieved early success overseas. Their market entry strategies are often based on adapting their existing business models in China to meet local preferences, as well as expanding through acquiring overseas businesses.

In particular, the MENA and Southeast Asia represent favorable market opportunities for Chinese online interactive entertainment platforms, especially for online audio platforms with strong interactive product offerings. Both markets feature large young populations with high mobile penetration rates. As many teenagers

and young adults in those two regions have strong desires to express their feelings while striving to maintain a balance with privacy, an interactive audio product will serve their needs. In addition, online audio interaction markets are still in the early stage of development, with moderate level of competition, as global social networking platforms mostly offer generic social products with limited customized local features. As such, Chinese online audio companies, with tailored audio-centric interactive products, are well positioned to tap into these markets. The following chart sets forth the total market sizes in terms of overseas revenues of Chinese audio interactive entertainment platforms expanding overseas.

Overseas Expansion Revenue of Chinese Audio Interactive Entertainment Platforms, 2016A—2023E



BUSINESS

OVERVIEW

Our mission is to enable everyone to showcase vocal talent. Driven by this, we have transformed the audio industry to create *Lizhi*, a mobile app for everyone to create, store, share, discover and enjoy audio, and interact through it.

What Inspires Us

Human voice is powerful. It reveals our feelings and thoughts, creates understanding and empathy, and fills us with joy and inspirations. It establishes companionship and brings us together in a way like no other medium.

Over 100 years ago, radio was invented to connect the world through human voices. Its massive reach, seamless transmission, and ubiquitous presence have changed and enriched everyone's life. Fifteen years ago, the rapid development of internet gave rise to podcasts, attracting a younger audience and nurturing audio hosts of the future.

Now, with the rise of mobile technology, we saw an opportunity to transform audio creation and sharing to elevate the roles of voices in people's lives. That's why we built *Lizhi* six years ago—to revamp traditional radio and podcasts to create a bigger and more accessible stage for everyone to create, store, share, discover and enjoy audio, and interact through it.

What we do today is just the beginning. We envision a global community—a place where everyone can become a host, share stories, and empathize and connect with each other, through voices and across cultures.

What We Do

We are the largest interactive audio entertainment platform and the second largest online audio platform in China in terms of average total MAUs for the first quarter of 2019 according to iResearch. We launched our *Lizhi* app in 2013 to allow users to create, store and share their own podcasts on mobile devices with the help of intuitive recording and reach their audience through various discovery tools.

Since 2013, we have amassed extensive user-generated audio content, with approximately 11.4 million hours of podcasts created by over 22.3 million users as of March 31, 2019. Approximately 129.0 million podcasts have been uploaded to our platform as of March 31, 2019, which have been played over 5.0 billion times in the first quarter of 2019. Through our extensive podcast library, we attract a growing and engaging user base, which presents attractive monetization opportunities.

With user interactions built into every podcast and live streaming, our users don't just listen on our platform. We launched audio live streaming as our first audio entertainment product in 2016, making it possible for our users to enjoy a multi-dimensional, interactive audio experience. Through *Lizhi*, users can follow their favorite hosts and channels, become a host and create their own podcasts, perform in live streaming, and interact with others through various interactive features. Today, it is not only easy and fast to discover one's favorite audio on *Lizhi*—we also offer a far more engaging and diversified entertainment experience through audio.

We believe this audio-centric interaction is a natural extension of the power of human voices. Since our launch, we have also introduced a wide range of interactive audio products to drive user interactions, such as *Friends Hall* and *Lizhi Party*.

We plan to expand our overseas presence. In April 2019, we launched the locally tailored version of our audio entertainment products, *Sugar Chat*, in the Middle East and North Africa, or the MENA. We also plan to attract users in Southeast Asia and reach a global audience.

Throughout the years, we have grown by helping people express themselves through their voices. Today, our vibrant platform fosters a thriving community with the following elements:

- ***Users***—We reach a highly-engaged user base of over 40.7 million average total mobile MAUs in the first quarter of 2019, representing an increase of 31.6% from approximately 31.0 million average total mobile MAUs in the first quarter of 2018. Our users are young, with a strong demand for self-expression and social interactions. They are highly engaged, spending an average of 41.7 minutes every day per mobile daily active user on our platform in the first quarter of 2019. Our users are not only listeners, but also content creators. In the first quarter of 2019, we had approximately 5.4 million average monthly active hosts on our *Lizhi* app, representing 13.2% of our average total mobile MAUs in the same period.
- ***Content***—We are the largest online audio UGC platform in China. Our platform offers a variety of tools to enable our users to create, edit, store and share audio content to demonstrate their vocal talent. We offer a broad range of podcasts across 29 categories such as romance, parenting, ACG, music radio and talk shows and 107 sub-categories including love stories, bedtime stories and family, catering to the evolving and diversified interests of our user base. For audio entertainment, we offer seven categories covering content such as social, music, talk show, ACG and audio books. Almost all of the audio content on our platform was generated by our users.
- ***Interactions***—We have developed innovative products for our users to interact with our hosts and other users. Features such as following, chatting, sharing, commenting, liking, on-air dialogues and virtual gifting are deeply integrated into the audio content offered on our platform, enhancing our user experience and engagement. In the first quarter of 2019, our users had posted an average of approximately 46.0 million comments and had an average of approximately 2.6 million multi-user on-air dialogues on our platform every day.
- ***Audio and AI technologies***—Through our industry-leading audio technologies, we simplify the audio creation process for our users, improve sound quality and effects, and ensure a consistently high-quality live streaming experience. Our proprietary voice engineering features include 3D recording, noise reduction, and voice beautification and synthesis. Machine learning and data analytics help us find patterns in users' vocal and behavior data. Our AI technologies enable us to recommend relevant audio content to our users based on their interests through a fully automated process.

At current stage, we strategically offer most of our podcasts for free to attract a large user base. We primarily generate net revenues through sales of virtual gifts to users in relation to audio entertainment. Through virtual gifting, our users are able to reward their favorite hosts to drive interactions and content creation on our platform. This also allows us to attract more users and motivate more content creation. We will continue to seek to diversify monetization channels as our user and content base continues to grow.

We grew rapidly in 2017 and 2018 with our net revenues increasing by 76.1% from RMB453.5 million in 2017 to RMB798.6 million (US$116.1 million) in 2018. Our net loss decreased by 93.9% from RMB153.7 million in 2017 to RMB9.3 million (US$1.4 million) in 2018.

OUR STRENGTHS

A leading online audio platform

We are the largest interactive audio entertainment platform and the second largest online audio platform in China in terms of average total MAUs for the first quarter of 2019 according to iResearch.

Lizhi broke through the content creation and sharing barriers of the traditional audio industry. We reimagined audio creation to allow everyone to make audio easily, edit it with a variety of enhancing tools and effects, and store and publish it online. We are an early mover to introduce audio live streaming in China to

provide our users with an immersive audio-centric user experience. We also innovated a number of voice-based social interactive features, including *Friends Hall* and *Lizhi Party*, to enhance user social interactions on our platform. We have been recognized by the Chinese version of the U.S. emerging business magazine, *Fast Company*, as one of the "Top 10 Lifestyle Innovations by Business" in 2013.

Extensive user-generated audio content

Lizhi was founded on the belief that everyone's voice is unique and has its own audience. Six years ago, we set out to build where millions of people today go to create audio and access the largest user-generated audio content library in China.

We are the largest online audio UGC platform in China, offering approximately 11.4 million hours of podcasts created by over 22.3 million users since our inception. Approximately 129.0 million podcasts had been uploaded to our platform as of March 31, 2019, which had been played over 5.0 billion times in the first quarter of 2019.

Our platform enables seamless distribution of audio content covering a wide range of formats, genres and topics, spanning 29 categories and 107 sub-categories for podcasts and seven categories for audio entertainment. Various content formats are available on our platform, including podcasts, audio books, audio live streaming, and audio drama.

Highly engaged user community

Lizhi cultivates a community with creativity and a sense of belonging. We leverage the deep, lasting nature of voice-based user interactions to create strong emotional connections among our users and loyalty to our platform.

We have a dynamic user base of over 40.7 million average total mobile MAUs in the first quarter of 2019. Our users are highly engaged as they are mostly 30 years old or younger with a strong desire for self-expression and interactions. In the first quarter of 2019, they spent an average of 41.7 minutes every day per mobile daily active user on our platform. We offer a broad range of interactive features, including following, chatting, sharing, commenting, liking, on-air dialogues and virtual gifting. In the first quarter of 2019, our users had posted an average of approximately 46.0 million comments and had an average of approximately 2.6 million multi-user on-air dialogues on our platform every day. Through interactions, hosts and their audience engage and resonate with each other, fueling an inter-dependent relationships across cultural and geographical boundaries.

We empower our users with technology-driven tools to make audio in their own authentic way, and reach and develop a deeper bond with a larger audience. Our platform is home to approximately 5.4 million average monthly active hosts in the first quarter of 2019, representing 13.2% of our average total mobile MAUs in the same period. Almost all of our audio entertainment paying users are also listeners of our podcast content. This creates a virtuous cycle as we motivate users to create content which in turn attracts more users to our platform.

Leading audio and AI technologies

Our platform incorporates industry-leading audio and AI technology that optimizes user experience.

We have developed simple and intuitive tools for users to record, edit, store and upload audio content all at their fingertips. Just to name a few—we offer a variety of voice beautification and synthesis tools for entry-level users to easily record a professional audio to realize their creative visions. Our *Lizhi* recorder is also capable of creating high-quality audio with high sampling rate, noise reduction, and high-bit rate audio coding to ensure an immersive listening experience. We incorporate 3D sound effects to transport users into the host's voice story with extraordinary realism. Our audio live streaming technology ensures a smooth and stable streaming effect, bolstered by multi-user voice-chatting and multiple interactive products such as *Lizhi Party*.

Our AI technology also provides our listeners with more personalized content discovery and empowers our hosts with personalized, fully-automated content distribution. For example, we have developed voice recognition technology to identify and match human voices to facilitate user interactions. We believe such technology helps engage our users with content on our platform that captures a unique understanding of their voice preferences.

Sustainable business model with substantial monetization potential

We primarily generate revenues from sales of virtual gifts to users of our audio entertainment products, which are seamlessly integrated into our audio entertainment. Our audio entertainment paying ratio increased from 2.1% in the first quarter of 2017 to 5.9% in the first quarter of 2019. In addition, the total paying ratio on our *Lizhi* app increased from 0.3% in the first quarter of 2017 to 0.7% in the first quarter of 2019. Our strong monetization capability gives millions of creative hosts the opportunity to be rewarded for their vocal talent. It also allows us to reinvest the revenues we generate to fund future technology and product innovations.

Our UGC-focused content offerings make our business more cost-effective compared to competitors focused on acquiring costly professional-generated content. Our large podcast user base and their loyalty to hosts on our platform serve as an organic funnel to direct traffic to our audio entertainment, lowering our user acquisition costs.

Our extensive content library and large user base also provide us with great opportunities to diversify monetization models such as paid podcast as we continue to cultivate our users' willingness to pay for creative audio content on our platform.

Visionary management team and a universal passion for human voices

We are led by a pioneering management team with extensive industry experience. Mr. Jinnan (Marco) Lai, our founder and CEO, founded our company out of his deep passion for human voices grown over 20 years since the beginning of his career as a radio host and currently as a popular podcast host. Marco's deep experience in the audio and internet industries makes him a visionary leader to spearhead the growth of our company. Mr. Ning Ding, our co-founder, Chief Technology Officer and director, has over 15 years of experience in technology companies and computer science, and has designed many of our innovative audio recording and AI technologies.

Our deep passion for voices and users is fundamental to everything we do for our users. This culture helps us attract and retain talented employees who are committed to our long-term growth. We have received the "*2017 Leading New Internet Employer*" and "*2018 Super Employer—Internet Companies (Top Cultural and Entertainment Employer)*" awards from *Lagou.com*, one of the leading online recruiting platforms in the PRC with a focus on the internet industry.

OUR STRATEGIES

Leveraging audio and AI technologies to transform audio content creation and sharing, we aim to become a global online audio platform. We intend to pursue the following strategies to achieve this goal.

Advance audio and AI technologies

We plan to further invest in developing audio technologies to improve user experience. We will continue to advance voice engineering and 3D recording techniques, so as to innovate the audio content that users can create on *Lizhi* and to help users discover new possibilities of interacting through audio.

We will continue to optimize our AI technology and big data analytics to provide a more personalized audio experience, including fully-automated and tailored content recommendations for both podcasts and audio live streaming content. We plan to continuously optimize and upgrade our AI infrastructure and improve our real-

time data processing capabilities. We will also seek to strengthen our machine learning technology in natural language processing and voice recognition to further improve our content distribution capabilities. In addition, we will continue to deepen our AI technology by analyzing the underlying content of podcasts and streams on our platform. We will also apply our AI technology to additional use cases, including risk management, security, brand promotion and content monitoring.

Strengthen paying user conversion and diversify monetization

We will continue to strengthen conversion of our growing and engaged user base to paying users. The total paying ratio on *Lizhi* app increased from 0.3% in the first quarter of 2017 to 0.7% in the first quarter of 2019, which demonstrates tremendous growth potential. To drive paying user conversion, we plan to leverage our AI technologies to recommend more personalized audio entertainment content and create more innovative and interactive audio products to expand user spending scenarios. We encourage our live streaming hosts to produce more podcasts to grow their fan base, and organically attract more podcast users to our audio entertainment products to cultivate their paying habit.

We will also explore additional monetization opportunities, including paid podcasts, to further incentivize content creation and unlock the monetization potential of our growing content and user base.

Develop new products

We will continue developing new features and products by leveraging our technology capabilities and deep understanding of human voices as well as social and emotional needs. To make our offerings more attractive to a broader user base, we will introduce additional innovative audio-centric products to further deepen user engagement.

Enrich content

Content is vital to our platform. We will continue to motivate more users to generate more high-quality content to attract more users to our platform. We are focused on optimizing the content creation and audio entertainment process for hosts through technology. We will also incubate and promote talented hosts through trainings and online and offline fan events to help our hosts gain popularity and monetize their fan base.

We aspire to increase the willingness of listeners to share their stories and become hosts. We also strive to make the voice recording and audio entertainment functions more user-friendly, converting more listeners to content creators. As we continue to expand our content library, we will keep encouraging our users to generate their own content such as customized playlists of their favorite podcasts to enrich our content offerings.

Expand overseas

We believe the universality of human voices gives us the opportunity to reach many of the over 4 billion internet users globally. To tap into overseas markets where traditional audio is evolving in the torrent of internet, we plan to expand our global presence through offering our products to overseas users and making selective investments. In April 2019, we launched the locally tailored version of our services in the MENA and plan to launch a locally tailored version in Southeast Asia, and we expect to continue to expand geographically to reach users around the world. In selected markets, we will also adapt and tailor our proven audio entertainment monetization model in China to maximize our investment returns.

OUR BUSINESS

Our Community

We have built a vibrant community that brings people together through voices. Humans are, by nature, social creatures. Social interactions produce happiness and satisfaction. *Lizhi* is a one-stop online destination for

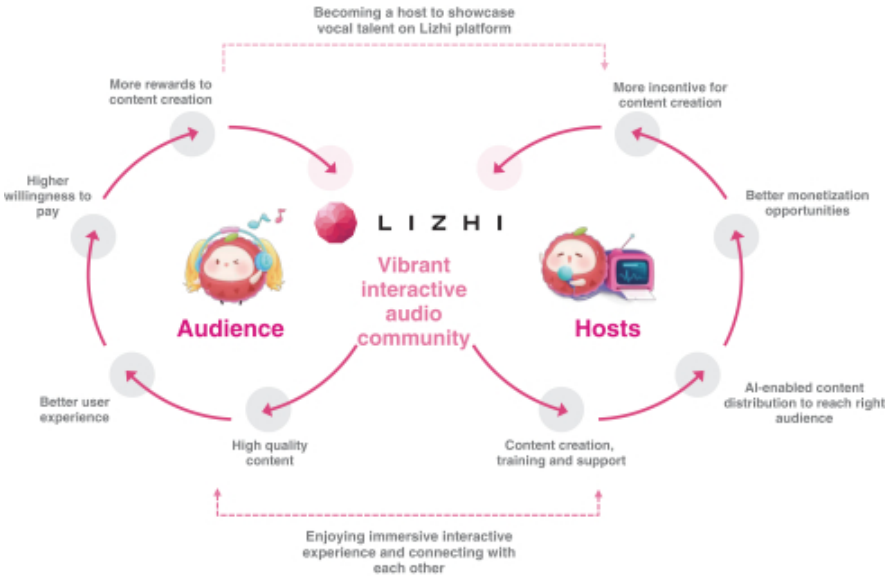
everyone to create, store, share, discover and interact through audio on mobile devices. More importantly, it provides a place where people empathize and connect with each other.

Our users are at the core of our community. More than 90% of our users were 30 years old or younger as of March 31, 2019. We currently have a relatively balanced gender profile.

Our hosts, as content creators, are also the foundation rock of our community. A large number of our hosts first joined our platform as users and later became content creators by publishing their own podcasts and engaging in audio live streaming performances. In the first quarter of 2019, we had approximately 5.4 million average monthly active hosts on our *Lizhi* app, who are also our users, representing 13.2% of our average total mobile MAUs in the same period.

We believe the bond between our hosts and their followers is strong and long-lasting. As users and hosts primarily interact with each other through voices, we believe they are more engaged in their conversations without being influenced by factors that usually affect face-to-face interactions, such as physical appearance and attires. Our hosts are also freed from the burden to invoke eye-catchy external factors to leave an impression, and can instead focus on creating high-quality content. Their vocal charisma, knowledge, humor or other qualities as to who they are are the key reasons that draw users' attention and engagement. We believe this bond, once established, tends to be stronger and more long-lasting.

The following diagram illustrates the key participants of our audio community and their interactions.



Our Value Propositions

The following elements denote the fundamental values of our *Lizhi* community.

Easy audio making for everyone. We are one of the first online audio platforms to provide a one-stop destination for users to create, edit, store and publish audio content on their mobile phones according to iResearch. The innovative audio making and editing tools developed and offered by us make it possible for everyone to create high-quality, original podcasts at their fingertips to realize their creative visions and vocal talent. The monthly average number of podcasts uploaded to our *Lizhi* app increased from approximately 3.6 million in the first quarter of 2018 to approximately 4.9 million in the same period in 2019.

Discovering and recommending. Our *Lizhi* app offers our users a personalized, curated content library. Our AI-driven personalized recommendations enable users to discover and enjoy their favorite audio content and form a deep, lasting emotional bond with the voices behind. Machine learning and data analytics help us find patterns in our users' interests and preferences. We then understand each user's relationship with his/her favorite content—not only what genres and topics she likes, but also the characteristics of the voices reflected by her favorite content. This kind of user preference graph is a significant asset and entry barrier we utilize to power our content recommendations.

Reaching audience and getting paid. A host who makes his podcasts, live streaming or interactive audio products available on our *Lizhi* app gains access to one of the largest online audio platforms in China. Our users further place podcasts on publicly available playlists which can be shared, further amplifying their reach. Leveraging on our innovative and strong monetization capability, we help increase the value of one's original work, and motivate content creators to continue to create and share more content on our platform. Our AI technology and data analytics also provide useful feedback to our hosts to help them create and distribute more unique and high-quality content that truly resonates with their audience.

Always interactive, always fun. We differentiate ourselves with our competitors with deeply integrated interactive functions offered by our products—something that make everyone a part of the voice journey. Our interactive functions range from basic features such as liking, following, commenting and chatting, to innovative ones such as multi-user on-air dialogues and online karaoke. As a result, we have cultivated a highly engaged user base. The total number of comments that users posted on our platform since 2013 increased from approximately 16.4 billion as of March 31, 2018 to approximately 31.4 billion as of March 31, 2019. The daily average number of likes increased from 0.9 million in the first quarter of 2018 to approximately 2.5 million in the first quarter of 2019. The daily average number of posts (including the posts and the comments posted under those posts) increased from approximately 0.8 million in the first quarter of 2018 to approximately 1.6 million in the first quarter of 2019. Our engaged user base generated approximately 2.6 million multi-user on-air dialogues every day in the first quarter of 2019.

The *Lizhi* Experience—A Deep, Personal Voice Journey

Voice conveys emotion, tone, and subtleties that text, photo or video is less likely to capture, providing emotional support and creating deep and lasting connections. *Lizhi* enables our users to create, store, share, discover and interact with voices on their mobile phones.

Our platform is built to connect people through human voices. We believe user interaction is the key feature that differentiates us from our competitors and drives user engagement in the long term. Our *Lizhi* app offers a variety of interactive functions in relation to podcasts and live streaming content. We believe the reciprocal interactions improve overall user experience and enhance user loyalty. Our interactive features include:

- ***Chatting & commenting***. While listening to an audio program, either recorded or live, users can interact with their hosts and others listening to the same program by posting and exchanging comments. During live streaming, users can post real-time comments and chat dialogues, enhancing the interaction level on the live streaming interface. Recognizing the value of social interactions, we provide large and prominently displayed comment and chatting space.
- ***Following***. Users can follow a host or another user on our platform. After following an account, users can view the activities and postings uploaded by that person and comment or interact further.
- ***Playlists.*** Users can create their own podcast playlists and share with others through our platform and other social media platforms. Playlists convey one's tastes and preferences and can be shared with others who share similar interests.
- ***Virtual gifting***. Users can give virtual gifts to hosts to show their appreciation and recognition.

- ***Multi-user on-air dialogues***. Users can connect with live hosts during audio entertainment programs and participate in the topic to share their stories with the hosts and the other listeners.

Podcast Services

Users can access our *Lizhi* app on their mobile devices to listen to an abundance of audio content. We offer most of our podcasts for free to cultivate a broad and loyal user base and generate organic traffic to our audio entertainment which has attractive monetization potential.

A simple and quick registration process with their mobile number will unlock a number of additional features. With a registered account, our users can also create, edit, store and share their own podcast, create personalized playlists and purchase virtual gifts, and become a podcast host himself. The total number of our podcast hosts grew from approximately 39.7 million as of March 31, 2018 to approximately 51.9 million as of March 31, 2019. The monthly average number of podcasts uploaded to our *Lizhi* app increased from approximately 3.6 million in the first quarter of 2018 to approximately 4.9 million in the same period in 2019.

Audio Making

We are one of the first online audio platforms in China that provides an integrated platform to allow users to create, edit, store and publish audio content through our mobile app like an audio professional according to iResearch. This function is mainly provided via our "*Speak with Heart*" and "*Lizhi Recorder"* features which are accessible on our *Lizhi* app.

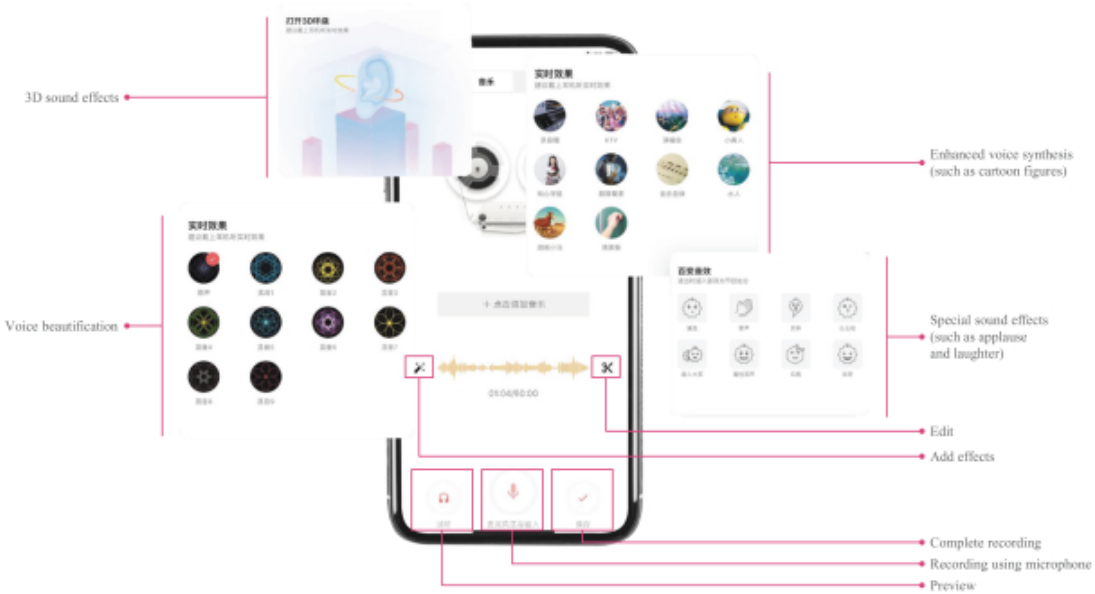
"*Speak with Heart*" provides basic recording functions with built-in modules, including pre-set background music and pictures. Users may record, edit, store and upload with "*Speak with Heart*."

"*Lizhi Recorder*" offers more advanced recording functions. The audio makers can record podcasts and add desired features to the recording, such as background music, voice optimization, or 3D sound effects. The volume of the background music can be adjusted easily as the content develops, such as when the hosts start to speak or come to a temporary stop. The hosts may replay and edit the podcast, or save for editing later. Background music and other sound effects will adjust automatically. To further enhance user experience, either an audio maker or a listener may export the podcasts generated on our platform and publish on popular social networks such as WeChat.

Once a podcast is fully edited, the host may publish the content on our platform and share it on social media.

The following screenshots illustrate the features of "*Speak with Heart.*"

The following screenshot illustrates the features of "*Lizhi Recorder*" with various sound effects.

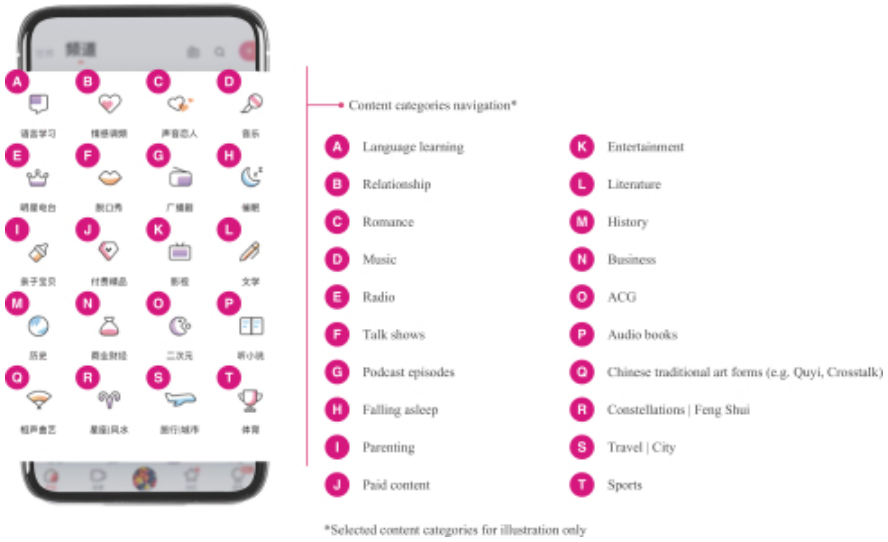


Discovery and Listening

Lizhi is a one-stop mobile platform for users to discover and enjoy a wide range of content. Our home page provides convenient suggested key word searches to take our users to the voices resonating with their interests. Alternatively, our users may browse podcasts by categories and choose from 29 categories such as romance, parenting, ACG, music radio and talk shows and 107 sub-categories including love stories, bedtime stories and family. Our users can start enjoying audio content by clicking on any particular podcast. Users have the option to accelerate, replay, set timer, forward/rewind, or pick any track in a playlist.

The following screenshots illustrate the categories and features on our podcast services interface.

Podcast Categories



Podcast Interface

Once logged in, users can access a personalized homepage where they can subscribe and listen to the podcasts they liked or downloaded, browse recently played podcasts, and create their own personal playlists.

The personalized homepage also automatically recommends podcasts to each user based on such user's preference. Leveraging our AI capability and big data analytics, we tag both audio content and our users' behavior to refine our algorithms. This allows us to analyze our users' behavior to understand their tastes and preferences, and dynamically update our content recommendation. For details, see "—Our Technology—AI-enabled discovery and distribution." Enabled by our AI technologies, the single-day user click-through rate

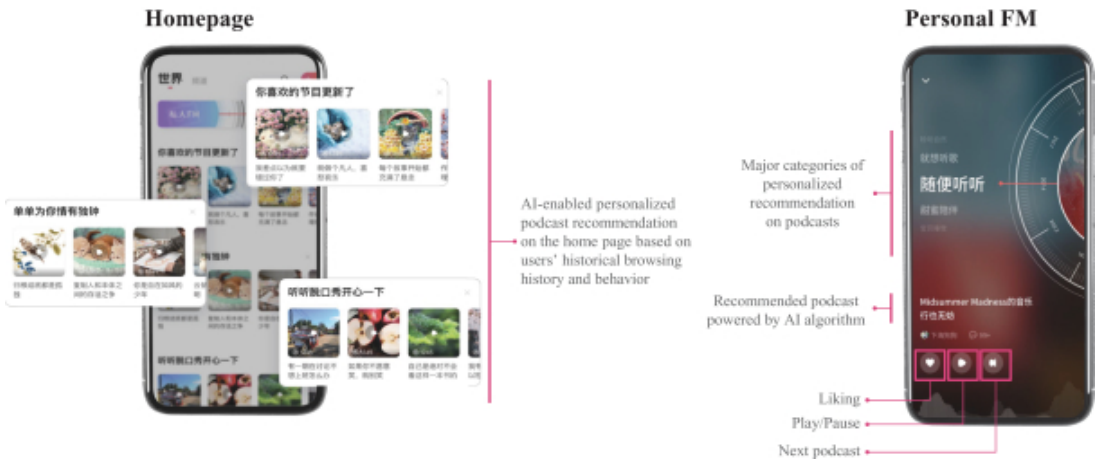
for content across the platform has increased from 18.6% on December 31, 2016 to 30.5% on June 30, 2019. 35.1% of the podcasts that were played on our users' devices have been played till the end of the program in the first quarter of 2019.

In addition, we also provide users with playlists covering podcasts of similar features matching the users' preferences. Our playlist offerings include algorithm curated playlists supported by our AI capabilities, our podcast product *Personal FM*, and playlists generated and shared by users and hosts. We also encourage podcasts and users to create their own playlists to share, thereby further amplifying their exposure and interaction within our online audio community. Our playlists have become a key discovery tool for our users and distribution tool for our platform, enabling every host's vocal talent to be discovered and appreciated.

While playing a podcast, our users may continue browsing our platform or multi-task on their mobile devices. This expands the scenarios where our users access our platform and maximizes their time spent.

While most of our podcasts are free, a very small portion of our content is available upon purchase. We share a portion of such revenue with the audio makers.

The following screenshots illustrate the recommendation and distribution functions based on AI analysis of this user's preference.



Audio Entertainment

Our audio entertainment includes a variety of audio-centric, interactive products and features that are intended to drive user engagement and create attractive monetization opportunities.

Audio Live Streaming

Live broadcast has always been a feature of the traditional audio industry. We are able to revitalize this classic feature and take it to the next level by taking advantage of mobile internet technology. We recognized that the real time interactions will become an important drive for continuous growth of our audio platform and launched the audio live streaming services in 2016 within our *Lizhi* app. According to iResearch, we are one of the first online audio platforms to launch audio live streaming function in China.

We currently offer seven categories of audio entertainment content, such as social, talk shows, music, ACG and audio book. The daily average length of the audio live streaming per daily active host grew from 135.3 minutes in the first quarter of 2018 to 183.4 minutes in the same period in 2019.

User Features

The home page of our audio live streaming services, similar to the home page of our podcast services, provides a search function by categories and rankings, and recommends live audio programs that are being aired at that time. Users can easily switch between podcasts and audio live streaming on our home page.

Once a user clicks a live streaming channel, he or she can chat with the hosts, join the live streaming or share the channel on social media and send them virtual gifts.

The following screenshot illustrates features of the live streaming interface for users where hosts were conducting a competition for the number of the virtual gifts received.

Host Features

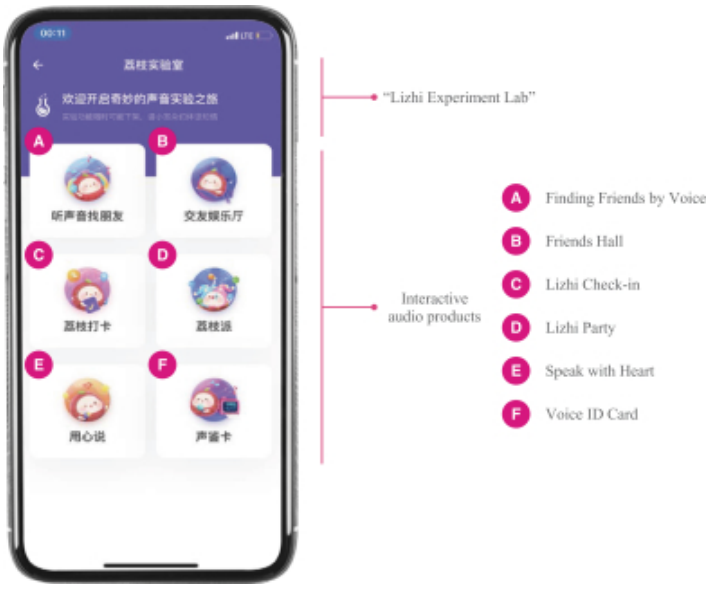
Our hosts can easily start an audio live streaming on our platform by clicking the live streaming button on the homepage. They may also easily personalize and manage their channels and analyze user data with the help of our technology and data analytics. The following screenshot illustrates features of the audio live streaming interface for hosts.

Host Interface

Interactive Audio Products

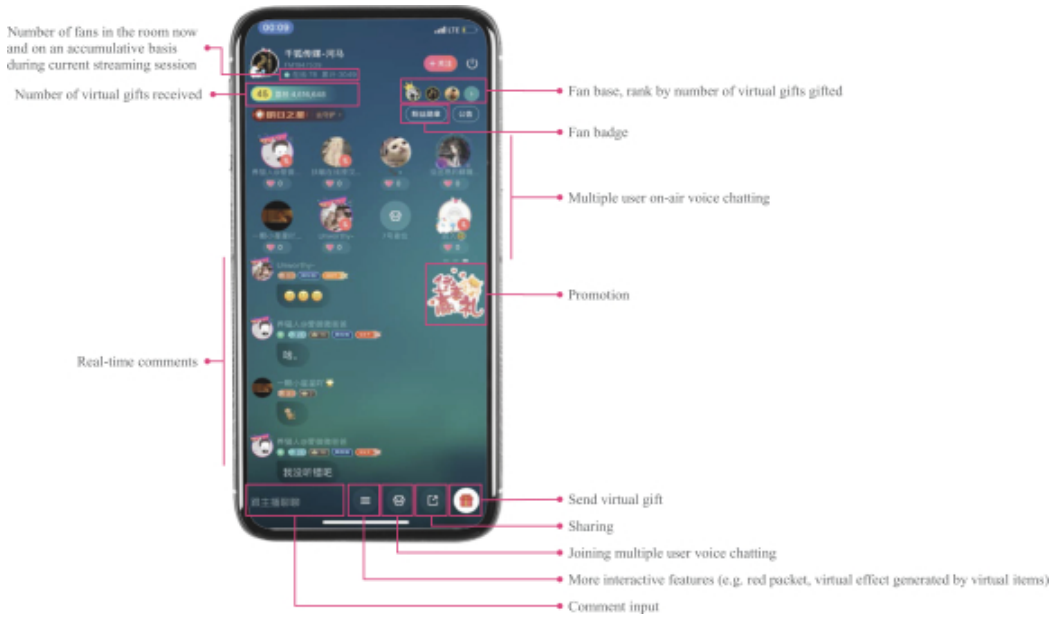
We differentiate ourselves by providing a superior and unique voice-based entertainment experience through innovative interactive audio products designed to enhance user experience and drive user spending. Those interactive audio products enable our users to discover new ways to interact with voices and with each other, and explore features and qualities of their own voices. They also let us learn more about our users and improve AI-based content distribution on our platform. We believe such products help users from different backgrounds develop long and lasting relationships, and resonate with each other over common values and interests.

The following screenshot illustrates the homepage of a selected list of these interactive audio products.



- ***Friends Hall***. *Friends Hall* is an online chat room where users can chat with each other. Each room has a host and other users can join the chat simultaneously. The host can optimize the chatting experience by adding the background music they like and other sound effects such as laughter and claps. The host will usually drive the discussion and solicit social interactions among users, which encourages virtual gifting. The host will be rewarded with a portion of the virtual gift transfers in a Friends Hall he or she hosts.
- ***Lizhi Party***. *Lizhi Party* is an online karaoke platform that allows our users to sing karaoke songs with their friends as well as strangers. It allows friends to enjoy singing, chatting and having fun anytime and anywhere. Users can continue to follow and interact with the new friends they make in *Lizhi Party*. Hosts of *Lizhi Party* may be rewarded with a portion of the virtual gift transfers by users.
- ***Voice ID Card***. *Voice ID Card* is an interesting function that analyzes and provides a report on our users' voice features. It allows our users to identify the characteristics of their voices which they may not be aware of before and receive tags for their voices which could be used for future interactions and presentation in the community.
- ***Finding Friends by Voice***. *Finding Friends by Voice* is an online platform that users on our platform can accept or decline a friend recommendation by listening to a pre-recorded voice clip of such person.
- ***Lizhi Check-in***. *Lizhi Check-in* is an online community where users can continuously share their daily life moments, such as skills training or hobbies development, with a group of users pursuing the same interest.

The following screenshot illustrates features of *Friends Hall* interface for users.



We currently operate those products on our *Lizhi* app through the interactive audio portal, *Lizhi Laboratory*. Some of the features, such as the multi-user on-air dialogues, can also be accessed on the audio live streaming portal on our *Lizhi* app.

To further enhance entertainment user experience, we also provide offline activities for our users and hosts to gather in real life. For example, we launched *Lizhi Voice Festival* in May 2018, which is a community event for fans to meet with popular hosts, interact with other users to have fun together and experience our new voice based technologies, apps and games. In May 2019, our *Lizhi Voice Festival* was well received and its live streaming was viewed or listened to for more than 700,000 times. In addition, we organize smaller scale meet-and-greet events from time to time where fans and hosts could get together to enhance user engagement.

The following picture shows the live scene at the *2019 Lizhi Voice Festival*.

Our Audio Content

We strive to provide a diverse range of audio content on our platform. Our content offerings cover a wide array of categories. For podcasts, we offer 29 categories and 107 sub-categories, catering to the evolving and diversified interests of our user base. Since 2013, we have amassed extensive user-generated audio content, with approximately 11.4 million hours of podcasts created by over 22.3 million users as of March 31, 2019. Approximately 129.0 million podcasts have been uploaded to our platform as of March 31, 2019, which have been played over 5.0 billion times in the first quarter of 2019. For audio entertainment, we currently offer seven categories of audio entertainment products such as social, music, talk show, ACG and audio book.

Almost all of our audio content is generated by our users. By providing innovative audio and AI technologies and enriching audio entertainment products on our platform, we encourage users to make podcasts and engage in audio entertainment activities, such as audio live streaming and interactive audio products, to connect with each other. We hope to inspire everyone to be a host, and promote the popularity of our hosts through providing AI-enabled distribution, training programs and offline activities.

In addition to user generated content, we also provide selected paid podcasts generated by our hosts and share a portion of such revenue with them.

Our Content Creators

Our platform attracts an engaged pool of hosts and provides a sustainable host development system. We have established profound cooperation with our hosts to deliver high-quality, fun and trendy audio content. Our collaboration with hosts is crucial to our continued success and growth.

Our hosts create and publish podcasts and engage in audio entertainment with our users, such as to perform audio live streaming and host in *Friends Hall* or *Lizhi Party*. As of March 31, 2019, we had approximately 52.2 million hosts in total on our platform. Among such hosts, we had approximately 51.9 million podcast hosts and approximately 0.8 million audio entertainment hosts. In the first quarter of 2019, we had approximately

5.4 million average monthly active hosts on our *Lizhi* app. As of March 31, 2019, over 50% of our audio entertainment hosts also publish podcasts on our platform. As a result, our audio entertainment benefits from the organic user traffic generated through a loyal and engaging user base of our podcast services.

Host Curation and Discovery

Our core value is to identify and nurture the vocal talent that each individual has and provides a stage for everyone to showcase vocal talent and personality. A user can register with our platform to become a host. Our approximately 5.4 million average monthly active hosts in the first quarter of 2019 represents 13.2% of our average total mobile MAUs in the same period.

Self-registration

Certain hosts, usually the new beginners, registered on our platform directly as a host. Our self-registration process is simple—after registering as an user with mobile verification, one needs to verify identification card information in order to start creating and sharing any audio content. When registering as a host, one must agree to adhere to our content monitoring guidelines and our standard user agreement. After the registration, one can access the functions and interface available to hosts such as posting podcasts, performing live streaming and accessing audience data.

Contracted hosts

As self-registered hosts gain popularity on our platform, they tend to join a guild. A vast majority of our hosts, especially audio entertainment hosts, are managed by guilds. For those hosts who join a guild, we will enter into a three-party agreement with the hosts and the affiliated guild to agree upon service terms and profit sharing arrangement. The agreements usually have a term of one year with renewal options. Under such agreements, the guild is responsible for training, supporting and promoting its hosts, and we are entitled to the intellectual property rights of the content produced by such hosts on our platform and share a portion of the revenue with such hosts and the guild. A small portion of our contracts with top hosts and guilds are exclusive and prohibit such hosts and guilds from performing or sharing audio content on competing online entertainment platforms.

We also enter into direct contracts with a selective number of popular hosts who have not joined a guild, which provide us with exclusive rights to such hosts' audio content through similar revenue sharing arrangements.

Our contracts with hosts require a minimum number of live streaming hours and other forms of content creation, and impose other requirements on the hosts to ensure high-quality content and user engagement.

We also provide trainings to our hosts and guilds on content compliance and request them to abide by the regulatory requirements and professional ethics.

Host Support

Retaining and incentivizing our hosts to continue creating attractive content is the cornerstone to our community. We provide various rewarding mechanisms, such as revenue sharing arrangement, exclusive contract fees and sign-up bonus, to incentivize our hosts to develop high-quality content and publish content on our platform. Our audio entertainment hosts enjoy a tiered revenue sharing system based on their popularity, while our podcast hosts also share a portion of the gifts they received and revenue from the paid podcasts they created. Generally, hosts who enter into contract with us enjoy a higher revenue sharing percentage than self-registered hosts without any contract. As a result, hosts are encouraged to enter into contracts with us.

We provided full suite of host support on our platform, including increasing user exposure through content distribution, creating offline events, and encouraging users to support their favorite hosts on our platform. To increase host exposure and enhance user engagement, we organize offline events such as the Grand Ceremony, a national event to gather, award and entertain our hosts each year and to promote our brand value.

We also provide rewards to active hosts to encourage host engagement. For example, if a host accomplishes the daily tasks assigned to him or her, views the host weekly report, or participates in activities we organize for our hosts, he or she may receive awards in the form of our virtual currency, which can be used to trade for host resources on our platform, such as getting listed in the recommendation or playlist for users.

We provide hosts with the one-stop analytical tools to make it easy for them to keep track of podcasting data and targeted audience. For example, our hosts are able to view the number of fans, times of playing, the number of comments and other information of their podcasts. The following screenshot illustrates the interface with data analyzing and tracking features for podcast hosts.

Podcast Host Interface

Host Cultivation

Leveraging our AI-enabled distribution, we help hosts reach their targeted audience and maximize their user traffic. We also endeavor to provide innovative and easy to use audio recording technologies to ensure a smooth recording experience.

In addition, we establish hosts academy and provide training courses to our hosts. Our host academy includes a series of online training covering a broad range of topics, such as fan maintenance, host skills and marketing opportunities. Leveraging big data and years of experience, we also help our hosts craft audio skills and personal style, as well as implementing promotion programs to increase their public exposure. Through data support, our hosts can understand the preferences of their audience and create targeted content, so as to reach their desired user group more easily via AI-driven content distribution. We also provide the content compliance trainings to our hosts on regulatory requirements to promote proper and legal content and demeanors.

Also, we provide tools for our hosts to keep track of their performance on a daily basis and encourage them to keep improving their skills and fans engagement. For example, we assign each host with a “host index” to reflect his or her overall influence among users. Hosts can quickly improve their “host index” by improving the

quality of the content, creating new content more frequently, and attracting more users to interact. A host's level will improve when his or her "host index" grows, which allows such host to access more services on our platform, such as getting listed in the recommendation and playlist for the users, and other resources that our platform may provide.

Case Studies

On *Lizhi*, everyone can be a host. We help ordinary people find a home for their voices and audio dreams.

Facelive Fei Yi. Facelive Fei Yi is a patient of amyotrophic lateral sclerosis, or ALS, which causes muscle weakness and loss of motor skills. After being diagnosed with ALS, Fei Yi devoted himself to raising public awareness of rare diseases and patients in China. Over years, he also developed an interest in Cantonese songs, language and culture. Fei Yi became an audio live streaming host on our *Lizhi* app specialized in singing classic Cantonese songs. His live streaming channel quickly gained popularity and attracted a large number of followers. He also posts podcasts such as Cantonese language learning. Leveraging popularity on our platform, he continues to work on public awareness of rare diseases in China.

NJ Tian Qi. NJ Tian Qi had an office job before he became a host in 2015. NJ Tian Qi has never received formal training as a host. He was driven by the desire to share his feelings and manage stress at work when he started podcasting on our platform. After gaining popularity, NJ Tian Qi started audio live streaming and has become a popular host. NJ Tian Qi had approximately 462,000 followers as of March 31, 2019.

Monetization

We generate net revenues through virtual gift sales in relation to audio entertainment, as well as podcast, advertising and others.

Virtual gift sales

At current stage, we strategically offer most of our podcast contents for free to create a loyal and engaged audio community, which is essential in expanding our user base and providing strong monetization potential through audio entertainment, as well as podcast, advertising and others. We derive substantially all of our net revenues from virtual gift sales in relation to our audio entertainment, which can be purchased by users using our virtual currency, *Golden Coins*. In 2017 and 2018, we generated RMB436.1 million and RMB785.1 million (US$114.2 million) from virtual gift sales to users of our audio entertainment products, representing 96.2% and 98.3% of our total net revenues for the same periods. In the first quarter of 2019, we had approximately 280,600 average audio entertainment paying users, with an audio entertainment paying ratio of 5.9%.

Users can purchase virtual gifts on our platform using our virtual currency and send them to hosts as a gesture of appreciation or support. Users can purchase the virtual currency on our site via various online third-party payment platforms. The price of our virtual currency does not change and virtual currency does not expire. However, virtual currency is non-refundable and may not be converted back to cash.

Our audio entertainment products are mainly comprised of the audio live streaming and the interactive audio products, such as *Friends Hall* and *Lizhi Party*. We share a percentage of revenues from virtual gift sales with our audio live streaming hosts through agreements with them and their guilds. We also derive a portion of our revenues from our interactive audio products, such as *Friends Hall* and *Lizhi Party*. We share a percentage of revenues from the sale of virtual gifts in social interaction settings with our interactive audio hosts and their guilds.

Podcast, advertising and others

We generate a small portion of our net revenues from offering paid podcasts to our users and advertising and marketing solutions to our business customers. In 2017 and 2018, we generated RMB17.4 million and

RMB13.5 million (US$2.0 million) from podcast, advertising and others, representing 3.8% and 1.7% of our total net revenues for the same periods.

Our Technology

Our strong technological capabilities support the stable operation of our platform. Flexibility and scalability are combined when delivering superior services, which increase operational efficiency and enable innovations.

Our platform has the following strengths in technology:

Audio making

We provide hosts with powerful mobile audio creation tools from primary to advanced, including "*Speak with Heart*" and "*Recorder*." "*Speak with Heart*" provides basic functions including recording, editing, optimization, storage, playing and uploading, while "*Recorder*" provides functions that are more advanced and powerful. By using our proprietary mobile recording functions, creators can quickly record high-quality, fun and vivid content at their fingertips. Our platform also provides proprietary modules like noise reduction, echo suppression, reverb and mega effects, plus variable sound mixers and 3D surround technology and high-fidelity encoding up to 320kbps, which enable creators to produce high-quality content in short time. By focusing on noise cancelling and voice recognition mechanisms in human neural networks, we have been continually improving our audio recording technologies.

AI-enabled discovery and distribution

We adopt leading AI technology to content discovery and distribution. We have implemented a smart recommendation system since 2015. We recommend content based on genre and features a user listens to in the past, and also what the user has not listened to but may be potentially interested in based on our AI and big data analysis. Content of similar tags will appear as recommendations when a podcast is played. Customized recommendation helps improve user experience and expand their tastes into new genres, topics and formats of audio content.

As of the date of this prospectus, through analyzing massive user behavior and audio data based on AI technology, we have constructed user tags of 10 major categories and 83 dimensions covering a wide range of user preferences such as topic, scenario, voice characteristics and gender. We have also created content tags of six major categories and 132 dimensions covering differentiating factors such as voice quality, topic, timeliness and scenario. By matching the various user tags and content tags, we are able devise a fully-automated distribution process empowered by AI technology, which is also enabled with machine-learning and deep learning inference capabilities.

We value content and user behavior data. By monitoring the value each recommendation adds to our community, we keep growing our user behavior database and maximizing the benefits of AI technology. The single-day user click-through rate for content across the platform has increased from 18.6% on December 31, 2016 to 30.5% on June 30, 2019. 35.1% of the podcasts that were played on our users' devices have been played till the end of the program in the first quarter of 2019. AI technology provides powerful technical support for the discovery of high-quality content and personalized recommendation to our users.

User-experience enhancements

Smooth and high-quality listening. We provide audio encoding and playback technologies that are adaptive to user's network, enabling smooth listening even on 2G networks, and high-fidelity content up to 320kbps on WiFi networks. The intelligent CDN scheduling system can dynamically adjust the network accessed by users according to users' regional information and network state dialing data to ensure the smooth listening experience.

Advanced live streaming and social features. We support the creation, editing, storage and publication of podcasts on multiple platforms, such as Windows, iOS and Android systems, and support real-time voice interaction and user interactions. Advanced codec and transmission technology ensures low transmission data delay rate and loss rate when users are engaged in voice socialization. We also improve listening quality in live streaming by adopting a high-sampling rate and bit-rate sound quality and providing a variety of sound effects including 3D surrounded voice effects. We also provide special sound effects, such as sound filters and editing, in audio entertainment to enhance the fun, engaging experience. In addition, our servers can simultaneously support a large number of hosts to podcast at the same time, and dynamic caching and encoding technologies ensure the platform to provide smooth live streaming and listening experience even with weak internet connectivity. Also, our voice analytical tools recognize the voice features of our users and apply tags to different vocal characteristics.

Data storage and backup technologies

We have realized multi-machine room and cloud real-time distributed data storage and backup. All audio pieces, image content and data files are shared among multiple internet data centers to prevent service disruption caused by failures of regional network, data center and equipment. Our internet data center automatically reports any detected failure to our network monitoring center in real time, which enables us to quickly respond to and resolve network and other failure issues. As of the date of this prospectus, there have been no failure events of regional network, data center or servers that have a material impact on our operations.

Content Monitoring System

We have developed the following mechanisms to ensure that the content on our platform complies with the relevant laws and regulations and promotes our core value propositions:

- *Automatic content filtering.* We utilize automatic text and audio analytical tools to identify illegal, inappropriate and potentially infringing content contained in audio pieces and texts uploaded to our platform. Once a risk is identified, the system will send the underlying content to our content monitoring team for manual review.
- *Manual review.* As of the date of this prospectus, we have a dedicated content monitoring team with approximately 170 people, primarily consisting of staff outsourced from third parties, to manually review automatic detection results. The content monitoring team, managing and being complementary to the AI technology, also proactively screen all uploaded content, live streaming flows and interactive audio products on a 24/7 basis, to ensure that proper review and confirmation have been performed with respect to all images, texts and audio content and ongoing live audio streams.
- *Real-name registration and user undertakings.* We apply a real-name registration system to verify the identities of hosts primarily based on their mobile phone numbers. In addition, we are currently upgrading our platform to require users to acknowledge and agree to the terms and conditions of our platform before each upload. Pursuant to such user agreement, each user will undertake not to upload or distribute any content that violates any PRC law or regulation or infringes any third-party intellectual property right, and agree to indemnify losses claimed by any third party caused by any content uploaded or live-streamed by such user.
- *Report by users.* Our users may report any inappropriate, offensive or illegal content by clicking the “Report” button on the platform. We also require hosts and guilds to monitor activities in their own broadcast rooms, to ensure that all content podcasted complies with our service terms. We also recruit frequent users to sign up as the supervisors on our platform and report to us the illegal or improper content or activities that they encounter with.
- *Regular review of content.* Apart from monitoring the day-to-day activities on our platform, we also deploy third-party software and technology such as Kingsoft to screen and eliminate inappropriate or

illegal content on our platform. Our AI technology is also strengthened to detect inappropriate or illegal content stored on our servers. If any improper or illegal content is detected, we will permanently delete such content from our platform.

We handle all levels of violations strictly in accordance with our policies and applicable laws and regulations, and keep enhancing content monitoring by optimizing product design and features and relevant systems. For minor violations, we will intervene and rectify by deleting relevant content and images, post warning, close or suspend user accounts, and conduct follow-up reviews. For severe violations, we will permanently close down relevant user or host accounts.

User Data Security and Cyber Security

User data security and protection is critical to our business. We store our user data in encrypted form, and only allows access from our company's intranet. Access to our servers that store our user and internal data is limited to a "need-to-know" basis and there are strict internal rules and policy in place to govern how we may access and use user data. From time to time we check firewalls and operation systems to ensure there is no breach. We also work with leading data security companies to implement and test data security measures. As of the date of this prospectus, there has not any breach of user data that has a material impact on our operations.

Our data is backed up in our long-distance disaster recovery system, so as to minimize the possibility of data losses or breaches. Upon a security breach, our technical team will be notified immediately and coordinate with the local supporting staff to diagnose and solve the technical problems. As of the date of this prospectus, we have not experienced any material incidents of security breach.

Customer Services

We have a dedicated customer service team assisting our users and hosts. Our users and hosts may submit inquiries, feedback or complaints by sending messages via online chat or emails at any time. Upon receipt of complaints or inquiries, our customer service team will conduct an investigation and provide solutions promptly.

Sales, Branding and Marketing

We primarily rely on organic user growth through leveraging our well-established brand and word-of-mouth referrals. Through our superior user experience and high-quality content offerings, we have built a strong brand awareness among users and hosts.

In addition to organic growth, we have engaged multiple promotion channels to enlarge our users pool, such as various online and offline activities. For example, on a yearly basis we organize the *Lizhi Voice Festival* and invite our fans to meet with their favorite hosts and experience the latest voice-based technologies. See "—The *Lizhi* Experience—A Deep, Personal Voice Journey—Audio Entertainment."

Competition

Online audio is an emerging industry in China. As a leading player in this market, we face competition from providers of similar services. Other online audio platforms compete directly with us for content and users. In addition, we compete with other large online video platforms, social media platforms, and other platforms offering online entertainment services. We believe that our ability to compete effectively for users depends upon many factors, including the quality and variety of our content, user experience on our platform, ability to retain top hosts, capability to adjust to changes in technology and customer tastes and the strength of our brands.

Intellectual Property

We regard our intellectual property rights as critical to our operations. We rely on a combination of patents, copyrights, trademarks and trade secret laws to protect our intellectual property. As of December 31, 2018, we had registered:

100 trademarks in China;

42 trademarks in Hong Kong and India;

34 domain names, including lizhi.fm;

11 patents in China; and

28 software copyrights in China, relating to all of our online communities and other products.

As of December 31, 2018, we had 255 pending trademark applications in China, the United States and Indonesia. We have submitted 11 pending patent applications independently or jointly with third parties in China to the Patent Cooperation Treaty, or PCT. In addition, we are in the process of applying for registration of another one software copyrights in China. Most of our intellectual property is owned by Guangzhou Lizhi, and certain trademarks, copyrights and domain names are owned by the subsidiaries of our VIEs, Wuhan Lizhi and Changsha Limang, for the purpose of maintaining and renewing their operating licenses as required by relevant PRC government authorities. We currently have trademark applications pending, any of which may be the subject of a governmental or third-party objection, which could prevent the registration of the same. See “Risk Factors—Risks Related to Our Business and Industry—Our business depends on a strong brand, and any failure to maintain, protect and enhance our brand would hurt our ability to retain or expand our user and customer base, or our ability to increase their level of engagement.”

We implement comprehensive measures to protect our intellectual property in addition to making trademark and patent registration applications. Our key measures to protect our intellectual property include: (i) trademark searches prior to the launch of our new products; (ii) timely registration and filing with relevant authorities and application of intellectual property rights for our significant technologies; and (iii) overall source code protection of proprietary information.

Employees

We had 480 full-time employees as of December 31, 2018. As of December 31, 2018, none of our full-time employees were located outside of China. The following table sets forth a breakdown of our employees by function as of December 31, 2018.

	Number of employees	% of total
Research and development	282	58.8%
Operations and products	74	15.4%
Sales and marketing	72	15.0%
General and administration	52	10.8%
Total	480	100.0%

Our success depends on our ability to attract, retain and motivate qualified personnel. We offer competitive salaries and encourage a corporate culture of passion and innovation.

We enter into standard contracts and agreements regarding confidentiality, intellectual property, employment, commercial ethics policies and non-competition with most of our executive officers, managers and core employees. These contracts typically include a non-competition provision effective during and up to two years after their employment with us and a confidentiality provision effective during and after their employment with us.

Under PRC law, we participate in various employee social security plans that are organized by municipal and provincial governments for our PRC-based full-time employees, including pension, unemployment insurance, work-related injury insurance, medical insurance and housing insurance. We are required under PRC law to make contributions from time to time to employee benefit plans for our PRC-based full-time employees at specified percentages of the salaries, bonuses and certain allowances of such employees, up to a maximum amount specified by the local governments in China.

None of our employees are represented by labor unions. We believe that we maintain a good working relationship with our employees and we have not experienced any significant labor disputes.

Properties

Our corporate headquarters is located in Guangzhou, China. As of December 31, 2018, we have leased office space with an aggregate area of over 5,500 square meters, of which over 4,600 square meters are in Guangzhou and others are in other cities in the PRC.

Our main IT infrastructure includes Internet data centers (IDC) and content delivery networks (CDN). We lease IDC facilities from major domestic IDC providers. We believe that our existing facilities are generally adequate in meeting our current needs, but we expect to seek additional space as needed to accommodate future growth.

Insurance

We do not maintain any liability insurance or property insurance policies covering our equipment and facilities for losses due to fire, earthquake or any other disaster. Consistent with customary industry practice in China, we do not maintain business interruption insurance, nor do we maintain key-man life insurance.

Legal 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 in the ordinary course of business involving our users, hosts and competitors in matters relating to copyrights, unfair competition, contract disputes and other matters. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial costs and diversion of our resources, including our management's time and attention. See "Risk Factors—Risks Related to Our Business and Our Industry—We may be liable for intellectual property infringement with respect to content displayed on, retrieved from or linked to our platform which may materially and adversely affect our business, financial condition and prospects," "Risk Factors—Risks Related to Our Business and Our Industry—We may be held liable for information or content displayed on, retrieved from or linked to our platform, if such content is deemed to violate any PRC laws or regulations, or for improper or fraudulent activities conducted on our platform, and PRC authorities may impose legal sanctions on us and our reputation may be damaged," "Risk Factors—Risks Related to Our Business and Our Industry—Implementation of the new labor laws and regulations in China may adversely affect our business and results of operations," and "Risk Factors—Risks Related to Our Business and Our Industry—We are subject to risks relating to litigation and disputes, which could adversely affect our business, prospects, results of operations and financial condition."

REGULATION

This section sets forth a summary of the most significant rules and regulations that affect our business activities in China.

As the online audio industry is still at an early stage of development in China, new laws and regulations may be promulgated from time to time to introduce new regulatory requirements, including but not limited to, requirements of obtaining new licenses and permits in addition to those we currently have. There are substantial uncertainties with respect to the interpretation and implementation of current and future PRC laws and regulations, including those applicable to interactive audio industries and our business. This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities in China and that affect the dividends payment to our shareholders.

Regulations Related to Foreign Investment

Industry Catalogue Related to Foreign Investment

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC, or the Company Law, which was promulgated by the Standing Committee of the National People's Congress, or the SCNPC, on December 29, 1993 and last amended and became effective on October 26, 2018. A foreign-invested company is also subject to the Company Law unless otherwise provided in the foreign investment laws.

The establishment and operations of wholly foreign-owned enterprises are mainly governed by the Law of the PRC on Wholly Foreign-Owned Enterprises, which was promulgated by the National People's Congress, or the NPC, on April 12, 1986 and last amended by the SCNPC on September 3, 2016 and became effective on October 1, 2016, and are also governed by the Detailed Rules for the Implementation of the Law of the PRC on Wholly Foreign-Owned Enterprises promulgated by the Ministry of Foreign Economy and Trade(now integrated into the Ministry of Commerce of the PRC, or the MOFCOM), on December 12, 1990 and last amended by the State Council on February 19, 2014 and became effective on March 1, 2014.

Investments in the PRC by foreign investors and foreign-invested enterprises are regulated by the Catalogue of Industries for Guiding Foreign Investment, or the Catalogue, most recently revised by the National Development and Reform Commission, or the NDRC, and the MOFCOM on June 28, 2017 and became effective on July 28, 2017. On June 28, 2018, the NDRC and the MOFCOM promulgated the Special Management Measures (Negative List) for the Access of Foreign Investment, or the Negative List, which was amended on June 30, 2019 and became effective on July 30, 2019 and partly revised the Catalogue. Pursuant to the Catalogue and the Negative List, foreign-invested projects are categorized as encouraged, restricted and prohibited. Foreign-invested projects that are not listed in the Negative list are permitted foreign-invested projects.

Foreign Investment in Value-Added Telecommunication Business

According to the Negative List, foreign investors are prohibited from holding more than 50% of equity interests in an enterprise which provides value-added telecommunications services (except for e-commerce business, domestic multi-party communications services, store and forward services and call center services).

According to the Regulations on the Administration of Foreign-Invested Telecommunications Enterprises, or FITE Regulations, promulgated by the State Council on December 11, 2001 and last amended on February 6, 2016, and became effective on February 6, 2016, which set forth detailed requirements including capitalization, investor qualifications and application procedures concerning the establishment of a foreign-invested telecommunications enterprise. Pursuant to the FITE Regulations, foreign investors are prohibited from holding more than 50% of equity interest in a foreign-invested enterprise that provides value-added telecommunications services. Besides, such foreign investors of a foreign-invested telecom enterprise are required to have good performances and operation experiences in operating the value-added telecommunication businesses.

On July 13, 2006, the Ministry of Information Industry of the PRC, or the MII (the predecessor of the Ministry of Industry and Information Technology of the PRC, or the MIIT), issued the Circular on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Business, or the MII Circular, which provides that (a) foreign investors can only operate telecommunications business in China through telecommunications enterprises with valid telecommunications business operation license; (b) domestic licensees may not rent, transfer or sell telecommunications business licenses to foreign investors in any form or provide any foreign investors with resources, venues or facilities to promote unlicensed operations of telecommunications businesses in China; (c) value-added telecommunications service providers or their shareholders must directly own the domain names and registered trademarks that are used in their daily operations; (d) each value-added telecommunications service provider must have necessary facilities for its approved business operations and maintain such facilities in the geographic regions specified in its license; and (e) all value-added telecommunications service providers should improve their network and information security, establish relevant information safety system and set up emergency plans to ensure network and information safety.

Regulations Related to Telecommunications Services

According to the Telecommunications Regulations of the PRC, or the Telecommunications Regulations, promulgated by the State Council on September 25, 2000 and last revised and came into effect on February 6, 2016, all telecommunications businesses in China have been categorized by the Telecommunications Regulations into basic telecommunications services and value-added telecommunications services. Value-added telecommunications services are defined as telecommunications and information services provided through public network infrastructures. The Catalog of Telecommunications Business, or the Catalog, which was issued as an attachment to the Telecommunications Regulations in 2003 and last revised on June 6, 2019 and became effective on the same date, further categorizes various types of telecommunications and telecommunications-related activities into basic or value-added telecommunications services. According to the Catalogue, internet information services are classified as value-added telecommunications services. Pursuant to the Telecommunications Regulations, anyone who intends to be engaged in value-added telecommunications services shall obtain an operating license from the MIIT or its provincial level counterparts prior to the commencement of such services.

According to the Administrative Measures on Internet Information Services promulgated by the State Council on September 25, 2000 and last amended in January 8, 2011 and became effective on the same date, “internet information services” refer to the provision of information through the internet to online users, including “commercial internet information services” and “non-commercial internet information services.” A commercial internet information service operator must obtain an ICP License from the competent governmental authorities before engaging in commercial internet information services in China, while ICP License is not required if the operator will only provide internet information on a non-commercial basis. Besides, internet information service operators in respect of news, publishing, education, health, pharmaceuticals or medical apparatus shall obtain consent of the relevant PRC competent authority as required by relevant laws and regulations before applying for licenses or carrying out record-filing procedures.

The Administrative Measures for Telecommunications Business Licensing promulgated by the MIIT on December 26, 2001 and last amended on July 3, 2017 and became effective on September 1, 2017, set forth specific provisions regarding the qualifications and procedures for obtaining ICP licenses and the administration and supervision of such licenses. A commercial ICP service operator shall obtain an ICP License of such services from the MIIT or its provincial level counterparts prior to the commencement of such services, otherwise such operator might be subject to sanctions including corrective orders and warnings from the competent governmental authority, imposition of fines and confiscation of illegal gains and in serious cases, being included in the list of dishonest telecommunications business operators, suspension of business.

According to the Measures for the Administration of Record-filing of Non-commercial Internet Information Services promulgated by the MII on February 8, 2005, entities engaged in non-commercial internet information services shall go through the record-filing procedures with the provincial telecommunications administration.

In addition to the regulations and measures above, provision of internet information services via mobile internet applications, or app, are regulated by the Administrative Provisions on Information Services of Mobile Internet Applications promulgated by the State Internet Information Office on June 28, 2016 and came into effect on August 1, 2016. Information service providers of mobile internet applications are subject to these provisions, including acquiring relevant qualifications and being responsible for management of information security.

Guangzhou Lizhi currently holds the ICP license on internet information services issued by the Guangdong branch of the MIIT on June 26, 2018. Guangzhou Huanliao currently holds the ICP license on internet information services issued by the Guangdong branch of the MIIT on January 24, 2019. Wuhan Lizhi currently holds the ICP license on internet information services issued by the Hubei branch of the MIIT on February 18, 2019. Changsha Limang currently holds the ICP license on internet information services issued by the Hunan branch of the MIIT on February 20, 2019. Huaian Lizhi currently holds the ICP license on internet information services issued by the Jiangsu branch of the MIIT on November 19, 2018.

Regulations Related to Online Transmission of Audio-Visual Programs

On April 13, 2005, the State Council promulgated the Certain Decisions on the Entry of the Non-State-owned Capital into the Cultural Industry. On July 6, 2005, five PRC regulatory agencies, namely, the Ministry of Culture, or the MOC, the State Administration of Radio, Film and Television, or the SARFT, the General Administration of Press and Publication, or the GAPP, the NDRC and MOFCOM, jointly promulgated the Several Opinions on Canvassing Foreign Investment into the Cultural Sector. According to these regulations, non-State-owned capital and foreign investors are prohibited to conduct the business of transmitting audio-visual programs through information network.

According to the Administrative Provisions on Internet Audio-visual Program Service, or the Audio-visual Program Provisions, jointly promulgated by the SARFT and MII on December 20, 2007 and last amended by the State Administration of Press, Publication, Radio, Film and Television, or the SAPPRFT, on August 28, 2015 and became effective on the same date, providers of internet audio-visual program services are required to obtain a License for Online Transmission of Audio-visual Programs, or the Audio-visual License issued by the competent department of radio, film and television or complete certain record-filing procedures. Providers of internet audio-visual program services are generally required to be either state-owned or state-controlled by the PRC government, and the business to be carried out by such providers must satisfy the overall planning and guidance catalog for internet audio-visual program service determined by the competent department of radio, film and television under the State Council.

In 2008, the SARFT issued the Notice on Relevant Issues Concerning Application and Approval of License for Online Transmission of Audio-visual Programs, as last amended on August 28, 2015 and became effective on the same date, which further sets forth detailed provisions concerning the application and approval process regarding the Audio-visual License. The notice also stipulates that the internet audio-visual program services providers who engaged in such services prior to the promulgation of the Audio-visual Program Provisions shall also be eligible to apply for the license so long as their violation of the laws and regulations is minor and can be rectified in a timely manner and they have no records of violation during the latest three months prior to the promulgation of the Audio-visual Program Provisions.

Further, on March 31, 2009, the SARFT promulgated the Notice on Strengthening the Administration of the Content of Internet Audio-visual Programs, which reiterates the requirement for the internet audio-visual programs to be published to the public through information network, where applicable, and prohibits certain

types of internet audio-visual programs containing violence, pornography, gambling, terrorism, superstitious or other similarly prohibited elements.

On March 17, 2010, the SARFT issued the Internet Audio-visual Program Services Categories (Provisional), or the Provisional Categories, as amended on March 10, 2017 and became effective on the same date, which classified internet audio-visual program services into four categories. In addition, the Notice concerning Strengthening the Administration of the Streaming Service of Online Audio-Visual Programs promulgated by the SAPPRFT on September 2, 2016 emphasizes that, unless a specific license is granted, audio-visual programs service provider is forbidden from engaging in live streaming on major political, military, economic, social, cultural and sports events.

According to the Guangdong Province Letter for purpose of investigating live streaming businesses, only live streaming services on either(a) major political, military, economics, social, cultural, sports activities or reality event streaming or (b) activities such as general social group cultural activities or sports events" are required to apply for an Audio-Visual License. The Guangdong Province Letter further stated that live streaming of online shows, online games and online drama performances do not require an Audio-Visual License. As of the date of this prospectus, we have not obtained an Audio-Visual License. For detailed analysis, see "Risk Factors—Risks Related to Our Business and Our Industry—If we fail to obtain or maintain the required licenses and approvals or if we fail to comply with laws and regulations applicable to our industry, our business, financial condition and results of operations may be materially and adversely affected."

In March 2018, the SAPPRFT issued the Notice on Further Regulating the Transmission Order of Internet Audio-Visual Programs, which requires that, among others, audio-visual platforms shall: (a) not produce or transmit programs intended to parody or denigrate classic works, (b) not re-edit, re-dub, re-caption or otherwise ridicule classic works, radio and television programs, or original internet audio-visual programs without authorization, (c) not transmit re-edited programs which unfairly distort the original content, (d) strictly monitor the adapted content uploaded by platform users and not provide transmission channels for illicit content, (e) immediately take down unauthorized content upon receipt of complaints from copyright owners, radio and television stations, or film and television production institutions, (f) strengthen the administration of movie trailers and prevent improper broadcasting of movie clips and trailers prior to authorized release, and (g) strengthen the administration of sponsorship and endorsement for internet audio-visual programs. Pursuant to this notice, the provincial branches of SAPPRFT shall have the authority to supervise radio stations and websites that offer audio-visual programs within its jurisdiction and require them to further improve their content management systems and implement relevant management requirements.

On November 4, 2016, the State Internet Information Office promulgated the Administrative Provisions on Internet Live-Streaming Services, or Internet Live-Streaming Services Provisions. According to the Internet Live-Streaming Services Provisions, an internet live-streaming service provider shall (i) establish a live-streaming content review platform; (ii) conduct authentication registration of internet live-streaming issuers based on their identity certificates, business licenses and organization code certificates; and (iii) enter into a service agreement with internet live-streaming services user to specify both parties' rights and obligations.

According to the Notice on Strengthening the Administration of the Internet Live Streaming Service jointly promulgated by the MIIT, the Ministry of Public Security of the PRC and other government agency on August 1, 2018, internet live streaming service providers shall go through the procedures of filing with the competent department of telecommunications. The internet live streaming service providers engaged in telecommunications business and internet news information, network performances and internet live streaming of audio-visual programs shall apply to the relevant departments for permission to operate such telecommunication business and shall perform the procedures of record-filing with the local public security department within 30 days after the live streaming service being operated.

Regulations Related to Online Cultural Activities

The MOC promulgated the Interim Provisions on Administration of Internet Culture, or the Internet Culture Provisions, on May 10, 2003, as most recently amended on December 15, 2017 and became effective on the same date. According to the Internet Culture Provisions, internet cultural activities include: (i) producing, reproducing, importing, publishing or broadcasting Internet cultural products; (ii) publishing cultural products on the Internet or transmission thereof to computers, fixed-line or mobile phones, radios, television sets or gaming players for the purpose of browsing, reading, reviewing, using or downloading such products by online users; and (iii) exhibitions and competitions of Internet cultural products. Internet cultural activities are categorized as two categories, namely, commercial and non-commercial. Entities engaged in commercial internet cultural activities shall file the application to the applicable provincial level counterpart of the MOC for approval and obtain an Internet Culture Operation License.

According to the Measures for the Administration of Internet Performance Business Operations promulgated by the MOC on December 2, 2016, entities engaged in internet performance business operations shall, in accordance with the Internet Culture Provisions, apply to the cultural administrative department at the provincial level for an Internet Culture Operation License, and the business scope in the license shall expressly include internet performance. An internet performance business entity shall indicate the number of its Internet Culture Operation License in an eye-catching position on the homepage of its website. In July 2016, the MOC promulgated the Notice on Strengthening the Administration of Internet Performance, which regulates the behavior of entities conducting businesses related to internet performance and performers. Entities operating internet performances shall be responsible for the services and content posted on their website by performers. They must refine their content management mechanism and shut down the channel and stop the dissemination of any internet performance as soon as they realize that such internet performance is in violation of relevant laws and regulations. Internet performers shall be responsible for their performances and shall not perform any program containing violence, pornography, or other similarly prohibited elements.

On August 12, 2013, the MOC issued the Administrative Measures for Content Self-review by Internet Culture Business Entities, which requires internet culture business entities to review the content of products and services to be provided prior to providing such content and services to the public. An Internet culture business entity shall establish and improve its content management system. The content management system of an internet culture business entity is required to specify the responsibilities, standards and processes for content review as well as accountability measures, and is required be filed with the provincial level counterpart of the MOC.

On November 20, 2006, the MOC issued Several Suggestions of the MOC on the Development and Administration of Online Music, which stipulates that the internet service provider engaged in any business relating to online music products shall obtain an Internet Culture Operation License. In addition, foreign investors are prohibited from operating internet culture business.

On October 23, 2015, the MOC promulgated the Notice on Further Strengthening and Improving the Management of Online Music Content. According to this notice, which stipulates that the entities shall examine and verify the content of online music by themselves, while the culture management administration shall supervise in process and afterwards. Guangzhou Lizhi currently holds the Internet Culture Operating License issued by the Ministry of Culture and Tourism of the Guangdong Province on June 12, 2018. Wuhan Lizhi currently holds the Internet Culture Operating License issued by the Wuhan Branch of the Ministry of Culture and Tourism of PRC on April 13, 2018. Huaian Lizhi currently holds the Internet Culture Operating License issued by the Ministry of Culture and Tourism of the Jiangsu Province on March 20, 2019. Guangzhou Huanliao currently holds the Internet Culture Operating License issued by the Ministry of Culture and Tourism of the Guangdong Province on September 29, 2018.

Regulations Related to Online Publication and Cultural Products

On February 4, 2016, State Administration of Press, Publication, Radio, Film and Television of the People’s Republic of China, or the SAPPRFT, and the MIIT issued the Measures for Online Publication Service

Administration, or Online Publication Measures, which took effect on March 10, 2016. The Online Publication Measures introduced an internet publishing license regime for internet publications. According to the Online Publication Measures, the term "online publications" includes games, animation, audio and video readings in literature, art, science and other fields. As of the date of this prospectus, we have not obtained an internet publishing license. Currently, we allow hosts to upload their recorded audio clip on our platform, which may be considered as the "internet publications." Thus, we may be required to obtain an internet publishing license issued by the authorities. For detailed analysis, see "Risk Factors—Risks Related to Our Business and Our Industry—If we fail to obtain or maintain the required licenses and approvals or if we fail to comply with laws and regulations applicable to our industry, our business, financial condition and results of operations may be materially and adversely affected."

Regulations Related to Production and Operation of Radio and Television Programs

On July 19, 2004, the SARFT promulgated the Regulations on the Administration of Production and Operation of Radio and Television Programs, or the Radio and TV Programs Regulations, as partly amended on August 28, 2015 and became effective on the same date. Pursuant to the Radio and TV Programs Regulations, entities engaged in the production of radio and television programs shall apply for the Radio and Television Program Production and Operating Permit from the SARFT or its provincial level counterparts and shall conduct their operations strictly in compliance with the approved scope of production and operation. Guangzhou Lizhi has obtained the License for Production and Operation of Radio and TV Programs for its business.

Regulations Relating to Advertising Business

The State Administration for Market Regulation (formerly known as State Administration of Industry and Commerce, "SAMR") is the primary governmental authority regulating advertising activities in China. Regulations that apply to the advertising business primarily include: (i) the PRC Advertisement Law, promulgated by the Standing Committee of the National People's Congress on October 27, 1994 and most recently amended on October 26, 2018 and became effective on the same date; and (ii) the Administrative Regulations for Advertising, promulgated by the State Council on October 26, 1987 and which has been effective since December 1, 1987.

On July 4, 2016, the SAMR issued the Interim Measures for the Administration of Internet Advertising, or the Internet Advertising Measures, which became effective on September 1, 2016. According to the Internet Advertising Measures, Internet Advertising refers to commercial advertising for direct or indirect marketing goods or services in the form of text, image, audio, video, or other means through websites, web pages, Internet apps, or other Internet media. The Internet Advertising Measures specifically set out the following requirements: (a) advertisements must be identifiable and marked with the word "advertisement" enabling consumers to distinguish them from non-advertisement information; (b) sponsored search results must be clearly distinguished from organic search results; (c) it is forbidden to send advertisements or advertisement links by email without the recipient's permission or induce Internet users to click on an advertisement in a deceptive manner; and (d) Internet information service providers that do not participate in the operation of Internet advertisements should stop publishing illegal advertisements if they know or should know that the advertisements are illegal.

Regulations Related to Anti-fatigue System, Real-name Registration System

On April 15, 2007, eight PRC government authorities, including the GAPP, the Ministry of Education, the Ministry of Public Security and the MIIT, jointly issued a circular requiring protection of minors' physical and mental health and the implementation of an anti-fatigue system and a real-name registration system by all PRC online game operators. Under the anti-fatigue system, three hours or less of continuous playing by minors, defined as game players under 18 years of age, is considered to be "healthy," three to five hours is deemed "fatiguing," and five hours or more to be "unhealthy." Game operators are required to reduce the value of in-game benefits to a minor player by half if the minor has reached the "fatiguing" level, and to zero once

reaching the "unhealthy" level. To identify whether a game player is a minor and thus subject to the anti-fatigue system, a real-name registration system must be adopted to require online game players to register their real identity information before playing online games.

In 2011, the GAPP, together with several other government agencies, jointly issued the Notice on Initializing the Verification of Real-name Registration for the Anti-Fatigue System on Online Games, or the Real-name Registration Notice, to strengthen the implementation of the anti-fatigue and real-name registration system. The main purpose of the Real-name Registration Notice is to curb addictive online game playing by minors and protect their physical and mental health.

Regulations Related to Internet Information Security and Privacy Protection

According to the Decisions on Maintaining Internet Security, or the Internet Security Decisions, promulgated by the SCNPC on December 28, 2000 and last amended on August 27, 2009 and became effective on the same date, anyone who, making use of the internet, commits any act whether or not listed in the Internet Security Decisions which constitutes a crime shall be investigated for criminal responsibility in accordance with the Criminal Law of the PRC.

Pursuant to the Several Provisions on Regulating the Market Order of Internet Information Services promulgated by the MIIT on December 29, 2011, an internet information service provider may not collect any user personal information or provide any such information to third parties without the consent of the users, unless otherwise stipulated by laws and administrative regulations. The internet information service provider must expressly inform the users of the method, content and purpose of the collection and processing of such user personal information and may only collect such information necessary for the provision of its services. The internet information service provider is also required to properly maintain the user personal information, and in case of any leak or likely leak of the user personal information, the internet information service provider must take immediate remedial measures and, in severe circumstances, make an immediate report to the telecommunications regulatory authority and cooperate with relevant departments in investigation and solution.

In addition, pursuant to the Decision on Strengthening the Protection of Online Information issued by the SCNPC on December 28, 2012 and the Provisions on Protecting the Personal Information of Telecommunication and Internet Users issued by the MIIT on July 16, 2013, any collection and use of user personal information must be subject to the consent of the user, abide by the principles of legality, rationality and necessity and be within the specified purposes, methods and scopes. An internet information service provider must also keep such information strictly confidential, and is further prohibited from divulging, tampering or destroying any such information, or selling or illegally providing such information to other parties. An internet information service provider is required to take technical and other measures to prevent the collected personal information from any unauthorized disclosure, damage or loss.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC, or the Cybersecurity Law, effective on June 1, 2017. The Cybersecurity Law aims to maintain the network security, safeguard the cyberspace sovereignty, national security and public interests, protect the lawful rights and interests of citizens, legal persons and other organizations, and requires that a network operator, which includes, among others, internet information services providers, take technical measures and other necessary measures in accordance with the provisions of applicable laws and regulations as well as the compulsory requirements of the national and industrial standards to safeguard the safe and stable operation of the networks. Any violation of the provisions and requirements under the Cybersecurity Law may subject the internet service provider to warnings, fines, confiscation of illegal gains, revocation of licenses, cancellation of filings, closedown of websites or even criminal liabilities.

Regulations related to Virtual Currency

On January 25, 2007, the Ministry of Public Security, the MOC, the MIIT and the GAPP jointly issued a circular regarding online gambling which has implications on the issuance and use of virtual currency. On

February 15, 2007, fourteen PRC regulatory authorities jointly issued the Notice on the Reinforcement of the Administration of Internet Cafes and Online Games. According to these regulations, aggregate amount of virtual currency that can be issued by online game operators and the amount of virtual currency that can be purchased by an individual are limited, virtual currency issued by online game operators can only be used for purchasing virtual products and services within the online games and not for purchasing tangible or physical products and trading of virtual currency is strictly banned.

On June 4, 2009, the MOC and the MOFCOM jointly issued the Notice on Strengthening the Administration of Online Game Virtual Currency, or the Virtual Currency Notice. The Virtual Currency Notice requires that the operators who engage in issuance of online game virtual currency or offering of online game virtual currency transaction services shall apply for approval from the MOC through its provincial branches. Operators that issue virtual currency for online games are prohibited from offering services for virtual currency trading. Any company that fails to file the necessary application will be subject to sanctions, including but not limited to mandatory corrective actions and fines.

According to the Interim Measures for the Administration of Online Games promulgated by the MOC on March 17, 2010 and last revised on December 15, 2017, entities engaged in the operations of online games, including but not limited to the operation of online games, issuance of virtual currencies of online games and virtual currency trading services of online games, shall obtain an Internet Culture Operation License. The virtual currency of online games shall be only used for the exchange for online game products and services provided by such entity, and shall not be used for the payment for or purchase of real objects or exchange for products and services provided by any other entities.

As of the date of this prospectus, Guangzhou Huanliao currently holds a valid Internet Culture Operation License covering the issuance of virtual currency.

Regulations Related to Intellectual Property Rights

Copyright

According to the Copyright Law of the PRC, or the Copyright Law promulgated by the SCNPC on September 7, 1990 and last amended on February 26, 2010 and became effective on April 1, 2010, and its related Implementing Regulations issued by the State Council on August 2, 2002 and last amended on January 30, 2013 and became effective on March 1, 2013, Chinese citizens, legal persons, or other organizations shall, whether published or not, own copyright in their works, which include, among others, works of literature, art, natural science, social science, engineering technology and computer software. Copyright owners of protected works enjoy personal and property rights with respect to publication, authorship, alteration, integrity, reproduction, distribution, lease, exhibition, performance, projection, broadcasting, dissemination via information network, production, adaptation, translation, compilation and other rights shall be enjoyed by the copyright owners.

The PRC National Copyright Administration and MII jointly promulgated the Measures for Administrative Protection of Copyright Related to Internet, or the Copyright Measures, on April 29, 2005. These measures are formulated to strengthen the administrative protection of the right of communication through information network in Internet information services. Where a copyright owner finds any content communicated through Internet infringes upon his/its copyright, and sends a notice to the Internet information service provider or any other institution entrusted, the Internet information service provider shall immediately take measures to remove the relevant contents, and preserve the copyright owner’s notice for 6 months. When imposing administrative penalties upon the act which infringes upon any user’s right of communication through information networks, the Measures for Imposing Copyright Administrative Penalties, promulgated on May 7, 2009, shall be applied.

The State Council promulgated the Regulation on Protection of the Right Network Dissemination of Information on May 18, 2006 and last amended on January 30, 2013. As for a network service provider that

provides information storage space or provides searching and linking services, if the owner believes that a work, performance, or audio-visual recording involved in its services has infringed upon his/its own right to communicate works to the public over information networks, or has deleted or altered his /its own electronic information management right, he/it can submit a written notification to the network service provider and require that the network service provider to delete such work, performance, or audio-visual recording or disconnect the link with the work, performance, or audio-visual recording.

Pursuant to this regulation, an internet information service provider may be exempted from indemnification liabilities under the following circumstances:

(i) any internet information service provider who provides automatic internet access service upon instructions of its users or provides automatic transmission service of works, performance and audio-visual products provided by its users is not required to assume indemnification liabilities if (a) it has not chosen or altered the transmitted works, performance and audio-visual products; and (b) it provides such works, performance and audio-visual products to the designated user and prevents any person other than such designated user from obtaining the access.

(ii) any internet information service provider who, for the sake of improving network transmission efficiency, automatically stores and provides to its own users, based on the technical arrangement, the relevant works, performances and audio-visual products obtained from any other internet information service provider will not be required to assume the indemnification liabilities if (a) it has not altered any of the works, performance or audio-visual products that are automatically stored; (b) it has not affected such original internet information service provider in grasping the information where the users obtain the relevant works, performance and audio-visual products; and (c) when the original internet information service provider revises, deletes or shields the works, performance and audio-visual products, it will automatically revise, delete or shield the same based on the technical arrangement.

(iii) any internet information service provider, who provides its users with information memory space for such users to provide the works, performance and audio-visual products to the general public via the information network, will not be required to assume the indemnification liabilities if (a) it clearly indicates that the information memory space is provided to the users and publicizes its own name, contact person and web address; (b) it has not altered the works, performance and audio-visual products that are provided by the users; (c) it is not aware of or has reason to know the infringement of the works, performance and audio-visual products provided by the users; (d) it has not directly derived any economic benefit from the provision of the works, performance and audio-visual products by its users; and (e) after receiving a notice from the right holder, it has deleted such works, performance and audio-visual products as alleged for infringement pursuant to such regulation.

(iv) an internet information service provider, who provides its users with search services or links, will not be required to assume the indemnification liabilities if, after receiving a notice from the right holder, it has deleted the works, performance and audio-visual products as alleged for copyright infringement pursuant to this regulation. However, the internet information service provider shall be subject to joint liabilities for copyright infringement if it is aware of or has reason to know the infringement of the works, performance and audio-visual products to which it provides links.

According to the Provisions on Certain Issues Related to the Application of Law in the Trial of Civil Cases Involving Disputes over Infringement of the Right of Dissemination through Information Networks issued by the Supreme People’s Court of China on December 17, 2012, provides that disseminating works, performances or audio-video products by the internet users or the internet service providers via the internet without the permission of the copyright owners shall be deemed to have infringed the right of dissemination of the copyright owner, except as otherwise provided for by laws and administrative regulations.

Pursuant to the Computer Software Copyright Registration Measures, or the Software Copyright Measures, promulgated by the National Copyright Administration, or the NCA, on December 20, 2002, regulates

registrations of software copyright, exclusive licensing contracts for software copyright and assignment agreements. The NCA administers software copyright registration and the Copyright Protection Center of China, or the CPCC, is designated as the software registration authority. The CPCC shall grant registration certificates to the Computer Software Copyrights applicants which meet the requirements of both the Software Copyright Measures and the Computer Software Protection Regulations (Revised in 2013).

Trademark

Pursuant to the Trademark Law of the PRC promulgated by the SCNPC on August 23, 1982 and last revised on April 23, 2019 and will come into effect on November 1, 2019, and the Implementation Rules of PRC Trademark Law promulgated on August 3, 2002 and last amended on April 29, 2014 by the State Council and became effective on May 1, 2014, a registered trademark means a trademark that has been approved by and registered with the trademark office, including goods marks, service marks, collective marks and certification marks. A registered trademark is valid for 10 years commencing on the date of registration approval and can be renewed within 12 months before its expiration. For a registered trademark licensing, licensor should file the licensing of the licensed trademark with the trademark bureau, and the trademark bureau shall announce the licensing, non-filing of the licensing of a trademark shall not be contested against a good faith third party. The following acts shall constitute infringement of the exclusive right to use a registered trademark: (i) using a trademark that is identical to a registered trademark of the same type of commodities without a license from the registrant of that trademark; (ii) using a trademark similar to a registered trademark of the same type of commodities without a license from the trademark registrant, or using of a trademark identical or similar to the registered trademark on similar commodities which easily causes confusion; (iii) selling commodities that infringe upon the exclusive right to use a registered trademark; (iv) forging or manufacturing without authorization the marks of a registered trademark, or selling marks of a registered trademark that are forged or manufactured without authorization; (v) changing another party's registered trademark and putting the commodities with the changed trademark into the market without the consent of the holder of that trademark; or (vi) intentionally providing facilitation for infringement upon others' right to exclusively use a registered trademark or aiding others in committing infringement upon the right to exclusively use a registered trademark; or (vii) other conduct that would hinder another party's exclusive right to use its registered trademark.

Patent

In accordance with the Patent Law of PRC promulgated on March 12, 1984 and last amended on by December 27, 2008 by the SCNPC and became effective on October 1,2009, and the Rules for the Implementation of the Patent Law of PRC promulgated on January 19, 1985 and last amended on January 9, 2010 by the State Council, patent is divided in to 3 categories, i.e., invention patent, design patent and utility model patent. The duration of invention patent right is 20 years, and the duration of design patent right and utility model patent right is 10 years, which all calculated from the date of filing. An individual or entity who uses patent without the license of the patent holder, counterfeits patent products or engages in patent infringement activities shall be held liable for compensation to the patent holder and may be imposed a fine, or even subject to criminal liabilities.

Domain name

In accordance with the Measures on Administration for Internet Domain issued on August 24, 2017 by the Ministry of Industry & Information Technology and became effective on November 1, 2017, the China Internet Network Information Center Implementing Rules of Domain Names Registration issued by China Internet Network Information Center, or the CNNIC, on September 25, 2002 and last amended on May 28, 2012 and became effective on May 29, 2012, the Measures on Dispute Resolution of National Top-Level Domain Names of the China Internet Network Information Center issued by CNNIC on September 25, 2002 and last amended on September 1, 2014 and became effective on the same date, and the Procedural Rules of the China Internet Network Information Center for the Resolution of Country Code Top-Level Domain Name Disputes issued on

November 21, 2014, the applicants become domain name holders upon successful registration. Domain name registrations are handled through domain name service agencies established under the relevant regulations.

Regulations Related to Internet Infringement

According to the Tort Law of the PRC promulgated by the SCNPC on December 26, 2009, if an internet user infringes upon the civil rights or interests of another through using the internet, the person being infringed upon has the right to notify and request the internet service provider whose internet services are facilitating the infringement to take necessary measures including the deletion, blocking or disconnection of an internet link. If the internet service provider fails to take necessary measures after receiving the notice, the internet service provider shall be jointly liable for any additional harm with such internet user. If an internet service provider is aware that an internet user is infringing upon the civil right or interest of another person, and fails to take necessary measures, the internet service provider shall be jointly liable for such infringement with such internet user.

Regulations Related to Dividend Distribution

The principal regulations governing the distribution of dividends by wholly foreign-owned enterprises include the Company Law, the Wholly Foreign-Owned Enterprise Law of the PRC, the Detailed Rules for the Implementation of the Law of the PRC on Wholly Foreign-Owned Enterprises, and the Enterprise Income Tax Law of the PRC, or the EIT Law, and its implementation rules.

Under these regulations, wholly foreign-owned enterprises in the PRC may pay dividends only out of their accumulated profits, if any, as determined in accordance with the PRC accounting standards and regulations. In addition, a wholly foreign-owned enterprise in the PRC is required to set aside at least 10% of its after-tax profit, as calculated using the PRC accounting standards, each year to its general reserves until its cumulative total reserve funds reach 50% of its registered capital. The board of directors of a wholly foreign-owned enterprise has the discretion to allocate a portion of its after-tax profits to its employee welfare and bonus funds.

Regulations Related to Foreign Exchange

According to the Regulation of the PRC on Foreign Exchange Administration issued by the State Council on January 29, 1996 and last revised on August 5, 2008, the foreign exchange income and expenditure and foreign exchange business operations of Chinese institutions and individuals, as well as the foreign exchange income and expenditure and foreign exchange business operations conducted within the territory of the PRC by overseas institutions and individuals, shall be subject to foreign exchange administration. Renminbi is freely convertible for payments of current account items such as trade and service-related foreign exchange transactions and dividend payments, but is not freely convertible for capital expenditure items such as direct investment, loans or investments in securities outside of the PRC unless the approval from the State Administration of Foreign Exchange, or the SAFE, or its local counterpart is obtained in advance.

According to the Notice of the SAFE on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment, or the Circular 13, promulgated on February 13, 2015 and became effective on June 1, 2015, the foreign exchange administration policies for direct investment are further simplified. This includes: (a) cancelling the two administrative approvals, namely the foreign exchange registration approvals under domestic and overseas direct investments, which shall be verified directly by banks instead; (b) simplifying the management of registration and confirmation of capital contribution by foreign investors under domestic direct investment; and (c) cancelling the annual foreign exchange inspection of direct investments.

According to the Notice of the SAFE on Issues concerning Foreign Exchange Administration of the Overseas Investment and Financing and the Round-tripping Investment Made by Domestic Residents through

Special-Purpose Companies, or the Circular 37, promulgated by the SAFE on July 4, 2014, a domestic resident (domestic institution or domestic resident individual), which/who, for the purposes of offshore investment and financing, directly establishes or indirectly controls a special purpose company, and directly or indirectly undertakes domestic direct investment activities through such special purpose company using legitimately held domestic company assets or equities, or using legitimately held overseas company assets or equities, namely the activity of establishing a domestic foreign investment enterprise or project by merger and acquisition or incorporating a new entity while acquiring ownership title, rights of control, rights of business operation and management and so on, must apply to the SAFE for registration of foreign exchange for overseas investments.

According to the Circular 37: (i) "special-purpose vehicle" is defined as "offshore enterprise directly established or indirectly controlled by the domestic resident (including domestic institution and individual resident) with their legally owned assets or equity of the domestic enterprise, or legally owned offshore assets or equity, for the purpose of offshore investment and financing; (ii) domestic resident must register with SAFE before contributing assets or equity interests to special purpose vehicle; (iii) following the initial registration, any major changes such as change in the overseas special purpose vehicle's domestic resident shareholders, name of the overseas special purpose vehicle and term of operation or any increase or reduction of the overseas special purpose vehicle's registered capital, share transfer or swap, merger or division, or similar development, shall report to the SAFE for registration in time.

Pursuant to Notice of the SAFE on Reforming the Mode of Management of Settlement of Foreign Exchange Capital of Foreign-invested Enterprises promulgated on March 30, 2015 and became effective on June 1, 2015, the willingness settlement of foreign exchange capital of foreign-invested enterprises shall be conducted, meaning the settlement of foreign exchange capital in the capital accounts of foreign-invested enterprises that have been subject to the confirmation of cash capital contribution at foreign exchange authorities (or the entry registration of cash contribution at banks) may be handled at banks based on the enterprises' actual requirements for business operation. RMB funds obtained from the willingness settlement of foreign exchange capital of foreign-invested enterprises should be deposited into and managed under the account for settled foreign exchange to be paid.

Regulations Related to Tax

Enterprise Income Tax Law

According to the PRC Enterprise Income Tax Law, or the EIT Law, which was issued by the NPC on March 16, 2007 and last revised by the SCNPC on December 29, 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law, or the EIT Regulation, issued by the State Council on December 6, 2007 and became effective on January 1, 2008 and partly amended on April 23, 2019 and became effective on the same date, both domestic and foreign-invested enterprises established under the laws of foreign countries or regions whose "de facto management bodies" are located in the PRC are considered resident enterprises, and will generally be subject to the EIT Law at the rate of 25% of their global income. The defined "de facto management bodies" are" establishments that carry out substantial and overall management and control over production and operations, personnel, accounting, and properties" of the enterprise. If an enterprise is considered a PRC resident enterprise under the above definition, its global income will be subject to enterprise income tax at the rate of 25%. The Notice on Issues about the Determination of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises on the Basis of Their Body of Actual Management issued by the State Administration of Taxation, or the SAT, on April 22, 2009 and effective on January 1, 2008 and partly amended on December 29, 2017 and became effective on the same date, sets up a more specific definition of "de facto management bodies" standard.

Pursuant to the Administrative Measures for the Recognition of High and New Technology Enterprises promulgated by the Ministry of Science and Technology, the MOF and the SAT on April 14, 2008 and last revised on January 29, 2016 and came into effect on January 1, 2016, the certificate of a high and new

technology enterprise is valid for three years. The Administrative Measures for Determination of High and New Tech Enterprises and the EIT Law regulate the sort of enterprises that are eligible for the tax reduction. An enterprise shall satisfy the following requirements in order to be determined as a high and new technology enterprise: (i) the enterprise shall be registered for more than one year when applying for identification; (ii) the enterprise has already owned the intellectual property which plays a critical role in their main products (services) through independent research, assignee, accepting donation, mergers and acquisitions; (iii) its main products (services) which play a key role have fallen within the range prescribed in the High and New Technology Areas Entitled to the Key Support of the State; (iv) it has the total number of scientific and technological personnel in its employment that accounts for at least 10 percent of the total number of its employees during the current year; (v) the percentage of total research and development expenses of the enterprise for the last three fiscal years in total sales income for the same period meets the relevant requirements; (vi) the revenue from high and new technology products (services) accounts for at least 60 percent of the total revenue of the enterprise during the current year; (vii) no major product safety, quality accidents or serious environmental violations have occurred within one year of the application; and (viii) the innovation capability evaluation of the enterprise shall meet the corresponding requirements.

Value Added Tax

According to the Interim Regulation of the PRC on Value Added Tax, or the VAT, issued by the State Council on December 13, 1993 and last revised on November 19, 2017, and the Detailed Rules for the Implementation of the Interim Regulation of the PRC on Value Added Tax issued by the Ministry of Finance, or the MOF, on December 25, 1993 and last revised on October 28, 2011, entities and individuals selling goods in the PRC or providing processing services, repair services and importation services should be subject to VAT, and the payable tax amount shall be calculated by deducting input tax for the current period from output tax for the current period.

According to the Notice of Taxation on Implementing the Pilot Program of Replacing Business Tax with VAT in an All-round Manner issued jointly by the MOF and SAT on March 23, 2016 and partly amended by the MOF, SAT and the General Administration of Customs on March 20, 2019 and became effective on April 1, 2019, the countrywide pilot practice of levying VAT in lieu of business tax, or the Pilot Practice, has been carried out since May 1, 2016. According to the specific regulatory documents for the Pilot Practice, including the Implementation Measures for the Pilot Practice of Levying VAT in lieu of Business Tax, the VAT rates vary from 17%, 11%, 6%, 3% to 0% for taxpayers incurring taxable activities. According to the Notice of the MOF and SAT on Adjusting the Value-added Tax Rate effective on May 1, 2018, the VAT tax rates on sales, imported goods that were previously subject to 17% and 11% are now adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the SAT and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform promulgated on March 20, 2019 and came into effect on April 1, 2019, the VAT tax rates on sales, imported goods that were previously subject to 16% and 10% are now adjusted to 13% and 9%, respectively.

Withholding Income Tax

According to the EIT Law and the EIT Regulation, dividends generated after January 1, 2008 and dividends payable by foreign enterprises in the PRC to foreign investors shall be subject to a 10% withholding tax unless a tax treaty with different withholding tax arrangements has been made between the PRC and the jurisdiction where any of those foreign investors are registered. According to the Arrangement between the Mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on Income issued by SAT on August 21, 2006 and came into effect on December 8, 2006, if the shareholders of a PRC company are Hong Kong residents holding at least 25% of the registered capital of the PRC company, a withholding tax rate of 5% applies to any dividends declared by the PRC company, or if the shareholders of a PRC company are Hong Kong residents holding less than 25% of

registered capital, a withholding income tax rate of 10% applies. According to Announcement of SAT on Issuing the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of the Treatment under Tax Agreements effective on November 1, 2015 and partly amended on June 15, 2018, the withholding tax rate of 5% does not automatically apply. To enjoy the treatment of tax treaties on the dividend clause of the tax treaty, an enterprise shall apply to the local competent tax authorities for approval.

Pursuant to the Announcement on Matters Concerning "Beneficial Owners" in Tax Treaties, issued by the SAT on February 3, 2018 and came into effect on April 1, 2018, when determining an applicant's "beneficial owner" status regarding tax treatments in connection with dividends, interests or royalties in tax treaties, several factors set forth below will be taken into account, although the actual analysis will be fact-specific: (i) whether the applicant is obligated to pay more than 50% of his or her income in 12 months to residents in a third country or region; (ii) whether the business operated by the applicant constitutes a substantial business operation; and (iii) whether the counterparty country or region to the tax treaties does not levy any tax or grant tax exemption on relevant incomes or levy tax at an extremely low rate. The applicants shall submit relevant documents to the competent tax authorities to prove his or her "beneficial owner" status.

Cultural development fee

According to the Supplementary Notice on Issues Relating to Cultural Undertaking Development Fee Policies Relating to the Pilot Scheme of Levying VAT in Place of Business Tax and Administration of Levying effective as from May 1, 2016, advertising service providers are generally required to pay a cultural development fee at the rate of 3% on the billed sales amount obtained from the provision of advertising services offset by the after-tax payment made to other advertising service providers or publishers.

Regulations Related to Labor

The Labor Law of the PRC, which was promulgated by the SCNPC on July 5, 1994, and last amended on December 29, 2018 and became effective on the same date, provides that employees are entitled to equal opportunities in employment, selection of occupations, receiving labor remuneration, rest days and holidays, protection of occupational safety and healthcare, social insurance and welfare. Employers must establish and improve the system for occupational safety and healthcare, provide training on occupational safety and healthcare to employees, comply with national and local regulations on occupational safety and healthcare, and provide necessary labor protective supplies to employees.

The Labor Contract Law of the PRC issued by the SCNPC on June 29, 2007 and last revised on December 28, 2012 and came into effect on July 1, 2013, requires every employer to enter into a written contract of employment with each of its employees. The employer shall not force the employees to work beyond the time limit and each employer must pay overtime compensation to its employees. The wage of each employee shall be no less than the local standard on minimum wages.

Regulations Related to Social Insurance and Housing Provident Funds

In accordance with the Social Insurance Law of the PRC issued by the SCNPC on October 28, 2010, effective on July 1, 2011 and last amended on December 29, 2018 and became effective on the same date, an employee shall participate in five types of social insurance funds, including pension insurance, medical insurance, unemployment insurance, maternity insurance and occupational injury insurance. The premiums for maternity insurance and occupational injury insurance are paid by the employer, while the premiums for pension insurance, medical insurance and unemployment insurance are paid by both the employer and the employee. If the employer fails to fully contribute to social insurance funds on time, the collection agency for such social insurance may demand the employer to make full payment or to pay the shortfall within a set period and collect a late charge. If the employer fails to pay after the due date, the relevant government administrative body may impose a fine on the employer.

In accordance with the Regulation on the Administration of Housing Provident Funds issued by the State Council on April 3, 1999 and last revised on March 24, 2019 and came into effect on the same date, enterprises must register with the competent managing center for housing funds and shall contribute to the Housing Provident Fund for any employee on its payroll. Where an employer fails to pay up housing provident funds within the prescribed time limit, the employer may be fined and ordered to make payment within a certain period.

Regulations Related to Employee Stock Incentive Plan

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 Circular 7, which was issued by the SAFE on February 15, 2012, employees, directors, supervisors, and other senior management who participate in any stock incentive plan of an publicly-listed overseas company and who are PRC citizens or non-PRC citizens residing in China for a continuous period of no less than one year, subject to a few exceptions, are required to register with SAFE or its local branches through a qualified domestic agent, which may be a PRC subsidiary of such overseas listed company, and complete certain other procedures with respect to the stock incentive plan.

In addition, the State Administration for Taxation has issued circulars in relation to employee stock incentive awards, under which our employees based in the PRC shall be subject to PRC individual income tax for exercising their incentive awards. Our PRC subsidiaries shall be responsible to file documents related to employee stock incentive plan with relevant tax authorities and to withhold individual income taxes of those employees who opt to exercise their stock incentive awards.

Regulations Related to M&A Rules

In Accordance with the Rules on the Acquisition of Domestic Enterprises by Foreign Investors, or the M&A Rules, promulgated by the MOFCOM on August 8, 2006 and amended on June 22, 2009 and became effective on the same date, a foreign investor was required to obtain necessary approvals when (i) a foreign investor establishes a foreign-invested enterprise either by acquiring equity in a domestic non-foreign invested enterprise, or subscribing for new equity in a domestic enterprise via an increase of registered capital; or (ii) a foreign investor establishes a foreign-invested enterprise which purchase and operates the assets of a domestic enterprise, or which purchases the assets of a domestic enterprise and injects those assets to establish a foreign-invested enterprise. Approval from MOFCOM is required if a domestic company or enterprise, or a domestic natural person, through an overseas company established or controlled by it/him, acquires a domestic company which is related to or connected with it/him.

According to the Interim Measures for the Recordation Administration of the Formation and Modification of Foreign-Invested Enterprises promulgated by the MOFCOM and last amended on June 29, 2018 and became effective on June 30, 2018, acquisition of domestic enterprises by foreign investor, which does not involve the implementation of special administrative measures and does not fall in the Article 11 of the M&A Rules, is no longer subject to approval. A record-filing procedure shall be applied instead.

MANAGEMENT

Directors and Executive Officers

The following table sets forth information regarding our executive officers and directors as of the date of this prospectus.

Directors and Executive Officers	Age	Position/Title
Mr. Jinnan (Marco) Lai	44	Founder, Chief Executive Officer and Director
Mr. Ning Ding	40	Co-founder, Chief Technology Officer and Director
Mr. Zelong Li	34	Vice President and Director
Mr. Tao Huang	35	Director
Mr. Ye Yuan	32	Director
Ms. Xi (Catherine) Chen	36	Chief Financial Officer
Ms. Juan Ren	34	Vice President

Mr. Jinnan (Marco) Lai, is our founder, Chief Executive Officer and director. Mr. Lai has served as a director and the Chief Executive Officer of Lizhi BVI since December 2010 and our director and Chief Executive Officer since January 2019. Before founding *Lizhi*, Mr. Lai was a successful serial entrepreneur in China's internet industry. He worked as the chief executive officer for Shanghai Labox Information Technology Limited from 2007 to 2010, and also founded Guangzhou Mowang Information Technology Co., Ltd. and served as its president from 2003 to 2007. Before starting his business career, Mr. Lai was a radio host.

Mr. Ning Ding is our co-founder, Chief Technology Officer and director. Mr. Ding has served as a director of Lizhi BVI since March 2012 and our director since January 2019. Mr. Ding has been the chief technology officer of Guangzhou Lizhi since 2010. Previously, Mr. Ding served as the deputy general manager of technology for Shanghai Labox Information Technology Limited from 2007 to 2010. He worked for Guangzhou Mowang Information Technology Co., Ltd. as its development manager from 2006 to 2007. Mr. Ding graduated from Southwest University with a bachelor's degree in computer science and technology.

Mr. Zelong Li is our Vice President and director. Mr. Li has served as a director of Lizhi BVI since June 2017 and our director since March 2019. Mr. Li has been a vice president of Guangzhou Lizhi since 2010. Before joining us, Mr. Li served as a product manager for Shanghai Labox Information Technology Limited from 2008 to 2010. Mr. Li graduated from Guangdong Mechanical & Electrical College of Technology with a bachelor's degree in computer application.

Mr. Tao Huang is our director. Mr. Huang has served as a director of Lizhi BVI since June 2017 and our director since March 2019. He has also been a directorate general manager of Orchid Asia Group since March 2010. Prior to that, Mr. Huang worked for McKinsey & Company from 2006 to 2009. Mr. Huang received his bachelor's degree from University of International Business and Economics.

Mr. Ye Yuan is our director. Mr. Yuan has served as a director of Lizhi BVI since September 2017 and our director since March 2019. Mr. Yuan is a partner at Morningside Venture Capital Limited ("MVCL") and has been working at MVCL since July 2011. Before that, Mr. Yuan worked as an assistant audit manager at KPMG from 2007 to 2011. Mr. Yuan received his bachelor's degree from Nanjing University.

Ms. Xi (Catherine) Chen is our Chief Financial Officer. Ms. Chen joined us in 2019 and serves as our Chief Financial Officer. Previously, Ms. Chen worked in Goldman Sachs Investment Banking Division from 2010 to 2019 and served as an executive director from 2016 to 2019. Before that, Ms. Chen worked in the London offices of the Investment Banking Division of Credit Suisse from 2009 to 2010. Ms. Chen received her bachelor's degree and master's degree from Tsinghua University.

Ms. Juan Ren is our Vice President. Ms. Ren has served as our Vice President since May 2015. Ms. Ren has been the vice president of Guangzhou Lizhi since 2011. Previously, Ms. Ren served as a financial manager for a

branch of Shenzhen B&K New Energy Co., Ltd. from 2007 to 2011. Ms. Ren graduated from Hubei Polytechnic University.

Board of Directors

Our board of directors will consist of directors, including independent directors, upon the SEC's declaration of effectiveness of our registration statement on Form F-1 to which this prospectus forms a part. A director is not required to hold any shares in our company to qualify to serve as a director. The Corporate Governance Rules of the [NYSE]/[NASDAQ] generally require that a majority of an issuer's board of directors must consist of independent directors. However, the Corporate Governance Rules of the [NYSE]/[NASDAQ] permit foreign private issuers like us to follow "home country practice" in certain corporate governance matters. We rely on this "home country practice" exception and do not have a majority of independent directors serving on our board of directors.

[A director who is in any way, whether directly or indirectly, interested in a contract or proposed contract with our company is required to declare the nature of his or her interest at a meeting of our directors. In addition, the interested director shall not vote (nor be counted in the quorum) on any resolution of our board of directors approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested in except for certain circumstances as set out in the Articles of Association. Our board of directors may exercise all of the powers of our company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures, debenture stock or other securities whenever money is borrowed or as security for any debt, liability or obligation of our company or of any third party. None of our directors has a service contract with us that provides for benefits upon termination of service as a director.]

Committees of the Board of Directors

We have established the following committees in our board of directors: an audit committee, a compensation committee and a nominating and corporate governance committee. The committees operate in accordance with terms of reference established by our board of directors.

Audit Committee. Our audit committee consists of , and . will be the chairman of our audit committee. We have determined that each of , and satisfies the "independence" requirements of [Rule5605(a)(2) of the Listing Rules of the Nasdaq Stock Market]/[NYSE listing manual] and Rule 10A-3 under the Securities Exchange Act of 1934. The audit committee will oversee our accounting and financial reporting processes and the audits of the financial statements of our company. The audit committee will be responsible for, among other things:

- selecting the independent registered public accounting firm and pre-approving all auditing and non-auditing services permitted to be performed by the independent registered public accounting firm;
- reviewing with the independent registered public accounting firm any audit problems or difficulties and management's response;
- reviewing and approving all proposed related party transactions, as defined in Item 404 of Regulation S-K under the Securities Act;
- discussing the annual audited financial statements with management and the independent registered public accounting firm;
- reviewing major issues as to the adequacy of our internal controls and any special audit steps adopted in light of material control deficiencies;
- annually reviewing and reassessing the adequacy of our audit committee charter;

- meeting separately and periodically with management and the independent registered public accounting firm; and
- reporting regularly to the board of directors.

Compensation Committee. Our compensation committee consists of , and . and is chaired by . We have determined that , and satisfies the "independence" requirements of [Rule5605(a)(2) of the Listing Rules of the Nasdaq Stock Market]/[NYSE listing manual]. The compensation committee assists the board in reviewing and approving the compensation structure, including all forms of compensation, relating to our directors and executive officers. Our chief executive officer may not be present at any committee meeting during which their compensation is deliberated upon. The compensation committee is responsible for, among other things:

- reviewing and approving, or recommending to the board of directors for its approval, the compensation for our chief executive officer and other executive officers;
- reviewing and recommending to the board for determination with respect to the compensation of our non-employee directors;
- reviewing periodically and approving any incentive compensation or equity plans, programs or similar arrangements; and
- selecting compensation consultant, legal counsel or other adviser only after taking into consideration of all factors relevant to that person's independence from management.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee will consist of , and , and is chaired by . We have determined that each of , and satisfies the "independence" requirements of the [Rule5605(a)(2) of the Listing Rules of the Nasdaq Stock Market]/[NYSE listing manual]. The nominating and corporate governance committee assists the board 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 is responsible for, among other things:

- recommending nominees to the board for election or re-election to the board, or for appointment to fill any vacancy on the board pursuant to the terms of the Third Amended and Restated Memorandum and Articles of Association, effective upon the completion of this offering;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience, expertise, diversity and availability of service to us;
- developing and recommending to our board such policies and procedures with respect to nomination or appointment of members of our board and chairs and members of its committees or other corporate governance matters as may be required pursuant to any SEC or NYSE rules, or otherwise considered desirable and appropriate;
- selecting and recommending to the board the names of directors to serve as members of the audit committee and the compensation committee, as well as of the nominating and corporate governance committee itself;
- developing and reviewing at least annually the corporate governance principles adopted by the board and advising the board with respect to significant developments in the law and practice of corporate governance and our compliance with such laws and practices;
- evaluating the performance and effectiveness of the board as a whole; and
- reviewing and approving compensation for our directors.

Duties and Functions of Directors

Under Cayman Islands law, our directors owe fiduciary duties to our company, including a duty of loyalty, a duty to act honestly and a duty to act in what they consider in good faith to be in our best interests. Our directors must also exercise their powers only for a proper purpose. Our directors also owe to our company a duty to exercise the skill they actually possess and such care and diligence that a reasonable prudent person would exercise in comparable circumstances. In fulfilling their duty of care to us, our directors must ensure compliance with our memorandum and articles of association, as amended and restated from time to time, and the class rights vested thereunder in the holders of the shares. Our company has the right to seek damages if a duty owed by our directors is breached. In limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached. The functions and powers of our Board of Directors include, among others, (i) convening shareholders' annual general meetings and reporting its work to shareholders at such meetings, (ii) declaring dividends, (iii) appointing officers and determining their terms of offices and responsibilities, and (iv) approving the transfer of shares of our company, including the registering of such shares in our share register.

Terms of Directors and Officers

Our officers are elected by and serve at the discretion of the board. Each director is not subject to a term of office and holds office until such time as his successor takes office or until the earlier of his death, resignation or removal from office by special resolution or the unanimous written resolution of all shareholders. A director will be removed from office automatically if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found by our company to be of unsound mind; (iii) resigns by notice in writing to our company; (iv) without special leave of absence from our board of directors, is absent from consecutive meetings of the board and the board resolves that his office be vacated; (v) is prohibited by law from being a director; or (vi) is removed from office pursuant to any other provisions of our post-offering amended and restated memorandum and articles of association.

Interested Transactions

A director may, subject to any separate requirement for audit and risk committee approval under applicable law or applicable [NYSE/NASDAQ] rules, vote in respect of any contract or transaction in which he or she is interested, provided that the nature of the interest of any directors in such contract or transaction is disclosed by him or her at or prior to its consideration and any vote in that matter.

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 or remuneration, for certain acts of the executive officer, such as conviction or plea of guilty to a felony or any crime involving moral turpitude, negligent or dishonest acts to our detriment, or misconduct or a failure to perform agreed duties. We may also terminate an executive officer's employment without cause upon 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 an advance written notice.

Each executive officer has agreed to hold, both during and 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 clients or prospective clients, 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 our clients, customers or contacts 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 have also entered into indemnification agreements with each of our directors and executive officers. Under these agreements, we 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.

Compensation of Directors and Executive Officers

For the fiscal year ended December 31, 2018, we paid an aggregate of RMB4.1 million (US$0.6 million) in cash to our executive officers, and we did not pay any cash compensation to our non-executive directors. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our executive officers and directors. Our PRC subsidiaries and VIEs 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. For share incentive grants to our directors and executive officers, see "—Share Incentive Plan."

Share Incentive Plan

In January 2017, Lizhi BVI adopted the 2018 Share Incentive Plan, or the 2018 BVI Plan. Under the 2018 BVI Plan, Lizhi BVI granted 27,765,900 options and restricted shares to its certain management members, employees and a consultant corresponding to 27,765,900 ordinary shares.

We adopted a share incentive plan on May 31, 2019, or the 2019 Share Incentive Plan, for the purpose of granting share based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. The 2019 Share Incentive Plan has replaced the 2018 BVI Plan in its entirety. As of the date of this prospectus, we have granted 38,194,330 options and restricted shares to certain management members, employees and consultant corresponding to 38,194,330 of our ordinary shares pursuant to the 2019 Share Incentive Plan. All granted and outstanding awards under the 2018 BVI Plan have since been terminated.

The maximum aggregate number of shares which may be issued pursuant to all awards under the 2019 Share Incentive Plan is 40,000,000 shares. As of the date of this prospectus, awards representing 38,194,330 shares under the 2019 Share Incentive Plan were granted and outstanding. The awards issued under the 2019 Share Incentive Plan are vested by equal instalment for four years upon a qualified public offering, with the same meaning as such term is defined in the Shareholders Agreement (the "Qualified Public Offering").

The following paragraphs summarize the terms of the 2019 Share Incentive Plan.

Types of Awards. The 2019 Share Incentive Plan permits the awards of options and restricted shares.

Plan Administration. The 2019 Share Incentive Plan is administered by our board of directors or committee or individuals authorized by our board. The plan administrator is entitled to determine the participants who are to receive awards, the number of awards to be granted, and the terms and conditions of each award grant.

Eligibility. Employees, directors and officers and the consultants of our company are eligible to participate pursuant to the terms of the 2019 Share Incentive Plan.

Conditions of Award. The plan administrator shall determine the participants, types of awards, numbers of shares to be covered by awards, terms and conditions of each award, and provisions with respect to the vesting schedule, settlement, exercise, repurchase, cancellation, forfeiture, restrictions, limitations or suspension of awards.

Term of Award. The term of each award shall be fixed by the administrator and is stated in the award agreement between recipient of an award and us. No award shall be granted under the 2019 Share Incentive Plan after ten years from the date the 2019 Share Incentive Plan was approved by the board.

Vesting Schedule. In general, the plan administrator determines the vesting schedule, which is set forth in the award agreement.

Transfer Restrictions. Unless otherwise determined by the administrator of the 2019 Share Incentive Plan, no award and no right under any such award shall be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner other than by will or by the laws of descent and distribution or pursuant to a qualified domestic relations order, and shall not be subject to execution, attachment, or similar process.

Termination and Amendment. Unless terminated earlier, the 2019 Share Incentive Plan has a term of 10 years. The plan administrator has the authority to amend or terminate the 2019 Share Incentive Plan, provided that, such termination or amendment shall not adversely affect in any material way any awards previously granted unless agreed by the relevant grantee.

The following table summarizes, as of the date of this prospectus, the awards granted under the 2019 Share Incentive Plan to our directors and executive officers.

Name	Restricted Shares Granted	Date of Grant	Date of Expiration
Mr. Jinnan (Marco) Lai	—	—	—
Mr. Ning Ding	—	—	—
Mr. Zelong Li	*	May 31, 2019	—
Mr. Tao Huang	—	—	—
Mr. Ye Yuan	—	—	—
Ms. Xi (Catherine) Chen	10,428,430	May 31, 2019	—
Ms. Juan Ren	*	May 31, 2019	—

* Less than 1% of our total outstanding shares.

As of the date of this prospectus, other grantees as a group under the 2019 Share Incentive Plan held awards representing 18,865,900 ordinary shares.

PRINCIPAL SHAREHOLDERS

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares on an as-converted basis as of the date of this prospectus by:

- each of our directors and executive officers; and
- each of our principal shareholders who beneficially own 5% or more of our total outstanding ordinary shares.

The calculations in the table below are based on 829,036,090 ordinary shares on an as-converted basis outstanding as of the date of this prospectus and ordinary shares outstanding immediately after the completion of this offering, assuming that the underwriters do not exercise their option to purchase additional ADSs.

Beneficial ownership is determined in accordance with the rules and regulations of the SEC. 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, warrant, or other right or the conversion of any other security. These shares, however, are not included in the computation of the percentage ownership of any other person.

	Ordinary Shares Beneficially Owned Prior to this Offering		Ordinary Shares Beneficially Owned After this Offering		
	Number	%	Number	Percentage of total ordinary shares on an as-converted basis	Percentage of aggregate voting power
Directors and Executive Officers:**					
Jinnan (Marco) Lai(1)	207,480,000	25.0			
Ning Ding(2)	39,000,000	4.7			
Zelong Li	*	*			
Tao Huang	—	—			
Ye Yuan	—	—			
Xi (Catherine) Chen	—	—			
Juan Ren	*	*			
All Directors and Executive Officers as a Group	248,705,000	29.9			
Principal Shareholders:					
Matrix Partners China I Hong Kong Limited(3)	181,249,990	21.9			
Cyber Dreamer Limited(4)	128,152,790	15.5			
Morningside China TMT Fund II, L.P.(5)	112,662,460	13.6			
Morningside China TMT Top Up Fund, L.P.(6)	65,337,530	7.9			

Notes:

* Less than 1% of our total outstanding shares on an as-converted basis.

** For each person and group included in this table, percentage ownership is calculated by dividing the number of shares beneficially owned by such person or group by the sum of (i) 829,036,090, being the number of ordinary shares outstanding as of the date of this prospectus on an as-converted basis, and (ii) the number of ordinary shares underlying share options or restricted shares held by such person or group that are exercisable or issuable within 60 days after the date of this prospectus.

† The address of our directors and executive officers is Yangcheng Creative Industry Zone, No. 309 Middle Huangpu Avenue, Tianhe District, Guangzhou 510655, The People's Republic of China.

(1) Represents 207,480,000 ordinary shares held by Mr. Lai through VOICE WORLD Ltd, or Voice World, among which, 15,265,000 shares are held by Mr. Lai in trust for the benefits of certain independent third parties. Mr. Lai disclaims beneficial ownership of the

15,265,000 shares held by him in trust for the benefits of independent third parties except to the extent of his pecuniary interest therein. Voice World is a company organized under the laws of the British Virgin Islands wholly-owned by Mr. Lai. The registered address of Voice World is Start Chambers, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands.

(2) Represents 39,000,000 ordinary shares held by Mr. Ning Ding through AI VOICE Ltd, or AI Voice. AI Voice is a company organized under the laws of the British Virgin Islands wholly-owned by Mr. Ding. The registered address of AI Voice is Start Chambers, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands.

(3) Represents (i) 100,000,00 Series A Preferred Shares, (ii) 16,666,660 Series B Preferred Shares, and (iii) 64,583,330 Series C Preferred Shares held by Matrix Partners China I Hong Kong Limited. Matrix Partners China I Hong Kong Limited is a company organized under the laws of Hong Kong. The registered address of Matrix Partners China I Hong Kong Limited is Suites 3701-3710, 37/F, Jardine House, 1 Connaught Place, Central, Hong Kong. Matrix Partners China I Hong Kong Limited is controlled by Matrix Partners China I, L.P., which holds 90.2% of the equity interest of Matrix Partners China I Hong Kong Limited. The remaining 9.8% of its equity interest is held by Matrix Partners China I-A, L.P. Both Matrix Partners China I, L.P. and Matrix Partners China I-A, L.P. are managed by Matrix China I GP GP, Ltd. Timothy A. Barrows, David Ying Zhang, David Su and Yibo Shao are directors of Matrix China I GP GP, Ltd. and are deemed to have shared voting and investment power over the shares held by Matrix Partners China I, L.P. and Matrix Partners China I-A, L.P. The registered office address of Matrix Partners China I, L.P. and Matrix Partners China I-A, L.P. is Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. All the shares held by Matrix Partners China I Hong Kong Limited will be automatically converted to ordinary shares on a one-on-one basis immediately prior to the completion of this offering.

(4) Represents 128,152,790 Series D Preferred Share held by Cyber Dreamer Limited. Cyber Dreamer Limited is a company organized under the laws of the British Virgin Islands. The registered address of Cyber Dreamer Limited is Vistra Corporate Services Cenre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. Cyber Dreamer Limited is indirectly controlled by AREO Holdings Limited, which is in turn indirectly controlled by Lam Lai Ming. All the shares held by Cyber Dreamer Limited will be automatically converted to ordinary shares on a one-on-one basis immediately prior to the completion of this offering.

(5) Represents (i) 99,999,990 Series B Preferred Shares and (ii) 12,662,470 Series C Preferred Shares held by Morningside China TMT Fund II, L.P. Morningside China TMT Fund II, L.P. is a an exempted limited partnership registered under the laws of the Cayman Islands. The registered address of Morningside China TMT Fund II, L.P. is Clifton House, 75 Fort Street, PO Box 1350, KY1-1108, Grand Cayman, Cayman Islands. The general partner of Morningside China TMT Fund II, L.P. is Morningside China TMT GP II, L.P., whose general partner is TMT General Partner Ltd. Each of Jianming Shi, Qin Liu and Morningside Venture (VII) Limited is entitled to exercise or control the exercise of one-third of the voting power in TMT General Partner Ltd. Morningside Venture (VII) Limited is wholly and indirectly owned by Landmark Trust Switzerland SA as trustee for benefit of certain members of Mdm. Chan Tan Ching Fen's family and other charitable objects. All the shares held by Morningside China TMT Fund II, L.P. will be automatically converted to ordinary shares on a one-on-one basis immediately prior to the completion of this offering.

(6) Represents 65,337,530 Series C Preferred Share held by Morningside China TMT Top Up Fund, L.P. Morningside China TMT Top Up Fund, L.P. is an exempted limited partnership under the laws of the Cayman Islands. The registered address of Morningside China TMT Top Up Fund, L.P. is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The general partner of Morningside China TMT Top Up Fund, L.P. is Morningside China TMT GP II, L.P., whose general partner is TMT General Partner Ltd. Each of Jianming Shi, Qin Liu and Morningside Venture (VII) Limited is entitled to exercise or control the exercise of one-third of the voting power in TMT General Partner Ltd. Morningside Venture (VII) Limited is wholly and indirectly owned by Landmark Trust Switzerland SA as trustee for benefit of certain members of Mdm. Chan Tan Ching Fen's family and other charitable objects. All the shares held by Morningside China TMT Top Up Fund, L.P. will be automatically converted to ordinary shares on a one-on-one basis immediately prior to the completion of this offering.

As of the date of this prospectus, approximately 2.4% of our outstanding ordinary shares or outstanding preferred shares are held by record holders in the United States.

None of our shareholders has informed us that it is affiliated with a member of Financial Industry Regulatory Authority, or FINRA.

We are not aware of any arrangement that may, at a subsequent date, result in a change of control of our company.

RELATED PARTY TRANSACTIONS

Contractual Arrangements with Our VIEs and Their Respective Shareholders

See “Corporate History and Structure.”

Private Placements

See “Description of Share Capital—History of Securities Issuances.”

Shareholders Agreement

See “Description of Share Capital—Shareholders Agreement.”

Employment Agreements and Indemnification Agreements

See “Management—Employment Agreements and Indemnification Agreements.”

Share Incentives

See “Management—Share Incentive Plan.”

Other Related Party Transactions

During the years ended December 31, 2017 and 2018, other than disclosed elsewhere, we did not have any other related party transactions.

DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands company and our affairs are governed by our memorandum and articles of association, as amended and restated from time to time, and Companies Law (2018 Revision) of the Cayman Islands, which we refer to as the "Companies Law" below, and the common law of the Cayman Islands.

Our share capital is divided into ordinary shares and preferred shares. In respect of all of our ordinary shares and preferred shares we have power insofar as is permitted by law, to redeem or purchase any of our shares and to increase or reduce the share capital subject to the provisions of the Companies Law and the articles of association and to issue any shares, whether such shares be of the original, redeemed or increased capital, with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether declared to be preference or otherwise shall be subject to the powers under our memorandum and articles of association.

As of the date hereof, our authorized share capital consists of US$150,000 divided into 1,500,000,000 shares of a par value of US$0.0001 each, comprising of (i) 930,963,910 Ordinary Shares each with a par value of US$0.0001; (ii) 100,000,000 Series A Shares each with a par value of US$0.0001: (iii) 116,666,650 Series B Shares each with a par value of US$0.0001, (iv) 142,583,330 Series C Shares each with a par value of US$0.0001, (v) 34,697,360 Series C1 Shares each with a par value of US$0.0001; (vi) 26,912,090 Series C1+ Shares each with a par value of US$0.0001; (vii) 128,152,790 Series D Shares each with a par value of US$0.0001, and (viii) 20,023,870 Series D1 Shares each with a par value of US$0.0001. All of our issued and outstanding ordinary shares are fully paid. Immediately prior to the completion of this offering, all of our issued and outstanding preferred shares will be designated again or converted into ordinary shares on a one-on-one basis.

We plan to adopt an amended and restated memorandum and articles of association, which will become effective and replace the current Amended and Restated Memorandum and Articles of Association in its entirety immediately prior to the completion of this offering. Our authorized share capital immediately prior to the completion of the offering will be US$ divided into ordinary shares of a par value of US$ each as our board of directors may determine in accordance with our [Second] Amended and Restated Memorandum and Articles of Association. We will issue ordinary shares represented by ADSs in this offering. All options, regardless of grant dates, will entitle holders to an equivalent number of ordinary shares once the vesting and exercising conditions are met.

The following are summaries of material provisions of our post-offering amended and restated memorandum and articles of association and the Companies Law insofar as they relate to the material terms of our ordinary shares that we expect will become effective upon the closing of this offering.

[Ordinary Shares

General. Holders of ordinary shares will have the same rights except for voting and conversion rights. All of our issued and outstanding ordinary shares are fully paid and non-assessable. Certificates representing the ordinary shares are issued in registered form. We may not issue share to bearer. Our shareholders who are nonresidents of the Cayman Islands may freely hold and transfer 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 our post-offering amended and restated memorandum and articles of association and the Companies Law. In addition, our shareholders may by ordinary resolution declare a dividend, but no dividend may exceed the amount recommended by our directors. Our post-offering amended and restated articles of association provide that dividends may be declared and paid out of our profits, realized or unrealized, or from any reserve set aside from profits which our Board of Directors determine is no longer needed. Dividends may

also be declared and paid out of share premium account or any other fund or account which can be authorized for this purpose in accordance with the Companies Law. No dividend may be declared and paid unless our directors determine that, immediately after the payment, we will be able to pay our debts as they become due in the ordinary course of business and we have funds lawfully available for such purpose.

Voting Rights. In respect of all matters subject to a shareholders' vote, each ordinary share is entitled to one vote for each ordinary share registered in his or her name on our register of members. Voting at any meeting of shareholders is by show of hands unless a poll is demanded. A poll may be demanded by the chairman of such meeting or any one shareholder.

A quorum required for a meeting of shareholders consists of two or more shareholders holding not less than one-third of the votes attaching to the issued and outstanding shares entitled to vote at general meetings present in person or by proxy or, if a corporation or other non-natural person, by its duly authorized representative. As a Cayman Islands exempted company, we are not obliged by the Companies Law to call shareholders' annual general meetings. Our post-IPO memorandum and articles of association provide that we may (but are not obliged to) in each year hold a general meeting as our annual general meeting in which case we will specify the meeting as such in the notices calling it, and the annual general meeting will be held at such time and place as may be determined by our directors. We, however, will hold an annual shareholders' meeting during each fiscal year, as required by the Listing Rules at the [NYSE/NASDAQ]. Each general meeting, other than an annual general meeting, shall be an extraordinary general meeting. Shareholders' annual general meetings and any other general meetings of our shareholders may be called by a majority of our Board of Directors or our chairman or upon a requisition of shareholders holding at the date of deposit of the requisition not less than one-third of the votes attaching to the issued and outstanding shares entitled to vote at general meetings, in which case the directors are obliged to call such meeting and to put the resolutions so requisitioned to a vote at such meeting; however, our post-offering amended and restated memorandum and articles of association do not provide our shareholders with any right to put any proposals before annual general meetings or extraordinary general meetings not called by such shareholders. Advance notice of at least ten (10) days is required for the convening of our annual general meeting and other general meetings unless such notice is waived in accordance with our articles of association.

An ordinary resolution to be passed at a meeting by the shareholders requires the affirmative vote of a simple majority of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting, while a special resolution also requires the affirmative vote of no less than two-thirds of the votes attaching to the ordinary shares cast by those shareholders entitled to vote who are present in person or by proxy at a general meeting. A special resolution will be required for important matters such as a change of name or making changes to our post-offering amended and restated memorandum and articles of association.

Transfer of Ordinary Shares. Subject to the restrictions in our post-offering amended and restated memorandum and articles of association as set out below, any of our shareholders may transfer all or any of his or her ordinary shares by an instrument of transfer in the usual or common form or any other form approved by our Board of Directors.

Our Board of Directors may, in its absolute discretion, decline to register any transfer of any ordinary share which is not fully paid up or on which we have a lien. Our Board of Directors may also decline to register any transfer of any ordinary share unless:

- the instrument of transfer is lodged with us, accompanied by the certificate for the ordinary shares to which it relates and such other evidence as our Board of Directors may reasonably require to show the right of the transferor to make the transfer;
- the instrument of transfer is in respect of only one class of shares;
- the instrument of transfer is properly stamped, if required;

- in the case of a transfer to joint holders, the number of joint holders to whom the ordinary share is to be transferred does not exceed four; and
- a fee of such maximum sum as the [NYSE/NASDAQ] may determine to be payable or such lesser sum as our directors may from time to time require is paid to us in respect thereof.

If our directors refuse to register a transfer they shall, within three months after the date on which the instrument of transfer was lodged, send to each of the transferor and the transferee notice of such refusal.

The registration of transfers may, after compliance with any notice required of the [NYSE/NASDAQ], be suspended and the register closed at such times and for such periods as our Board of Directors may from time to time determine, *provided*, *however*, that the registration of transfers shall not be suspended nor the register closed for 30 more than days in any year as our board may determine.

Liquidation. On a return of capital on winding up or otherwise (other than on conversion, redemption or purchase of ordinary shares), if the assets available for distribution amongst our shareholders shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst our shareholders in proportion to the par value of the shares held by them at the commencement of the winding up, subject to a deduction from those shares in respect of which there are monies due, of all monies payable to our company for unpaid calls or otherwise. 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 in proportion to the par value of the shares held by them. Any distribution of assets or capital to a holder of ordinary share will be the same in any liquidation event.

Redemption, Repurchase and Surrender of Ordinary Shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders thereof, on such terms and in such manner as may be determined, before the issue of such shares, by our Board of Directors or by a [special] resolution of our shareholders. Our company may also repurchase any of our shares provided that the manner and terms of such purchase have been approved by our Board of Directors or by [ordinary resolution] of our shareholders, or are otherwise authorized by our post-IPO memorandum and articles of association. Under the Companies Law, the redemption or repurchase of any share may be paid out of our company's profits or out of the proceeds of a fresh issue of shares made for the purpose of such redemption or repurchase, or out of capital (including share premium account and capital redemption reserve) if the company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Law no such share may be redeemed or repurchased (a) unless it is fully paid up, (b) if such redemption or repurchase would result in there being no shares outstanding, or (c) if the company has commenced liquidation. In addition, our company may accept the surrender of any fully paid share for no consideration.

Variations of Rights of Shares. If at any time our share capital is divided into different classes or series of shares, the rights attached to any class or series of shares (unless otherwise provided by the terms of issue of the shares of that class or series), whether or not our company is being wound-up, may be varied with the consent in writing of a majority the holders of the issued shares of that class or series. The rights conferred upon the holders of the shares of any class issued shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with such existing class of shares.

Inspection of Books and Records. Holders of our ordinary shares have no general right under Cayman Islands law to inspect or obtain copies of our list of shareholders or our corporate records. However, we will provide our shareholders with annual audited financial statements. See "Where You Can Find Additional Information."

Issuance of Additional Shares. Our post-offering amended and restated memorandum of association authorizes our Board of Directors to issue additional ordinary shares from time to time as our Board of Directors shall determine, to the extent of available authorized but unissued shares.

Our post-offering amended and restated memorandum of association also authorizes our Board of Directors to establish from time to time one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of the series;
- the dividend rights, dividend rates, conversion rights, voting rights; and
- the rights and terms of redemption and liquidation preferences.

Our Board of Directors may issue preferred shares without action by our shareholders to the extent authorized but unissued. Issuance of these shares may dilute the voting power of holders of ordinary shares.

Anti-Takeover Provisions. Some provisions of our post-offering amended and restated memorandum and articles of association may discourage, delay or prevent a change of 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.

Exempted Company. We are an exempted company with limited liability under the Companies Law. The Companies Law distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside 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 that an exempted company:

- does not have to file an annual return of its shareholders with the Registrar of Companies;
- is not required to open its register of members for inspection;
- does not have to hold an annual general meeting;
- may issue bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings can be given for up to 30 years);
- may register by way of continuation in another jurisdiction and be deregistered in the Cayman Islands;
- may register as a limited duration company; and
- 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 that shareholder's shares of the company.

Register of Members

Under the Cayman Companies Law, we must keep a register of members and there should be entered therein:

- the names and addresses of our members, a statement of the shares held by each member, and of the amount paid or agreed to be considered as paid, on the shares of each member;
- the date on which the name of any person was entered on the register as a member; and
- the date on which any person ceased to be a member.

Under Cayman Companies Law, the register of members of our company is prima facie evidence of the matters set out therein (that is, the register of members will raise a presumption of fact on the matters referred to above unless rebutted) and a member registered in the register of members is deemed as a matter of Cayman Companies Law to have legal title to the shares as set against its name in the register of members. Upon completion of this offering, we will perform the procedure necessary to immediately update the register of members to record and give effect to the issuance of shares by us to the Depositary (or its nominee) as the depositary. Once our register of members has been updated, the shareholders recorded in the register of members will be deemed to have legal title to the shares set against their name.

If the name of any person is incorrectly entered in or omitted from our register of members, or if there is any default or unnecessary delay in entering on the register the fact of any person having ceased to be a member of our company, the person or member aggrieved (or any member of our company or our company itself) may apply to the Grand Court of the Cayman Islands for an order that the register be rectified, and the Court may either refuse such application or it may, if satisfied of the justice of the case, make an order for the rectification of the register.]

Differences in Corporate Law

The Companies Law is derived, to a large extent, from the older Companies Acts of England, but does not follow many recent English law statutory enactments. 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. This discussion does not purport to be a complete statement of the rights of our shareholders under applicable law in the Cayman Islands and our memorandum and articles of association nor the rights of holders of the common stock of a typical corporation under applicable Delaware law and a typical certificate of incorporation and bylaws.

Mergers and Similar Arrangements. The Companies Law permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (a) "merger" means the merging of two or more constituent companies and the vesting of their undertaking, property and liabilities in one of such companies as the surviving company, and (b) a "consolidation" means the combination of two or more constituent companies into a consolidated company and the vesting of the undertaking, property and liabilities of such companies to the consolidated company. In order to effect such a merger or consolidation, the directors of each constituent company must approve a written plan of merger or consolidation, which must then be authorized by (a) a special resolution of the shareholders of each constituent company, and (b) such other authorization, if any, as may be specified in such constituent company's articles of association. The written plan of merger or consolidation must be filed with the Registrar of Companies of the Cayman Islands together with a declaration as to the solvency of the consolidated or surviving company, a declaration as to the assets and liabilities of each constituent company and an undertaking that a copy of the certificate of merger or consolidation will be given to the members and creditors of each constituent company and that notification of the merger or consolidation will be published in the *Cayman Islands Gazette*. Court approval is not required for a merger or consolidation which is effected in compliance with these statutory procedures.

A merger between a Cayman parent company and its Cayman subsidiary or subsidiaries does not require authorization by a resolution of shareholders of that Cayman subsidiary if a copy of the plan of merger is given to every member of that Cayman subsidiary to be merged unless that member agrees otherwise. For this purpose a company is a "parent" of a subsidiary if it holds issued shares that together represent at least ninety percent (90%) of the votes at a general meeting of the subsidiary.

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 limited circumstances, a shareholder of a Cayman constituent company who dissents from the merger or consolidation is entitled to payment of the fair value of his shares (which, if not agreed between the parties, will be determined by the Cayman Islands court) upon dissenting to the merger or consolidation, provide the dissenting shareholder complies strictly with the procedures set out in the Companies Law. The exercise of dissenter rights will preclude the exercise by the dissenting shareholder of any other rights to which he or she might otherwise be entitled by virtue of holding shares, save for the right to seek relief on the grounds that the merger or consolidation is void or unlawful.

Separate from the statutory provisions relating to mergers and consolidations, the Companies Law also contains statutory provisions that facilitate the reconstruction and amalgamation of companies by way of schemes of arrangement, *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.

The Companies Law also contains a statutory power of compulsory acquisition which may facilitate the "squeeze out" of a dissenting minority shareholder upon a tender offer. When a tender offer is made and accepted by holders of 90.0% of the shares affected 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 to the offeror 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, or if a tender offer is made and accepted, a 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 to sue for a wrong done to us as a company, 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, the Cayman Islands court can be expected to follow and apply the common law principles (namely the rule in *Foss v. Harbottle* and the exceptions thereto) which permit a minority shareholder to commence a class action against or derivative actions in the name of the company to challenge actions where:

- 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 memorandum and 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 post-offering memorandum and articles of association provide that that we shall indemnify our officers and directors against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such directors or officer, other than by reason of such person's dishonesty, willful default or fraud, in or about the conduct of our company's business or affairs (including as a result of any mistake of judgment) or in the execution or discharge of his duties, powers, authorities or discretions, including without prejudice to the generality of the foregoing, any costs, expenses,

losses or liabilities incurred by such director or officer in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere.] This standard of conduct is generally the same as permitted under the Delaware General Corporation Law for a Delaware corporation.

In addition, we have entered into indemnification agreements with our directors and executive officers that provide such persons with additional indemnification beyond that provided in our post-offering 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.

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 acts in a manner he reasonably believes to be in the best interests of the corporation. He must not use his 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, the 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 position as director (unless the company permits him to do so), a duty not to put himself in a position where the interests of the company conflict with his personal interest or his duty to a third party, and a duty to exercise powers for the purpose for which such powers were intended. 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 duties a greater degree of skill than may reasonably be expected from a person of his 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. The Companies Law and our post-offering amended and restated articles of association provide that our 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 Companies Law provide shareholders with only limited rights to requisition a general meeting, and does not provide shareholders with any right to put any proposal before a general meeting. However, these rights may be provided in a company's articles of association. Our post-offering amended and restated articles of association allow our shareholders holding in aggregate not less than [one-third] of all votes attaching to the issued and outstanding shares of our company entitled to vote at general meetings to requisition an extraordinary general meeting of our shareholders, in which case our board is obliged to convene an extraordinary general meeting and to put the resolutions so requisitioned to a vote at such meeting. Other than this right to requisition a shareholders' meeting, our post-offering amended and restated articles of association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings not called by such shareholders. 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. There are no prohibitions in relation to cumulative voting under the laws of the Cayman Islands but our post-offering amended and restated 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 post-offering amended and restated articles of association, directors may be removed with or without cause, by an [ordinary resolution] of our shareholders. A director shall hold office until the expiration of his or her term or his or her successor shall have been elected and qualified, or until his or her office is otherwise vacated. In addition, a director's office shall be vacated if the director (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) is found to be or becomes of unsound mind or dies; (iii) resigns his office by notice in writing to the company; (iv) without special leave of absence from our Board of Directors, is absent from three consecutive meetings of the board and the board resolves that his office be vacated; (v) is prohibited by law from being a director; or (vi) is removed from office pursuant to any other provisions of our post-offering amended and restated memorandum and articles of association.

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 share 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, the directors of the Company are required to comply with fiduciary duties which they owe to the Company under Cayman Islands laws, including the duty to ensure that, in their opinion, any such transactions must be entered into bona fide in the best interests

of the company, and are entered into 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 and our post-offering amended and restated articles of association, our company may be dissolved, liquidated or wound up by a special resolution of our 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 post-offering amended and restated 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 with the written consent of the holders of two-thirds of the issued shares of that class or with the sanction of a resolution passed at a separate meeting of the holders of the shares of that class by the holders of two-thirds of the issued 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. Under the Companies Law and our post-offering amended and restated memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

Rights of Nonresident or Foreign Shareholders. There are no limitations imposed by our post-offering amended and restated memorandum and articles of association on the rights of nonresident or foreign shareholders to hold or exercise voting rights on our shares. In addition, there are no provisions in our post-offering amended and restated memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

History of Securities Issuances

Issuances of Shares by Lizhi BVI

The following is a summary of investments in equity interests of Lizhi BVI, which was the holding company of our group prior to the incorporation of Lizhi Inc. in the Cayman Islands in January 2019.

Issuances of Convertible Loans and Warrant

In November 2010, Lizhi BVI issued a convertible loan in the principal amount of US$300,000, or the Series A Convertible Loan, to Matrix Partners China I Hong Kong Limited. In March 2011, Matrix Partners China I Hong Kong Limited converted the Series A Convertible Loan into 300,000 series A preferred shares, which were subdivided into 3,000,000 series A preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

In March 2012, Lizhi BVI issued a warrant to Morningside China TMT Fund II, L.P., exercisable to purchase an aggregate of up to 3,333,333 series B preferred shares in an aggregate amount of approximately US$1.0 million. Morningside China TMT Fund II, L.P. exercised such warrant to acquire 3,333,333 series B preferred shares, which were subdivided into 33,333,330 series B preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

In April 2014, Lizhi BVI issued a convertible loan in the principal amount of US$1.0 million to each of Morningside China TMT Fund II L.P. and Matrix Partners China I Hong Kong at an annual interest rate of 8% with a term of twelve months after the issuance date, or the 2014 Loan. In December 2014, such holders converted the 2014 Loan into an aggregate of 2,532,494 series C preferred shares, which were subdivided into 25,324,940 series C preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

In April 2016, we issued a convertible loan in the principal amount of RMB8.0 million to a third-party at an annual interest rate of 8% with a term of twelve months after the issuance date, or the 2016 April Loan, which was extended to June 2017. In June and October 2016, we issued a convertible loan in the principal amount of RMB5.0 million and RMB15.0 million to certain third parties at an annual interest rate of 8% with a term of twelve months after the issuance date, or the 2016 June and October Loan, and, together with the 2016 April Loan, the 2016 Loans. The 2016 Loans were further amended in June 2017. In December 2017, the 2016 June and October Loan and the 2017 November Loan were converted into an aggregate of 2,691,209 Series C1+ preferred shares, which were subdivided into 26,912,090 series C1+ preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

Issuances of Ordinary Shares

In October 2010, Lizhi BVI issued a total of 6,500 ordinary shares at par value of US$1.0 per share to Jinnan (Marco) Lai, Ning Ding, Yang Zhou and Jin Han for nominal consideration. These 6,500 ordinary shares were subdivided into 6,500,000 ordinary shares at par value of US$0.001 upon a 1:1000 share split in March 2011.

In March 2011, Lizhi BVI issued a total of 19,500,000 ordinary shares at par value of US$0.001 to Jinnan (Marco) Lai, Ning Ding, Yang Zhou and Jin Han for nominal consideration. These 19,500,000 ordinary shares, together with the 6,500,000 ordinary shares, were subdivided into 260,000,000 ordinary shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

In December 2018, Lizhi BVI repurchased 221,000,000 ordinary shares from Mr. Jinnan (Marco) Lai and 39,000,000 ordinary shares from Mr. Ning Ding and issued same number of ordinary shares to VOICE WORLD Ltd and AI VOICE Ltd, Mr. Jinnan (Marco) Lai's and Mr. Ning Ding's wholly owned subsidiary, respectively.

Issuances of Preferred Shares

In March 2011, Lizhi BVI issued 10,000,000 series A preferred shares at par value of US$0.001 to Matrix Partners China I Hong Kong Limited for a consideration of US$1.0 million, partially consisting of the conversion of the Series A Convertible Loan. These 10,000,000 series A preferred shares were subdivided into 100,000,000 series A preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

In March 2012, Lizhi BVI issued a total of 8,333,332 series B preferred shares at par value of US$0.001 to Morningside China TMT Fund II, L.P. and Matrix Partners China I Hong Kong Limited for an aggregate consideration of US$2.5 million. These 8,333,332 series B preferred shares were subdivided into 83,333,320 series B preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

In February 2014, Lizhi BVI issued 3,333,333 series B preferred shares at par value of US$0.001 to Morningside China TMT Fund II, L.P. for a consideration of US$1.0 million. These 3,333,333 series B preferred shares were subdivided into 33,333,330 series B preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

In December 2014, Lizhi BVI issued a total of 14,258,333 series C preferred shares at par value of US$0.001 to Morningside China TMT Fund II, L.P., Morningside China TMT Top Up Fund, L.P. and Matrix Partners China I Hong Kong Limited, for an aggregate consideration of US$12.9 million. These 14,258,333 series C preferred shares were subdivided into 142,583,330 series C preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

In January 2015, Lizhi BVI issued a total of 3,469,736 series C1 preferred shares at par value of US$0.001 to People Better Limited and Shunwei Internet Limited, for an aggregate consideration of US$3.2 million. These 3,469,736 series C1 preferred shares were subdivided into 34,697,360 series C1 preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

In June 2017, Lizhi BVI issued 8,810,504 series D preferred shares at par value of US$0.0001 to Cyber Dreamer Limited for a consideration of US$22.0 million. These 8,810,504 series D preferred shares were subdivided into 88,105,040 series D preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

In August 2017, Lizhi BVI issued 4,004,775 series D preferred shares at par value of US$0.0001 to Cyber Dreamer Limited for a consideration of US$10.0 million. These 4,004,775 series D preferred shares were subdivided into 40,047,750 series D preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

In September 2017, Lizhi BVI issued 2,002,387 series D1 preferred shares at par value of US$0.0001 to Evolution Media China L.P. for a consideration of US$5.0 million. These 2,002,387 series D1 preferred shares were subdivided into 20,023,870 series D1 preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

In December 2017, Lizhi BVI issued 2,691,209 series C1+ preferred shares at par value of US$0.0001 to Mr. Jinnan (Marco) Lai for a consideration of US$4.2 million. These 2,691,209 series C1+ preferred shares were subdivided into 26,912,090 series C1+ preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

Issuances of Shares by LIZHI INC.

The following is a summary of our securities issuances. Please see “Principal Shareholders” for details relating to our principal shareholders as the date of this prospectus.

Issuances of Ordinary Shares

Upon our incorporation in the Cayman Islands in January 2019, we issued one ordinary share at par value of US$0.0001 per share, to Osiris International Cayman Limited, shortly after which was transferred to VOICE WORLD Ltd. On the same day, we issued one ordinary share at par value of US$0.0001 per share to AI VOICE Ltd.

In March 2019, as part of the restructuring transactions in contemplation of this offering, we issued a total of 220,999,999 ordinary shares at par value of US$0.0001 per share to VOICE WORLD Ltd and 38,999,999 ordinary shares at par value of US$0.0001 per share to AI VOICE Ltd, in exchange for 221,000,000 ordinary shares at par value of US$0.0001 per share and 39,000,000 ordinary shares at par value of US$0.0001 per share of Lizhi BVI held by them, respectively.

Issuances of Preferred Shares

In March 2019, as part of the restructuring transactions in contemplation of this offering, we issued preferred shares at par value of US$0.0001 per share to the following shareholders in exchange for the

corresponding number of issued preferred shares at par value of US$0.0001 per share of Lizhi BVI held by them immediately prior to such issuances.

- 100,000,000 Series A Preferred Shares, 16,666,660 Series B Preferred Shares and 64,583,330 Series C Preferred Shares to Matrix Partners China I Hong Kong Limited, in exchange for 100,000,000 series A preferred shares, 16,666,660 series B preferred shares and 64,583,330 series C preferred shares of Lizhi BVI held by it, respectively;
- 99,999,990 Series B Preferred Shares and 12,662,470 Series C Preferred Shares to Morningside China TMT Fund II, L.P., in exchange for 99,999,990 series B preferred shares and 12,662,470 series C preferred shares of Lizhi BVI held by it, respectively;
- 65,337,530 Series C Preferred Shares to Morningside China TMT Top Up Fund, L.P., in exchange for 65,337,530 series C preferred shares of Lizhi BVI held by it;
- 17,348,680 Series C1 Preferred Shares to People Better Limited, in exchange for 17,348,680 series C1 preferred shares of Lizhi BVI held by it;
- 17,348,680 Series C1 Preferred Shares to Shunwei Internet Limited, in exchange for 17,348,680 series C1 preferred shares of Lizhi BVI held by it;
- 26,912,090 Series C1+ Preferred Shares to VOICE WORLD Ltd, in exchange for 26,912,090 series C1+ preferred shares of Lizhi BVI held by it;
- 128,152,790 Series D Preferred Shares to CYBER DREAMER LIMITED, in exchange for 128,52,790 series D preferred shares of Lizhi BVI held by it; and
- 20,023,870 Series D1 Preferred Shares to Evolution Media China L.P., in exchange for 20,023,870 series D1 preferred shares of Lizhi BVI held by it.

For details about the prior investments in Lizhi BVI, please refer to "—Issuances of Shares by Lizhi BVI." For details about the rights of holders of our ordinary shares and preferred shares, please refer to "Description of Share Capital."

Shareholders Agreement

We entered into a shareholders agreement on March 6, 2019 (the "Shareholders Agreement") with our then existing shareholders, which consisted of holders of our ordinary shares, Series A Shares, Series B Shares, Series C Shares, Series C1 Shares, Series C1+ Shares, Series D Shares and Series D1 Shares.

The Shareholders Agreement provides that, prior to our Qualified Public Offering (as defined in the Shareholders Agreement), our board of directors should consist of six directors, among which three directors shall be appointed by our founders, Mr. Lai and Mr. Ding, and the remaining three director shall be appointed by Matrix, Morningside and Orchid, each appointing one director. The Shareholders Agreement also provides for certain customary investor rights, including information and inspection rights, registration rights, participation rights, rights of first refusal, rights of co-sale and drag-along rights. Except for the registration rights, all of the preferential rights, including the provisions governing the board of directors, will automatically terminate upon the completion of this offering.

The registration rights will survive a Qualified Public Offering until the fifth anniversary of the date of closing of a Qualified Public Offering. A "Qualified Public Offering" refers to a firm commitment underwritten public offering of ordinary shares (or depositary receipts or depositary shares thereof) by an internationally recognized investment bank confirmed by the board of directors of the Company resulting in such shares trading publicly on the NYSE, the Nasdaq, the Hong Kong Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or another recognized regional or national securities exchange that is approved by the Preferred Majority, in each case, with the valuation of the company being not less than US$400,000,000 and the gross

proceeds from the offering being more than US$70,000,000, as is provided in the Shareholders Agreement. A "Preferred Majority" refers to holders of at least 50% of the then outstanding Series A Shares, Series B Shares, Series C Shares, Series C1 Shares, Series C1+ Shares, Series D Shares and Series D1 Shares.

Registration Rights

Pursuant to the Shareholders Agreement, we have granted certain registration rights to holders of our Series A Shares, Series B Shares, Series C Shares, Series C1 Shares, Series C1+ Shares, Series D Shares and Series D1 Shares as described below, which rights will survive the Qualified Public Offering.

Demand registration rights

At any time after the completion of a Qualified Public Offering and before the fifth anniversary of the date that such Qualified Public Offering is completed, holders of at least 25% of the registrable securities then outstanding have the right to demand that we file a registration statement covering the registration of all registrable securities requested by holders. If the underwriters of any underwritten offering determine in good faith that marketing factors require a limitation of the number of securities to be underwritten, the number of registrable securities shall be reduced as required by such underwriters on a pro rata basis according to the number of registrable securities then outstanding held by each holder requesting registration (including the initial holders). The underwriting as described above shall be restricted so that in any offerings after the initial public offering, the number of registrable securities included in any such registration is not reduced to below 25% of shares of registrable securities for which inclusion has been requested.

We have the right to defer filing of a registration statement for a period of not more than 90 days after the receipt of the request of the initiating holders under certain conditions, but we cannot exercise the deferral right more than once in any 12-month period and we cannot register any other share during such 12-month period. Except for certain circumstances where we are entitled to defer a filing, upon receiving a notice of demand registration, we should promptly give written notice to all holders and make best efforts to register the shares requested to be registered. We are not obligated to effect more than three demand registrations.

Piggyback registration rights

If we propose to file a registration statement for a public offering of our securities, we must offer holders of our registrable securities an opportunity to include in the registration the number of registrable securities of the same class or series as those proposed to be registered. If the managing underwriters of any underwritten offering determine in good faith that marketing factors require a limitation of the number of shares to be underwritten, the registrable securities shall allocate first to us, second, to each holder requesting inclusion of their registrable securities in such registration on a pro rata basis based on the total number of shares of registrable securities then held by it, and third, to holders of other securities of the Company. The underwriting as described above shall be restricted so that in any offerings after the initial public offering, the number of registrable securities included in any such registration is not reduced below 25% of the aggregate number of shares of registrable securities for which inclusion has been requested.

Form F-3 registration rights

A majority of holders of all registrable securities then outstanding may request us to file a registration statements on Form F-3. We should promptly give written notice to all other holders of our registrable securities, and as soon as practicable effect the registration of the securities on Form F-3 as requested by such holders as well as holders joining in such request within 20 days after we delivered such written notice. We are not obligated to effect any such registration in certain situations including when the size of the offering is less than US$500,000 or when our board in good faith determines that the registration would be materially detrimental to us and our shareholders.

Expenses of registration

We will bear all registration expenses, other than the selling expenses or other amounts payable to underwriters or brokers in connection with any demand, piggyback or Form F-3 registration.

Participation rights

If any of our shares are offered in an underwritten public offering for the account of any holder, all holders are entitled to include a pro rata number of shares in such offering on terms no less favorable than other selling shareholders. The total number of shares to be offered by all selling shareholders in an underwritten public offering shall not exceed 20% of the total number of shares available for public subscription under such offering, including the over-allotment portion if exercised by underwriters.

DESCRIPTION OF AMERICAN DEPOSITARY SHARES

American Depositary Receipts

, as depositary, will issue the ADSs which you will be entitled to receive in this offering. Each ADS will represent an ownership interest in a designated number of shares which we will deposit with the custodian, as agent of the depositary, under the deposit agreement among ourselves, the depositary, yourself as an ADR holder and all other ADR holders, and all beneficial owners of an interest in the ADSs evidenced by ADRs from time to time.

The depositary's office is located at .

[The ADS to share ratio is subject to amendment as provided in the form of ADR (which may give rise to fees contemplated by the form of ADR).] In the future, each ADS will also represent any securities, cash or other property deposited with the depositary but which they have not distributed directly to you.

A beneficial owner is any person or entity having a beneficial ownership interest ADSs. A beneficial owner need not be the holder of the ADR evidencing such ADS. If a beneficial owner of ADSs is not an ADR holder, it must rely on the holder of the ADR(s) evidencing such ADSs in order to assert any rights or receive any benefits under the deposit agreement. A beneficial owner shall only be able to exercise any right or receive any benefit under the deposit agreement solely through the holder of the ADR(s) evidencing the ADSs owned by such beneficial owner. The arrangements between a beneficial owner of ADSs and the holder of the corresponding ADRs may affect the beneficial owner's ability to exercise any rights it may have.

An ADR holder shall be deemed to have all requisite authority to act on behalf of any and all beneficial owners of the ADSs evidenced by the ADRs registered in such ADR holder's name for all purposes under the deposit agreement and ADRs. The depositary's only notification obligations under the deposit agreement and the ADRs is to registered ADR holders. Notice to an ADR holder shall be deemed, for all purposes of the deposit agreement and the ADRs, to constitute notice to any and all beneficial owners of the ADSs evidenced by such ADR holder's ADRs.

Unless certificated ADRs are specifically requested, all ADSs will be issued on the books of our depositary in book-entry form and periodic statements will be mailed to you which reflect your ownership interest in such ADSs. In our description, references to American depositary receipts or ADRs shall include the statements you will receive which reflect your ownership of ADSs.

You may hold ADSs either directly or indirectly through your broker or other financial institution. If you hold ADSs directly, by having an ADS registered in your name on the books of the depositary, you are an ADR holder. This description assumes you hold your ADSs directly. If you hold the ADSs through your broker or financial institution nominee, you must rely on the procedures of such broker or financial institution to assert the rights of an ADR holder described in this section. You should consult with your broker or financial institution to find out what those procedures are.

As an ADR holder or beneficial owner, we will not treat you as a shareholder of ours and you will not have any shareholder rights. Cayman Island law governs shareholder rights. Because the depositary or its nominee will be the shareholder of record for the shares represented by all outstanding ADSs, shareholder rights rest with such record holder. Your rights are those of an ADR holder or of a beneficial owner. Such rights derive from the terms of the deposit agreement to be entered into among us, the depositary and all holders and beneficial owners from time to time of ADRs issued under the deposit agreement and, in the case of a beneficial owner, from the arrangements between the beneficial owner and the holder of the corresponding ADRs. The obligations of the depositary and its agents are also set out in the deposit agreement. Because the depositary or its nominee will actually be the registered owner of the shares, you must rely on it to exercise the rights of a shareholder on your behalf.

The deposit agreement and the ADSs are governed by New York law. Under the deposit agreement, by holding or owning an ADR or ADS or an interest therein, ADR holders and beneficial owners each irrevocably agree that any legal suit, action or proceeding against or involving ADR holders or beneficial owners brought by us or the depositary, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby, may be instituted in a state or federal court in New York, New York, irrevocably waive any objection which you may have to the laying of venue of any such proceeding, and irrevocably submit to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. By holding or owning an ADR or ADS or an interest therein, ADR holders and beneficial owners each also irrevocably agree that any legal suit, action or proceeding against or involving the depositary brought by ADR holders or beneficial owners, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby, may only be instituted in a state or federal court in New York, New York.

The following is a summary of what we believe to be the material terms of the deposit agreement. Notwithstanding this, because it is a summary, it may not contain all the information that you may otherwise deem important. For more complete information, you should read the entire deposit agreement and the form of ADR which contains the terms of your ADSs. You can read a copy of the deposit agreement which is filed as an exhibit to the registration statement of which this prospectus forms a part. You may also obtain a copy of the deposit agreement at the SEC's Public Reference Room which is located at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-732-0330. You may also find the registration statement and the attached deposit agreement on the SEC's website at http://www.sec.gov.

Share Dividends and Other Distributions

How will I receive dividends and other distributions on the shares underlying my ADSs?

We may make various types of distributions with respect to our securities. The depositary has agreed that, to the extent practicable, it will pay to you the cash dividends or other distributions it or the custodian receives on shares or other deposited securities, after converting any cash received into U.S. dollars (if it determines such conversion may be made on a reasonable basis) and, in all cases, making any necessary deductions provided for in the deposit agreement. The depositary may utilize a division, branch or affiliate of to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement. Such division, branch and/or affiliate may charge the depositary a fee in connection with such sales, which fee is considered an expense of the depositary. You will receive these distributions in proportion to the number of underlying securities that your ADSs represent.

Except as stated below, the depositary will deliver such distributions to ADR holders in proportion to their interests in the following manner:

- *Cash.* The depositary will distribute any U.S. dollars available to it resulting from a cash dividend or other cash distribution or the net proceeds of sales of any other distribution or portion thereof (to the extent applicable), on an averaged or other practicable basis, subject to (i) appropriate adjustments for taxes withheld, (ii) such distribution being impermissible or impracticable with respect to certain registered ADR holders, and (iii)deduction of the depositary's and/or its agents' expenses in (1) converting any foreign currency to U.S. dollars to the extent that it determines that such conversion may be made on a reasonable basis, (2) transferring foreign currency or U.S. dollars to the United States by such means as the depositary may determine to the extent that it determines that such transfer may be made on a reasonable basis, (3) obtaining any approval or license of any governmental authority required for such conversion or transfer, which is obtainable at a reasonable cost and within a reasonable time and (4) making any sale by public or private means in any commercially reasonable manner. If exchange rates fluctuate during a time when the depositary cannot convert a foreign currency, you may lose some or all of the value of the distribution.

- *Shares.* In the case of a distribution in shares, the depositary will issue additional ADRs to evidence the number of ADSs representing such shares. Only whole ADSs will be issued. Any shares which would result in fractional ADSs will be sold and the net proceeds will be distributed in the same manner as cash to the ADR holders entitled thereto.
- *Rights to receive additional shares.* In the case of a distribution of rights to subscribe for additional shares or other rights, if we timely provide evidence satisfactory to the depositary that it may lawfully distribute such rights, the depositary will distribute warrants or other instruments in the discretion of the depositary representing such rights. However, if we do not timely furnish such evidence, the depositary may:
  - (i) sell such rights if practicable and distribute the net proceeds in the same manner as cash to the ADR holders entitled thereto; or
  - (ii) if it is not practicable to sell such rights by reason of the non-transferability of the rights, limited markets therefor, their short duration or otherwise, do nothing and allow such rights to lapse, in which case ADR holders will receive nothing and the rights may lapse.
- *Other Distributions.* In the case of a distribution of securities or property other than those described above, the depositary may either (i) distribute such securities or property in any manner it deems equitable and practicable or (ii) to the extent the depositary deems distribution of such securities or property not to be equitable and practicable, sell such securities or property and distribute any net proceeds in the same way it distributes cash.

If the depositary determines in its discretion that any distribution described above is not practicable with respect to any specific registered ADR holder, the depositary may choose any method of distribution that it deems practicable for such ADR holder, including the distribution of foreign currency, securities or property, or it may retain such items, without paying interest on or investing them, on behalf of the ADR holder as deposited securities, in which case the ADSs will also represent the retained items.

Any U.S. dollars will be distributed by checks drawn on a bank in the United States for whole dollars and cents. Fractional cents will be withheld without liability and dealt with by the depositary in accordance with its then current practices.

The depositary is not responsible if it fails to determine that any distribution or action is lawful or reasonably practicable.

There can be no assurance that the depositary will be able to convert any currency at a specified exchange rate or sell any property, rights, shares or other securities at a specified price, nor that any of such transactions can be completed within a specified time period. All purchases and sales of securities will be handled by the depositary in accordance with its then current policies, which are currently set forth in the "Depositary Receipt Sale and Purchase of Security" section of , the location and contents of which the depositary shall be solely responsible for.

Deposit, Withdrawal and Cancellation

How does the depositary issue ADSs?

The depositary will issue ADSs if you or your broker deposit shares or evidence of rights to receive shares with the custodian and pay the fees and expenses owing to the depositary in connection with such issuance. In the case of the ADSs to be issued under this prospectus, we will arrange with the underwriters named herein to deposit such shares.

Shares deposited in the future with the custodian must be accompanied by certain delivery documentation and shall, at the time of such deposit, be registered in the name of , as depositary for the benefit of holders of ADRs or in such other name as the depositary shall direct.

The custodian will hold all deposited shares (including those being deposited by or on our behalf in connection with the offering to which this prospectus relates) for the account and to the order of the depositary, in each case for the benefit of ADR holders. ADR holders and beneficial owners thus have no direct ownership interest in the shares and only have such rights as are contained in the deposit agreement. The custodian will also hold any additional securities, property and cash received on or in substitution for the deposited shares. The deposited shares and any such additional items are referred to as "deposited securities."

Deposited securities are not intended to, and shall not, constitute proprietary assets of the depositary, the custodian or their nominees. Beneficial ownership in deposited securities is intended to be, and shall at all times during the term of the deposit agreement continue to be, vested in the beneficial owners of the ADSs representing such deposited securities.

Notwithstanding anything else contained herein, in the deposit agreement, in the form of ADR and/or in any outstanding ADSs, the depositary, the custodian and their respective nominees are intended to be, and shall at all times during the term of the deposit agreement be, the record holder(s) only of the deposited securities represented by the ADSs for the benefit of the ADR holders. The depositary, on its own behalf and on behalf of the custodian and their respective nominees, disclaims any beneficial ownership interest in the deposited securities held on behalf of the ADR holders.

Upon each deposit of shares, receipt of related delivery documentation and compliance with the other provisions of the deposit agreement, including the payment of the fees and charges of the depositary and any taxes or other fees or charges owing, the depositary will issue an ADR or ADRs in the name or upon the order of the person entitled thereto evidencing the number of ADSs to which such person is entitled. All of the ADSs issued will, unless specifically requested to the contrary, be part of the depositary's direct registration system, and a registered holder will receive periodic statements from the depositary which will show the number of ADSs registered in such holder's name. An ADR holder can request that the ADSs not be held through the depositary's direct registration system and that a certificated ADR be issued.

How do ADR holders cancel an ADS and obtain deposited securities?

When you turn in your ADR certificate at the depositary's office, or when you provide proper instructions and documentation in the case of direct registration ADSs, the depositary will, upon payment of certain applicable fees, charges and taxes, deliver the underlying shares to you or upon your written order. Delivery of deposited securities in certificated form will be made at the custodian's office. At your risk, expense and request, the depositary may deliver deposited securities at such other place as you may request.

The depositary may only restrict the withdrawal of deposited securities in connection with:

- temporary delays caused by closing our transfer books or those of the depositary or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends;
- the payment of fees, taxes and similar charges; or
- compliance with any U.S. or foreign laws or governmental regulations relating to the ADRs or to the withdrawal of deposited securities.

This right of withdrawal may not be limited by any other provision of the deposit agreement.

Record Dates

The depositary may, after consultation with us if practicable, fix record dates (which, to the extent applicable, shall be as near as practicable to any corresponding record dates set by us) for the determination of the registered ADR holders who will be entitled (or obligated, as the case may be):

- to receive any distribution on or in respect of deposited securities,

- to give instructions for the exercise of voting rights at a meeting of holders of shares, or
- to pay the fee assessed by the depositary for administration of the ADR program and for any expenses as provided for in the ADR,
- to receive any notice or to act in respect of other matters,

all subject to the provisions of the deposit agreement.

Voting Rights

How do I vote?

If you are an ADR holder and the depositary asks you to provide it with voting instructions, you may instruct the depositary how to exercise the voting rights for the shares which underlie your ADSs. Subject to the next sentence, as soon as practicable after receiving notice from us of any meeting at which the holders of shares are entitled to vote, or of our solicitation of consents or proxies from holders of shares, the depositary shall fix the ADS record date in accordance with the provisions of the deposit agreement in respect of such meeting or solicitation of consent or proxy. The depositary shall, if we request in writing in a timely manner (the depositary having no obligation to take any further action if our request shall not have been received by the depositary at least 30 days prior to the date of such vote or meeting) and at our expense and provided that no legal prohibitions exist, distribute to the registered ADR holders a notice stating such information as is contained in the voting materials received by the depositary and describing how you may instruct or, subject to the next sentence, will be deemed to instruct, the depositary to exercise the voting rights for the shares which underlie your ADSs, including instructions for giving a discretionary proxy to a person designated by us. To the extent we have provided the depositary with at least 35 days' notice of a proposed meeting and the notice will be received by all holders and beneficial owners of interests in ADSs no less than 10 days prior to the date of the meeting and/or the cut-off date for the solicitation of consents, if voting instructions are not timely received by the depositary from any holder, such holder shall be deemed, and in the deposit agreement the depositary is instructed to deem such holder, to have instructed the depositary to give a discretionary proxy to a person designated by us to vote the shares represented by their ADSs as desired, provided that no such instruction shall be deemed given and no discretionary proxy shall be given [(a) if we inform the depositary in writing (and we agree to provide the depositary with such information promptly in writing) that (i) we do not wish such proxy to be given, (ii) substantial opposition exists with respect to any agenda item for which the proxy would be given or (iii) the agenda item(s), if approved, would materially or adversely affect the rights of holders of shares and (b) unless, with respect to such meeting, the depositary obtained an opinion of counsel, in form and substance satisfactory to the depositary, confirming that (a) the granting of such discretionary proxy does not subject the depositary to any reporting obligations in the Cayman Islands, (b) the granting of such proxy will not result in a violation of the laws, rules, regulations or permits of the Cayman Islands and (c) the voting arrangement and deemed instruction as contemplated under the deposit agreement will be given effect under the laws, rules and regulations of the Cayman Islands and (d) the granting of such discretionary proxy will not under any circumstances result in the shares represented by the ADSs being treated as assets of the depositary under the laws, rules or regulations of the Cayman Islands.]

Holders are strongly encouraged to forward their voting instructions to the depositary as soon as possible. For instructions to be valid, the ADR department of the depositary that is responsible for proxies and voting must receive them in the manner and on or before the time specified, notwithstanding that such instructions may have been physically received by the depositary prior to such time. The depositary will not itself exercise any voting discretion. [Furthermore, neither the depositary nor its agents are responsible for any failure to carry out any voting instructions, for the manner in which any vote is cast, including, without limitation, any vote cast by a person to whom the depositary is instructed or deemed to have been instructed to grant a discretionary proxy pursuant to the terms of the deposit agreement, or for the effect of any vote.] Notwithstanding anything contained in the deposit agreement or any ADR, the depositary may, to the extent not prohibited by law or regulations, or

by the requirements of the stock exchange on which the ADSs are listed, in lieu of distribution of the materials provided to the depositary in connection with any meeting of, or solicitation of consents or proxies from, holders of deposited securities, distribute to the registered holders of ADRs a notice that provides such holders with, or otherwise publicizes to such holders, instructions on how to retrieve such materials or receive such materials upon request (i.e., by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

[We have advised the depositary that under the Cayman Islands law and our constituent documents, each as in effect as of the date of the deposit agreement, voting at any meeting of shareholders is by show of hands unless a poll is (before or on the declaration of the results of the show of hands) demanded. In the event that voting on any resolution or matter is conducted on a show of hands basis in accordance with our constituent documents, the depositary will refrain from voting and the voting instructions received by the depositary from holders shall lapse. The depositary will not demand a poll or join in demanding a poll, whether or not requested to do so by holders of ADSs. There is no guarantee that you will receive voting materials in time to instruct the depositary to vote and it is possible that you, or persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote.]

Reports and Other Communications

Will ADR holders be able to view our reports?

The depositary will make available for inspection by ADR holders at the offices of the depositary and the custodian the deposit agreement, the provisions of or governing deposited securities, and any written communications from us which are both received by the custodian or its nominee as a holder of deposited securities and made generally available to the holders of deposited securities.

Additionally, if we make any written communications generally available to holders of our shares, and we furnish copies thereof (or English translations or summaries) to the depositary, it will distribute the same to registered ADR holders.

Fees and Expenses

What fees and expenses will I be responsible for paying?

The depositary may charge each person to whom ADSs are issued, including, without limitation, issuances against deposits of shares, issuances in respect of share distributions, rights and other distributions, issuances pursuant to a stock dividend or stock split declared by us or issuances pursuant to a merger, exchange of securities or any other transaction or event affecting the ADSs or deposited securities, and each person surrendering ADSs for withdrawal of deposited securities or whose ADRs are cancelled or reduced for any other reason, US$5.00 for each 100 ADSs (or any portion thereof) issued, delivered, reduced, cancelled or surrendered, or upon which a share distribution or elective distribution is made or offered, as the case may be. The depositary may sell (by public or private sale) sufficient securities and property received in respect of a share distribution, rights and/or other distribution prior to such deposit to pay such charge.

The following additional charges shall also be incurred by the ADR holders, the beneficial owners, by any party depositing or withdrawing shares or by any party surrendering ADSs and/or to whom ADSs are issued (including, without limitation, issuance pursuant to a stock dividend or stock split declared by us or an exchange of stock regarding the ADSs or the deposited securities or a distribution of ADSs), whichever is applicable:

- a fee of US$1.50 per ADR or ADRs for transfers of certificated or direct registration ADRs;
- a fee of US$0.05 or less per ADS held for any cash distribution made, or for any elective cash/stock dividend offered, pursuant to the deposit agreement;

- an aggregate fee of US$0.05 or less per ADS per calendar year (or portion thereof) for services performed by the depositary in administering the ADRs (which fee may be charged on a periodic basis during each calendar year and shall be assessed against holders of ADRs as of the record date or record dates set by the depositary during each calendar year and shall be payable in the manner described in the next succeeding provision);
- a fee for the reimbursement of such fees, charges and expenses as are incurred by the depositary and/or any of its agents (including, without limitation, the custodian and expenses incurred on behalf of ADR holders in connection with compliance with foreign exchange control regulations or any law or regulation relating to foreign investment) in connection with the servicing of the shares or other deposited securities, the sale of securities (including, without limitation, deposited securities), the delivery of deposited securities or otherwise in connection with the depositary's or its custodian's compliance with applicable law, rule or regulation (which fees and charges shall be assessed on a proportionate basis against ADR holders as of the record date or dates set by the depositary and shall be payable at the sole discretion of the depositary by billing such ADR holders or by deducting such charge from one or more cash dividends or other cash distributions);
- a fee for the distribution of securities (or the sale of securities in connection with a distribution), such fee being in an amount equal to the US$0.05 per ADS issuance fee for the execution and delivery of ADSs which would have been charged as a result of the deposit of such securities (treating all such securities as if they were shares) but which securities or the net cash proceeds from the sale thereof are instead distributed by the depositary to those ADR holders entitled thereto;
- stock transfer or other taxes and other governmental charges;
- cable, telex and facsimile transmission and delivery charges incurred at your request in connection with the deposit or delivery of shares, ADRs or deposited securities;
- transfer or registration fees for the registration of transfer of deposited securities on any applicable register in connection with the deposit or withdrawal of deposited securities;
- in connection with the conversion of foreign currency into U.S. dollars, shall deduct out of such foreign currency the fees, expenses and other charges charged by it and/or its agent (which may be a division, branch or affiliate) so appointed in connection with such conversion; and
- fees of any division, branch or affiliate of the depositary utilized by the depositary to direct, manage and/or execute any public and/or private sale of securities under the deposit agreement.

and/or its agent may act as principal for such conversion of foreign currency.

We will pay all other charges and expenses of the depositary and any agent of the depositary (except the custodian) pursuant to agreements from time to time between us and the depositary.

The right of the depositary to receive payment of fees, charges and expenses survives the termination of the deposit agreement, and shall extend for those fees, charges and expenses incurred prior to the effectiveness of any resignation or removal of the depositary.

The fees and charges described above may be amended from time to time by agreement between us and the depositary.

The depositary may make available to us a set amount or a portion of the depositary fees charged in respect of the ADR program or otherwise upon such terms and conditions as we and the depositary may agree from time to time. The depositary collects its fees for issuance and cancellation 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 will generally set off the amounts owing from distributions made to holders of ADSs. If, however, no distribution exists and payment owing is not timely received by the depositary, the depositary may refuse to provide any further services to ADR holders that have not paid those fees and expenses owing until such fees and expenses have been paid. At the discretion of the depositary, all fees and charges owing under the deposit agreement are due in advance and/or when declared owing by the depositary.

Payment of Taxes

ADR holders or beneficial owners must pay any tax or other governmental charge payable by the custodian or the depositary on any ADS or ADR, deposited security or distribution. If any taxes or other governmental charges (including any penalties and/or interest) shall become payable by or on behalf of the custodian or the depositary with respect to any ADR, any deposited securities represented by the ADSs evidenced thereby or any distribution thereon[, including, without limitation, any Chinese Enterprise Income Tax owing if the Circular Guoshuifa [2009] No. 82 issued by the Chinese State Administration of Taxation (SAT) or any other circular, edict, order or ruling, as issued and as from time to time amended, is applied or otherwise], such tax or other governmental charge shall be paid by the ADR holder thereof to the depositary and by holding or owning, or having held or owned, an ADR or any ADSs evidenced thereby, the ADR holder and all beneficial owners thereof, and all prior ADR holders and beneficial owners thereof, jointly and severally, agree to indemnify, defend and save harmless each of the depositary and its agents in respect of such tax or other governmental charge. Notwithstanding the depositary's right to seek payment from current and former beneficial owners, by holding or owning, or having held or owned, an ADR, the ADR holder thereof (and prior ADR holder thereof) acknowledges and agrees that the depositary has no obligation to seek payment of amounts owing from any current or former beneficial owner. If an ADR holder owes any tax or other governmental charge, the depositary may (i) deduct the amount thereof from any cash distributions, or (ii) sell deposited securities (by public or private sale) and deduct the amount owing from the net proceeds of such sale. In either case the ADR holder remains liable for any shortfall. If any tax or governmental charge is unpaid, the depositary may also refuse to effect any registration, registration of transfer, split-up or combination of deposited securities or withdrawal of deposited securities until such payment is made. If any tax or governmental charge is required to be withheld on any cash distribution, the depositary may deduct the amount required to be withheld from any cash distribution or, in the case of a non-cash distribution, sell the distributed property or securities (by public or private sale) in such amounts and in such manner as the depositary deems necessary and practicable to pay such taxes and distribute any remaining net proceeds or the balance of any such property after deduction of such taxes to the ADR holders entitled thereto.

As an ADR holder or beneficial owner, you will be agreeing to indemnify us, the depositary, its custodian and any of our or their respective officers, directors, employees, agents and affiliates against, and hold each of them harmless from, any claims by any governmental authority with respect to taxes, additions to tax, penalties or interest arising out of any refund of taxes, reduced rate of withholding at source or other tax benefit obtained.

Reclassifications, Recapitalizations and Mergers

If we take certain actions that affect the deposited securities, including (i) any change in par value, split-up, consolidation, cancellation or other reclassification of deposited securities or (ii) any distributions of shares or other property not made to holders of ADRs or (iii) any recapitalization, reorganization, merger, consolidation, liquidation, receivership, bankruptcy or sale of all or substantially all of our assets, then the depositary may choose to, and shall if reasonably requested by us:

- amend the form of ADR;
- distribute additional or amended ADRs;

- distribute cash, securities or other property it has received in connection with such actions;
- sell any securities or property received and distribute the proceeds as cash; or
- none of the above.

If the depositary does not choose any of the above options, any of the cash, securities or other property it receives will constitute part of the deposited securities and each ADS will then represent a proportionate interest in such property.

Amendment and Termination

How may the deposit agreement be amended?

We may agree with the depositary to amend the deposit agreement and the ADSs without your consent for any reason. ADR holders must be given at least 30 days' notice of any amendment that imposes or increases any fees or charges (other than stock transfer or other taxes and other governmental charges, transfer or registration fees, SWIFT, cable, telex or facsimile transmission costs, delivery costs or other such expenses), or otherwise prejudices any substantial existing right of ADR holders or beneficial owners. Such notice need not describe in detail the specific amendments effectuated thereby, but must identify to ADR holders and beneficial owners a means to access the text of such amendment. If an ADR holder continues to hold an ADR or ADRs after being so notified, such ADR holder and any beneficial owner are deemed to agree to such amendment and to be bound by the deposit agreement as so amended. No amendment, however, will impair your right to surrender your ADSs and receive the underlying securities, except in order to comply with mandatory provisions of applicable law.

Any amendments or supplements which (i) are reasonably necessary (as agreed by us and the depositary) in order for (a) the ADSs to be registered on Form F-6 under the Securities Act of 1933 or (b) the ADSs or shares to be traded solely in electronic book-entry form and (ii) do not in either such case impose or increase any fees or charges to be borne by ADR holders, shall be deemed not to prejudice any substantial rights of ADR holders or beneficial owners. Notwithstanding the foregoing, if any governmental body or regulatory body should adopt new laws, rules or regulations which would require amendment or supplement of the deposit agreement or the form of ADR to ensure compliance therewith, we and the depositary may amend or supplement the deposit agreement and the ADR at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the deposit agreement in such circumstances may become effective before a notice of such amendment or supplement is given to ADR holders or within any other period of time as required for compliance.

Notice of any amendment to the deposit agreement or form of ADRs shall not need to describe in detail the specific amendments effectuated thereby, and failure to describe the specific amendments in any such notice shall not render such notice invalid, provided, however, that, in each such case, the notice given to the ADR holders identifies a means for ADR holders and beneficial owners to retrieve or receive the text of such amendment (i.e., upon retrieval from the SEC's, the depositary's or our website or upon request from the depositary).

How may the deposit agreement be terminated?

The depositary may, and shall at our written direction, terminate the deposit agreement and the ADRs by mailing notice of such termination to the registered holders of ADRs at least 30 days prior to the date fixed in such notice for such termination; provided, however, if the depositary shall have (i) resigned as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to registered ADR holders unless a successor depositary shall not be operating under the deposit agreement within 60 days of the date of such resignation, and (ii) been removed as depositary under the deposit agreement, notice of such termination by the depositary shall not be provided to registered holders of ADRs unless a successor depositary shall not be operating under the deposit agreement on the 60th day after our notice of removal was first provided to the depositary.

After the date so fixed for termination, (a) all direct registration ADRs shall cease to be eligible for the direct registration system and shall be considered ADRs issued on the ADR register maintained by the depositary and (b) the depositary shall use its reasonable efforts to ensure that the ADSs cease to be DTC eligible so that neither DTC nor any of its nominees shall thereafter be a registered holder of ADRs. At such time as the ADSs cease to be DTC eligible and/or neither DTC nor any of its nominees is a registered holder of ADRs, the depositary shall (a) instruct its custodian to deliver all shares to us along with a general stock power that refers to the names set forth on the ADR register maintained by the depositary and (b) provide us with a copy of the ADR register maintained by the depositary. Upon receipt of such shares and the ADR register maintained by the depositary, we have agreed to use our best efforts to issue to each registered ADR holder a Share certificate representing the Shares represented by the ADSs reflected on the ADR register maintained by the depositary in such registered ADR holder's name and to deliver such Share certificate to the registered ADR holder at the address set forth on the ADR register maintained by the depositary. After providing such instruction to the custodian and delivering a copy of the ADR register to us, the depositary and its agents will perform no further acts under the deposit agreement or the ADRs and shall cease to have any obligations under the deposit agreement and/or the ADRs.

Limitations on Obligations and Liability to ADR holders

Limits on our obligations and the obligations of the depositary; limits on liability to ADR holders and holders of ADSs

Prior to the issue, registration, registration of transfer, split-up, combination, or cancellation of any ADRs, or the delivery of any distribution in respect thereof, and from time to time in the case of the production of proofs as described below, we or the depositary or its custodian may require:

- payment with respect thereto of (i) any stock transfer or other tax or other governmental charge, (ii) any stock transfer or registration fees in effect for the registration of transfers of shares or other deposited securities upon any applicable register and (iii) any applicable fees and expenses described in the deposit agreement;
- the production of proof satisfactory to it of (i) the identity of any signatory and genuineness of any signature and (ii) such other information, including without limitation, information as to citizenship, residence, exchange control approval, beneficial or other ownership of, or interest in, any securities, compliance with applicable law, regulations, provisions of or governing deposited securities and terms of the deposit agreement and the ADRs, as it may deem necessary or proper; and
- compliance with such regulations as the depositary may establish consistent with the deposit agreement.

The issuance of ADRs, the acceptance of deposits of shares, the registration, registration of transfer, split-up or combination of ADRs or the withdrawal of shares, may be suspended, generally or in particular instances, when the ADR register or any register for deposited securities is closed or when any such action is deemed advisable by the depositary; provided that the ability to withdraw shares may only be limited under the following circumstances: (i) temporary delays caused by closing transfer books of the depositary or our transfer books or the deposit of shares in connection with voting at a shareholders' meeting, or the payment of dividends, (ii) the payment of fees, taxes, and similar charges, and (iii) compliance with any laws or governmental regulations relating to ADRs or to the withdrawal of deposited securities.

The deposit agreement expressly limits the obligations and liability of the depositary, ourselves and our respective agents, provided, however, that no disclaimer of liability under the Securities Act of 1933 is intended by any of the limitations of liabilities provisions of the deposit agreement. The deposit agreement provides that each of us, the depositary and our respective agents will:

- incur or assume no liability if any present or future law, rule, regulation, fiat, order or decree of the Cayman Islands, Hong Kong, the People's Republic of China, the United States or any other country or

jurisdiction, or of any governmental or regulatory authority or securities exchange or market or automated quotation system, the provisions of or governing any deposited securities, any present or future provision of our charter, any act of God, war, terrorism, nationalization, expropriation, currency restrictions, work stoppage, strike, civil unrest, revolutions, rebellions, explosions, computer failure or circumstance beyond our, the depositary's or our respective agents' direct and immediate control shall prevent or delay, or shall cause any of them to be subject to any civil or criminal penalty in connection with, any act which the deposit agreement or the ADRs provide shall be done or performed by us, the depositary or our respective agents (including, without limitation, voting);

- incur or assume no liability by reason of any non-performance or delay, caused as aforesaid, in the performance of any act or things which by the terms of the deposit agreement it is provided shall or may be done or performed or any exercise or failure to exercise discretion under the deposit agreement or the ADRs including, without limitation, any failure to determine that any distribution or action may be lawful or reasonably practicable;
- incur or assume no liability if it performs its obligations under the deposit agreement and ADRs without gross negligence or willful misconduct;
- in the case of the depositary and its agents, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities the ADSs or the ADRs;
- in the case of us and our agents, be under no obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities the ADSs or the ADRs, which in our or our agents' opinion, as the case may be, may involve it in expense or liability, unless indemnity satisfactory to us or our agent, as the case may be against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be requested;
- not be liable for any action or inaction by it in reliance upon the advice of or information from any legal counsel, any accountant, any person presenting shares for deposit, any registered holder of ADRs, or any other person believed by it to be competent to give such advice or information and/or, in the case of the depositary, us; or
- may rely and shall be protected in acting upon any written notice, request, direction, instruction or document believed by it to be genuine and to have been signed, presented or given by the proper party or parties.

Neither the depositary nor its agents have any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities, the ADSs or the ADRs. We and our agents shall only be obligated to appear in, prosecute or defend any action, suit or other proceeding in respect of any deposited securities, the ADSs or the ADRs, which in our opinion may involve us in expense or liability, if indemnity satisfactory to us against all expense (including fees and disbursements of counsel) and liability is furnished as often as may be required. The depositary and its agents may fully respond to any and all demands or requests for information maintained by or on its behalf in connection with the deposit agreement, any registered holder or holders of ADRs, any ADRs or otherwise related to the deposit agreement or ADRs to the extent such information is requested or required by or pursuant to any lawful authority, including without limitation laws, rules, regulations, administrative or judicial process, banking, securities or other regulators. The depositary shall not be liable for the acts or omissions made by, or the insolvency of, any securities depository, clearing agency or settlement system. Furthermore, the depositary shall not be responsible for, and shall incur no liability in connection with or arising from, the insolvency of any custodian that is not a branch or affiliate of . Notwithstanding anything to the contrary contained in the deposit agreement or any ADRs, the depositary shall not be responsible for, and shall incur no liability in connection with or arising from, any act or omission to act on the part of the custodian except to the extent that any registered ADR holder has incurred liability directly as a result of the custodian having (i) committed fraud or willful misconduct in the provision of custodial services to the depositary or (ii) failed to use reasonable care in the provision of custodial services to the depositary as determined in accordance with the standards prevailing in the jurisdiction in which the custodian is located. The

depositary and the custodian(s) may use third party delivery services and providers of information regarding matters such as, but not limited to, pricing, proxy voting, corporate actions, class action litigation and other services in connection with the ADRs and the deposit agreement, and use local agents to provide services such as, but not limited to, attendance at any meetings of security holders of issuers. Although the depositary and the custodian will use reasonable care (and cause their agents to use reasonable care) in the selection and retention of such third party providers and local agents, they will not be responsible for any errors or omissions made by them in providing the relevant information or services. The depositary shall not have any liability for the price received in connection with any sale of securities, the timing thereof or any delay in action or omission to act nor shall it be responsible for any error or delay in action, omission to act, default or negligence on the part of the party so retained in connection with any such sale or proposed sale.

The depositary has no obligation to inform ADR holders or beneficial owners about the requirements of the laws, rules or regulations or any changes therein or thereto of the Cayman Islands, Hong Kong, the People's Republic of China, the United States or any other country or jurisdiction or of any governmental or regulatory authority or any securities exchange or market or automated quotation system.

Additionally, none of us, the depositary or the custodian shall be liable for the failure by any registered holder of ADRs or beneficial owner therein to obtain the benefits of credits or refunds of non-U.S. tax paid against such ADR holder's or beneficial owner's income tax liability. The depositary is under no obligation to provide the ADR holders and beneficial owners, or any of them, with any information about our tax status. Neither we nor the depositary shall incur any liability for any tax or tax consequences that may be incurred by registered ADR holders or beneficial owners on account of their ownership or disposition of ADRs or ADSs.

Neither the depositary nor its agents will be responsible for any failure to carry out any instructions to vote any of the deposited securities, [for the manner in which any voting instructions are given, including instructions to give a discretionary proxy to a person designated by us,] for the manner in which any vote is cast, including, without limitation, any vote cast by a person to whom the depositary is instructed to grant a discretionary proxy, or for the effect of any such vote. The depositary may rely upon instructions from us or our counsel in respect of any approval or license required for any currency conversion, transfer or distribution. The depositary shall not incur any liability for the content of any information submitted to it by us or on our behalf for distribution to ADR holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring an interest in the deposited securities, for the validity or worth of the deposited securities, for the credit-worthiness of any third party, for allowing any rights to lapse upon the terms of the deposit agreement or for the failure or timeliness of any notice from us. The depositary shall not be liable for any acts or omissions made by a successor depositary whether in connection with a previous act or omission of the depositary or in connection with any matter arising wholly after the removal or resignation of the depositary. Neither the depositary nor any of its agents shall be liable for any indirect, special, punitive or consequential damages (including, without limitation, legal fees and expenses) or lost profits, in each case of any form incurred by any person or entity (including, without limitation holders or beneficial owners of ADRs and ADSs), whether or not foreseeable and regardless of the type of action in which such a claim may be brought.

No provision of the deposit agreement or the ADRs is intended to constitute a waiver or limitation of any rights which an ADR holder or any beneficial owner may have under the Securities Act of 1933 or the Securities Exchange Act of 1934, to the extent applicable.

The depositary and its agents may own and deal in any class of securities of our company and our affiliates and in ADRs.

Disclosure of Interest in ADSs

To the extent that the provisions of or governing any deposited securities may require disclosure of or impose limits on beneficial or other ownership of, or interest in, deposited securities, other shares and other

securities and may provide for blocking transfer, voting or other rights to enforce such disclosure or limits, you as ADR holders or beneficial owners agree to comply with all such disclosure requirements and ownership limitations and to comply with any reasonable instructions we may provide in respect thereof.

Books of Depositary

The depositary or its agent will maintain a register for the registration, registration of transfer, combination and split-up of ADRs, which register shall include the depositary's direct registration system. Registered holders of ADRs may inspect such records at the depositary's office at all reasonable times, but solely for the purpose of communicating with other ADR holders in the interest of the business of our company or a matter relating to the deposit agreement. Such register may be closed at any time or from time to time, when deemed expedient by the depositary or, in the case of the issuance book portion of the ADR Register, when reasonably requested by the Company solely in order to enable the Company to comply with applicable law.

The depositary will maintain facilities for the delivery and receipt of ADRs.

Appointment

In the deposit agreement, each registered holder of ADRs and each beneficial owner, upon acceptance of any ADSs or ADRs (or any interest in any of them) issued in accordance with the terms and conditions of the deposit agreement will be deemed for all purposes to:

- be a party to and bound by the terms of the deposit agreement and the applicable ADR or ADRs,
- appoint the depositary its attorney-in-fact, with full power to delegate, to act on its behalf and to take any and all actions contemplated in the deposit agreement and the applicable ADR or ADRs, to adopt any and all procedures necessary to comply with applicable laws and to take such action as the depositary in its sole discretion may deem necessary or appropriate to carry out the purposes of the deposit agreement and the applicable ADR and ADRs, the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof; and
- acknowledge and agree that (i) nothing in the deposit agreement or any ADR shall give rise to a partnership or joint venture among the parties thereto, nor establish a fiduciary or similar relationship among such parties, (ii) the depositary, its divisions, branches and affiliates, and their respective agents, may from time to time be in the possession of non-public information about us, ADR holders, beneficial owners and/or their respective affiliates, (iii) the depositary and its divisions, branches and affiliates may at any time have multiple banking relationships with us, ADR holders, beneficial owners and/or the affiliates of any of them, (iv) the depositary and its divisions, branches and affiliates may, from time to time, be engaged in transactions in which parties adverse to us, ADR holders, beneficial owners and/or their respective affiliates may have interests, (v) nothing contained in the deposit agreement or any ADR(s) shall (A) preclude the depositary or any of its divisions, branches or affiliates from engaging in any such transactions or establishing or maintaining any such relationships, or (B) obligate the depositary or any of its divisions, branches or affiliates to disclose any such transactions or relationships or to account for any profit made or payment received in any such transactions or relationships, (vi) the depositary shall not be deemed to have knowledge of any information held by any branch, division or affiliate of the depositary and (vii) notice to an ADR holder shall be deemed, for all purposes of the deposit agreement and the ADRs, to constitute notice to any and all beneficial owners of the ADSs evidenced by such ADR holder's ADRs. For all purposes under the deposit agreement and the ADRs, the ADR holders thereof shall be deemed to have all requisite authority to act on behalf of any and all beneficial owners of the ADSs evidenced by such ADRs.

Governing Law

The deposit agreement, the ADSs and the ADRs are governed by and construed in accordance with the internal laws of the State of New York. In the deposit agreement, we have submitted to the non-exclusive

jurisdiction of the courts of the State of New York and appointed an agent for service of process on our behalf. Any action based on the deposit agreement, the ADSs, the ADRs or the transactions contemplated therein or thereby may also be instituted by the depositary against us in any competent court in the Cayman Islands, Hong Kong, the People's Republic of China, the United States and/or any other court of competent jurisdiction.

Under the deposit agreement, by holding or owning an ADR or ADS or an interest therein, ADR holders and beneficial owners each irrevocably agree that any legal suit, action or proceeding against or involving ADR holders or beneficial owners brought by us or the depositary, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby, may be instituted in a state or federal court in New York, New York, irrevocably waive any objection which you may have to the laying of venue of any such proceeding, and irrevocably submit to the non-exclusive jurisdiction of such courts in any such suit, action or proceeding. By holding or owning an ADR or ADS or an interest therein, ADR holders and beneficial owners each also irrevocably agree that any legal suit, action or proceeding against or involving the depositary brought by ADR holders or beneficial owners, arising out of or based upon the deposit agreement, the ADSs, the ADRs or the transactions contemplated thereby, may only be instituted in a state or federal court in New York, New York.

Notwithstanding the foregoing, (i) the depositary may, in its sole discretion, elect to institute any dispute, suit, action, controversy, claim or proceeding directly or indirectly based on, arising out of or relating to the deposit agreement, the ADSs, the ADRs or the transactions contemplated therein or thereby, including without limitation any question regarding its or their existence, validity, interpretation, performance or termination, against any other party or parties to the deposit agreement (including, without limitation, against ADR holders and beneficial owners of interests in ADSs), by having the matter referred to and finally resolved by an arbitration conducted under the terms described below, and (ii) the depositary may in its sole discretion require, by written notice to the relevant party or parties, that any dispute, suit, action, controversy, claim or proceeding against the depositary by any party or parties to the deposit agreement (including, without limitation, by ADR holders and beneficial owners of interests in ADSs) shall be referred to and finally settled by an arbitration conducted under the terms described below. Any such arbitration shall be conducted in the English language either in New York, New York in accordance with the Commercial Arbitration Rules of the American Arbitration Association or in Hong Kong following the arbitration rules of the United Nations Commission on International Trade Law (UNCITRAL). Notwithstanding the foregoing, such provisions do not prevent an ADS holder form pursuing claims under the United States federal securities laws in federal courts.

Jury Trial Waiver

In the deposit agreement each party thereto (including, for avoidance of doubt, each holder and beneficial owner and/or holder of interests in ADSs and ADRs) irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any suit, action or proceeding against the depositary and/or us directly or indirectly arising out of or relating to the shares or other deposited securities, the ADSs or the ADRs, the deposit agreement or any transaction contemplated therein, or the breach thereof (whether based on contract, tort, common law or any other theory), including any claim under the U.S. federal securities laws.

If we or the depositary were to oppose a jury trial demand based on such waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable state and federal law, including whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. The waiver to right to a jury trial of the deposit agreement is not intended to be deemed a waiver by any holder or beneficial owner of ADSs of the Company's or the depositary's compliance with the U.S. federal securities laws and the rules and regulations promulgated thereunder.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, we will have ADSs outstanding, representing ordinary shares, or approximately % of our outstanding ordinary shares, assuming the underwriters do not exercise their option to purchase additional ADSs. All of the ADSs sold in this offering will be freely transferable by persons other than our "affiliates" without restriction or further registration under the Securities Act. Sales of substantial amounts of the 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 ordinary shares or the ADSs, and while the ADSs have been approved for listing on the [NYSE/NASDAQ], 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 the ADSs.

Lockup Agreements

We, [our directors and executive officers, our existing shareholders and certain of our option holders] have agreed, subject to some exceptions, not to transfer or dispose of, directly or indirectly, any of our ordinary shares, 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 of this prospectus. After the expiration of the [180]-day period, the ordinary shares or ADSs held by our directors, executive officers and our 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

All of our ordinary shares outstanding prior to this offering are "restricted shares" as that term is defined in Rule 144 under the Securities Act and may be sold publicly in the United States only if they are subject to an effective registration statement under the Securities Act or pursuant to an exemption from the registration requirements. Under Rule 144 as currently in effect, a person who has beneficially owned our restricted shares for at least six months is generally entitled to sell the restricted securities without registration under the Securities Act beginning 90 days after the date of this prospectus, subject to certain additional restrictions.

Our affiliates may sell within any three-month period a number of restricted shares that does not exceed the greater of the following:

- 1% of the then outstanding ordinary shares of the same class, in the form of ADSs or otherwise, which will equal approximately ordinary shares immediately after this offering, assuming the underwriters do not exercise their option to purchase additional ADSs; or
- the average weekly trading volume of our ordinary shares in the form of ADSs or otherwise on the [NYSE/NASDAQ] during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Affiliates who sell restricted securities under Rule 144 may not solicit orders or arrange for the solicitation of orders, and they are also subject to notice requirements and the availability of current public information about us.

Persons who are not our affiliates are only subject to one of these additional restrictions, the requirement of the availability of current public information about us, and this additional restriction does not apply if they have beneficially owned our restricted shares for more than one year.

Rule 701

In general, under Rule 701 of the Securities Act as currently in effect, each of our employees, consultants or advisors who purchases our ordinary shares from us in connection with a compensatory stock or option plan or

other written agreement relating to compensation is eligible to resell such ordinary shares 90 days after we became a reporting company under the Exchange Act in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144.

Registration Rights

Upon completion of this offering, certain holders of our ordinary shares or their transferees will be entitled to request that we register their shares under the Securities Act, following the expiration of the lockup agreements described above. See “Description of Share Capital—Shareholders Agreement—Registration Rights.”

TAXATION

The following discussion of Cayman Islands, PRC and United States federal income tax consequences of an investment in the ADSs or ordinary shares is based upon laws, regulations and relevant interpretations thereof as of the date of this prospectus, all of which are subject to change. This discussion does not deal with all possible tax consequences relating to an investment in the ADSs or ordinary shares, such as the tax consequences under state, local and other tax laws. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Walkers (Hong Kong), our Cayman Islands counsel. To the extent that the discussion relates to matters of PRC tax law, it represents the opinion of King & Wood Mallesons, our PRC legal counsel.

Cayman Islands Taxation

The Cayman Islands currently levies no taxes on individuals or corporations based upon profits, income, gains or appreciation, and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to us or holders of our ADSs or ordinary shares levied by the government of the Cayman Islands, except for stamp duties which may be applicable on instruments executed in, or after execution brought within the jurisdiction of the Cayman Islands. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of the ADSs or ordinary shares will not be subject to taxation in the Cayman Islands and no withholding will be required on the payment of a dividend or capital to any holder of the ADSs or ordinary shares, nor will gains derived from the disposal of the ADSs or ordinary shares be subject to Cayman Islands income or corporation tax.

People's Republic of China Taxation

Under the PRC EIT Law, which became effective on January 1, 2008 and last amended on December 29, 2018, an enterprise established outside the PRC with "de facto management bodies" within the PRC is considered a "resident enterprise" for PRC enterprise income tax purposes and is generally subject to a uniform 25% enterprise income tax rate on its worldwide income. Under the implementation rules to the PRC EIT Law, a "de facto management body" is defined as a body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and properties of an enterprise.

SAT Circular 82 issued by the SAT in April 2009 specifies that certain offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise groups will be classified as PRC resident enterprises only if all of the following conditions are met: (a) the senior management and core management departments in charge of its daily operations function have their presence mainly in the PRC; (b) its financial and human resources decisions are subject to determination or approval by persons or bodies in the PRC; (c) its major assets, accounting books, company seals, and minutes and files of its board and shareholders' meetings are located or kept in the PRC; and (d) not less than half of the enterprise's directors or senior management with voting rights habitually reside in the PRC. Although SAT Circular 82 and SAT Bulletin 45 apply only to offshore incorporated enterprises controlled by PRC enterprises or PRC enterprise group and not those controlled by PRC individuals or foreigners, King & Wood Mallesons, our legal counsel as to PRC law, has advised us that the determination criteria set forth therein may reflect SAT's general position on how the term "de facto management body" could be applied in determining the tax resident status of offshore enterprises, regardless of whether they are controlled by PRC enterprises, individuals or foreigners. Further to SAT Circular 82, the SAT issued the SAT Bulletin 45, which took effect in September 2011, to provide more guidance on the implementation of SAT Circular 82. SAT Bulletin 45 provides for procedures and administration details of regarding the determination on residence status and administration on post-determination matters. Our company is a company incorporated outside the PRC. As a holding company, its key assets are its ownership interests in its subsidiaries, and its key assets are located, and its records (including the resolutions of its board of directors and the resolutions of its shareholders) are

maintained, outside the PRC. As such, we do not believe that our company meets all of the conditions above or is a PRC resident enterprise for PRC tax purposes even if the standards for "de facto management body" prescribed in SAT Circular 82 are applicable to us. For the same reasons, we believe our other entities outside China are not PRC resident enterprises either. 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." There can be no assurance that the PRC government will ultimately take a view that is consistent with us. If the PRC tax authorities determine that our Cayman Islands holding company is a PRC resident enterprise for PRC enterprise income tax purposes, a number of unfavorable PRC tax consequences could follow. For example, a 10% withholding tax would be imposed on dividends we pay to our non-PRC enterprise shareholders (including our ADS holders). In addition, nonresident enterprise shareholders (including our ADS holders) may be subject to a 10% PRC tax on gains realized on the sale or other disposition of ADSs or ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends paid to our non-PRC individual shareholders (including our ADS holders) and any gain realized on the transfer of ADSs or ordinary shares by such shareholders may be subject to PRC tax at a rate of 20% (which, in the case of dividends, may be withheld at source by us). These rates may be reduced by an applicable tax treaty, but it is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. See "Risk Factors—Risks Related to Doing Business in China—Under the PRC enterprise income tax law, we may be classified as a PRC 'resident enterprise,' which could result in unfavorable tax consequences to us and our shareholders and ADS holders and have a material adverse effect on our results of operations and the value of your investment."

Material U.S. Federal Income Tax Considerations

U.S. Federal Income Taxation

In the opinion of Davis Polk & Wardwell LLP, the following are the material U.S. federal income tax consequences to the U.S. Holders described below of owning and disposing of the ADSs or ordinary shares, but this discussion does not purport to be a comprehensive description of all of the tax considerations that may be relevant to a particular person's decision to acquire the ADSs or ordinary shares.

This discussion applies only to a U.S. Holder that acquires the ADSs in this offering and holds the ADSs or ordinary shares as capital assets for U.S. federal income tax purposes (generally, property held for investment). It does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including the alternative minimum tax, the Medicare contribution tax on net investment income and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions;
- dealers or traders in securities that use a mark-to-market method of tax accounting;
- persons holding ADSs or ordinary shares as part of a straddle, integrated or similar transaction;
- persons whose functional currency for U.S. federal income tax purposes is not the U.S. dollar;
- entities classified as partnerships for U.S. federal income tax purposes and their partners;
- tax-exempt entities, including "individual retirement accounts" or "Roth IRAs";
- persons that own or are deemed to own ADSs or ordinary shares representing 10% or more of our voting power or value; or
- persons holding ADSs or ordinary shares in connection with a trade or business outside the United States.

If a partnership (or other entity that is classified as a partnership for U.S. federal income tax purposes) owns ADSs or ordinary shares, the U.S. federal income tax treatment of a partner will generally depend on the status of

the partner and the activities of the partnership. Partnerships owning ADSs or ordinary shares and their partners should consult their tax advisers as to their particular U.S. federal income tax consequences of owning and disposing of ADSs or ordinary shares.

This discussion is based on the Internal Revenue Code of 1986, as amended, or the Code, administrative pronouncements, judicial decisions, final, temporary and proposed Treasury regulations, and the income tax treaty between the United States and the PRC, or the Treaty, all as of the date hereof, any of which is subject to change, possibly with retroactive effect. As used herein, a "U.S. Holder" is a beneficial owner of the ADSs or ordinary shares that is, for federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States, any state therein or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

In general, a U.S. Holder that owns ADSs will be treated as the owner of the underlying ordinary shares represented by those ADSs for U.S. federal income tax purposes. Accordingly, no gain or loss will be recognized if a U.S. Holder exchanges ADSs for the underlying ordinary shares represented by those ADSs.

This discussion does not address any U.S. federal taxes (such as estate or gift taxes) other than income taxes, nor does it address any state, local or non-U.S. considerations. U.S. Holders should consult their tax advisers concerning the U.S. federal, state, local and non-U.S. tax consequences of owning and disposing of ADSs or ordinary shares in their particular circumstances.

Except as described below under "—Passive Foreign Investment Company Rules," this discussion assumes that we are not, and will not be, a passive foreign investment company (a "PFIC") for any taxable year.

Taxation of Distributions

Distributions paid on the ADSs or ordinary shares, other than certain *pro rata* distributions of ADSs or ordinary shares, will be treated as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Because we do not maintain calculations of our earnings and profits under U.S. federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. Dividends will not be eligible for the dividends-received deduction generally available to U.S. corporations under the Code. Subject to applicable limitations, dividends paid to certain non-corporate U.S. Holders may be taxable at a favorable rate. Non-corporate U.S. Holders should consult their tax advisers regarding the availability of this favorable rate in their particular circumstances.

Dividends will be included in a U.S. Holder's income on the date of the U.S. Holder's, or in the case of ADSs, the depositary's, receipt. The amount of any dividend income paid in foreign currency will be the U.S. dollar amount calculated by reference to the spot rate in effect on the date of actual or constructive receipt, regardless of whether the payment is in fact converted into U.S. dollars on such date. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the amount received. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt.

Dividends will be treated as foreign-source income and will constitute passive category income or in certain cases, general category income, for foreign tax credit purposes. As described in "—People's Republic of China Taxation," dividends paid by us may be subject to PRC withholding tax. For U.S. federal income tax purposes, the amount of the dividend income will include any amounts withheld in respect of PRC withholding tax. Subject to applicable limitations, which vary depending upon the U.S. Holder's circumstances, PRC taxes withheld from

dividend payments (at a rate not exceeding the applicable rate provided in the Treaty, in the case of a U.S. Holder that is eligible for Treaty benefits) generally will be creditable against the U.S. Holder's U.S. federal income tax liability. The rules governing foreign tax credits are complex, and U.S. Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances. In lieu of claiming a credit, a U.S. Holder may elect to deduct such PRC taxes in computing its taxable income, subject to applicable limitations. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the relevant taxable year.

Sale or Other Taxable Disposition of ADSs or Ordinary Shares

A U.S. Holder will generally recognize capital gain or loss on a sale or other taxable disposition of ADSs or ordinary shares in an amount equal to the difference between the amount realized on the sale or disposition and the U.S. Holder's tax basis in the ADSs or ordinary shares disposed of, in each case as determined in U.S. dollars. The gain or loss will be long-term capital gain or loss if, at the time of the sale or disposition, the U.S. Holder has owned the ADSs or ordinary shares for more than one year. Long-term capital gains recognized by non-corporate U.S. Holders are subject to tax rates that are lower than those applicable to ordinary income. The deductibility of capital losses is subject to limitations.

As described in "—People's Republic of China Taxation," gains on the sale of ADSs or ordinary shares may be subject to PRC taxes. A U.S. Holder is entitled to use foreign tax credits to offset only the portion of its U.S. federal income tax liability that is attributable to foreign-source income. Because under the Code capital gains of U.S. persons are generally treated as U.S.-source income, this limitation may preclude a U.S. Holder from claiming a credit for all or a portion of any PRC taxes imposed on any such gains. However, U.S. Holders that are eligible for the benefits of the Treaty may be able to elect to treat the gain as PRC-source and therefore claim foreign tax credits in respect of PRC taxes on such disposition gains. U.S. Holders should consult their tax advisers regarding their eligibility for the benefits of the Treaty and the creditability of any PRC tax on disposition gains in their particular circumstances.

Passive Foreign Investment Company Rules

In general, a non-U.S. corporation is a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income or (ii) 50% or more of the value of its assets (generally determined on an average quarterly basis) consists of assets that produce, or are held for the production of, passive income. For purposes of the above calculations, a non-U.S. corporation that owns (or is treated as owning for U.S. federal income tax purposes), directly or indirectly, at least 25% by value of the shares of another corporation is treated as if it held its proportionate share of the assets of the other corporation and received directly its proportionate share of the income of the other corporation. Passive income generally includes dividends, interest, rents, royalties and certain gains. Cash is a passive asset for these purposes. Goodwill is generally characterized as a nonpassive or passive asset based on the nature of the income produced in the activity to which the goodwill relates.

Based on the expected composition of our income and assets and the value of our assets, including goodwill, which is based on the expected price of the ADSs in this offering, we do not expect to be a PFIC for our current taxable year. However, our PFIC status for any taxable year can be made only after the end of such year and will depend on the composition of our income and assets and the value of our assets from time to time (which may be determined, in part, by reference to the market price of the ADSs, which could be volatile). Moreover, it is not entirely clear how the contractual arrangements between our WFOEs, our VIEs and the shareholders of our VIEs will be treated for purposes of the PFIC rules, and we may be or become a PFIC if our VIEs are not treated as owned by us for these purposes. In addition, the extent to which our goodwill should be characterized as an active asset is not entirely clear. Furthermore, we will hold a substantial amount of cash following this offering. Accordingly, there can be no assurance that we will not be a PFIC for our current taxable year or any future taxable year.

If we were a PFIC for any taxable year and any of our subsidiaries, VIEs or other companies in which we own or are treated as owning equity interests were also a PFIC (any such entity, a "Lower-tier PFIC"), U.S. Holders would be deemed to own a proportionate amount (by value) of the shares of each Lower-tier PFIC and would be subject to U.S. federal income tax according to the rules described in the subsequent paragraphs on (i) certain distributions by a Lower-tier PFIC and (ii) dispositions of shares of Lower-tier PFICs, in each case as if the U.S. Holders held such shares directly, even though the U.S. Holders would not receive the proceeds of those distributions or dispositions.

In general, if we were a PFIC for any taxable year during which a U.S. Holder held ADSs or ordinary shares, gain recognized by such U.S. Holder on a sale or other disposition (including certain pledges) of its ADSs or ordinary shares would be allocated ratably over the U.S. Holder's holding period. The amounts allocated to the taxable year of the sale or disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for that taxable year, and an interest charge would be imposed on the resulting tax liability for each such year. Furthermore, to the extent that distributions received by a U.S. Holder in any year on its ADSs or ordinary shares exceed 125% of the average of the annual distributions on the ADSs or ordinary shares received during the preceding three years or the U.S. Holder's holding period, whichever is shorter, such distributions would be subject to taxation in the same manner.

If we are a PFIC for any taxable year during which a U.S. Holder owns ADSs or ordinary shares, we will generally continue to be treated as a PFIC with respect to the U.S. Holder for all succeeding years during which the U.S. Holder owns the ADSs or ordinary shares, even if we cease to meet the threshold requirements for PFIC status. If we are a PFIC for any taxable year but cease to be PFIC for subsequent years, U.S. Holders should consult their tax advisers regarding the advisability of making a "deemed sale" election that would allow them to eliminate the continuing PFIC status under certain circumstances.

Alternatively, if we were a PFIC and if the ADSs were "regularly traded" on a "qualified exchange," a U.S. Holder could make a mark-to-market election that would result in tax treatment different from the general tax treatment for PFICs described above. The ADSs would be treated as "regularly traded" for any calendar year in which more than a *de minimis* quantity of the ADSs were traded on a qualified exchange on at least 15 days during each calendar quarter. [NYSE/Nasdaq], where the ADSs are expected to be listed, is a qualified exchange for this purpose. If a U.S. Holder made the mark-to-market election, the U.S. Holder generally would recognize as ordinary income any excess of the fair market value of the ADSs at the end of each taxable year over their adjusted tax basis, and would recognize an ordinary loss in respect of any excess of the adjusted tax basis of the ADSs over their fair market value at the end of the taxable year (but only to the extent of the net amount of income previously included as a result of the mark-to-market election). If a U.S. Holder made the election, the U.S. Holder's tax basis in the ADSs will be adjusted to reflect the income or loss amounts recognized. Any gain recognized on the sale or other disposition of ADSs in a year in which we were a PFIC would be treated as ordinary income and any loss would be treated as an ordinary loss (but only to the extent of the net amount of income previously included as a result of the mark-to-market election, with any excess treated as capital loss). If a U.S. Holder made the mark-to-market election, distributions paid on ADSs would be treated as discussed under "—Taxation of Distributions" above (but subject to the discussion in the immediately subsequent paragraph). U.S. Holders should consult their tax advisers regarding the availability and advisability of making a mark-to-market election in their particular circumstances. In particular, U.S. Holders should consider carefully the impact of a mark-to-market election with respect to their ADSs given that we may have Lower-tier PFICs for which a mark-to-market election will not be available.

If we were a PFIC (or with respect to a particular U.S. Holder were treated as a PFIC) for a taxable year in which we paid a dividend or for the prior taxable year, the favorable tax rate described in "—Taxation of Distributions" above with respect to dividends paid to certain non- corporate U.S. Holders would not apply.

We do not intend to provide information necessary for U.S. Holders to make "qualified electing fund" elections which, if available, would result in tax treatment different from the general tax treatment for PFICs described above.

If we were a PFIC for any taxable year during which a U.S. Holder owned any ADSs or ordinary shares, the U.S. Holder would generally be required to file annual reports with the Internal Revenue Service. U.S. Holders should consult their tax advisers regarding the determination of whether we are a PFIC for any taxable year and the potential application of the PFIC rules to their ownership of ADSs or ordinary shares.

Information Reporting and Backup Withholding

Payments of dividends and sales proceeds that are made within the United States or through certain U.S.-related intermediaries may be subject to information reporting and backup withholding, unless (i) the U.S. Holder is a corporation or other "exempt recipient" and (ii) in the case of backup withholding, the U.S. Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding. Backup withholding is not an additional tax. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Certain U.S. Holders who are individuals (or certain specified entities) may be required to report information relating to their ownership of ADSs or ordinary shares, or non-U.S. accounts through which ADSs or ordinary shares are held. U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to ADSs and ordinary shares.

UNDERWRITING

Under the terms and subject to the conditions contained in the underwriting agreement dated the date of this prospectus, we have agreed to sell to the underwriters named below, for whom Credit Suisse Securities (USA) LLC and Citigroup Global Markets Inc. are acting as representatives, the following respective numbers of ADSs:

Underwriter	Number of ADSs
Credit Suisse Securities (USA) LLC	
Citigroup Global Markets Inc.	
Total	

The underwriters and the representatives 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 underwriters to purchase the ADSs included in this offering are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated, severally and not jointly, to purchase all the ADSs (other than those covered by the over-allotment option described below) if any are purchased.

All sales of ADSs in the United States will be made through United States registered broker-dealers. Sales of ADSs made outside the United States may be made by affiliates of the underwriters. The address of Credit Suisse Securities (USA) LLC is Eleven Madison Avenue, New York, NY 10010, United States of America. The address of Citigroup Global Markets Inc. is 388 Greenwich Street, New York, NY 10013, United States of America.

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase on a pro rata basis up to additional ADSs from us at the initial public offering price less the underwriting discounts and commissions. Any ADSs issued or sold under the option will be issued and sold on the same terms and conditions as the other ADSs that are the subject of this offering. The option may be exercised only to cover any over-allotments of ADSs.

The underwriters propose to offer the ADSs initially at the initial public offering price set forth on the cover of this prospectus. Any ADSs sold by the underwriters to securities dealers may be sold at a discount from the initial public offering price not in excess of $ per ADS. After the initial offering of the ADSs, the offering price and other selling terms may from time to time be varied by the representatives.

The following table shows the underwriting discounts and commissions that we are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional ADSs.

	Paid by us	
	No Exercise	Full Exercise
Per ADS	$	$
Total	$	$

We estimate that our total expenses of the offering, exclusive of the underwriting discounts and commissions, will be approximately $. [We have also agreed to reimburse the underwriters [for up to $] for their FINRA counsel fee. In accordance with FINRA Rule 5110, this reimbursed fee is deemed underwriting compensation for this offering.]

The underwriters have informed us that they do not intend sales to accounts over which the underwriters have discretionary authority to exceed 5% of the total number of ADSs offered by them.

We have agreed that we will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, or file with the Securities and Exchange Commission a registration statement under the Securities Act relating to, any ADSs or ordinary shares or securities convertible into or exchangeable or exercisable for any ADSs or ordinary shares, or publicly disclose the intention to make any offer, sale, pledge, disposition or filing, without the prior written consent of the representatives for a period of 180 days after the date of this prospectus[, except issuances pursuant to employee share-based awards outstanding on the date hereof.]

Our directors, executive officers, all of our existing shareholders and [holders of our share-based awards] have agreed that they will not offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any ordinary shares, ADSs or securities convertible into or exchangeable or exercisable for any ordinary shares or ADSs, enter into a transaction that would have the same effect, or establish or increase a put equivalent position or liquidate or decrease a call equivalent position in any ADSs or ordinary shares or securities convertible into or exchangeable or exercisable for any ADSs or ordinary shares, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of our ordinary shares or ADSs or securities convertible into or exchangeable or exercisable for any ordinary shares or ADSs, whether any of these transactions are to be settled by delivery of our ordinary shares, ADSs or other securities, in cash or otherwise, or publicly disclose the intention to make any offer, sale, pledge or disposition, to establish, increase, liquidate or decrease any such position, or to enter into any transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of the representatives for a period of 180 days after the date of this prospectus.

[In addition, we have agreed to instruct , as depositary, not to accept any deposit of any ordinary shares or issue any ADSs for 180 days after the date of this prospectus (other than in connection with the offering) unless we consent to such deposit or issuance. We have also agreed not to provide such consent without the prior written consent of the representatives. The foregoing does not affect the right of ADS holders to cancel their ADSs and withdraw the underlying ordinary shares.]

[At our request, the underwriters have reserved up to % of the ADSs being offered in this offering (assuming no exercise by the underwriters of their option to purchase additional ADSs) for sale at the initial public offering price to persons who are directors, executive officers or employees, or who are otherwise associated with us through a directed share program. The number of ADSs available for sale to the general public in the offering will be reduced by the number of directed ADSs purchased by participants in the program. [For certain directors, executive officers, shareholders and option holders purchasing ADSs through the directed share program, the lock-up agreements contemplated above shall govern with respect to their purchases.] The representatives, in their sole discretion, may release the ordinary shares, ADSs and other securities subject to the lock-up agreements described above in whole or in part at any time. Any directed ADSs not purchased will be offered by the underwriters to the general public on the same basis as all other ADSs offered. We have agreed to indemnify the underwriters against certain liabilities and expenses, including liabilities under the Securities Act, in connection with the sales of the directed ADSs.]

Prior to this offering, there has been no public market for the ADSs. Consequently, the initial public offering price for the ADSs will be determined by negotiations among us and the representatives. Among the factors to be considered in determining the initial public offering price are our results of operations, our current financial condition, our future prospects, our markets, the economic conditions in and future prospects for the industry in which we compete, our management and currently prevailing general conditions in the equity securities markets, including current market valuations of publicly traded companies considered comparable to our company. 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.

We have applied to have our ADSs listed on the [New York Stock Exchange/Nasdaq Global Select Market] under the symbol “LIZI.”

In connection with the offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act.

- Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum.
- Over-allotment involves sales by the underwriters of ADSs in excess of the number of ADSs the underwriters are obligated to purchase, which creates a syndicate short position. The short position may be either a covered short position or a naked short position. In a covered short position, the number of ADSs over-allotted by the underwriters is not greater than the number of ADSs that they may purchase in the over-allotment option. In a naked short position, the number of ADSs involved is greater than the number of ADSs in the over-allotment option. The underwriters may close out any covered short position by either exercising their over-allotment option and/or purchasing ADSs in the open market.
- Syndicate covering transactions involve purchases of ADSs in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of ADSs to close out the 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 ADSs through the over-allotment option. If the underwriters sell more ADSs than could be covered by the over-allotment option, a naked short position, the position can only be closed out by buying ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there could 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.
- Penalty bids permit the representatives to reclaim a selling concession from a syndicate member when ADSs originally sold by the syndicate member are purchased in a stabilizing or syndicate covering transaction to cover syndicate short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of ADSs or preventing or retarding a decline in the market price of ADSs. As a result, the price of ADSs may be higher than the price that might otherwise exist in the open market. These transactions may be effected on the [New York Stock Exchange/Nasdaq Global Select Market] or otherwise, and, if commenced, may be discontinued at any time.

A prospectus in electronic format may be made available by e-mail or on the websites or through online services maintained by one or more of the underwriters or their affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of ADSs for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations. Other than the prospectus in electronic format, the information on the underwriters' websites and any information contained in any other website maintained by any of the underwriters is not part of this prospectus, has not been approved and/or endorsed by us or the underwriters and should not be relied upon by investors.

Relationships

The underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. [Certain of the underwriters and their respective affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and] may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In addition, in the ordinary course of their various business activities, the underwriters and their respective affiliates may

make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities.

Notice to Investors

Notice to Prospective Investors in the European Economic Area

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of ADSs described in this prospectus may not be made to the public in that relevant member state other than:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- 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), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer; or
- in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of ADSs shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an “offer of securities to the public” 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 the ADSs to be offered so as to enable an investor to decide to purchase or subscribe for the ADSs, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state) and includes any relevant implementing measure in the relevant member state. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

The sellers of the ADSs have not authorized and do not authorize the making of any offer of ADSs through any financial intermediary on their behalf, other than offers made by the underwriters with a view to the final placement of the ADSs as contemplated in this prospectus. Accordingly, no purchaser of the ADSs, other than the underwriters, is authorized to make any further offer of the ADSs on behalf of the sellers or the underwriters.

Notice to Prospective Investors in the United Kingdom

This prospectus is only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, or Order, or (ii) high net worth entities, and other persons to whom it may lawfully be

communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person"). This prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

Notice to Prospective Investors in France

Neither this prospectus nor any other offering material relating to the ADSs described in this prospectus has been submitted to the clearance procedures of the Autorité des Marchés Financiers or of the competent authority of another member state of the European Economic Area and notified to the Autorité des Marchés Financiers. The ADSs have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus nor any other offering material relating to the ADSs has been or will be:

- released, issued, distributed or caused to be released, issued or distributed to the public in France; or
- used in connection with any offer for subscription or sale of the ADSs to the public in France.

Such offers, sales and distributions will be made in France only:

- to qualified investors (*investisseurs qualifiés*) and/or to a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code *monétaire et financier*;
- to investment services providers authorized to engage in portfolio management on behalf of third parties; or
- in a transaction that, in accordance with article L.411-2-II-1° -or-2° -or 3° of the French Code *monétaire et financier* and article 211-2 of the General Regulations (*Règlement Général*) of the Autorité des Marchés Financiers, does not constitute a public offer (*appel public à l'épargne*).

The ADSs may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code monétaire et financier.

Notice to Prospective Investors in Switzerland

This document, as well as any other offering or marketing material relating to the ADSs which are the subject of the offering contemplated by this prospectus, neither constitutes a prospectus pursuant to Article 652a or Article 1156 of the Swiss Code of Obligations nor a simplified prospectus as such term is understood pursuant to article 5 of the Swiss Federal Act on Collective Investment Schemes. Neither the ADSs nor the shares underlying the ADSs will be listed on the SIX Swiss Exchange and, therefore, the documents relating to the ADSs, including, but not limited to, this document, do not claim to comply with the disclosure standards of the listing rules of SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

The ADSs are being offered in Switzerland by way of a private placement, i.e. to a small number of selected investors only, without any public offer and only to investors who do not purchase the ADSs with the intention to distribute them to the public. The investors will be individually approached from time to time. This document, as well as any other offering or marketing material relating to the ADSs, is confidential and it is exclusively for the use of the individually addressed investors in connection with the offer of the ADSs in Switzerland and it does not constitute an offer to any other person. This document may only be used by those investors to whom it has been handed out in connection with the offering described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in or from Switzerland.

Notice to Prospective Investors in Australia

This prospectus is not a formal disclosure document and has not been, nor will be, lodged with the Australian Securities and Investments Commission. It does not purport to contain all information that an investor or their professional advisers would expect to find in a prospectus or other disclosure document (as defined in the Corporations Act 2001 (Australia)) for the purposes of Part 6D.2 of the Corporations Act 2001 (Australia) or in a product disclosure statement for the purposes of Part 7.9 of the Corporations Act 2001 (Australia), in either case, in relation to the ADSs.

The ADSs are not being offered in Australia to "retail clients" as defined in sections 761G and 761GA of the Corporations Act 2001 (Australia). This offering is being made in Australia solely to "wholesale clients" for the purposes of section 761G of the Corporations Act 2001 (Australia) and, as such, no prospectus, product disclosure statement or other disclosure document in relation to the securities has been, or will be, prepared.

This prospectus does not constitute an offer in Australia other than to wholesale clients. By submitting an application for the ADSs, you represent and warrant to us that you are a wholesale client for the purposes of section 761G of the Corporations Act 2001 (Australia). If any recipient of this prospectus is not a wholesale client, no offer of, or invitation to apply for, the ADSs shall be deemed to be made to such recipient and no applications for the ADSs will be accepted from such recipient. Any offer to a recipient in Australia, and any agreement arising from acceptance of such offer, is personal and may only be accepted by the recipient. In addition, by applying for the ADSs you undertake to us that, for a period of 12 months from the date of issue of the ADSs, you will not transfer any interest in the ADSs to any person in Australia other than to a wholesale client.

Notice to Prospective Investors in Hong Kong

The ADSs may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies 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.

Notice to Prospective Investors in Japan

The ADSs offered in this prospectus have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The ADSs have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Notice to Prospective Investors in 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 the ADSs may not be circulated or distributed, nor may the 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 (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) 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 the ADSs are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- 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
- 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 pursuant to an offer made under Section 275 of the SFA except:

- 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;
- where no consideration is or will be given for the transfer; or
- where the transfer is by operation of law.

Notice to Prospective Investors in Canada

The ADSs may be sold only to purchasers 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 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Notice to Prospective Investors in the Cayman Islands

This prospectus does not constitute a public offer of the ADSs or ordinary shares, whether by way of sale or subscription, in the Cayman Islands. ADSs or ordinary shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the Cayman Islands.

Notice to Prospective Investors in the PRC

This prospectus has not been and will not be circulated or distributed in the PRC, and our 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 residents of the PRC except pursuant to applicable laws and regulations of the PRC. For the purposes of this paragraph, the PRC does not include Taiwan, Hong Kong or Macau.

Notice to Prospective Investors in 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.

Notice to Prospective Investors in 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.

Notice to Prospective Investors in 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. Investors in Kuwait who approach us or any of the underwriters to obtain copies of this prospectus are required by us and the underwriters to keep such prospectus confidential and not to make copies thereof nor distribute the same to any other person in Kuwait and are also required to observe the restrictions provided for in all jurisdictions with respect to offering, marketing and the sale of the ADSs.

Notice to Prospective Investors in the United Arab Emirates

The ADSs have not been offered or sold, and will not be offered or sold, directly or indirectly, in the United Arab Emirates, except: (1) in compliance with all applicable laws and regulations of the United Arab Emirates; and (2) through persons or corporate entities authorized and licensed to provide investment advice and/or engage

in brokerage activity and/or trade in respect of foreign securities in the United Arab Emirates. The information contained in this prospectus does not constitute a public offer of securities in the United Arab Emirates in accordance with the Commercial Companies Law (Federal Law No. 8 of 1984 (as amended)) or otherwise and is not intended to be a public offer and is addressed only to persons who are sophisticated investors.

Notice to Investors in the Dubai International Financial Centre

This document relates to an Exempt Offer, as defined in the Offered Securities Rules module of the DFSA Rulebook, or the OSR, in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to Persons, as defined in the OSR, of a type specified in those rules. It must not be delivered to, or relied on by, any other Person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The ADSs to which this document 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 document you should consult an authorized financial adviser.

Notice to Prospective Investors in Saudi Arabia

This prospectus may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations issued by the Capital Market Authority. The Capital Market Authority does not make any representation as to the accuracy or completeness of this prospectus, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this prospectus. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this prospectus you should consult an authorized financial adviser.

EXPENSES RELATING TO THIS OFFERING

Set forth below is an itemization of the total expenses, excluding underwriting discounts and commissions, that we expect to incur in connection with this offering. With the exception of the SEC registration fee, the Financial Industry Regulatory Authority, or FINRA, filing fee and the [NYSE/NASDAQ] listing fee, all amounts are estimates.

SEC Registration Fee	US$
[NYSE/NASDAQ] Listing Fee	US$
FINRA Filing Fee	US$
Printing and Engraving Expenses	US$
Legal Fees and Expenses	US$
Accounting Fees and Expenses	US$
Miscellaneous	
Total	US$

LEGAL MATTERS

We are being represented by Davis Polk & Wardwell LLP with respect to certain legal matters of U.S. federal securities and New York state law. Certain legal matters with respect to U.S. federal and New York State law in connection with this offering will be passed upon for the underwriters by Skadden, Arps, Slate, Meagher & Flom LLP. The validity of the ordinary shares represented by the ADSs offered in this offering and other certain legal matters as to Cayman Islands law will be passed upon for us by Walkers (Hong Kong). Legal matters as to PRC law will be passed upon for us by King & Wood Mallesons and for the underwriters by JunHe LLP. Davis Polk & Wardwell LLP may rely upon Walkers (Hong Kong) with respect to matters governed by Cayman Islands law and King & Wood Mallesons with respect to matters governed by PRC law. Skadden, Arps, Slate, Meagher & Flom LLP may rely upon JunHe LLP with respect to matters governed by PRC law.

EXPERTS

The consolidated financial statements as of December 31, 2017 and 2018, and for each of the two years in the period ended December 31, 2018 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 registered business address of PricewaterhouseCoopers Zhong Tian LLP is 6/F DBS Bank Tower, 1318, Lu Jia Zui Ring Road, Pudong New Area, Shanghai, the People's Republic of China.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed a registration statement, including relevant exhibits, with the SEC on Form F-1 under the Securities Act with respect to underlying ordinary shares represented by the ADSs to be sold in this offering. This prospectus, which constitutes a part of the registration statement on Form F-1, does not contain all of the information contained in the registration statement. You should read our registration statements and their exhibits and schedules for further information with respect to us and the ADSs.

Immediately upon the effectiveness of the registration statement on Form F-1 to which this prospectus is a part, 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 over the Internet at the SEC's website at www.sec.gov 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.

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.

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Lizhi Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Lizhi Inc. and its subsidiaries (the "Company") as of December 31, 2018 and 2017, and the related consolidated statements of operations and 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, 2018 and 2017, and the results of its operations and its 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
Beijing, the People's Republic of China
August 6, 2019

We have served as the Company's auditor since 2019.

LIZHI INC.

CONSOLIDATED BALANCE SHEETS

(All amounts in thousands, except for share and per share data)

	As of December 31, 2017	As of December 31, 2018		As of December 31, 2018 Pro-forma (unaudited) Note 17	
	RMB	RMB	US$ Note 2(e)	RMB	US$ Note 2(e)
ASSETS					
Current assets:					
Cash and cash equivalents	206,509	205,604	29,904	205,604	29,904
Accounts receivable, net	12,672	6,485	943	6,485	943
Prepayments and other current assets	11,875	5,924	862	5,924	862
Total current assets	**231,056**	**218,013**	**31,709**	**218,013**	**31,709**
Non-current assets:					
Property, equipment and leasehold improvement, net	8,865	17,195	2,501	17,195	2,501
Intangible assets, net	2,126	1,451	211	1,451	211
Long-term investment	500	—	—	—	—
Total non-current assets	**11,491**	**18,646**	**2,712**	**18,646**	**2,712**
TOTAL ASSETS	**242,547**	**236,659**	**34,421**	**236,659**	**34,421**
LIABILITIES					
Current liabilities:					
Accounts payable (including accounts payable of the consolidated variable interest entity ("VIE") without recourse to the primary beneficiary of RMB52.5 million and RMB76.7 million as of December 31, 2017 and 2018, respectively)	52,454	76,715	11,158	76,715	11,158
Deferred revenue (including deferred revenue of the consolidated VIE without recourse to the primary beneficiary of RMB5.9 million and RMB10.7 million as of December 31, 2017 and 2018, respectively)	5,878	10,668	1,552	10,668	1,552
Salary and welfare payable (including salary and welfare payable of the consolidated VIE without recourse to the primary beneficiary of RMB23.3 million and RMB38.3 million as of December 31, 2017 and 2018, respectively)	24,317	39,521	5,748	39,521	5,748
Other tax payable (including other tax payable of the consolidated VIE without recourse to the primary beneficiary of RMB1.2 million and RMB4.9 million as of December 31, 2017 and 2018, respectively)	1,213	4,884	710	4,884	710
Accrued expenses and other current liabilities (including accrued expenses and other current liabilities of the consolidated VIE without recourse to the primary beneficiary of RMB71.0 million and RMB23.9 million as of December 31, 2017 and 2018, respectively)	71,147	24,026	3,494	24,026	3,494
Total current liabilities	**155,009**	**155,814**	**22,662**	**155,814**	**22,662**
TOTAL LIABITIES	**155,009**	**155,814**	**22,662**	**155,814**	**22,662**
Commitments and contingencies (Note 16)					

LIZHI INC.

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(All amounts in thousands, except for share and per share data)

	As of December 31, 2017	As of December 31, 2018		As of December 31, 2018 Pro-forma (unaudited) Note 17	
	RMB	RMB	US$ Note 2(e)	RMB	US$ Note 2(e)
MEZZANINE EQUITY:					
Series A convertible redeemable preferred shares (US$0.0001 par value; 100,000,000 shares authorized, issued and outstanding with redemption value of RMB0.99, RMB1.32 and liquidation value of RMB0.96, RMB1.36 as of December 31, 2017 and 2018, respectively, no shares (unaudited) authorized, issued and outstanding on a pro-forma basis as of December 31, 2018)	121,421	164,733	23,959	—	—
Series B convertible redeemable preferred shares (US$0.0001 par value; 116,666,650 shares authorized, issued and outstanding with redemption value of RMB1.15, RMB1.63 and liquidation value of RMB1.06, RMB1.50 as of December 31, 2017 and 2018, respectively, no shares (unaudited) authorized, issued and outstanding on a pro-forma basis as of December 31, 2018)	145,691	195,422	28,423	—	—
Series C convertible redeemable preferred shares (US$0.0001 par value; 142,583,330 shares authorized, issued and outstanding with redemption value of RMB1.40, RMB1.95 and liquidation value of RMB1.42, RMB1.94 as of December 31, 2017 and 2018, respectively, no shares (unaudited) authorized, issued and outstanding on a pro-forma basis as of December 31, 2018)	190,190	249,150	36,237	—	—
Series C1 convertible redeemable preferred shares (US$0.0001 par value; 34,697,360 shares authorized, issued and outstanding with redemption value of RMB1.39, RMB1.93 and liquidation value of RMB1.42, RMB1.94 as of December 31, 2017 and 2018, respectively, no shares (unaudited) authorized, issued and outstanding on a pro-forma basis as of December 31, 2018)	46,081	60,433	8,790	—	—
Series C1+ convertible redeemable preferred shares (US$0.0001 par value; 26,912,090 shares authorized, issued and outstanding with redemption value of RMB1.37, RMB1.90 and liquidation value of liquidation value of RMB1.74, RMB2.34 as of December 31, 2017 and 2018, respectively, no shares (unaudited) authorized, issued and outstanding on a pro-forma basis as of December 31, 2018)	38,556	49,539	7,205	—	—
Series D convertible redeemable preferred shares (US$0.0001 par value; 128,152,790 shares authorized, issued and outstanding with redemption value of RMB2.15, RMB2.49 and liquidation value of RMB2.24, RMB2.79 as of December 31, 2017 and 2018, respectively, no shares (unaudited) authorized, issued and outstanding on a pro-forma basis as of December 31, 2018)	216,960	250,098	36,375	—	—
Series D1 convertible redeemable preferred shares (US$0.0001 par value; 20,023,870 shares authorized, issued and outstanding with redemption value of RMB2.11, RMB2.46 and liquidation value of RMB2.24, RMB2.79 as of December 31, 2017 and 2018, respectively, no shares (unaudited) authorized, issued and outstanding on a pro-forma basis as of December 31, 2018)	31,720	37,429	5,444	—	—
TOTAL MEZZANINE EQUITY:	**790,619**	**1,006,804**	**146,433**	**—**	**—**

LIZHI INC.

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(All amounts in thousands, except for share and per share data)

	As of December 31, 2017	As of December 31, 2018		As of December 31, 2018 Pro-forma (unaudited) Note 17	
	RMB	RMB	US$ Note 2(e)	RMB	US$ Note 2(e)
SHAREHOLDERS' (DEFICIT)/EQUITY:					
Ordinary shares (US$0.0001 par value, 930,963,910 shares authorized, 260,000,000 issued and outstanding as of December 31, 2017 and 2018, respectively, 829,036,090 shares authorized, issued and outstanding on a pro-forma basis as of December 31, 2018)	171	171	25	538	78
Additional paid-in capital	—	—	—	1,006,437	146,380
Accumulated deficit	(704,361)	(929,888)	(135,247)	(929,888)	(135,247)
Accumulated other comprehensive income	1,109	3,758	548	3,758	548
TOTAL SHAREHOLDERS' (DEFICIT)/EQUITY:	**(703,081)**	**(925,959)**	**(134,674)**	**80,845**	**11,759**
TOTAL LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' (DEFICIT)/EQUITY	**242,547**	**236,659**	**34,421**	**236,659**	**34,421**

The accompanying notes are an integral part of these consolidated financial statements.

LIZHI INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

(All amounts in thousands, except for share and per share data)

	For the year ended December 31,		
	2017	2018	
	RMB	RMB	US$ Note 2(e)
Net revenues	453,529	798,561	116,146
Cost of revenues	(330,822)	(565,634)	(82,268)
Gross profit	**122,707**	**232,927**	**33,878**
Operating expenses:			
Selling and marketing expenses	(206,795)	(135,014)	(19,637)
General and administrative expenses	(22,645)	(26,702)	(3,884)
Research and development expenses	(43,189)	(83,209)	(12,102)
Total operating expenses	**(272,629)**	**(244,925)**	**(35,623)**
Other (expenses)/income:			
Interest (expenses)/income, net	(2,008)	221	32
Foreign exchange losses	(3,563)	(58)	(8)
Investment losses	—	(458)	(67)
Government grants	2,033	3,626	527
Others, net	(205)	(675)	(98)
Loss before income taxes	**(153,665)**	**(9,342)**	**(1,359)**
Income tax expense	—	—	—
Net loss	**(153,665)**	**(9,342)**	**(1,359)**
Accretions to preferred shares redemption value	(291,275)	(216,185)	(31,443)
Net loss attributable to the Lizhi Inc.'s ordinary shareholders	**(444,940)**	**(225,527)**	**(32,802)**
Net loss	**(153,665)**	**(9,342)**	**(1,359)**
Other comprehensive (loss)/income:			
Foreign currency translation adjustments	(876)	2,649	385
Total other comprehensive (loss)/income	**(876)**	**2,649**	**385**
Comprehensive loss	**(154,541)**	**(6,693)**	**(974)**
Accretions to preferred shares redemption value	(291,275)	(216,185)	(31,443)
Comprehensive loss attributable to the Lizhi Inc.'s ordinary shareholders	**(445,816)**	**(222,878)**	**(32,417)**
Net loss attributable to the Lizhi Inc.'s ordinary shareholders per share			
Basic	(1.73)	(0.87)	(0.13)
Diluted	(1.73)	(0.87)	(0.13)
Weighted average number of ordinary shares			
Basic	260,000,000	260,000,000	260,000,000
Diluted	260,000,000	260,000,000	260,000,000

The accompanying notes are an integral part of these consolidated financial statements.

LIZHI INC.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

(All amounts in thousands, except for share and per share data)

	Ordinary shares		Additional paid-in capital	Accumulated other comprehensive income	Accumulated deficit	Total shareholders' deficit
	Shares	Amounts				
		RMB	RMB	RMB	RMB	RMB
Balance at January 1, 2017	**260,000,000**	**171**	**—**	**1,985**	**(256,490)**	**(254,334)**
Net loss	—	—	—	—	(153,665)	(153,665)
Modification of convertible loans	—	—	1,074	—	—	1,074
Modification of preferred shares	—	—	—	—	(4,005)	(4,005)
Preferred shares redemption value accretion	—	—	(1,074)	—	(290,201)	(291,275)
Foreign currency translation adjustment	—	—	—	(876)	—	(876)
Balance at December 31, 2017	**260,000,000**	**171**	**—**	**1,109**	**(704,361)**	**(703,081)**
Net loss	—	—	—	—	(9,342)	(9,342)
Preferred shares redemption value accretion	—	—	—	—	(216,185)	(216,185)
Foreign currency translation adjustment	—	—	—	2,649	—	2,649
Balance at December 31, 2018	**260,000,000**	**171**	**—**	**3,758**	**(929,888)**	**(925,959)**

The accompanying notes are an integral part of these consolidated financial statements.

LIZHI INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(All amounts in thousands, except for share and per share data)

	For the year ended December 31,		
	2017	2018	
	RMB	RMB	US$ Note 2(e)
Cash flows from operating activities:			
Net Loss	(153,665)	(9,342)	(1,359)
Adjustment to reconcile net loss to net cash (used in)/generated from operating activities:			
Depreciation of property, equipment and leasehold improvement	2,509	5,832	848
Amortization of intangible assets	3,361	3,930	572
Foreign exchange losses	3,563	58	8
Investment losses	—	458	67
Interest expense	1,074	—	—
Changes in operating assets and liabilities:			
Accounts receivable	(3,613)	6,187	900
Prepayments and other current assets	(8,556)	5,951	865
Accounts payable	40,958	24,261	3,529
Deferred revenue	4,822	4,790	697
Salary and welfare payable	12,391	15,204	2,211
Other tax payable	(384)	3,671	534
Accrued expenses and other current liabilities	66,206	(47,038)	(6,841)
Net cash (used in)/generated from operating activities	**(31,334)**	**13,962**	**2,031**
Cash flows from investing activities:			
Purchase of property, equipment and leasehold improvement	(7,925)	(14,161)	(2,060)
Purchase of intangible assets	(4,770)	(3,256)	(474)
Cash paid for long-term investment	(500)	—	—
Net cash received from disposal of long-term investment	—	42	6
Net cash used in investing activities	**(13,195)**	**(17,375)**	**(2,528)**
Cash flows from financing activities:			
Cash received from convertible loans	27,981	—	—
Proceeds from issuance of Series D convertible redeemable preferred shares	215,643	—	—
Proceeds from issuance of Series D1 convertible redeemable preferred shares	32,835	—	—
Payment of issuance cost for Series D convertible redeemable preferred shares	(8,646)	—	—
Payment of issuance cost for Series D1 convertible redeemable preferred shares	(2,026)	—	—
Cash repayments of convertible loans	(28,000)	—	—
Net cash generated from financing activities	**237,787**	—	—
Effect of foreign exchange rate changes on cash and cash equivalents	**(5,152)**	**2,508**	**365**
Net increase/(decrease) in cash and cash equivalents	**188,106**	**(905)**	**(132)**
Cash and cash equivalents at beginning of the year	**18,403**	**206,509**	**30,036**
Cash and cash equivalents at end of the year	**206,509**	**205,604**	**29,904**
Supplemental disclosures of cash flow information:			
Cash paid for interest expense	1,862	—	—
Supplemental schedule of non-cash investing and financing activities:			
Accretions to preferred shares redemption value	291,275	216,185	31,443
Conversion of convertible loans into Series C1+ convertible redeemable preferred shares	27,981	—	—
Modification of convertible loans	1,074	—	—
Modification of preferred shares	4,005	—	—

The accompanying notes are an integral part of these consolidated financial statements.

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(All amounts in thousands, except for share and per share data)

1. Organization and Reorganization

Lizhi Inc. (the "Company") was incorporated in the Cayman Islands in January 2019 in connection with a Reorganization of pre-existing entities under common control (see "History of the Group", below). The Company is a holding company and conducts its business mainly through its subsidiaries, variable interest entity ("VIE") and subsidiaries of VIE (collectively referred to as the "Group"). The Group is primarily engaged in the operation of providing audio entertainment, and podcast, advertising and others in the People's Republic of China (the "PRC" or "China"). The Group commenced its audio entertainment business from fourth quarter of 2016.

As of December 31, 2018, the Company's consolidated subsidiaries, VIE and subsidiaries of VIE are as follows:

Subsidiaries	Place and year of incorporation	Percentage of direct or indirect economic ownership	Principal activities
Lizhi Inc. ("Lizhi BVI")	British Virgin Islands Y2010	100	Investment holding
Lizhi Holding Limited ("Lizhi HK")	Hong Kong, China Y2010	100	Investment holding
Beijing Hongyiyichuang Information Technology Co., Ltd. ("Hongyi Technology")	Beijing, China Y2011	100	Technical support and consulting services

VIE	Place and year of incorporation/ acquisition	Percentage of direct or indirect economic ownership	Principal activities
Guangzhou Lizhi Network Technology Co., Ltd. ("Guangzhou Lizhi")	Guangzhou, China Y2007	100	Audio entertainment, and podcast, advertising and other business

Subsidiaries of VIE	Place and year of incorporation	Percentage of direct or indirect economic ownership	Principal activities
Wuhan Lizhi Network Technology Co., Ltd.	Wuhan, China Y2017	100	Audio entertainment business and others
Guangzhou Huanliao Network Technology Co., Ltd. ("Guangzhou Huanliao")	Guangzhou, China Y2016	100	Audio entertainment business and others
Changsha Limang Interaction Entertainment Co., Ltd.	Changsha, China Y2015	100	Audio entertainment business and others
Huai'an Lizhi Network Technology Co., Ltd.	Huai'an, China Y2015	100	Audio entertainment business and others

History of the Group

Reorganization

The Group commenced operations through Guangzhou Lizhi in the PRC, formerly known as Guangzhou Taochao Internet Technology Co., Ltd. Guangzhou Lizhi holds an Internet Content Provider ("ICP") license to operate Lizhi.fm that provides internet information services to its consumers.

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

1. Organization and Reorganization (Continued)

History of the Group (Continued)

Reorganization (Continued)

In October 2010, Lizhi BVI was incorporated in the British Virgin Islands. In March 2011, Lizhi BVI established Hongyi Technology in the PRC to control Guangzhou Lizhi through contractual arrangements and Guangzhou Lizhi became a VIE of the Group.

In December 2018, Lizhi BVI repurchased all ordinary shares and preferred shares of Lizhi BVI then held by each of Mr. Jinnan (Marco) Lai and Mr. Ning Ding and issued the same amount of ordinary and preferred shares to VOICE WORLD Ltd and AI VOICE Ltd, each a company incorporated in the British Virgin Islands wholly owned by each of Mr. Jinnan (Marco) Lai and Mr. Ning Ding, respectively.

In March 2019, in connection with its incorporation, the Company issued ordinary shares and preferred shares to all of the then existing shareholders of Lizhi BVI based on their equity interests held in Lizhi BVI. After this transaction, Lizhi BVI became a wholly-owned subsidiary of the Company.

The Company's shareholding structure immediately after the Reorganization was the same as the capital structure of Guangzhou Lizhi immediately prior to the Reorganization. Concurrently, Guangzhou Lizhi became the consolidated VIE of the Group. The Company determined that the Reorganization should be treated as a non-substantive merger with no change in the basis of assets and liabilities of Guangzhou Lizhi. These arrangements were accounted for as a reorganization and the historical financial statements were presented on a carryover basis.

Contractual arrangements with VIE

PRC laws and regulations place certain restrictions on foreign investment in value-added telecommunication service businesses. The Company conducts a portion of their operations in the PRC through Guangzhou Lizhi, and its subsidiaries. The Company has effective control over its VIE and subsidiaries of VIE through a series of contractual arrangements among its wholly-owned PRC subsidiary Hongyi Technology, VIE and their shareholders. The contractual arrangements, as described in more detail below, collectively allow the Company to:

- exercise effective control over each of its VIE and subsidiaries of VIE;
- receive substantially all of the economic benefits of VIE and subsidiaries of VIE; and
- have an exclusive call option to purchase all or part of the equity interests in and/or assets of each of VIE and subsidiaries of VIE when and to the extent permitted by PRC laws.

As a result of these contractual arrangements, the Company is the primary beneficiary of VIE and subsidiaries of VIE, and, therefore, have consolidated the financial results of VIE and subsidiaries of VIE in its consolidated financial statements in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Below is a summary of the currently effective contractual arrangements by and among the Company's wholly-owned subsidiary Hongyi Technology, Guangzhou Lizhi and its shareholders (also nominee shareholders).

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

1. Organization and Reorganization (Continued)

Contractual arrangements with VIE (Continued)

Equity pledge Agreement

Pursuant to an equity pledge agreement entered into in June 20, 2019 by and between Hongyi Technology and then shareholders of Guangzhou Lizhi, such shareholders of Guangzhou Lizhi pledged all of their equity interests in Guangzhou Lizhi to Hongyi Technology, to guarantee the performance of Guangzhou Lizhi and, to the extent applicable, such shareholders of Guangzhou Lizhi, of their obligations under the contractual arrangements of the Group's VIE. If Guangzhou Lizhi or such shareholders of Guangzhou Lizhi fail to perform their obligations under the contractual arrangement of the Group's VIE, Hongyi Technology will be entitled to, among other things, right to sell the pledged shares of Guangzhou Lizhi via an auction. The existing equity pledge agreement was initially entered into in March 2011 which was subsequently amended and restated on substantially similar terms in December 2014, June 2017 and August 2017 and June 2019, respectively.

Exclusive Share Option Agreement

Pursuant to an exclusive share option agreements entered into in June 20, 2019 by and between Hongyi Technology and then shareholders of Guangzhou Lizhi, such shareholders of Guangzhou Lizhi exclusively granted Hongyi Technology or any party appointed by Hongyi Technology an irrevocable option to purchase all or part of the shares in Guangzhou Lizhi held by then shareholders of Guangzhou Lizhi at a price no lower than the lowest price permitted by PRC law. Whether to exercise this option and the timing, methods and frequency of exercising such option are at the full discretion of Hongyi Technology. The existing share option agreement was initially entered into in March 2011 which was subsequently amended and restated on substantially similar terms in December 2014, June 2017 and August 2017 and June 2019, respectively.

Exclusive Technology Consulting and Service Agreement

Pursuant to an exclusive technology consulting and service agreement entered into in June 9, 2017 by and between Hongyi Technology and Guangzhou Lizhi, Guangzhou Lizhi agreed to appoint Hongyi Technology as its exclusive provider of technology services, including software development, internet maintenance, network security and other services in exchange for a service fee of an amount equal to 90% of the after-tax net profit of Guangzhou Lizhi. The existing exclusive technology consulting and service agreement was initially entered into in March 2011 which was subsequently amended and restated on substantially similar terms in June 2017.

Operating Agreement

Pursuant to an operating agreement entered into in June 20, 2019 by and among Hongyi Technology, Guangzhou Lizhi and then shareholders of Guangzhou Lizhi, such shareholders of Guangzhou Lizhi agreed that, without written consent of Hongyi Technology's or a party designated by it, Guangzhou Lizhi shall refrain from conducting any action that may materially or adversely affect its assets, business, personnel, obligations, rights or operation. Such actions include, among other things, incurrence of debt to a third party, change of directors or senior management, acquisition or disposal of assets or shares, amendment to its articles of association or business scope and other matters. Hongyi Technology is also entitled to appoint directors and senior management of Guangzhou Lizhi and instruct Guangzhou Lizhi on matters pertinent to its daily operation, financial management. Guangzhou Lizhi is obligated to fully effectuate the appointment or instructions made by Hongyi Technology in methods consistent with applicable laws and articles of Guangzhou Lizhi. The existing operating agreement was initially entered into in March 2011 which was subsequently amended and restated on substantially similar terms in June 2017 and June 2019, respectively.

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

1. Organization and Reorganization (Continued)

Contractual arrangements with VIE (Continued)

Power of Attorney

Pursuant to a series of power of attorney issued by shareholders of Guangzhou Lizhi in June 20, 2019, such shareholders of Guangzhou Lizhi irrevocably appointed Hongyi Technology as their attorney-in-fact to act on their behalf on all shareholder matters of Guangzhou Lizhi and exercise all rights as shareholders of Guangzhou Lizhi. The existing series of power of attorney was initially entered into in March 2011 which was subsequently superseded by a series of powers of attorney on substantially similar terms in June 2017 and June 2019, respectively.

The Equity Pledge Agreement, Exclusive Share Option Agreement, Exclusive Technology Consulting and Service Agreement, Operating Agreement and Power of Attorney were amended to reflect the changes of shareholders' holding in the VIE entity in their respective dates. No other material terms or conditions of these agreements were changed or altered. There was no impact to the Group's effective control over Guangzhou Lizhi and the Group continues to consolidate Guangzhou Lizhi.

Risks in relation to the VIE structure

A significant part of the Company's business is conducted through the VIE of the Group, of which the Company is the ultimate primary beneficiary. In the opinion of management, the contractual arrangements with the VIE and the nominee shareholders are in compliance with PRC laws and regulations and are legally binding and enforceable. However, there are substantial uncertainties regarding the interpretation and application of PRC laws and regulations including those that govern the contractual arrangements, which could limit the Group's ability to enforce these contractual arrangements and if the nominee shareholders of the VIE were to reduce their interests in the Group, their interest may diverge from that of the Group and that may potentially increase the risk that they would seek to act contrary to the contractual arrangements.

On March 15, 2019, the National People's Congress approved the Foreign Investment Law, or the FIL, which will take effect on January 1, 2020. The FIL does not explicitly classify whether variable interest entities that are controlled through contractual arrangements would be deemed as foreign invested enterprises if they are ultimately "controlled" by foreign investors. Since the FIL is relatively new, uncertainties still exist in relation to its interpretation and implementation, and it is still unclear how the FIL would affect variable interest entity structure and business operation.

The Company's ability to control the VIE also depends on the Power of Attorney Hongyi Technology has to vote on all matters requiring shareholder approval in the VIE. As noted above, the Company believes these Power of Attorney are legally enforceable but may not be as effective as direct equity ownership.

In addition, if the Group's corporate structure or the contractual arrangements with the VIE were found to be in violation of any existing or future PRC laws and regulations, the PRC regulatory authorities could, within their respective jurisdictions:

- revoke the Group's business and operating licenses;
- require the Group to discontinue or restrict its operations;
- restrict the Group's right to collect revenues;
- block the Group's websites;

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

1. Organization and Reorganization (Continued)

Risks in relation to the VIE structure (Continued)

- require the Group to restructure the operations, re-apply for the necessary licenses or relocate the Group's businesses, staff and assets;
- impose additional conditions or requirements with which the Group may not be able to comply; or
- take other regulatory or enforcement actions against the Group that could be harmful to the Group's business.

The imposition of any of these restrictions or actions could result in a material adverse effect on the Group's ability to conduct its business. In such case, the Group may not be able to operate or control the VIE, which may result in deconsolidation of the VIE in the Group's consolidated financial statements. In the opinion of the Company's management, the likelihood for the Group to lose such ability is remote based on current facts and circumstances. The Group believes that the contractual arrangements among each of the VIE, their respective shareholders and relevant wholly foreign owned enterprise are in compliance with PRC law and are legally enforceable. The Group's operations depend on the VIE to honor their contractual arrangements with the Group. These contractual arrangements are governed by PRC law and disputes arising out of these agreements are expected to be decided by arbitration in the PRC. Management believes that each of the contractual arrangements constitutes valid and legally binding obligations of each party to such contractual arrangements under PRC laws. However, the interpretation and implementation of the laws and regulations in the PRC and their application on the legality, binding effect and enforceability of contracts are subject to the discretion of competent PRC authorities, and therefore there is no assurance that relevant PRC authorities will take the same position as the Group herein in respect of the legality, binding effect and enforceability of each of the contractual arrangements. Meanwhile, since the PRC legal system continues to evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties, which may limit legal protections available to the Group to enforce the contractual arrangements should the VIE or the nominee shareholders of the VIE fail to perform their obligations under those arrangements.

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

1. Organization and Reorganization (Continued)

Risks in relation to the VIE structure (Continued)

The following consolidated financial information of the Group's VIE as of December 31, 2017 and 2018 and for the years ended December 31, 2017 and 2018 was included in the accompanying consolidated financial statements of the Group as follows:

	As of December 31, 2017 RMB	As of December 31, 2018 RMB
ASSETS		
Current assets:		
Cash and cash equivalents	30,692	105,381
Accounts receivable, net	12,672	6,485
Prepayments and other current assets	10,711	5,689
Total current assets	**54,075**	**117,555**
Non-current assets:		
Property, equipment and leasehold improvement, net	8,550	17,122
Intangible assets, net	2,126	1,451
Long-term investment	500	—
Total non-current assets	**11,176**	**18,573**
TOTAL ASSETS	**65,251**	**136,128**
Current liabilities:		
Accounts payable	52,454	76,715
Deferred revenue	5,878	10,668
Salary and welfare payable	23,340	38,303
Other tax payable	1,201	4,866
Accrued expenses and other current liabilities	71,043	23,895
Amount due to the subsidiaries of the Group	135,267	206,069
Total current liabilities	**289,183**	**360,516**
TOTAL LIABILITIES	**289,183**	**360,516**

	For the year ended December 31, 2017 RMB	For the year ended December 31, 2018 RMB
Net revenues	**453,529**	**798,561**
Net loss	**(140,182)**	**(456)**

	For the year ended December 31, 2017 RMB	For the year ended December 31, 2018 RMB
Net cash (used in)/generated from operating activities	**(20,768)**	**21,262**
Net cash used in investing activities	**(13,195)**	**(17,375)**
Net cash generated from financing activities	**46,434**	**70,802**
Net increase in cash and cash equivalents	**12,471**	**74,689**

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

1. Organization and Reorganization (Continued)

Risks in relation to the VIE structure (Continued)

In accordance with various contractual agreements, the Company has the power to direct the activities of the VIE and their subsidiaries and can have assets transferred out of the VIE. Therefore, the Company considers that there are no assets in the respective VIE that can be used only to settle obligations of the respective VIE, except for the registered capital of the VIE amounting to approximately RMB28.2 million and RMB28.2 million, as of December 31, 2017 and 2018. As the respective VIE are incorporated as limited liability companies under the PRC Company Law, creditors do not have recourse to the general credit of the Company for the liabilities of the respective VIE. There is currently no contractual arrangement that would require the Company to provide additional financial support to the VIE. As the Group is conducting certain businesses in the PRC through the VIE, the Group may provide additional financial support on a discretionary basis in the future, which could expose the Group to a loss.

There is no VIE in which the Company or any subsidiary has a variable interest but is not the primary beneficiary.

Liquidity

The Group incurred net loss of RMB153.7 million and RMB9.3 million for the years ended December 31, 2017 and 2018, respectively. Net cash (used in) and generated from operating activities were RMB(31.3) million and RMB14.0 million for the years ended December 31, 2017 and 2018, respectively. Accumulated deficit was RMB704.4 million and RMB929.9 million as of December 31, 2017 and 2018, respectively. The Group assesses its liquidity by its ability to generate cash from operating activities and attract investors' investments.

Historically, the Group has relied principally on both operational sources of cash and non-operational sources of financing from investors to fund its operations and business development. The Group's ability to continue as a going concern is dependent on management's ability to successfully execute its business plan, which includes increasing revenues while controlling operating expenses, as well as, generating operational cash flows and continuing to gain support from outside sources of financing. The Group has been continuously receiving financing support from outside investors through the issuance of preferred shares and convertible loans. Refer to Note 12 for details of the Group's preferred shares financing activities and Note 11 for details of the Group's convertible loans financing activities. In addition, if the Company successfully completes a Qualified Initial Public Offering ("QIPO"), thereby triggering the automatic conversion of all series of preferred shares into ordinary shares, it will eliminate the possibility of any future cash outflow that may result from the holders of preferred shares exercising their share redemption rights. Moreover, the Group can adjust the pace of its operation expansion and control the operating expenses of the Group. Based on the above considerations, the Group believes the cash and cash equivalents and the operating cash flows are sufficient to meet the cash requirements to fund planned operations and other commitments for at least the next twelve months. The Group's consolidated financial statements have been prepared based on the Company continuing as a going concern, which contemplates the realization of assets and liquidation of liabilities in the normal course of business.

2. Significant Accounting Policies

a) Basis of presentation

The consolidated financial statements of the Group have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Significant accounting policies followed by the Group in the preparation of the accompanying consolidated financial statements are summarized below.

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

2. Significant Accounting Policies (Continued)

b) Principles of consolidation

The consolidated financial statements include the financial statements of the Company, its subsidiaries, VIE and subsidiaries of VIE for which the Company is the primary beneficiary.

Subsidiaries are those entities in which the Company, directly or indirectly, controls more than one half of the voting power, 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 the board 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 the Company, or its subsidiary, through contractual arrangements, has the power to direct the activities that most significantly impact the entity's economic performance, bears the risks of and enjoys the rewards normally associated with ownership of the entity, and therefore the Company or its subsidiary is the primary beneficiary of the entity.

All transactions and balances among the Company, its subsidiaries, VIE and subsidiaries of VIE have been eliminated upon consolidation.

c) Use of estimates

The preparation of the Group's consolidated financial statements in conformity with the U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the balance sheet date and reported revenues and expenses during the reported periods in the consolidated financial statements and accompanying notes. Significant accounting estimates include, but are not limited to, assessment of whether the Group acts as a principal or an agent in different revenue streams, assessment of average user relationship period for podcast business, assessment for the impairment of long-lived assets, valuation allowance of deferred tax assets, determination of the fair value of ordinary shares, preferred shares, and valuation and recognition of share-based compensation expenses.

d) Functional currency and foreign currency translation

The Group uses Renminbi ("RMB") as its reporting currency. The functional currency of the Company and its overseas subsidiaries which incorporated in the Cayman Islands, British Virgin Islands and Hong Kong is United States dollars ("US$"). The functional currency of the Group's PRC entities is RMB.

In the consolidated financial statements, the financial information of the Company and other entities located outside of the PRC have been translated into RMB. Assets and liabilities are translated at the exchange rates on the balance sheet date, equity amounts are translated at historical exchange rates, and revenues, and expenses, gains and losses are translated using the average rate for the year. Translation adjustments are reported as foreign currency translation adjustments, and are shown as a component of other comprehensive (loss)/income in the consolidated statements of operations and comprehensive loss.

Foreign currency transactions denominated in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the applicable exchange rates at the balance sheet dates. Net gains and losses resulting from foreign exchange transactions are included in foreign exchange (losses)/gains in the consolidated statements of operations and comprehensive loss.

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

2. Significant Accounting Policies (Continued)

e) Convenience Translation

Translations of balances in the consolidated balance sheets, consolidated statements of operations and comprehensive loss and consolidated statements of cash flows from RMB into US$ as of and for the year ended December 31, 2018 are solely for the convenience of the reader and were calculated at the rate of US$1.00 = RMB6.8755, representing the noon buying rate in The City of New York for cable transfers of RMB as certified for customs purposes by the Federal Reserve Bank of New York on December 28, 2018. No representation is made that the RMB amounts represent or could have been, or could be, converted, realized or settled into US$ at that rate on December 28, 2018, or at any other rate.

f) Fair value measurements

Accounting guidance defines fair value as 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.

Accounting guidance establishes a fair value hierarchy that 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. Accounting guidance establishes three levels of inputs that may be used to measure fair value:

- Level 1 applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.
- Level 2 applies to assets or liabilities for which there are inputs other than quoted prices included within Level 1 that are observable for the asset or liability such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical asset or liabilities in markets with insufficient volume or infrequent transactions (less active markets); or model-derived valuations in which significant inputs are observable or can be derived principally from, or corroborated by, observable market data.
- Level 3 applies to asset or liabilities for which there are unobservable inputs to the valuation methodology that are significant to the measurement of the fair value of the assets or liabilities.

The Group's financial instruments include cash and cash equivalents, accounts receivable, other receivables (included in "Prepayments and other current assets"), accounts payable and other payables (included in "Accrued expenses and other current liabilities"), of which the carrying values approximate their fair value.

See Note 20 for additional information.

g) Cash and cash equivalents

Cash and cash equivalents mainly represent cash on hand, demand deposits placed with large reputable banks in China, and highly liquid investments that are readily convertible to known amounts of cash and with original maturities from the date of purchase with terms of three months or less. As of December 31, 2017 and 2018, there were cash at bank and demand deposits with terms of less than three months denominated in US dollars amounting to approximately US$26.7 million (RMB174.3 million) and US$14.5 million (RMB99.4 million), respectively, and denominated in RMB amounting to approximately RMB18.6 million and RMB97.1 million, respectively. As of December 31, 2017 and 2018, the Group had cash held in accounts

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

2. Significant Accounting Policies (Continued)

g) Cash and cash equivalents (Continued)

managed by online payment platforms such as Alipay and WeChat Pay in connection with the collection of service fees online for a total amount of RMB13.6 million and RMB9.1 million, respectively, which have been classified as cash and cash equivalents on the consolidated balance sheets.

As of December 31, 2017 and 2018, the Group had approximately RMB155.1 and RMB152.7 million, cash and cash equivalents held by its PRC subsidiaries and VIE, representing 75.1% and 74.3% of total cash and cash equivalents of the Group, respectively.

As of December 31, 2017 and 2018, the Group had no restricted cash balance. The Group had no other lien arrangements during 2017 and 2018.

h) Account receivable

The carrying value of accounts receivable is reduced by an allowance that reflects the Group's best estimate of the amounts that will not be collected. Many factors are considered in estimating the general allowance, including but not limited to reviewing accounts receivable balances, historical bad debt rates, aging analysis, customer credit worthiness and industry trend analysis. The Group also makes specific allowance if there is evidence showing that the receivable is unlikely to be collected. Accounts receivable balances are written off against the allowance when they are determined to be uncollectible.

i) Property, equipment and leasehold improvement, net

Property, equipment and leasehold improvement are stated at cost less accumulated depreciation and impairment, if any. Depreciation is computed using the straight-line method over the following estimated useful lives:

Electronic equipment	3 years
Furniture and office equipment	5 years
Vehicles	4 years
Leasehold improvement	shorter of expected lives of leasehold improvement and lease term

Expenditures for maintenance and repairs are expensed as incurred. The gain or loss on the disposal of property, equipment and leasehold improvement is the difference between the net sales proceeds and the carrying amount of the relevant assets and is recognized in the consolidated statements of operations and comprehensive loss.

j) Intangible assets, net

Intangible assets mainly consist of copyright, software, trademark and others. Identifiable intangible assets are carried at acquisition cost less accumulated amortization and impairment loss, if any. Finite-lived intangible assets are tested for impairment if impairment indicators arise. Amortization of finite-lived intangible assets is computed using the straight-line method over their estimated useful lives, which are as follows:

Copyright	1-3 years
Software	1-5 years
Trademark and others	3-5 years

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

2. Significant Accounting Policies (Continued)

k) Impairment of long-lived assets

Long-lived assets are evaluated for impairment whenever events or changes in circumstances (such as a significant adverse change to market conditions that will impact the future use of the assets) indicate that the carrying value of an asset may not be fully recoverable or that the useful life is shorter than the Group had originally estimated. When these events occur, the Group evaluates the impairment for the long-lived assets by comparing the carrying value of the assets to an estimate of future undiscounted cash flows expected to be generated from the use of the assets and their eventual disposition. If the sum of the expected future undiscounted cash flows is less than the carrying value of the assets, the Group recognizes an impairment loss based on the excess of the carrying value of the assets over the fair value of the assets. No impairment charge was recognized for any of the periods presented.

l) Long-term investment

In accordance with ASC 325 Investment—Other, for equity investments which the Company does not have significant influence, and whose fair value is not readily determinable, the cost method accounting is applied. Gain or losses are realized when such investments are sold or when dividends are declared or payments are received. The Company assesses its equity investments for other-than-temporary impairment by considering factors as well as all relevant and available information including, but not limited to, current economic and market conditions, the operating performance of the companies including current earnings trends, and other company-specific information such as financing rounds.

The Group adopted ASU No. 2016-01 Financial Instruments—Overall (Subtopic 825-10) “Recognition and Measurement of Financial Assets and Financial Liabilities” on January 1, 2019. The adoption did not have a material impact on the Group’s consolidated financial statements.

m) Revenue recognition

The Group’s revenues comprise audio entertainment revenue, and podcast, advertising and other revenue.

The Group adopted ASC Topic 606, “Revenue from Contracts with Customers” for all periods presented. Consistent with the criteria of Topic 606, the Group recognizes 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 receive in exchange for those goods or services using the five steps defined under ASC Topic 606.

Audio entertainment

The Group is principally engaged in operating its own audio entertainment live streaming platform, which enable hosts and users to interact with each other during audio entertainment live streaming services. Audio entertainment revenue is generated from sales of virtual items on the platform. The Group has a recharge system for users to purchase the Group’s virtual currency then purchase virtual items for use. Users can recharge via bank transfer and various online third-party payment platforms, including AliPay, WeChat Pay and other payment platforms. Virtual currency is non-refundable and without expiry. The virtual currency is often consumed soon after it is purchased based on history of turnover of the virtual currency. Unconsumed virtual currency is recorded as deferred revenue. Virtual currencies used to purchase virtual items are recognized as revenue according to the prescribed revenue recognition policies of virtual items addressed below unless otherwise stated.

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

2. Significant Accounting Policies (Continued)

m) Revenue recognition (Continued)

Audio entertainment (Continued)

The Group engages hosts to provide audio entertainment live streaming services. The Group shares a portion of the sales proceeds of virtual items ("revenue sharing fee") with hosts and their respective guilds in accordance with their audio entertainment live streaming service agreements.

The Group evaluates and determines that it is the principal and views users to be its customers. The Group reports audio entertainment revenues on a gross basis. Accordingly, the amounts billed to users are recorded as revenues and revenue sharing fee paid to hosts and their respective guilds are recorded as cost of revenues. Where the Group is the principal, it controls the virtual items before they are transferred to users. Its control is evidenced by the Group's sole ability to monetize the virtual items before they are transferred to users, and is further supported by the Group being primarily responsible to users and having a level of discretion in establishing pricing. The Group designs, creates and offers various virtual items for sale to users with pre-determined stand-alone selling prices. Virtual items are categorized as consumable and time-based items. Consumable items are consumed upon purchase while time-based items could be used for a fixed period of time such as a virtual special symbol that can be purchased and displayed on the users' profile over a fixed period of time; Users can purchase either consumable or time-based items and present these virtual items to hosts to show support for their favorite hosts or purchase time-based virtual items that enhance the users' personal profile.

Revenue related to each consumable item is a single performance obligation provided on a consumption basis and is recognized at the point in time when the virtual item is transferred directly to the users and consumed by them. Revenue related to time-based virtual items is recognized ratably over the contract period. The Group does not have further performance obligations to the user after the virtual items are consumed immediately or after the stated contract period of time for time-based items.

Podcast

The Group provides users certain subscription services which entitle paying subscribers access to listen to specific podcast content on the platform. The subscription fee is time-based and is collected upfront from subscribers.

The receipt of subscription fee is initially recorded as deferred revenue. The Group satisfies its performance obligation by providing services throughout the estimated user relationship period as the subscription period is generally perpetual. Revenue is recognized ratably over the estimated average user relationship period. The estimated average user relationship period is based on data collected from those paying users who have subscribed to a specific podcast content. The Group estimates the user relationship period for a podcast content to be the date a user subscribes to it through the date the Group estimates the paying user listens to the content for the last time. The determination of the estimated average user relationship period is based on the Group's best estimate that takes into account all known and relevant information at the time of assessment. The Group assesses the estimated average user relationship period on regular basis. Any adjustments arising from changes in the estimated average user relationship period as a result of new information will be accounted as a change in accounting estimate in accordance with *ASC 250 Accounting Changes and Error Corrections*.

The podcast content are licensed by broadcasters to the Group. The Group records revenue on a gross basis considering the Group: (i) is the primary obligor in the arrangement; (ii) has latitude in establishing the selling price.

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

2. Significant Accounting Policies (Continued)

m) Revenue recognition (Continued)

Advertising

The Group generates advertisement revenues from rendering of various forms of advertisement services by way of advertisement display on the audio entertainment live streaming platform. Advertisements on the Group's platform are generally charged on the basis of duration whereby revenue is recognized ratably over the contract period of display. The Group provides sales incentives in the forms of discounts and rebates to advertisement agencies based on purchase volume. Revenue is recognized based on the price charged to the advertisers or agencies, net of sales incentives provided to the agencies. Sales incentives are recorded at the time of revenue recognition based on the contracted rebate rates and contract amount.

n) Deferred revenue

Deferred revenue primarily consists of unconsumed virtual currency and unamortized revenue from time-based virtual items in the Group's platform, where there is still an obligation to be provided by the Group, which will be recognized as revenue when all of the revenue recognition criteria are met.

o) Cost of revenue

Amounts recorded as cost of revenue relate to direct expenses incurred in order to generate revenue. Such costs are recorded as incurred. Cost of revenues, consists primarily of revenue sharing fees, salary and welfare benefits, payment handling costs, bandwidth costs and other costs.

p) Research and development expenses

Research and development expenses mainly consist of salary and welfare benefits and bandwidth costs incurred for the development and enhancement to the Company's websites and platform of applications.

q) Selling and marketing expenses

Selling and marketing expenses consist primarily of advertising and promotional expenses, salary and welfare benefits to the Group's sales and marketing personnel. Advertising and promotional expenses consist primarily of costs for the promotion of corporate image and mobile app, organization of offline events between hosts and users. The Group expenses all advertising and promotional expenses as incurred and classifies them under selling and marketing expenses. For the years ended December 31, 2017 and 2018, advertising and promotional expenses were RMB188.9 million and RMB106.1 million, respectively.

r) Government grants

Government grants represent cash subsidies received from the PRC government by the Group. Government grants are in connection with the Group's contributions to research and development activities, and tax refunds in local business districts.

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

2. Significant Accounting Policies (Continued)

s) Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Rental expense is recognized from the date of initial possession of the leased property on a straight-line basis over the term of the lease. Certain lease agreements contain rent holidays, which are recognized on a straight-line basis over the lease term. Lease renewal periods are considered on a lease-by-lease basis and are generally not included in the initial lease terms.

The Group has no capital leases for any of the periods presented.

t) Share-based compensation

Share based compensation expenses arise from share based awards, including share options for the purchase of ordinary shares and restricted shares. The Company accounts for share-based awards granted to employee and non-employee in accordance with ASC 718 Stock Compensation. For share options for the purchase of ordinary shares granted to employee and non-employee determined to be equity classified awards, the related share-based compensation expenses are recognized in the consolidated financial statements based on their grant date fair values which are calculated using the binomial option pricing model. The determination of the fair value is affected by the fair value of ordinary shares as well as assumptions regarding a number of complex and subjective variables, including the expected volatility of the fair value of ordinary shares, actual and projected employee share option exercise behavior, risk-free interest rates and expected dividends. The fair value of the ordinary shares is assessed using the income approach/discounted cash flow method, with a discount for lack of marketability, given that the shares underlying the awards were not publicly traded at the time of grant. Share-based compensation expenses are recorded net of actual forfeitures using straight-line method during the service period requirement, such that expenses are recorded only for those share-based awards that are expected to ultimately vest.

For an award with a performance and/or service condition that affects vesting, the performance and/or service condition is not considered in determining the award's fair value on the grant date. Performance and service conditions should be considered when the Group is estimating the quantity of awards that will vest. Compensation expenses will reflect the number of awards that are expected to vest and will be adjusted to reflect those awards that do ultimately vest. The Group recognizes compensation expenses for awards with performance conditions if and when the Group concludes that it is probable that the performance condition will be achieved, net of actual pre-vesting forfeitures over the requisite service period. The Group reassesses the probability of vesting at each reporting period for awards with performance conditions and adjusts compensation expenses based on its probability assessment, unless on certain situations, the Group may not be able to determine that it is probable that a performance condition will be satisfied until the event occurs.

u) Employee benefits

PRC Contribution Plan

Full time employees of the Group in the PRC participate in a government mandated defined contribution plan, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the PRC subsidiaries, VIE and subsidiaries of VIE of the Group make contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

2. Significant Accounting Policies (Continued)

u) Employee benefits (Continued)

PRC Contribution Plan (Continued)

obligation for the benefits beyond the contributions made. The total amounts of such employee benefit expenses, which were expensed as incurred, were approximately RMB12.5 million and RMB20.6 million for the years ended December 31, 2017 and 2018, respectively.

v) Taxation

Income taxes

Current income taxes are provided on the basis of income/ (loss) 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 tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and any tax loss and tax credit carry forwards. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in tax rates or tax laws is recognized in the consolidated statements of operations in the period the change in tax rates or tax laws is enacted. A valuation allowance is provided to reduce the amount of deferred income tax assets if it is considered more likely than not that some portion or all of the deferred income tax assets will not be realized.

Uncertain tax positions

In order to assess uncertain tax positions, the Group applies a more likely than not threshold and a two-step approach for the tax position measurement and financial statement recognition. Under the two-step approach, the first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates that it is more likely than not that the position will be sustained, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount that is more than 50% likely of being realized upon settlement. The Group recognizes interest and penalties, if any, under accrued expenses and other current liabilities on its consolidated balance sheet and under other expenses in its consolidated statement of operations and comprehensive loss. The Group did not have any significant unrecognized uncertain tax positions as of and for the years ended December 31, 2017 and 2018.

w) 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.

x) Net loss per share

Loss per share is computed in accordance with ASC 260, Earnings per Share. The two-class method is used for computing earnings per share in the event the Group has net income available for distribution. Under the

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2. Significant Accounting Policies (Continued)

x) Net loss per share (Continued)

two-class method, net income is allocated between ordinary shares and participating securities based on dividends declared (or accumulated) and participating rights in undistributed earnings as if all the earnings for the reporting period had been distributed. The Company's preferred shares are participating securities because they are entitled to receive dividends or distributions on an as converted basis. For the periods presented herein, the computation of basic loss per share using the two-class method is not applicable as the Group is in a net loss position and net loss is not allocated to other participating securities because in accordance with their contractual terms they are not obligated to share in the losses.

Basic net loss per share is computed using the weighted average number of ordinary shares outstanding during the period. Diluted net loss per share is computed using the weighted average number of ordinary shares and potential ordinary shares outstanding during the period under treasury stock method. Potential ordinary shares include options to purchase ordinary shares and preferred shares, unless they were anti-dilutive. The computation of diluted net income/ (loss) per share does not assume conversion, exercise, or contingent issuance of securities that would have an anti-dilutive effect (i.e. an increase in earnings per share amounts or a decrease in loss per share amounts) on net income/ (loss) per share.

y) Statutory reserves

In accordance with China's Company Laws, the Company's VIE and subsidiaries of VIE in PRC must make appropriations from their after-tax profit, if any (as determined under the accounting principles generally acceptable in the People's Republic of China ("PRC GAAP")) to non-distributable reserve funds including (i) statutory surplus fund and (ii) discretionary surplus fund. The appropriation to the statutory surplus fund must be at least 10% of the after-tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the statutory surplus fund has reached 50% of the registered capital of the respective company. Appropriation to the discretionary surplus fund is made at the discretion of the respective company.

Pursuant to the laws applicable to China's Foreign Investment Enterprises, the Company's subsidiary that is a foreign investment enterprise in China have to make appropriations from their after-tax profit, if any (as determined under PRC GAAP) to reserve funds including (i) general reserve fund, (ii) enterprise expansion fund and (iii) staff bonus and welfare fund. The appropriation to the general reserve fund must be at least 10% of the after tax profits calculated in accordance with PRC GAAP. Appropriation is not required if the general reserve fund has reached 50% of the registered capital of the subsidiary. Appropriations to the other two reserve funds are at the subsidiary's discretion.

The Group has not appropriated any amount to statutory reserves for the years ended December 31, 2017 and 2018, because the Company's subsidiary, VIE and subsidiaries of VIE were in the position of accumulated deficit as of December 31, 2017 and 2018.

z) Comprehensive income/(loss)

Comprehensive income/ (loss) is defined to include all changes in equity/ (deficit) of the Group during a period arising from transactions and other events and circumstances excluding transactions resulting from investments by shareholders and distributions to shareholders. Other comprehensive income/ (loss), as presented on the consolidated balance sheets, consists of accumulated foreign currency translation adjustments.

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

2. Significant Accounting Policies (Continued)

aa) Segment reporting

The Group uses the management approach in determining reportable operating segments. The management approach considers the internal organization and reporting used by the Group's chief operating decision maker for making operating decisions, allocating resources and assessing performance as the source for determining the Group's reportable segments. Management has determined that the Group operates in one segment, as that term is defined by FASB ASC Topic 280, Segment reporting.

bb) Concentration of credit risk

Advertising and promotional service providers

The Group relied on advertising and promotional service providers and their affiliates to promote its platform and enhance brand awareness through a variety of online and offline marketing and brand promotion activities. The number of advertising and promotional service providers during the years ended December 31, 2017 and 2018 are as follows:

	For the year ended December 31,	
	2017	2018
Total number of advertising and promotional service providers	125	245
Number of service providers that accounted for 10% or more of the Group's advertising and promotional expenses	1	—
Total percentage of the Group's advertising and promotional expenses that were paid to these service providers who accounted for 10% or more of the Group's advertising and promotional service expenses	16.0%	—

Credit risk

Financial instruments that potentially subject the Group to the concentration of credit risk consist of cash and cash equivalents and accounts receivable. As of December 31, 2017 and 2018, substantially all of the Group's cash and cash equivalents were held in major financial institutions located in China, which management consider being of high credit quality. Accounts receivable is typically unsecured and is generally derived from revenue earned from advertising business.

Major customers for advertising business

There were two and one customers that had receivable balances derived from the advertising business exceeding l0% of the total accounts receivable balances of the Group as of December 31, 2017 and 2018, respectively, as follows:

	For the year ended December 31,	
	2017	2018
Customer A	44.0%	84.9%
Customer B	32.2%	—

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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2. Significant Accounting Policies (Continued)

cc) Recently issued accounting pronouncements

The Group qualifies as an "emerging growth company", or "EGC", pursuant to the Jumpstart Our Business Startups Act of 2012, as amended, or the JOBS Act. As an EGC, the Group 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.

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". The amendments in this ASU require all equity investments to be measured at fair value with changes in the fair value recognized through net income (other than those accounted for under equity method of accounting or those that result in consolidation of the investee). The amendments in this accounting standard update also require an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments. In addition, the amendments in this accounting standard update eliminate the requirement to disclose the fair value of financial instruments measured at amortized cost for entities that are not public business entities and the requirement to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet for public business entities. For public business entities, the amendments in this update are effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. For all other entities including not-for-profit entities and employee benefit plans within the scope of Topics 960 through 965 on plan accounting, the amendments in this update are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. All entities that are not public business entities may adopt the amendments in this update earlier as of the fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. The Group adopted this new standard effective on January 1, 2019. The adoption of ASU 2016-01 did not have a material impact on the Group's consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which requires that a lessee should recognize the assets and liabilities that arise from operating leases. A lessee should recognize in the balance sheet a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expenses for such lease generally on a straight-line basis over the lease term. The amendments in this update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years for public entities. For all other entities, the amendments in this update are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application of the amendments in this update is permitted for all entities. The Group is currently evaluating the impact ASU 2016-02 will have on the Group's consolidated financial statements, and expects that some existing operating lease commitments will be recognized as operating lease obligations and right-of-use assets as a result of adoption.

In June 2016, the FASB amended guidance related to the impairment of financial instruments as part of ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. For public business entities that are U.S. Securities and Exchange Commission (SEC) filers, the amendments in this update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. For all other public business entities, the amendments in this update are

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2. Significant Accounting Policies (Continued)

cc) Recently issued accounting pronouncements (Continued)

effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. For all other entities, including not-for-profit entities and employee benefit plans within the scope of Topics 960 through 965 on plan accounting, the amendments in this update are effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. All entities may adopt the amendments in this update earlier as of the fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The guidance replaces the incurred loss impairment methodology with an expected credit loss model for which the Group is required to recognize an allowance based on its estimate of expected credit loss. The Group is currently evaluating the impact of this new guidance on its consolidated financial statements.

In June 2018, the FASB issued ASU No. 2018-07 Compensation—Stock Compensation (Topic 718) “Improvements to Nonemployee Share-Based Payment Accounting”. The amendments in this update expand the scope of Topic 718 to include share-based payment transactions for acquiring goods and services from nonemployees. An entity should apply the requirements of Topic 718 to nonemployee awards except for specific guidance on inputs to an option pricing model and the attribution of cost (that is, the period of time over which share-based payment awards vest and the pattern of cost recognition over that period). The amendments specify that Topic 718 applies to all share-based payment transactions in which a grantor acquires goods or services to be used or consumed in a grantor’s own operations by issuing share-based payment awards. The amendments also clarify that Topic 718 does not apply to share based payments used to effectively provide (1) financing to the issuer or (2) awards granted in conjunction with selling goods or services to customers as part of a contract accounted for under Topic 606, Revenue from Contracts with Customers. The amendments in this update are effective for public business entities for fiscal years beginning after December 15, 2018, including interim periods within that fiscal year. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early adoption is permitted, but no earlier than an entity’s adoption date of Topic 606. The Group has early adopted this accounting standard on its consolidated financial statements.

3. Accounts receivable, net

Accounts receivable, net is consisted of the following:

	December 31, 2017 RMB	December 31, 2018 RMB
Accounts receivable, gross:	12,672	6,485
Less: allowance for doubtful accounts	—	—
Accounts receivable, net	**12,672**	**6,485**

The Group closely monitors the collection of its accounts receivable and records allowance for doubtful accounts against aged accounts receivable and for specifically identified non-recoverable amounts. If the economic situation and the financial condition of a customer deteriorate resulting in an impairment of the customer’s ability to make payments, additional allowances might be required. Receivable balance are written off when they are determined to be uncollectable.

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4. Prepayments and other current assets

The following is a summary of prepayments and other current assets:

	December 31, 2017 RMB	December 31, 2018 RMB
Deposits	1,260	1,749
Prepaid service fees	4	1,080
Prepaid promotional expenses	5,741	728
Staff advances	1,519	439
Receivables from third-party online payment platform	985	349
Deductible Value Added Tax ("VAT")	930	86
Others	1,436	1,493
Total	**11,875**	**5,924**

5. Property, equipment and leasehold improvement, net

The following is a summary of property, equipment and leasehold improvement, net:

	December 31, 2017 RMB	December 31, 2018 RMB
Electronic equipment	12,190	23,000
Furniture and office equipment	639	1,192
Vehicles	—	989
Leasehold improvement	905	2,379
Total property, equipment and leasehold improvement	**13,734**	**27,560**
Less: accumulated depreciation	(4,869)	(10,365)
Property, equipment and leasehold improvement , net	**8,865**	**17,195**

Depreciation expenses were RMB2.5 million and RMB5.8 million for the years ended December 31, 2017 and 2018, respectively. No impairment charge was recognized for any of the periods presented.

6. Intangible assets

The following table summarizes the Group's intangible assets:

	December 31, 2017 RMB	December 31, 2018 RMB
Gross carrying amount		
Copyright	5,412	7,918
Software	285	610
Trademark and others	—	425
Total intangible assets	**5,697**	**8,953**
Less: accumulated amortization		
Copyright	(3,385)	(7,145)
Software	(186)	(303)
Trademark and others	—	(54)
Intangible assets, net	**2,126**	**1,451**

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(All amounts in thousands, except for share and per share data)

6. Intangible assets (Continued)

Amortization expense for the years ended December 31, 2017 and 2018 were RMB3.4 million and RMB3.9 million, respectively.

The estimated amortization expenses for each of the following five years are as follows:

	Amortization expense of intangible assets RMB
2019	862
2020	367
2021	149
2022	47
2023	26

7. Taxation

a) Income taxes

Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. Additionally, upon payments of dividends by the Company in the Cayman Islands to its shareholders, no Cayman Islands withholding tax will be imposed.

British Virgin Islands

Under the current laws of the British Virgin Islands, entities incorporated in British Virgin Islands are exempted from income tax on their foreign-derived incomes in the BVI. There are no withholding taxes in the BVI.

Hong Kong

Subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at a rate of 16.5% for taxable income earned in Hong Kong before April 1, 2018. Starting from the financial year commencing on April 1, 2018, the two-tiered profits tax regime took effect, under which the tax rate is 8.25% for assessable profits on the first HK$2 million and 16.5% for any assessable profits in excess of HK$2 million.

China

Under the Enterprise Income Tax Law of the PRC, the Company's Chinese subsidiaries, VIE and subsidiaries of VIE are subject to an income tax of 25%, except for Guangzhou Lizhi, which was entitled a preferential tax rate of 15% from 2017 to 2019 for its High and New Technology Enterprise ("HNTE") status. This status is subject to a requirement that Guangzhou Lizhi reapply for HNTE status every three years.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

7. Taxation (Continued)

a) Income taxes (Continued)

China (Continued)

The following table presents a reconciliation of the differences between the statutory income tax rate and the Company's effective income tax rate for the years ended December 31, 2017 and 2018:

	For the year ended December 31,	
	2017	2018
	%	%
Statutory income tax rate of the PRC	25.0	25.0
Tax rate difference from preferential tax treatments and statutory rate in other jurisdictions	(9.1)	(5.3)
Permanent differences	(0.1)	55.4
Change in valuation allowances	(15.8)	(75.1)
Effective income tax rate	—	—

As of December 31, 2018, certain entities of the Company had net operating tax loss carry forwards as follows:

	RMB
Loss expiring in 2019	10,315
Loss expiring in 2020	27,737
Loss expiring in 2021	40,816
Loss expiring in 2022	25,693
Loss expiring in 2023	51,100
	155,661

b) Deferred tax assets and liabilities

The following table presents the tax impact of significant temporary differences that give rise to the deferred tax assets and liabilities as of December 31, 2017 and 2018:

	December 31, 2017 RMB	December 31, 2018 RMB
Deferred tax assets:		
Net operating tax loss carry forwards	21,204	27,840
Advertising expenses in excess of deduction limit	23,116	21,059
Deferred revenue	882	1,600
Total deferred tax assets	**45,202**	**50,499**
Less: valuation allowances	(45,202)	(50,499)
Net deferred tax assets	**—**	**—**

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7. Taxation (Continued)

c) Deferred tax assets and liabilities (Continued)

The Group does not believe that sufficient positive evidence exists to conclude that the recoverability of deferred tax assets of certain entities of the Group is more likely than not to be realized. Consequently, the Group has provided full valuation allowances on the related deferred tax assets. The following table sets forth the movement of the aggregate valuation allowances for deferred tax assets for the periods presented:

	Balance at January 1 RMB	Movement* RMB	Balance at December 31 RMB
2017	(29,940)	(15,262)	(45,202)
2018	(45,202)	(5,297)	(50,499)

***** The movement in valuation allowances were due to the changes of deferred tax assets recognised for net operating tax loss carry forwards, advertising expenses in excess of deduction limit and deferred revenue.

d) Withholding income tax

The enterprise income tax ("EIT") Law also imposes a withholding income tax of 10% on dividends distributed by a foreign-invested entity ("FIE") to its immediate holding company outside of China, if such immediate holding company is considered as 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 immediate 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 that may be lowered to 5% (if the foreign investor owns directly at least 25% of the shares of the FIE). The State Administration of Taxation ("SAT") further promulgated Circular 601 on October 27, 2009, which provides that tax treaty benefits will be denied to "conduit" or shell companies without business substance and that a beneficial ownership analysis will be used based on a "substance-over-form" principle to determine whether or not to grant the tax treaty benefits. Further, the SAT promulgated the Notice on Issues Related to the "Beneficial Owner" in Tax Treaties in February 2018, which requires the "beneficial owner" to have ownership and the right to dispose of the income or the rights and properties giving rise to the income and generally engage in substantive business activities and sets forth certain detailed factors in determining the "beneficial owner" status.

To the extent that subsidiaries, VIE and subsidiaries of VIE of the Group have undistributed earnings, the Company will accrue appropriate expected withholding tax associated with repatriation of such undistributed earnings. As of December 31, 2017 and 2018, the Company did not record any such withholding tax of its subsidiaries, VIE and subsidiaries of VIE in the PRC as they are still in accumulated deficit position.

8. Other tax payable

Sales tax

The Group's subsidiaries, VIE and subsidiaries of VIE incorporated in China are subject to 6% VAT for services rendered.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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8. Other tax payable (Continued)

Sales tax (Continued)

The following is a summary of other tax payable as of December 31, 2017 and 2018:

	December 31, 2017 RMB	December 31, 2018 RMB
Cultural development fee	747	1,198
VAT payables	—	2,781
Withholding individual income taxes for employees	465	477
Others	1	428
Total	**1,213**	**4,884**

9. Accrued expenses and other current liabilities

The following is a summary of accrued expenses and other current liabilities as of December 31, 2017 and 2018:

	December 31, 2017 RMB	December 31, 2018 RMB
Advertising and promotional expenses	63,729	16,863
Professional service fees	2,000	4,001
Accrued sales rebates for advertising business	5,271	3,104
Others	147	58
Total	**71,147**	**24,026**

10. Cost of revenues

The following is a summary of cost of revenues for the years ended December 31, 2017 and 2018:

	For the year ended December 31, 2017 RMB	For the year ended December 31, 2018 RMB
Revenue sharing fees	299,168	527,128
Salary and welfare benefits	8,373	11,750
Payment handling costs	6,991	7,219
Bandwidth costs	2,303	3,490
Others	13,987	16,047
Total	**330,822**	**565,634**

11. Convertible loans

In April 2014, the Group issued a convertible loan in the principal amount of US$1.0 million and US$1.0 million to Morningside China TMT Fund II L.P. and Matrix Partners China I Hong Kong with an annual interest rate of 8% and a due date twelve months after the issuance date (the “2014 Loan”), respectively. Pursuant to the 2014 Loan agreements, the entire or any portion of the 2014 Loan can be converted into Series C preferred shares of the Group at eighty-five percent (85%) of the subscription price of Series C preferred shares whereby the investors waives its right to receive any interest accrued from the loans.

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11. Convertible loans (Continued)

In December 2014, the investors converted the 2014 Loan into an aggregate of 2,532,494 Series C convertible redeemable preferred shares of the Group, at a conversion price of US$0.7897 per share.

In April 2016, the Group issued a convertible loan in the principal amount of RMB8.0 million to a third party Company A (the "Company A") with an annual interest rate of 8% and a due date twelve months after the issuance date (the "2016 April Loan"). In June and October 2016, the Group issued a convertible loan in the principal amount of RMB5.0 million and RMB15.0 million to a third party Company B (the "Company B") with an annual interest rate of 8% and a due date twelve months after the issuance date (the "2016 June and October Loan"), respectively. Pursuant to the 2016 April Loan and 2016 June and October Loan agreements, the entire or any portion of these loans can be converted into equity share of Guangzhou Lizhi based on a conversion price of RMB11.24 per share. In April 2017, when the 2016 April Loan was due, the Group entered into an agreement with Company A to extend it to a new maturity date in June 2017.

In June 2017, the Group entered into Bridge Convertible Loan Agreements with the Company A and the Company B respectively, and agreed that all loans will be converted to Series C1+ preferred shares within 6 months after the completion of Series D1+ financing and revised the conversion price of all loans to RMB10.404 (US$1.5101) per share with no consideration. When the terms of the loan were revised (i.e. conversion date and conversion price), the change in the terms was accounted for as a modification (RMB1.1 million) and the incremental discount created is being amortized over the new loan term. On November 30, 2017, the Company A gave up its conversion right of 2016 April Loan and then on the same date, the Group granted a new RMB8.0 million convertible loan (the "2017 November Loan") to the Company B, together with its 2016 June and October Loan, the Company B has RMB28.0 million convertible loans in total.

On December 14, 2017, the carrying value of the 2016 June and October Loan and the 2017 November Loan of RMB28.0 million was converted into 2,691,209 Series C1+ convertible redeemable preferred shares, at a conversion price of RMB10.404 (US$1.5101) per share.

12. Preferred shares

Series A, B, C, C1, C1+, D and D1 convertible redeemable preferred shares are collectively referred to as the "Preferred Shares". Since their inception in 2011, the Group have raised approximately USD$61.9 million in equity financing from a group of investors:

Series A financing

In March 2011, the Group raised an aggregate of US$1,000,000 from the issuance of 10,000,000 Series A preferred shares of the Company to Matrix Partners China I Hong Kong Limited. These 10,000,000 Series A preferred shares were subdivided into 100,000,000 Series A preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

Series B financing

In March 2012, the Group raised an aggregate of US$2,500,000 from the issuance of 1,666,666 and 6,666,666 Series B preferred shares of the Group to Morningside China TMT Fund II, L.P. and Matrix Partners China I Hong Kong Limited, respectively. These 8,333,332 Series B preferred shares were subdivided into 83,333,320 Series B preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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12. Preferred shares (Continued)

Series B financing (Continued)

In February 2014, the Group raised an aggregated of US$1,000,000 from the issuance of 3,333,333 Series B preferred shares of the Group to Morningside China TMT Fund II, L.P. These 3,333,333 Series B preferred shares were subdivided into 33,333,330 Series B preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

Series C financing

In December 2014, the Group issued 1,266,247 and 1,266,247 Series C preferred shares of the Group to Matrix Partners China I Hong Kong and Morningside China TMT Fund II, L.P. upon the conversion of the 2014 Loan, respectively. These 2,532,494 Series C preferred shares were subdivided into 25,324,940 Series C preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

In December 2014, the Group raised an aggregate of US$10,894,477 from the issuance of 5,192,086 and 6,533,753 Series C preferred shares of the Company to Matrix Partners China I Hong Kong and Morningside China TMT Top Up Fund, L.P., respectively. These 11,725,839 Series C preferred shares were subdivided into 117,258,390 Series C preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

Series C1 financing

In January 2015, the Group raised an aggregate of US$3,223,675 from the issuance of 1,734,868 and 1,734,868 Series C+ preferred shares of the Group to People Better Limited and Shunwei Internet Limited, respectively. These 3,469,736 Series C1 preferred shares were subdivided into 34,697,360 Series C1 preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

Series C1+ financing

In December 2017, the Group issued 2,691,209 Series C1+ preferred shares of the Group to the Group B upon the conversion of the 2016 June and October Loan and the 2017 November Loan. These 2,691,209 Series C1+ preferred shares were subdivided into 26,912,090 Series C1+ preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

Series D financing

In June 2017, the Group raised an aggregate of US$22,000,000 from the issuance of 8,810,504 Series D preferred shares of the Group to Cyber Dreamer Limited. These 8,810,504 Series D preferred shares were subdivided into 88,105,040 Series D preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

In July 2017, the Group raised an aggregate of US$10,000,000 from the issuance of 4,004,775 Series D preferred shares of the Group to Cyber Dreamer Limited. These 4,004,775 Series D preferred shares were subdivided into 40,047,750 Series D preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

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12. Preferred shares (Continued)

Series D1 financing

In July 2017, the Company raised an aggregate of US$5,000,000 from the issuance of 2,002,387 Series D1 preferred shares of the Company to Evolution Media China L.P. These 2,002,387 Series D1 preferred shares were subdivided into 20,023,870 Series D1 preferred shares at par value of US$0.0001 upon a 1:10 share split in July 2018.

The key terms of the Preferred Shares are as follows:

Conversion right

The Series A, B, C, C1, C1+, D and D1 preferred shares are convertible, at the option of the holders at any time after the original issue date of the relevant series of preferred shares into such number of fully paid and non-assessable ordinary Shares. Each preferred share shall automatically be converted into ordinary shares at the then effective conversion price upon the closing of a QIPO. No fractional ordinary share shall be issued upon conversion of the preferred shares. In lieu of any fractional ordinary shares to which the holder would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the then effective conversion price for any such series of preferred shares.

The conversion ratio for each preferred share shall be determined by dividing the issue price by the then conversion price, in effect at the time of the conversion. The conversion price shall initially be equal to the issue price per ordinary share. No adjustment in the conversion price for any series of preferred shares shall be made in respect of the issuance of additional ordinary shares unless the consideration per share for an additional ordinary share issued or deemed to be issued by the Company is less than the conversion price for such series in effect on the date of and immediately prior to such issuance.

Redemption right

At any time on or after the earlier of: (i) the Redemption Start Date for each series of preferred shares; or (ii) the date on which a holder of any equity securities of the Company has requested a redemption of its shares, and subject to the law, at the option of a holder of the preferred shares, the Company shall redeem all or any part of the outstanding preferred shares held by the requesting holder as elected by such holder out of funds legally available therefor including capital, at the redemption price. “Redemption Start Date” means (i) with respect to the Series C1+, D and D1 preferred shares, December 31, 2020; (ii) with respect to the Series A, B, C and C1 preferred shares, December 31, 2018.

The Series A redemption price shall be equal to the greater of (i) an amount equal to: Series A issue price * 2, plus all declared but unpaid dividends thereon up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers; or (ii) the fair market value of the Series A Shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least a majority of outstanding Series A Shares; provided that such valuation shall not take into account any liquidity or minority interest discounts.

The Series B redemption price shall be equal to the greater of (i) an amount equal to: Series B issue price * (1.20)N, N = a fraction, the numerator of which is the number of calendar days between the Series B original issue date and the redemption date and the denominator of which is 365, plus all declared but unpaid dividends thereon up to the date of redemption, proportionally adjusted for share subdivisions, share dividends,

LIZHI INC.
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12. Preferred shares (Continued)

Redemption right (Continued)

reorganizations, reclassifications, consolidations or mergers; or (ii) the fair market value of the Series B shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least a majority of outstanding Series B shares; provided that such valuation shall not take into account any liquidity or minority interest discounts.

The Series C redemption price shall be equal to the greater of (i) an amount equal to: Series C issue price * (1.20)N, N = a fraction, the numerator of which is the number of calendar days between the Series C original issue date and the redemption date and the denominator of which is 365, plus all declared but unpaid dividends thereon up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers; or (ii) the fair market value of the Series C shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least a majority of outstanding Series C shares; provided that such valuation shall not take into account any liquidity or minority interest discounts.

The Series C1 redemption price shall be equal to the greater of (i) an amount equal to: Series C1 issue price * (1.20)N, N = a fraction, the numerator of which is the number of calendar days between the Series C1 original issue date and the redemption date and the denominator of which is 365, plus all declared but unpaid dividends thereon up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers; or (ii) the fair market value of the Series C1 shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least a majority of outstanding Series C1 shares; provided that such valuation shall not take into account any liquidity or minority interest discounts.

The Series C1+ redemption price shall be equal to the greater of (i) an amount equal to: Series C1+ issue price * (1.20)N, N = a fraction, the numerator of which is the number of calendar days between the Series C1+ original issue date and the redemption date and the denominator of which is 365, plus all declared but unpaid dividends thereon up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers; or (ii) the fair market value of the Series C1+ shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least a majority of outstanding Series C1+ shares; provided that such valuation shall not take into account any liquidity or minority interest discounts.

The Series D redemption price shall be equal to the greater of (i) an amount equal to: Series D issue price * (1.10)N, N = a fraction, the numerator of which is the number of calendar days between the Series D original issue date and the redemption date and the denominator of which is 365, plus all declared but unpaid dividends thereon up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers; or (ii) the fair market value of the Series D shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least a majority of outstanding Series D shares; provided that such valuation shall not take into account any liquidity or minority interest discounts.

The Series D1 redemption price shall be equal to the greater of (i) an amount equal to: Series D1 issue price * (1.10)N, N = a fraction, the numerator of which is the number of calendar days between the Series D1 original issue date and the redemption date and the denominator of which is 365, plus all declared but unpaid dividends thereon up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers; or (ii) the fair market value of the Series D1 shares,

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12. Preferred shares (Continued)

Redemption right (Continued)

the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least a majority of outstanding Series D1 shares; provided that such valuation shall not take into account any liquidity or minority interest discounts.

Upon issuance of Series D preferred shares, redemption dates and liquidation prices for Series A, B, C and C1 preferred shares were changed to be aligned with the terms stipulated in the Share Purchase Agreement of Series D preferred shares. Based on the independent valuations, the Group compared the fair value of Series A, B, C and C1 preferred shares immediately before and after the modifications, and it's determined that the changes of the fair value was lower than 10%, therefore, the changes to redemption dates and liquidation prices should be accounted for as modification to related preferred shares.

Dividend rights

No dividends or other distributions shall be made or declared, whether in cash, in property, or in any other shares of the Group, unless and until dividends have been paid in full on the Preferred Shares.

Liquidation rights

After setting aside or paying in full of the Series D and D1 preference amount, the Series C, C1 and C1+ preference amount, the Series B preference amount and the Series A preference amount, the remaining assets of the Group available for distribution to members, if any, shall be distributed to the holders of the preferred shares and ordinary shares on a pro rata basis, based on the number of ordinary shares then held by each holder on an as-converted basis.

Voting rights

Each Preferred Share confers the right to receive notice of, attend and vote at any general meeting of members.

Accounting of Preferred Shares

The Group has classified the Preferred Shares in the mezzanine equity of the consolidated balance sheets. In addition, the Group records accretions on the Preferred Shares to the redemption value from the issuance dates to the earliest redemption dates. The accretions are recorded against retained earnings, or in the absence of retained earnings, by charges against additional paid-in capital. Once additional paid-in capital has been exhausted, additional charges are recorded by increasing the accumulated deficit. Each issuance of the Preferred Shares is recognized at the respective issue price at the date of issuance net of issuance costs.

The Group has determined that there was no beneficial conversion feature attributable to all preferred shares because the initial effective conversion prices of these preferred shares were higher than the fair value of the Group's common shares determined by the Group taking into account independent valuations. The Group has classified all Preferred Shares as mezzanine equity in the consolidated balance sheet as they are contingently redeemable at the options of the holders.

The modification of the terms of preferred shares that resulted in fair value changes between ordinary shares and preferred shares have been recorded as a deemed dividend.

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12. Preferred shares (Continued)

The Company's preferred shares activities for the years ended December 31, 2017 and 2018 are summarized below:

	Series A Preferred Shares		Series B Preferred Shares		Series C Preferred Shares		Series C1 Preferred Shares		Series C1+ Preferred Shares		Series D Preferred Shares		Series D1 Preferred Shares		Mezzanine Equity	
	Number of shares	Amount RMB	Number of shares	Amount RMB	Number of shares	Amount RMB	Number of shares	Amount RMB	Number of shares	Amount RMB	Number of shares	Amount RMB	Number of shares	Amount RMB	Total number of shares	Total amount RMB
Balance as of January 1, 2017	100,000,000	30,658	116,666,650	50,621	142,583,330	119,672	34,697,360	28,601	—	—	—	—	—	—	393,947,340	229,552
Issuance of Preferred Shares	—	—	—	—	—	—	—	—	26,912,090	27,981	128,152,790	206,997	20,023,870	30,809	175,088,750	265,787
Accretions to Preferred Shares redemption value	—	90,763	—	91,065	—	70,518	—	17,480	—	10,575	—	9,963	—	911	—	291,275
Modification of Preferred Shares	—	—	—	4,005	—	—	—	—	—	—	—	—	—	—	—	4,005
Balance as of December 31, 2017	100,000,000	121,421	116,666,650	145,691	142,583,330	190,190	34,697,360	46,081	26,912,090	38,556	128,152,790	216,960	20,023,870	31,720	569,036,090	790,619
Accretions to Preferred Shares redemption value	—	43,312	—	49,731	—	58,960	—	14,352	—	10,983	—	33,138	—	5,709	—	216,185
Balance as of December 31, 2018	100,000,000	164,733	116,666,650	195,422	142,583,330	249,150	34,697,360	60,433	26,912,090	49,539	128,152,790	250,098	20,023,870	37,429	569,036,090	1,006,804

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13. Employee Benefits

The Company's subsidiaries, VIE and subsidiaries of VIE incorporated in China participate in a government-mandated multi-employer defined contribution plan under which certain retirement, medical, housing and other welfare benefits are provided to employees. Chinese labor regulations require the Company's Chinese subsidiaries, VIE and subsidiaries of VIE to pay to the local labor bureau a monthly contribution at a stated contribution rate based on the monthly basic compensation of qualified employees. The relevant local labor bureau is responsible for meeting all retirement benefit obligations; hence, the Group has no further commitments beyond its monthly contribution. The following table presents the Group's employee welfare benefits expenses for the years ended December 31, 2017 and 2018:

	For the year ended December 31,	
	2017	2018
	RMB	RMB
Contributions to medical and pension schemes	10,491	16,907
Other employee benefits	1,979	3,652
Total	**12,470**	**20,559**

14. Share-based Compensation

(a) Description of stock incentive plan

2012 Incentive Plan

In September 2012, the Group permitted the grant of options of the Company to relevant directors and officers of the Company ("the 2012 Incentive Plan"). Option awards are granted with an exercise price determined by the Board of Directors. Those options awards generally vest over a period of four years. Vested options shall be held by the Chief Executive Officer ("CEO") of the Company in trust and may be exercised/transferred after the completion of IPO. In September 2018, the 2012 Incentive Plan was cancelled without the concurrent grant of a replacement award, the Group would recognize any remaining unrecognized compensation cost; however, the 2012 Incentive Plan effectively has no value because it is not probable of vesting until the IPO is completed. Therefore, the Company concluded the cancellation of the 2012 Incentive Plan has no accounting implications and did not recognize share-based compensation expenses in the consolidated statements of operations and comprehensive loss.

2018 Incentive Plan

In September 2018, the Group permitted the grant of options and restricted shares of the Company to relevant directors, officers, other employees and consultants of the Company ("the 2018 Incentive Plan"). Option awards are granted with an exercise price determined by the Board of Directors. Those options and restricted shares awards generally vest over a period of four years. Both vested options and restricted shares shall be held by the Chief Executive Officer ("CEO") of the Company in trust and may be exercised/transferred after the completion of IPO.

As of December 31, 2017 and 2018, the Group did not recognize share-based compensation expenses in the consolidated statements of operations and comprehensive loss, because the Group assessed and concluded that it is not probable that the achievement of the performance condition (i.e. IPO) will be met.

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14. Share-based Compensation (Continued)

(a) Description of stock incentive plan (Continued)

2018 Incentive Plan (Continued)

As of December 31, 2018, total unrecognized compensation expenses related to unvested awards granted under the 2018 Incentive Plan was RMB40.1 million (US$5.8 million) which is expected to be recognized through the remaining vesting period of each grant if it is probable that the performance condition will be achieved. As of December 31, 2018, the weighted average remaining vesting period was 3.75 years.

(b) Valuation assumptions

The Group uses binomial option pricing model to determine fair value of the share-based awards. The estimated fair value of each option granted is estimated on the date of grant using the binomial option-pricing model with the following assumptions:

	2018
Expected volatility	56.38%
Weighted average volatility	56.38%
Expected dividends	—
Risk-free rate	3.05%
Contractual term(in years)	10
Enterprise value per ordinary share	US$0.21

The expected volatility at the grant date and each option valuation date was estimated based on the annualized standard deviation of the daily return embedded in historical share prices of comparable peer companies with a time horizon close to the expected expiry of the term of the options. The weighted average volatility is the expected volatility at the grant date weighted by number of options. The Company has never declared or paid any cash dividends on its capital stock, and the Group does not anticipate any dividend payments in the foreseeable future. The contractual term is the contract life of the options. The Group estimated the risk free interest rate based on the market yield of US Government Bonds with maturities of ten years as of the valuation date, plus a country default risk spread between China and the US.

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14. Share-based Compensation (Continued)

(c) Stock options activities

The following table presents a summary of the Company's stock options activities for the years ended December 31, 2017 and 2018.

	Employees (in thousands)	Consultants (in thousands)	Total (in thousands)	Weighted average exercise price US$	Remaining contractual life	Aggregated intrinsic value RMB
Outstanding at January 1, 2017	**2,950**	**—**	**2,950**	**0.001**	**—**	**735**
Cancelled	—	—	—	—	—	—
Granted	—	—	—	—	—	—
Forfeited	—	—	—	—	—	—
Outstanding at December 31, 2017	**2,950**	**—**	**2,950**	**0.001**	**—**	**3,031**
Cancelled	(2,950)	—	(2,950)	0.001	—	—
Granted	12,766	500	13,266	0.0001	—	—
Forfeited	(101)	—	(101)	0.0001	—	—
Outstanding at December 31, 2018	**12,665**	**500**	**13,165**	**0.0001**	**3.75**	**20,514**
Exercisable as of December 31, 2017	**—**	**—**	**—**	**—**	**—**	**—**
Exercisable as of December 31, 2018	**—**	**—**	**—**	**—**	**—**	**—**

The weighted average grant date fair value of options granted for the years ended December 31, 2017 and 2018 were nil and RMB1.44 (US$0.21) per option, respectively.

No options were exercised for the years ended December 31, 2017 and 2018.

(d) Restricted shares activities

Summary of restricted shares:

The following table sets forth the summary of restricted shares activities:

	Number of Restricted Shares Granted (in thousands)	Weighted-Average Grant Date Fair Value (in thousands) US$
December 31, 2017		
Awarded	**14,500**	**0.21**
Vested	**—**	**—**
Outstanding at December 31, 2018	**14,500**	**0.21**

(e) Founders' shares

In accordance with the restricted share agreement dated as of March 7, 2011, all ordinary shares ultimately owned by the Company's founders became subject to four-year vesting schedule, with 25% vesting on each anniversary of this date of over four years. In the event the founder's relationship with the Group terminates, directly or indirectly, upon (i) the voluntary termination by the founder of his employment with the Group, or (ii) the termination by the Group of the founder's employment for any event of default, then the Company shall have the right to repurchase from the founder all of the restricted shares that have not been released from the repurchase right. All of the restricted shares shall be released from the repurchase right upon the earlier to occur

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

14. Share-based Compensation (Continued)

(e) Founders' shares (Continued)

of: (i) a QIPO and (ii) the sale of all or substantially all of the assets of the Company or the consolidation, merger or other business combination of the Company with or into any other business entity pursuant to which shareholders of the Company prior to such consolidation, merger or other business combination hold less than a majority of the voting power of the surviving or resulting entity. The Company accounted for this arrangement similar to a reverse stock split, followed by the grant of restricted stock awards subject to service vesting conditions, though these founders' shares are legally outstanding from the grant day. Accordingly, compensation cost was measured based on the fair value of the ordinary shares at the grant date and is recognized over the requisite service period.

15. Net Loss per Share

For the years ended December 31, 2017 and 2018, the Company had potential ordinary shares, including preferred shares, restricted shares and share options granted. As the Group incurred losses for the years ended December 31, 2017 and 2018, these potential preferred shares and shares options granted were anti-dilutive and excluded from the calculation of diluted net loss per share of the Company.

The number of preferred shares and share options excluded from the calculation of diluted net loss per share of the Company were 569,036,090 and nil, 569,036,090 and nil as of December 31, 2017 and December 31, 2018, respectively.

Considering that the holders of preferred shares have no contractual obligation to participate in the Company's losses, any losses from the Group should not be allocated to preferred shares.

The following table sets forth the computation of basic and diluted net loss per share for the years ended December 31, 2017 and 2018:

	2017	2018
Numerator :		
Net loss	(153,665)	(9,342)
Less: accretions to preferred shares redemption value	(291,275)	(216,185)
Less: deemed dividends distributed to Series B preferred shares	(4,005)	—
Net loss attributable to Lizhi Inc.'s shareholders	**(448,945)**	**(225,527)**
Denominator:		
Weighted average number of ordinary shares outstanding, basic	260,000,000	260,000,000
Weighted average number of ordinary shares outstanding, diluted	260,000,000	260,000,000
Basic net loss per share attributable to Lizhi Inc.'s shareholders	**(1.73)**	**(0.87)**
Diluted net loss per share attributable to Lizhi Inc.'s shareholders	**(1.73)**	**(0.87)**

16. Commitments and Contingencies

(a) Commitments

The Group leases office space and staff quarters under non-cancelable operating lease agreements, which expire at various dates through December 2021. As of December 31, 2019, future minimum lease under non-cancelable operating lease agreements were as follows:

	Total operating lease commitments
2019	6,034
2020	4,190
2021	259
Total	**10,483**

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

16. Commitments and Contingencies (Continued)

(a) Commitments (Continued)

For the years ended December 31, 2017 and 2018, the Group incurred rental cost and expenses in the amounts of approximately RMB3.1 million and RMB4.7 million, respectively.

(b) Litigation

From time to time, the Group is involved in claims and legal proceedings that arise in the ordinary course of business. Based on currently available information, management does not believe that the ultimate outcome of any unresolved matters, individually and in the aggregate, is reasonably possible to have a material adverse effect on the Group's financial position, results of operations or cash flows. However, litigation is subject to inherent uncertainties and the Group's view of these matters may change in the future. The Group records a liability when it is both probable that a liability has been incurred and the amount of the loss can be reasonably estimated. The Group reviews the need for any such liability on a regular basis. The Group has not recorded any material liabilities in this regard as of December 31, 2017 and 2018.

17. Unaudited pro-forma balance sheet and net loss per share

Pursuant to the Company's Share Purchase Agreements in each run financing, the Company's preferred shares will be automatically converted into ordinary shares upon a QIPO.

Unaudited pro forma shareholders' deficit as of December 31, 2018, as adjusted for the reclassification of Series A, B, C, C1, C1+, D, D1 preferred shares from mezzanine equity to shareholders' deficit is shown in the unaudited pro forma consolidated balance sheets.

The unaudited pro forma balance sheet and earnings per share excluded the impacts of the Company's share-based awards that subject to IPO conditions.

The unaudited pro-forma basic and diluted loss per share for the year ended December 31, 2018 giving effect to the conversion of preferred shares into ordinary shares as of the beginning of such year, is as follows:

	For the year ended December 31, 2018
Numerator (RMB):	
Net loss attributable to ordinary shareholders	(225,527)
Pro-forma effect of conversion of preferred shares	216,185
Pro forma net loss attributable to ordinary shareholders—basic and diluted	(9,342)
Denominator:	
Denominator for basic net loss per share—weighted average ordinary shares outstanding	260,000,000
Pro-forma effect of conversion of preferred shares	569,036,090
Denominator for pro forma basic and diluted loss per share	829,036,090
Pro forma net loss per share	
Basic	(0.01)
Diluted	(0.01)

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

18. Subsequent events

Each of Tiya Holding Limited, Tiya Inc. (BVI) and Tiya Inc. (Cayman Islands) was incorporated in first half year of 2019 in Hong Kong, BVI and Cayman Islands, respectively. In March 2019, Guangzhou Tiya Information Technology Co., Ltd. was established by Tiya Holding Limited in PRC. In June 2019, Guangzhou Tiya entered into a series of contractual arrangements with Guangzhou Huanliao and the then existing shareholders of Guangzhou Huanliao, by which Guangzhou Tiya obtained control over Guangzhou Huanliao and transferred its ownership to another VIE of the Group.

On April 15, 2019, Lizhi BVI newly granted 10,428,430 restricted shares to its employees under 2018 Incentive Plan.

On May 31, 2019, in connection with the Reorganization in 2019, the board of directors of the Company approved the 2019 Share Incentive Plan (the "2019 Incentive Plan") whereby the incentive share options and restricted shares granted to employees and non-employees by Lizhi BVI in 2018 Incentive Plan shall be replaced and superseded by the exact number of share options and restricted shares of the Company for each grantee. There is no change of vesting schedule and other key terms of such award agreements entered into with each grantee in 2018 Incentive Plan.

The Group has performed an evaluation of subsequent events through August 6, 2019, which is the date the consolidated financial statements are available to be issued, with no other material events or transactions identified that should have been recorded or disclosed in the consolidated financial statements.

19. Segment Information

Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker ("CODM"), or decision making group, in deciding how to allocate resources and in assessing performance. The Company concluded that the Group's CODM is Mr. Jinnan (Marco) Lai, Chairman of the Board of Directors and CEO.

The Group's organizational structure is based on a number of factors that the CODM uses to evaluate, view and run its business operations which include, but not limited to, customer base, homogeneity of products and technology. The Group's operating segments are based on such organizational structure and information reviewed by the Group's CODM to evaluate the operating segment results. The Group has internal reporting of revenue, cost and expenses by nature as a whole. Hence, the Group has one operating segment.

Key revenues streams of one segment are as below:

	December 31, 2017 RMB	December 31, 2018 RMB
Audio entertainment	436,109	785,101
Podcast, advertising and others	17,420	13,460
Total	**453,529**	**798,561**

Substantially all revenues are derived from China based on the geographical locations where services are provided to customers. In addition, the Group's long-lived assets are substantially all located in China. Therefore, no geographical segments are presented.

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

20. Fair Value Measurement

Assets and liabilities disclosed at fair value:

The Company measures its cash and cash equivalents at amortized cost. The fair value was estimated by discounting the scheduled cash flows through to estimated maturity using estimated discount rates based on current offering rates of comparable institutions with similar services. The carrying value of the Company's debt obligations approximate fair value as the borrowing rates are similar to the market rates that are currently available to the Company for financing obligations with similar terms and credit risks and represent a level 2 measurement.

Assets measured at fair value on a nonrecurring basis:

The Company measured its property, equipment and leasehold improvement, intangible assets and long-term investment at fair value on a nonrecurring basis whenever events or changes in circumstances indicate that the carrying value may no longer be recoverable.

Assets and liabilities measured at fair value on a recurring basis:

The Group did not have any financial instruments that were required to be measured at fair value on a recurring basis as of December 31, 2017 and 2018.

21. Restricted Net Assets

Relevant PRC laws and regulations permit PRC companies to pay dividends only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. Additionally, the Company's PRC subsidiaries, VIE and subsidiaries of VIE can only distribute dividends upon approval of the shareholders after they have met the PRC requirements for appropriation to the general reserve fund and the statutory surplus fund respectively. The general reserve fund and the statutory surplus fund require that annual appropriations of 10% of net after-tax income should be set aside prior to payment of any dividends. As a result of these and other restrictions under PRC laws and regulations, the PRC subsidiaries, VIE and subsidiaries of VIE 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, which restricted portion amounted to approximately RMB46.3 million as of December 31, 2018. Even though the Company currently does not require any such dividends, loans or advances from the PRC subsidiaries, VIE and subsidiaries of VIE for working capital and other funding purposes, the Company may in the future require additional cash resources from its PRC subsidiaries, VIE and subsidiaries of VIE due to changes in business conditions, to fund future acquisitions and developments, or merely declare and pay dividends to or distributions to the Company's shareholders.

22. Additional Information—Condensed Financial Statements of the Parent Company

As mentioned in Note 1, the Company was incorporated in the Cayman Islands in January 2019. Lizhi BVI is the predecessor of the Company, thus, the Company disclosed condensed financial statements of Lizhi BVI as follows:

The condensed financial information of Lizhi BVI has been prepared in accordance with SEC Regulation S-X Rule 5-04 and Rule 12-04, using the same accounting policies as set out in the Group's consolidated financial statements, except that Lizhi BVI uses the equity method to account for investments in its subsidiaries, VIE and subsidiaries of VIE.

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

22. Additional Information—Condensed Financial Statements of the Parent Company (Continued)

The subsidiaries did not pay any dividend to Lizhi BVI for the years presented. Certain information and footnote disclosures generally included in financial statements prepared in accordance with U.S. GAAP have been condensed and omitted. The footnote disclosures contain supplemental information relating to the operations of Lizhi BVI, as such, these statements are not the general purpose financial statements of the reporting entity and should be read in conjunction with the notes to the consolidated financial statements of Lizhi BVI.

Lizhi BVI did not have significant capital and other commitments or guarantees as of December 31, 2018.

Condensed statements of operations:

	For the year ended December 31,	
	2017	2018
	RMB	RMB
Operation expenses:		
General and administrative expenses	(2,332)	(1,036)
Total operating expenses	**(2,332)**	**(1,036)**
Other expenses:		
Interest expense, net	(69)	(123)
Equity in loss of subsidiaries, VIE and subsidiaries of VIE	(151,264)	(8,183)
Net loss	**(153,665)**	**(9,342)**
Accretions to preferred shares redemption value	**(291,275)**	**(216,185)**
Net loss attributable to ordinary shareholders	**(444,940)**	**(225,527)**
Net loss	**(153,665)**	**(9,342)**
Other comprehensive (loss)/income:		
Foreign currency translation adjustments	(876)	2,649
Total comprehensive loss	**(154,541)**	**(6,693)**
Accretions to preferred shares redemption value	**(291,275)**	**(216,185)**
Total comprehensive loss to ordinary shareholders	**(445,816)**	**(222,878)**

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

22. Additional Information—Condensed Financial Statements of the Parent Company (Continued)

Condensed balance sheets:

	As of December 31, 2017 RMB	As of December 31, 2018 RMB
ASSETS		
Current assets:		
Cash and cash equivalents	50,697	52,237
Total current assets	**50,697**	**52,237**
Non-current assets:		
Investments in subsidiaries, VIE and subsidiaries of VIE	36,841	28,658
Total non-current assets	**36,841**	**28,658**
TOTAL ASSETS	**87,538**	**80,895**
LIABILITIES		
Accrued expenses and other current liabilities	—	50
Total current liabilities	**—**	**50**
TOTAL LIABILITIES	—	**50**
MEZZANINE EQUITY		
Series A convertible redeemable preferred shares (US$0.0001 par value; 100,000,000 shares authorized, issued and outstanding with redemption value of RMB0.99, RMB1.32 and liquidation value of RMB0.96, RMB1.36 as of December 31, 2017 and 2018, respectively)	121,421	164,733
Series B convertible redeemable preferred shares (US$0.0001 par value; 116,666,650 shares authorized, issued and outstanding with redemption value of RMB1.15, RMB1.63 and liquidation value of RMB1.06, RMB1.50 as of December 31, 2017 and 2018, respectively)	145,691	195,422
Series C convertible redeemable preferred shares (US$0.0001 par value; 142,583,330 shares authorized, issued and outstanding with redemption value of RMB1.40, RMB1.95 and liquidation value of RMB1.42, RMB1.94 as of December 31, 2017 and 2018, respectively)	190,190	249,150
Series C1 convertible redeemable preferred shares (US$0.0001 par value; 34,697,360 shares authorized, issued and outstanding with redemption value of RMB1.39, RMB1.93 and liquidation value of RMB1.42, RMB1.94 as of December 31, 2017 and 2018, respectively)	46,081	60,433
Series C1+ convertible redeemable preferred shares (US$0.0001 par value; 26,912,090 shares authorized, issued and outstanding with redemption value of RMB1.37, RMB1.90 and liquidation value of liquidation value of RMB1.74, RMB2.34 as of December 31, 2017 and 2018, respectively)	38,556	49,539

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

22. Additional Information—Condensed Financial Statements of the Parent Company (Continued)

Condensed balance sheets (Continued):

	As of December 31, 2017 RMB	As of December 31, 2018 RMB
Series D convertible redeemable preferred shares (US$0.0001 par value; 128,152,790 shares authorized, issued and outstanding with redemption value of RMB2.15, RMB2.49 and liquidation value of RMB2.24, RMB2.79 as of December 31, 2017 and 2018, respectively)	216,960	250,098
Series D1 convertible redeemable preferred shares (US$0.0001 par value; 20,023,870 shares authorized, issued and outstanding with redemption value of RMB2.11, RMB2.46 and liquidation value of RMB2.24, RMB2.79 as of December 31, 2017 and 2018, respectively)	31,720	37,429
TOTAL MEZZANINE EQUITY	**790,619**	**1,006,804**
SHAREHOLDERS' DEFICIT		
Ordinary shares (US$0.0001 par value, 930,963,910 shares authorized, 260,000,000 issued and outstanding as of December 31, 2017 and 2018, respectively)	171	171
Additional paid-in capital	—	—
Accumulated deficit	(704,361)	(929,888)
Accumulated other comprehensive income	1,109	3,758
TOTAL SHAREHOLDERS' DEFICIT	**(703,081)**	**(925,959)**
TOTAL LIABILITIES, MEZZANINE EQUITY AND SHAREHOLDERS' DEFICIT	**87,538**	**80,895**

LIZHI INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
(All amounts in thousands, except for share and per share data)

22. Additional Information—Condensed Financial Statements of the Parent Company (Continued)

Condensed Statements of Cash Flows:

	For the year ended December 31,	
	2017	2018
	RMB	RMB
Net cash generated from/(used in) operating activities	**118**	**(991)**
Net cash used in investing activities		
Cash paid for investments in subsidiaries, VIE and subsidiaries of VIE	(213,790)	—
Net cash used in investing activities	**(213,790)**	**—**
Net cash generated from financing activities		
Proceeds from issuance of Series D convertible redeemable preferred shares	215,643	—
Proceeds from issuance of Series D1 convertible redeemable preferred shares	32,835	—
Payment of issuance cost for Series D convertible redeemable preferred shares	(8,646)	—
Payment of issuance cost for Series D1 convertible redeemable preferred shares	(2,026)	—
Cash received from convertible loans	27,981	—
Net cash generated from financing activities	**265,787**	**—**
Effect of exchange rate changes on cash, cash equivalents	(1,567)	2,531
Net increase in cash and cash equivalents	**50,548**	**1,540**
Cash and cash equivalents at beginning of the year	149	50,697
Cash and cash equivalents at end of the year	**50,697**	**52,237**

Basis of presentation

Lizhi BVI's accounting policies are the same as the Group's accounting policies with the exception of the accounting for the investments in subsidiaries, VIE and subsidiaries of VIE.

For Lizhi BVI only condensed financial information, Lizhi BVI records its investments in subsidiaries, VIE and subsidiaries of VIE under the equity method of accounting as prescribed in ASC 323, Investments—Equity Method and Joint Ventures. Such investments are presented on the Condensed Balance Sheets as "Investments in subsidiaries, VIE and subsidiaries of VIE" and shares in the subsidiaries, VIE and subsidiaries of VIE' loss are presented as "Equity in loss of subsidiaries, VIE and subsidiaries of VIE" on the Condensed Statements of Operations and Comprehensive Loss. The parent company only condensed financial information should be read in conjunction with the Group's consolidated financial statements.

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 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. [Under our post-offering memorandum and articles of association, which will become effective immediately prior to the completion of this offering, to the fullest extent permissible under Cayman Islands law every director and officer of our company shall be indemnified against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by him in connection with the execution or discharge of his duties, powers, authorities or discretions as a director or officer of our company, including without prejudice to the generality of the foregoing, any costs, expenses, losses or liabilities incurred by him in defending (whether successfully or otherwise) any civil proceedings concerning our company or its affairs in any court whether in the Cayman Islands or elsewhere.]

[Pursuant to the form of indemnification agreements to be filed as Exhibit 10.2 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 of 1933, as amended (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

During the past three years, we have issued the following securities without registering the securities under the Securities Act. We believe that the following issuances was exempt from registration pursuant to Rule 701 promulgated under the Securities Act, or Section 4(a)(2) of the Securities Act, regarding transactions not involving a public offering, or in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions. None of the transactions involved an underwriter.

Purchaser	Date of Issuance	Number of Securities	Consideration
AI VOICE Ltd	January 10, 2019	1 ordinary share	nominal consideration
VOICE WORLD Ltd	March 6, 2019	220,999,999 ordinary shares	in exchange of 221,000,000 ordinary shares of Lizhi BVI
AI VOICE Ltd	March 6, 2019	38,999,999 ordinary shares	in exchange of 39,000,000 ordinary shares of Lizhi BVI
Matrix Partners China I Hong Kong Limited	March 6, 2019	100,000,000 Series A Preferred Shares	in exchange of 100,000,000 series A preferred shares of Lizhi BVI
Matrix Partners China I Hong Kong Limited	March 6, 2019	16,666,660 Series B Preferred Shares	in exchange of 16,666,660 series B preferred shares of Lizhi BVI
Matrix Partners China I Hong Kong Limited	March 6, 2019	64,583,330 Series C Preferred Shares	in exchange of 64,583,330 series C preferred shares of Lizhi BVI
Morningside China TMT Fund II, L.P.	March 6, 2019	99,999,990 Series B Preferred Shares	in exchange of 99,999,990 series B preferred shares of Lizhi BVI
Morningside China TMT Fund II, L.P.	March 6, 2019	12,662,470 Series C Preferred Shares	in exchange of 12,662,470 series C preferred shares of Lizhi BVI
Morningside China TMT Top Up Fund, L.P.	March 6, 2019	65,337,530 Series C Preferred Shares	in exchange of 65,337,530 series C preferred shares of Lizhi BVI
People Better Limited	March 6, 2019	17,348,680 Series C1 Preferred Shares	in exchange of 17,348,680 series C1 preferred shares of Lizhi BVI
Shunwei Internet Limited	March 6, 2019	17,348,680 Series C1 Preferred Shares	in exchange of 17,348,680 series C1 preferred shares of Lizhi BVI
VOICE WORLD Ltd	March 6, 2019	26,912,090 Series C1+ Preferred Shares	in exchange of 26,912,090 series C1+ preferred shares of Lizhi BVI
Cyber Dreamer Limited	March 6, 2019	128,152,790 Series D Preferred Shares	in exchange of 128,52,790 series D preferred shares of Lizhi BVI
Evolution Media China L.P.	March 6, 2019	20,023,870 Series D1 Preferred Shares	in exchange of 20,023,870 series D1 preferred shares of Lizhi BVI
Share Incentive Awards(1)			
Certain directors, officers, employees and consultant of the Company as a group	May 31, 2019	Awards to purchase 38,194,330 ordinary shares	Past and future services provided to us

Note:

(1) In reliance on the exemption of Rule 701 under the Securities Act, all the share incentive awards were granted by our company under the 2019 Share Incentive Plan that we adopted on May 31, 2019. At the time of each option grant, we were not a reporting company under section 13 or 15(d) of the Exchange Act of 1934 or an investment company registered or required to be registered under the Investment Company Act of 1940. The share incentive plan is a "compensatory benefit plan" as defined under Rule 701 that we established to provide share incentives to directors, officers and employees of our company and our affiliates, as well as consultants and advisors who render our company or one of our affiliates bona fide services, other than services in connection with the offer or sale of securities of our company or any of our affiliates, as applicable, in a capital raising transaction or as a market maker or promoter of that entity's securities.

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

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in our consolidated financial statements or the notes thereto.

ITEM 9 UNDERTAKINGS

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriters 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.

LIZHI INC.

EXHIBIT INDEX

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement
3.1	Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect
3.2*	Form of the Second Amended and Restated Memorandum and Articles of Association of the Registrant, as effective immediately prior to the completion of this offering
4.1*	Form of Registrant's Specimen American Depositary Receipt (included in Exhibit 4.3)
4.2*	Registrant's Specimen Certificate for Ordinary Shares
4.3*	Form of Deposit Agreement between the Registrant, the depositary and holders of the American Depositary Shares
4.4†	Shareholders Agreement dated March 6, 2019 by and among the Registrant, its ordinary shareholders, preferred shareholders and other parties named therein
5.1*	Opinion of Walkers (Hong Kong) regarding the validity of the ordinary shares being registered
8.1*	Opinion of Walkers (Hong Kong) regarding certain Cayman Island tax matters (included in Exhibit 5.1)
8.2*	Opinion of King & Wood Mallesons regarding certain PRC tax and VIE structure matters (included in Exhibit 99.2)
8.3*	Opinion of Davis Polk & Wardwell LLP regarding certain U.S. tax matters
10.1	LIZHI INC. 2019 Share Incentive Plan
10.2*	Form of Indemnification Agreement between the Registrant and its directors and executive officers
10.3*	Form of Employment Agreement between the Registrant and its directors and executive officers
10.4	English translation of the third amended and restated agreement of equity pledge agreement entered into on June 20, 2019 by and between Hongyi Technology and the shareholders of Guangzhou Lizhi
10.5	English translation of the fourth amended and restated agreement of exclusive equity transfer option agreement entered into on June 20, 2019 by and among Hongyi Technology, Guangzhou Lizhi and the shareholders of Guangzhou Lizhi
10.6	English translation of the amended and restated agreement of exclusive technical consulting and management service agreement entered into on June 9, 2017 by and between Hongyi Technology and Guangzhou Lizhi
10.7	English translation of the second amended and restated agreement of business operation agreement entered into on June 20, 2019 by and among Hongyi Technology, Guangzhou Lizhi and the shareholders of Guangzhou Lizhi
10.8	English translation of the power of attorney dated June 20, 2019 issued by Mr. Jinnan (Marco) Lai, one of the shareholders of Guangzhou Lizhi
10.9	English translation of the power of attorney dated June 20, 2019 issued by Mr. Ning Ding, one of the shareholders of Guangzhou Lizhi
10.10	English translation of the equity pledge agreement entered into on May 20, 2019 by and between Guangzhou Tiya and Mr. Ning Ding, the sole shareholder of Guangzhou Huanliao

Exhibit Number	Description of Document
10.11	English translation of the exclusive equity transfer option agreement entered into on May 20, 2019 by and among Guangzhou Tiya, Guangzhou Huanliao and Mr. Ning Ding, the sole shareholder of Guangzhou Huanliao
10.12	English translation of the exclusive technical consulting and management service agreement entered into on May 20, 2019 by and between Guangzhou Tiya and Guangzhou Huanliao
10.13	English translation of the business operation agreement entered into on May 20, 2019 by and among Guangzhou Tiya, Guangzhou Huanliao and Mr. Ning Ding, the sole shareholder of Guangzhou Huanliao
10.14	English translation of the power of attorney dated May 20, 2019 issued by Mr. Ning Ding, the sole shareholder of Guangzhou Huanliao
21.1*	Significant Subsidiaries of the Registrant
23.1*	Consent of PricewaterhouseCoopers Zhong Tian LLP, Independent Registered Public Accounting Firm
23.2*	Consent of Walkers (Hong Kong) (included in Exhibit 5.1)
23.3*	Consent of King & Wood Mallesons (included in Exhibit 99.2)
23.4*	Consent of Davis Polk & Wardwell LLP (included in Exhibit 8.3)
24.1*	Powers of Attorney (included on signature page)
99.1*	Code of Business Conduct and Ethics of the Registrant
99.2*	Opinion of King & Wood Mallesons regarding certain PRC law matters
99.3*	Consent of iResearch Consulting Group

* To be filed by amendment.

† Portions of the exhibit have been omitted in reliance of the revised Item 601 of Regulation S-K. The registrant hereby undertakes to furnish copies of any of the omitted portions upon request by the U.S. Securities and Exchange Commission.

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 Guangzhou, China, on , 2019.

LIZHI INC.

By: _____

Name: Xi (Catherine) Chen
Title: Chief Financial Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Mr. Jinnan (Marco) Lai and Ms. Xi (Catherine) Chen, each acting singly as an attorney-in-fact with full power of substitution, for him or her in any and all capacities, to do any and all acts and all things and to execute any and all instruments which said attorney and agent may deem necessary or desirable to enable the registrant to comply with the Securities Act of 1933, as amended (the "Securities Act"), and any rules, regulations and requirements of the Securities and Exchange Commission thereunder, in connection with the registration under the Securities Act of ordinary shares of the registrant (the "Shares"), including, without limitation, the power and authority to sign the name of each of the undersigned in the capacities indicated below to the Registration Statement on Form F-1 (the "Registration Statement") to be filed with the Securities and Exchange Commission with respect to such Shares, to any and all amendments or supplements to such Registration Statement, whether such amendments or supplements are filed before or after the effective date of such Registration Statement, to any related Registration Statement filed pursuant to Rule 462(b) under the Securities Act, and to any and all instruments or documents filed as part of or in connection with such Registration Statement or any and all amendments thereto, whether such amendments are filed before or after the effective date of such Registration Statement; and each of the undersigned hereby ratifies and confirms all that such attorney and agent shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement has been signed by the following persons in the capacities.

Signature	Title	Date
Name: Jinnan (Marco) Lai	Chief Executive Officer, Director	
Name: Ning Ding	Chief Technology Officer, Director	
Name: Zelong Li	Vice President, Director	
Name: Xi (Catherine) Chen	Chief Financial Officer	
Name: Tao Huang	Director	
Name: Ye Yuan	Director	

SIGNATURE OF AUTHORIZED U.S. REPRESENTATIVE

Under the Securities Act of 1933, as amended, the undersigned, the duly authorized representative in the United States of LIZHI INC., has signed this Registration Statement or amendment thereto in New York, New York, on , 2019.

Authorized U.S. Representative

By: _____
Name:
Title:

THE COMPANIES LAW (AS AMENDED)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED

MEMORANDUM AND ARTICLES OF ASSOCIATION

OF

LIZHI INC.

(Adopted by Special Resolution on March 6, 2019)

THE COMPANIES LAW (AS AMENDED)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED MEMORANDUM OF ASSOCIATION

OF

LIZHI INC.

(Adopted by Special Resolution on March 6, 2019)

1. The name of the Company is **LIZHI INC.**

2. The registered office of the Company shall be situated at the offices of Osiris International Cayman Limited, Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, Cayman Islands, or at such other place in the Cayman Islands 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 of the Cayman Islands (as Amended) (the "**Companies Law**" or "**Law**") or as the same may be revised from time to time, or any other law of the Cayman Islands.

4. The Company shall have and be capable of exercising all of the functions of a natural person of full capacity irrespective of any question of corporate benefit as provided by the Companies Law.

5. The Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands; provided that nothing in this section shall be construed as to prevent the Company from effecting and concluding contracts in the Cayman Islands, and exercising in the Cayman Islands all of its powers necessary for the carrying on of its business outside the Cayman Islands.

6. The liability of each Member is limited to the amount from time to time unpaid on such Member's shares.

7. The authorized share capital of the Company is US$150,000 divided into 1,500,000,000 shares of a par value of US$0.0001 each, comprising of 930,963,910 Ordinary Shares each with a par value of US$0.0001, 100,000,000 Series A Shares each with a par value of US$0.0001, 116,666,650 Series B Shares each with a par value of US$0.0001, 142,583,330 Series C Shares each with a par value of US$0.0001, 34,697,360 Series C1 Shares each with a par value of US$0.0001, 26,912,090 Series C1+ Shares each with a par value of US$0.0001, 128,152,790 Series D Shares each with a par value of US$0.0001, and 20,023,870 Series D1 Shares each with a par value of US$0.0001 provided always that subject to the Companies Law and the Articles of Association the Company shall have power to redeem or purchase any of its shares and to sub-divide or consolidate the said shares or any of them and to issue all or any part of its capital whether original, redeemed, increased or reduced with or without any preference, priority, special privilege or other rights or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be ordinary, preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.

8. The Company may exercise 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.

9. Capitalised terms that are not defined in this Memorandum of Association bear the same meaning as those given in the Articles of Association of the Company.

THE COMPANIES LAW (AS AMENDED)

OF THE CAYMAN ISLANDS

COMPANY LIMITED BY SHARES

AMENDED AND RESTATED ARTICLES OF ASSOCIATION

OF

LIZHI INC.

(Adopted by Special Resolution on March 6, 2019)

Interpretation

1. In these Articles Table A in the First Schedule to the Companies Law (As Amended) does not apply and, unless there is something in the subject or context inconsistent therewith:

"AI VOICE"	means AI VOICE Ltd □□□□□□□□, a business company incorporated in the British Virgin Islands with limited liability, one of the Founders.
"Articles"	means these articles of association of the Company, as amended or substituted from time to time.
"Auditor"	means the person for the time being performing the duties of auditor of the Company (if any). The Auditor shall not be deemed to be an officer of the Company pursuant to these Articles or any agreement entered into between the Company and the Auditor.
"Board"	means the board of Directors of the Company.
"Business Day"	means a day, excluding Saturdays, Sundays and holidays, on which commercial banks in the Cayman Islands, Hong Kong, the PRC and the City of New York are open for business throughout their normal business hours.
"BVI Co"	means LIZHI INC. □□□□ (formerly named as PINEAPPLE PIE HOLDING LIMITED), a business company incorporated in the British Virgin Islands with limited liability.
"Closing"	has the meaning assigned to it in the Series D Share Purchase Agreement.
"Conversion Price"	means the Series A Conversion Price, the Series B Conversion Price, the Series C Conversion Price, the Series C1 Conversion Price, the Series C1+ Conversion Price, the Series D Conversion Price or the Series D1 Conversion Price (as the case may be).
"Conversion Shares"	means the Ordinary Shares issued or issuable upon conversion of Series A Shares, Series B Shares, Series C Shares, Series C1 Shares, Series C1+ Shares, Series D Shares or Series D1 Shares (with each of such Conversion Shares being referred to as a "**Conversion Share**").
"Company"	means the above named company.

"Co-Sale Pro Rata Portion"	means the product obtained by multiplying (x) the aggregate number of the Offered Shares subject to the co-sale right under Article 16 by (y) a fraction, the numerator of which is the number of Ordinary Share Equivalents (on a fully-diluted and as-converted basis) owned by such Co-Sale Right Holder at the time of the sale or transfer and the denominator of which is the total combined number of Ordinary Share Equivalents (on a fully-diluted and as-converted basis) at the time owned by all Co-Sale Right Holders and the Selling Shareholder;
"Directors"	means the directors for the time being of the Company, or as the case may be, the directors assembled as a board or as a committee thereof.
"Distribution"	in relation to a distribution by the Company to a Shareholder means the direct or indirect transfer of an asset, other than Shares, to or for the benefit of the Shareholder, or the incurring of a debt to or for the benefit of a Shareholder, in relation to Shares held by a Shareholder, and whether by means of the purchase of an asset, the purchase, redemption or other acquisition of Shares, a transfer of indebtedness or otherwise, and includes a dividend.
"Dividend"	includes bonus dividends and distributions permitted by the Law to be categorized as dividends.
"Domestic Co"	means Guangzhou Lizhi Network Technology Co., Ltd. (□□□□□□□□□□□□), a limited liability company organized under the laws of PRC.
"EMC"	means Evolution Media China L.P. and/or its affiliates.
"Employee Shares"	means the shares of nominal or par value of US$0.0001 each in the capital of the Company issued pursuant to the ESOP and having the rights and restrictions set out in these Articles.
"Equity Securities"	means, with respect to a given person, any share, share capital, registered capital, ownership interest, partnership interest, equity interest, joint venture or other ownership interest of such person, or any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plan or similar right with respect to such person, or any contract of any kind for the purchase or acquisition from such person of any of the foregoing, either directly or indirectly.
"ESOP"	means such share option plans, share incentive scheme or other schemes and agreements of similar nature approved by the Preferred Majority pursuant to which Shares or options for Shares are issued or granted to the Directors, the officers and/or the employees of the Company and/or the consultants to the Company.
"Founders"	means VOICE WORLD Ltd □□□□□□□□□□, a business company incorporated in the British Virgin Islands with limited liability and AI VOICE Ltd □□□□□□□□, a business company incorporated in the British Virgin Islands with limited liability and each, a "**Founder**".

"fully-diluted and as-converted basis"	means, in relation to an allotment, issuance or grant of shares or options, warrants, rights or other securities of the Company in question (the "**issuance**"), on the assumption that the prevailing issued share capital would comprise (a) all shares that all outstanding options, warrants, rights and other securities of the Company would be converted into had all such options, warrants, rights and securities been duly exercised, and (b) all shares of the Company after the issuance, including without limitation all Ordinary Shares and all series of preferred shares and, if such preferred shares are convertible into Ordinary Shares, such number of Ordinary Shares that such preferred shares would be converted into at the then prevailing conversion rate.
"Functional Currency"	means, with respect to the Shares of any class, such currency as the Directors may from time to time determine as being the currency in which such Shares shall be subscribed, valued and/or redeemed pursuant to these Articles notwithstanding the currency of the par value thereof.
"Group Companies"	means, collectively, the Company, the BVI Co, the HK Co, the Domestic Co, the WFOE, CHANGSHA LIMANG INTERACTION ENTERTAINMENT CO., LTD. (□□□□□□□□□□□□□) , HUAIAN LIZHI NETWORK TECHNOLOGY CO., LTD. (□□□□□□□□□□□□□), GUANGZHOU ZHIYA NETWORK TECHNOLOGY CO., LTD. (□□□□□□□□□□□□□) and any Subsidiaries of the foregoing (with each of such Group Companies being referred to as a "**Group Company**").
"HK Co"	means LIZHI HOLDING LIMITED (formerly named as PINEAPPLE HOLDING LIMITED), a limited liability company incorporated under the laws of Hong Kong.
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC.
"Immediate Family Member"	means a child, stepchild, grandchild, parent, step-parent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a person referred to herein.
"Law"	means the Companies Law (As Amended) of the Cayman Islands, as the same may be further amended or revised from time to time.
"Majority Series A Holders"	means the holders of more than fifty percent (50%) of the voting power of the then issued and outstanding Series A Shares.
"Majority Series B Holders"	means the holders of more than fifty percent (50%) of the voting power of the then issued and outstanding Series B Shares.
"Majority Series C Holders"	means the holders of more than two thirds (2/3) of the voting power of the then issued and outstanding Series C Shares, Series C1 Shares and Series C1+ Shares.
"Majority Series D Holders"	means the holders of more than fifty percent (50%) of the voting power of the then issued and outstanding Series D Shares and Series D1+ Shares.
"Matrix"	means MATRIX PARTNERS CHINA I HONG KONG LIMITED and its successors, transferees and permitted assigns.
"Matrix Director"	shall have the meaning set forth in Article 28.

"Member" or "Shareholder"	means the Person who is duly registered in the Register of Members as holder for the time being of any Share and includes Persons who are jointly so registered.
"Memorandum"	means the memorandum of association of the Company, as amended or substituted from time to time.
"Morningside"	means MORNINGSIDE CHINA TMT FUND II, L.P., MORNINGSIDE CHINA TMT TOP UP FUND, L.P., and their successors, transferees and permitted assigns.
"Morningside Director"	shall have the meaning set forth in Article 28.
"Orchid Asia"	means Cyber Dreamer Limited and its successors, transferees and permitted assigns.
"Orchid Director"	shall have the meaning set forth in Article 28.
"Ordinary Resolution"	means, subject to the quorum requirement set forth in Article 25.2: a) a resolution passed by a simple majority of votes cast by such Members as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Member is entitled; or b) approved in writing by all of the Members entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Members and the effective date of the resolution so adopted shall be the date on which the instrument, or the last of such instruments, if more than one, is executed.
"Ordinary Shareholder"	means a Shareholder of Ordinary Shares.
"Ordinary Shares"	means the Ordinary Shares in the capital of the Company.
"Original Issue Date"	means the Series A Original Issue Date, Series B Original Issue Date, Series C Original Issue Date, Series C1 Original Issue Date, Series C1+ Original Issue Date, Series D Original Issue Date or Series D1 Original Issue Date (as applicable).
"paid up"	means paid up as to the par value in respect of the issue of any Shares and includes credited as paid up.
"Person"	means any natural person, firm, company, joint venture, partnership, corporation, association or other entity (whether or not having a separate legal personality) or any of them as the context so requires, other than in respect of a Director or Officer in which circumstances Person shall mean any person or entity permitted to act as such in accordance with the laws of the Cayman Islands.
"PRC"	means the People's Republic of China.

"Preferred Holders"	means, for purpose of Article 14, the Series A Preference Shareholders, the Series B Preference Shareholders, the Series C Preference Shareholder, the Series C1 Preference Shareholder, the Series C1+ Preference Shareholder, the Series D Preference Shareholder, the Series D1 Preference Shareholder and their permitted transferees to which rights under Article 14 have been duly assigned; and a "**Preferred Holder**" means any one of them as the context permits.
"Preferred Majority"	means holders, or their permitted assigns, holding at least fifty percent (50%) of the then issued and outstanding Preferred Shares.
"Preferred Shares"	means Series A Shares, Series B Shares, Series C Shares, Series C1 Shares, Series C1+ Shares, Series D Shares and Series D1 Shares (with each of such Preferred Shares being referred to as a "**Preferred Share**").
"Pro Rata Share"	means, for purpose of Article 14, the ratio of (a) the number of Ordinary Shares (calculated on a fully-diluted and as-converted basis) held by such Participation Rights Holder, to (b) the total number of Ordinary Shares (calculated on a fully-diluted and as-converted basis) then outstanding immediately prior to the issuance of New Securities giving rise to the Right of Participation.
"Qualified Public Offering"	means a firm underwritten initial public offering of the Ordinary Shares on a Relevant Exchange by an internationally recognized investment bank confirmed by the Board of the Company that has been registered under the applicable securities laws with a pre-offering valuation of the Company of at least US$400,000,000, and gross proceeds to the Company in excess of US$70,000,000, or in a similar public offering of the Ordinary Shares in another jurisdiction which results in such shares trading publicly on a recognized regional or national securities exchange, provided that such offering satisfies the foregoing market capitalization and gross proceeds requirements.
"Redemption Date"	means such date after the Redemption Start Date as stated in the Redemption Notice on which the Preferred Shares are to be redeemed.
"Redemption Notice"	shall have the meaning set forth in Article 4.6.
"Redemption Start Date"	means (i) with respect to the Series C1+ Shares, Series D Shares and Series D1 Shares, December 31, 2020; (ii) with respect to the Preferred Shares (excluding the Series C1+ Shares, Series D Shares and Series D1 Shares), December 31, 2018.
"Relevant Exchange"	means a recognized regional or national securities exchange upon which securities are publicly traded, as may be determined by the Board from time to time.
"Register of Members"	means the register of Members of the Company required to be kept pursuant to the Law and includes any branch register(s) established by the Company in accordance with the Law.
"Registered Office"	means the registered office for the time being of the Company located in the Cayman Islands.
"Registrar"	means the Registrar of Companies in the Cayman Islands.

"Resolution of Directors"	means either: a) a resolution approved at a duly convened and constituted meeting of Directors of the Company or of a committee of Directors of the Company by the affirmative vote of a majority of the Directors present at the meeting who voted except that where a Director is given more than one vote, he shall be counted by the number of votes he casts for the purpose of establishing a majority; or b) a resolution consented to in writing by all Directors or by all members of a committee of Directors of the Company, as the case may be.
"Seal"	means any common seal of the Company and includes any duplicate seal or facsimile seal.
"Secretary"	any Person, firm or corporation appointed by the Board to perform any of the duties of secretary of the Company and includes any assistant, deputy, temporary or acting secretary.
"Series A Conversion Price"	means the price at which Ordinary Shares shall be issuable upon conversion of the Series A Shares.
"Series A Issue Price"	means US$0.01 per Series A Share, as appropriately adjusted for any share dividend, share split, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series A Shares.
"Series A Original Issue Date"	means the date of the first sale and issuance of Series A Shares.
"Series A Preference Amount"	shall have the meaning set forth in Article 4.2.
"Series A Preference Shareholder"	means a Shareholder of Series A Shares.
"Series A Redemption Price"	means the redemption price per Series A Share calculated in accordance with the mathematical formula set forth in Article 4.2.
"Series A Shares"	means the series A preferred shares of nominal or par value of US$0.0001 each in the capital of the Company carrying the preferred rights and privileges as set out in these Memorandum and Articles.
"Series B Conversion Price"	means the price at which Ordinary Shares shall be issuable upon conversion of the Series B Shares.
"Series B Issue Price"	means US$0.03 per Series B Share, as appropriately adjusted for any share dividend, share split, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series B Shares.
"Series B Original Issue Date"	means the date of the first sale and issuance of Series B Shares.
"Series B Preference Amount"	shall have the meaning set forth in Article 4.2.

"Series B Preference Shareholder"	means a Shareholder of Series B Shares.
"Series B Redemption Price"	means the redemption price per Series B Share calculated in accordance with the mathematical formula set forth in Article 4.2.
"Series B Shares"	means the series B preferred shares of nominal or par value of US$0.0001 each in the capital of the Company carrying the preferred rights and privileges as set out in these Memorandum and Articles.
"Series C Conversion Price"	means the price at which Ordinary Shares shall be issuable upon conversion of the Series C Shares.
"Series C Issue Price"	means US$0.09291 per Series C Share, as appropriately adjusted for any share dividend, share split, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series C Shares.
"Series C Original Issue Date"	means the date of the first sale and issuance of Series C Shares.
"Series C Preference Amount"	shall have the meaning set forth in Article 4.2.
"Series C Preference Shareholder"	means a Shareholder of Series C Shares.
"Series C Redemption Price"	means the redemption price per Series C Share calculated in accordance with the mathematical formula set forth in Article 4.2.
"Series C Shares"	means the series C preferred shares of nominal or par value of US$0.0001 each in the capital of the Company carrying the preferred rights and privileges as set out in these Memorandum and Articles.
"Series C Preference Amount"	shall have the meaning set forth in Article 4.2.
"Series C1 Conversion Price"	means the price at which Ordinary Shares shall be issuable upon conversion of the Series C1 Shares.
"Series C1 Issue Price"	means US$0.09291 per Series C1 Share, as appropriately adjusted for any share dividend, share split, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series C1 Shares.
"Series C1 Original Issue Date"	means December 3, 2014, the date of the first sale and issuance of Series C1 Shares.
"Series C1 Preference Shareholder"	means a Shareholder of Series C1 Shares.
"Series C1 Redemption Price"	means the redemption price per Series C1 Share calculated in accordance with the mathematical formula set forth in Article 4.2.

"Series C1 Shares"	means the series C1 preferred shares of nominal or par value of US$0.0001 each in the capital of the Company carrying the preferred rights and privileges as set out in these Memorandum and Articles.
"Series C1+ Conversion Price"	means the price at which Ordinary Shares shall be issuable upon conversion of the Series C1+ Shares.
"Series C1+ Issue Price"	means US$0.15101 per Series C1+ Share, as appropriately adjusted for any share dividend, share split, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series C1+ Shares.
"Series C1+ Original Issue Date"	means the date of the first sale and issuance of Series C1+ Shares.
"Series C1+ Preference Shareholder"	means a Shareholder of Series C1+ Shares.
"Series C1+ Redemption Price"	means the redemption price per Series C1+ Share calculated in accordance with the mathematical formula set forth in Article 4.2.
"Series C1+ Shares"	means the series C1+ preferred shares of nominal or par value of US$0.0001 each in the capital of the Company carrying the preferred rights and privileges as set out in these Memorandum and Articles.
"Series D Conversion Price"	means the price at which Ordinary Shares shall be issuable upon conversion of the Series D Shares.
"Series D Issue Price"	means US$0.2497 per Series D Share, as appropriately adjusted for any share dividend, share split, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series D Shares.
"Series D Original Issue Date"	means the date of the first sale and issuance of Series D Shares.
"Series D Preference Amount"	shall have the meaning set forth in Article 4.2.
"Series D Preference Shareholder"	means a Shareholder of Series D Shares.
"Series D Redemption Price"	means the redemption price per Series D Share calculated in accordance with the mathematical formula set forth in Article 4.2.
"Series D Shares"	means the series D preferred shares of nominal or par value of US$0.0001 each in the capital of the Company carrying the preferred rights and privileges as set out in these Memorandum and Articles.
"Series D1 Conversion Price"	means the price at which Ordinary Shares shall be issuable upon conversion of the Series D1 Shares.

"Series D1 Issue Price"	means US$0.2497 per Series D1 Share, as appropriately adjusted for any share dividend, share split, combination of shares, reorganization, recapitalization, reclassification or other similar event affecting the Series D1 Shares.
"Series D1 Investor"	means Evolution Media China L.P. and/or its respective assignees or transferees.
"Series D1 Original Issue Date"	means the date of the first sale and issuance of Series D1 Shares.
"Series D1 Purchase Agreement"	means a Series D1 Preferred Share Purchase Agreement dated September 8, 2017 between the BVI Co, the HK Co, the WFOE, the Domestic Co, the Series D1 Investor and other parties.
"Series D1 Preference Shareholder"	means a Shareholder of Series D1 Shares.
"Series D1 Redemption Price"	means the redemption price per Series D1 Share calculated in accordance with the mathematical formula set forth in Article 4.2.
"Series D1 Shares"	means the series D1 preferred shares of nominal or par value of US$0.0001 each in the capital of the Company carrying the preferred rights and privileges as set out in these Memorandum and Articles.
"Share" and "Shares"	means a share or shares in the capital of the Company issued subject to and in accordance with the provisions of the Law and these Articles, and having the rights and being subject to the restrictions as provided for under these Articles with respect to such Share. All references to "Shares" herein shall be deemed to be Shares of any or all classes or series as the context may require and shall include a fraction of a share.
"Shareholders Agreement"	means the Shareholders Agreement dated March 6, 2019 by and among, inter alia, the Company, the BVI Co, the HK Co, the Domestic Co and the Shareholders of the Company, as amended, supplemented, restated or replaced from time to time.
"Share Premium Account"	means the share premium account established in accordance with these Articles and the Law.
"Special Resolution"	means a special resolution of the Company being: a) passed by a majority of not less than 80% of the votes cast by such Shareholders as, being entitled to do so, vote in person or, where proxies are allowed, by proxy at a general meeting of the Company of which notice specifying the intention to propose the resolution as a special resolution has been duly given and where a poll is taken regard shall be had in computing a majority to the number of votes to which each Shareholder is entitled; or b) approved in writing by all of the Shareholders entitled to vote at a general meeting of the Company in one or more instruments each signed by one or more of the Shareholders and the effective date of the special resolution so adopted shall be the date on which the instrument or the last of such instruments, if more than one, is executed.

"Treasury Share"	means a Share that was previously issued but was repurchased, redeemed or otherwise acquired by the Company and not cancelled.
"Voice World"	means VOICE WORLD Ltd □□□□□□□□□□, a business company incorporated in the British Virgin Islands with limited liability, one of the Founders.
"WFOE"	means Beijing Hongyi Technology Co., Ltd. (□□□□□□□□□□□□□□□), a wholly foreign-owned enterprise organized under the laws of the PRC and wholly owned by the HK Co.
"Written"	or any term of like import includes information generated, sent, received or stored by electronic, electrical, digital, magnetic, optical, electromagnetic, biometric or photonic means, including electronic data interchange, electronic mail, telegram, telex or telecopy, and "in writing" shall be construed accordingly.

1. In these Articles:

i. words importing the singular number include the plural number and vice versa;

ii. words importing the masculine gender include the feminine gender;

iii. words importing persons include corporations;

iv. reference to "in writing" shall be construed as written or represented by any means reproducible in writing, including any form of print, lithograph, email, facsimile, photograph or telex or represented by any other substitute or format for storage or transmission for writing or partly one and partly another;

v. 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;

vi. 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; and

vii. all headings are inserted for reference only and shall be ignored in construing these Articles.

2. Commencement of Business

2.1 The business of the Company may be commenced as soon after incorporation as the Directors shall see fit.

3. Shares

3.1 Subject to applicable laws of the Cayman Islands and subject to the provisions, if any, in the Memorandum and without prejudice to any rights previously conferred on the holders of existing Shares, the Directors may allot, issue, grant options over or otherwise dispose of Shares (including fractions of a Share) with or without preferred, deferred or other special rights or restrictions, whether in regard to dividend, voting, return of share capital or otherwise as the Company may, from time to time in a general meeting determine, and to such persons, at such times and on such other terms as the Directors think proper.

3.2 The Directors may authorise the division of Shares into any number of classes and series and the different classes and series shall be authorised, established and designated (or re-designated as the case may be) and the variations in the relative rights (including, without limitation, voting, dividend and redemption rights), restrictions, preferences, privileges and payment obligations as between the different classes and series (if any) and the relevant Functional Currency thereof shall be fixed and determined by the Directors. The pro rata portion of the Company's assets that may be attributed to each class or series may be invested together with the pro rata portion of the Company's assets that may be attributed to each other class or series as designated from time to time.

3.3 The Directors may refuse to accept any application for Shares, and may accept any application in whole or in part, for any reason or for no reason.

3.4 The Company shall not issue Shares to bearer.

3.5 The Directors may resolve to accept non-cash assets in satisfaction (in whole or in part) of the subscription price or the issue price of any Shares.

4. Specific Rights Attaching to Preferred Shares

4.1 Attendance at General Meetings and Voting Rights

(a) Each Preferred Share confers the right to receive notice of, attend and vote at any general meeting of members.

(b) On a show of hands, each holder of Preferred Share present in person or (being a corporation) by a representative has one vote. On a poll, each holder present in person or by proxy or (being a corporation) by a representative is entitled to exercise the number of votes which it would have been entitled to exercise had all the Preferred Shares held by it been converted into Ordinary Shares immediately before such voting on an as-converted basis.

(c) The holders of Preferred Shares and Ordinary Shares shall vote together and not as separate classes, except as otherwise required by the Articles or the law or agreed upon by the members.

(d) Notwithstanding other provisions herein or in the Articles, any matter that may prejudice the rights associated with the any series of Preferred Shares shall have to be determined by the holders of such series of Preferred Shares at a separate class meeting.

(e) Any matter requiring the approval, determination or consent of the holders of any series of Preferred Shares under the Articles shall, unless otherwise specified herein, be determined by the holders of the majority of such series of Preferred Shares then in issue, either at a duly convened class meeting or at the general meeting of the Company, or by consent in writing or otherwise

4.2 Dividends

(a) The holders of:

(i) Series D Shares and Series D1 Shares shall be entitled to receive, prior and in preference to the holders of Series C1+ Shares, Series C1 Shares, Series C Shares, Series B Shares, Series A Shares and Ordinary Shares, and any other series or class of Shares of the Company, a non-cumulative and non-compounding dividend on each outstanding Series D Share and Series D1 Share held by such holder at the rate equal to the greater of (i) eight percent (8%) of the Series D Issue Price or the Series D1 Issue Price per annum, or (ii) the dividends that would be paid with respect to the Ordinary Shares into which the Series D Shares or Series D1 Shares may be converted on an as-converted basis, in each case payable out of funds;

(ii) Series C Shares, Series C1 Shares and Series C1+ Shares shall be entitled to receive, prior and in preference to the holders of Series B Shares, Series A Shares and Ordinary Shares, and any other series or class of Shares of the Company, a non-cumulative dividend on each outstanding Series C Share, Series C1 Share and Series C1+ Shares held by such holder at the rate of eight percent (8%) of the Series C Issue Price, the Series C1 Issue Price or the Series C1+ Issue Price (as applicable) per annum, payable out of funds or assets when and as such funds or assets become legally available therefor on parity with each other;

(iii) Series B Shares shall be entitled to receive, prior and in preference to the holders of Series A Shares and Ordinary Shares, and any other series or class of Shares of the Company, a non-cumulative dividend on each outstanding Series B Share held by such holder at the rate of eight percent (8%) of the Series B Issue Price per annum, payable out of funds or assets when and as such funds or assets become legally available therefor on parity with each other;

(iv) Series A Shares shall be entitled to receive, prior and in preference to the holders of Ordinary Shares, and any other series or class of Shares of the Company, a non-cumulative dividend on each outstanding Series A Share held by such holder at the rate of eight percent (8%) of the Series A Issue Price per annum, payable out of funds or assets when and as such funds or assets become legally available therefor on parity with each other.

(b) No dividends or other distributions shall be made or declared, whether in cash, in property, or in any other Shares of the Company, with respect to Ordinary Shares, Series A Shares, Series B Shares, Series C Shares, Series C1 Shares and Series C1+ Shares (on an as-converted basis), unless and until dividends have been paid in full on the Series D Shares and the Series D1 Shares (on an as-converted basis) as provided in Article 4.1(a). No dividends or other distributions shall be made or declared, whether in cash, in property, or in any other Shares of the Company, with respect to Ordinary Shares, Series A Shares and Series B Shares (on an as-converted basis), unless and until dividends have been paid in full on the Series C Shares, Series C1 Shares, Series C1+ Shares, the Series D Shares and the Series D1 Shares (on an as-converted basis) as provided in Article 4.1(a). No dividends or other distributions shall be made or declared, whether in cash, in property, or in any other Shares, with respect to Ordinary Shares and Series A Shares (on an as-converted basis), unless and until dividends in like amount have been paid in full on the Series B Shares, Series C Shares, Series C1 Shares, Series C1+ Shares, the Series D Shares and the Series D1 Shares (on an as-converted basis) as provided in Article 4.1(a). No dividends or other distributions shall be made or declared, whether in cash, in property, or in any other Shares, with respect to Ordinary Shares, unless and until dividends in like amount have been paid in full on the Preferred Shares (on an as-converted basis) as provided in Article 4.1(a).

(c) In the event the Company shall declare a dividend or distribution other than in cash, each holder of Preferred Shares shall be entitled to a proportionate share of any such distribution as though the holders of Preferred Shares were holders of the number of Ordinary Shares into which their Preferred Shares are convertible under these Articles as of the record date fixed for the determination of the holders of Ordinary Shares entitled to receive such distribution.

4.3 Return of Capital on Liquidation

(a) Subject to the Law, on a return of capital on liquidation or winding up of the Company, the holders of Preferred Shares shall be entitled to return of capital in the following order:

(i) Firstly, each holder of Series D Shares and Series D1 Shares shall be entitled to receive for each Series D Share or Series D1 Share he or it holds, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Ordinary Shares or any other class or series of Shares by reason of their ownership of such Shares, the amount equal to one hundred percent (100%) of the Series D Issue Price or Series D1 Issue Price (as adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to such Shares), plus all declared but unpaid dividends on such Series D Share and Series D1 Share (collectively, the "**Series D Preference Amount**"). If upon the occurrence of a liquidation, dissolution or winding up of the Company, the assets and funds thus distributed among the holders of the Series D Shares and Series D1 Shares shall be insufficient to permit the payment to such holders of the full Series D Preference Amount, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series D Shares and the Series D1 Shares in proportion to the Series D Preference Amount each such holder is otherwise entitled to receive;

(ii) secondly, after full distribution among the holders of Series D Shares and Series D1 Shares of the Series D Preference Amount, each holder of Series C Shares, Series C1 Shares and Series C1+ Shares shall be entitled to receive for each Series C Share, Series C1 Shares or Series C1+ Shares he or it holds, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Ordinary Shares or any other class or series of Shares (other than Series D1 Shares and Series D Shares) by reason of their ownership of such Shares, the amount equal to one hundred and twenty percent (120%) of the Series C Issue Price, the Series C1 Issue Price or the Series C1+ Issue Price (as applicable, and as adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to such Shares), plus all declared but unpaid dividends on such Series C Share, Series C1 Share and Series C1+ Share (collectively, the "**Series C Preference Amount**"). If upon the occurrence of a liquidation, dissolution or winding up of the Company, the assets and funds thus distributed among the holders of the Series C Shares, Series C1 Shares and Series C1+ Shares shall be insufficient to permit the payment to such holders of the full Series C Preference Amount, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series C Shares, Series C1 Shares and Series C1+ Shares in proportion to the Series C Preference Amount each such holder is otherwise entitled to receive;

(iii) thirdly, after full distribution among the holders of Series D Shares and Series D1 Shares of the Series D Preference Amount and Series C Shares, Series C1 Shares and Series C1+ Shares of the Series C Preference Amount, each holder of Series B Shares shall be entitled to receive for each Series B Share he or it holds, prior and in preference to any distribution of any of the assets or surplus funds of the Company to the holders of Ordinary Shares or any other class or series of Shares (other than Series D1 Shares, Series D Shares, Series C1+ Shares, Series C1 Shares and Series C Shares) by reason of their ownership of such Shares, the amount equal to one hundred and twenty percent (120%) of the Series B Issue Price (as adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to such Shares), plus all declared but unpaid dividends on such Series B Share (collectively, the "**Series B Preference Amount**"). If upon the occurrence of a liquidation, dissolution or winding up of the Company, the assets and funds thus distributed among the holders of the Series B Shares shall be insufficient to permit the payment to such holders of the full Series B Preference Amount, then the entire assets and funds of the Company legally available for distribution shall be distributed ratably among the holders of the Series B Shares in proportion to the Series B Preference Amount each such holder is otherwise entitled to receive;

(iv) after full distribution among the holders of Series D1 Shares and Series D Shares of the Series D Preference Amount, Series C1+ Shares, Series C1 Shares and Series C Shares of the Series C Preference Amount, and Series B Shares of the Series B Preference Amount, the holder of Series A Shares shall be entitled to receive for each Series A Share he or it holds, prior and in preference to any distribution of the balance of the assets or funds of the Company to the holders of Ordinary Shares or any other class or series of Shares (other than Series D1 Shares, Series D Shares, Series C1+ Shares, Series C1 Shares, Series C Shares and Series B Shares) by reason of their ownership of such Shares, the amount equal to one hundred and twenty percent (120%) of the Series A Issue Price, as the case may be, (as adjusted for share splits, share dividends, combinations, recapitalizations and similar events with respect to such Shares), plus all declared but unpaid dividends on such Series A Share, as the case may be (collectively, the "**Series A Preference Amount**");

(v) after setting aside or paying in full of the Series D Preference Amount, the Series C Preference Amount, the Series B Preference Amount and the Series A Preference Amount due pursuant to this Article 4.2(a), the remaining assets of the Company available for distribution to Members, if any, shall be distributed to the holders of the Preferred Shares and Ordinary Shares on a pro rata basis, based on the number of Ordinary Shares then held by each holder on an as-converted basis;

(vi) unless waived in writing by the holders of at least fifty-one percent (51%) of the then outstanding Series A Shares, the holders of at least fifty-one percent (51%) of the then outstanding Series B Shares, the holders of at least two-thirds (2/3) of the then outstanding Series C Shares, Series C1 Shares and Series C1+ Shares (voting together as one class) and the holders of at least fifty-one percent (51%) of the then outstanding Series D Shares and Series D1 Shares (voting together as one class), any of the following event shall be deemed to be a liquidation, dissolution or winding up within the meaning of this Article 4.2 (a "**Deemed Liquidation Event**"): (i) a consolidation, merger, amalgamation or other business combination of any Group Company with or into any other company or companies in which the existing members of such Group Company (as the case may be) do not retain a majority of the voting power in the surviving company or companies; (ii) any licensing of all or substantially all of the intellectual property of any Group Company to any third party, (iii) a sale, conveyance or disposition of all or substantially all of the assets of the Company, or all or substantially all of the assets of or equities in any other Group Company, or (iv) termination of, or making any unilateral amendments to the Second Amended and Restated Control Documents (as defined in Series D1 Purchase Agreement).

(vii) Notwithstanding any other provision of this Article 4.2, and subject to any other applicable provisions of these Memorandum and Articles, the Company may at any time, out of funds legally available therefor, repurchase Shares of the Company issued to or held by employees or officers of any Group Company or its subsidiaries upon termination of their employment or services pursuant to any agreement approved by the Directors and providing for such right of repurchase, whether or not dividends on the Preferred Shares shall have been declared and funds set aside therefor and such repurchases shall not be subject to the Series D Preference Amount, Series C Preference Amount, Series B Preference Amount or Series A Preference Amount.

(viii) In the event the Company proposes to distribute assets other than cash in connection with any liquidation, dissolution or winding up of the Company with the sanction of an Ordinary Resolution, the value of the assets to be distributed to the holder of Preferred Shares and Ordinary Shares shall be determined in good faith by the Board. Any securities not subject to investment letter or similar restrictions on free marketability shall be valued as follows:

a) 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;

b) 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

c) If there is no active public market, the value shall be the fair market value thereof as determined in good faith by the Board.

(b) 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 4.2(a)(i), (ii), (iii) or (iv) to reflect the fair market value thereof as determined in good faith by the Board. Either the holders of at least a majority of the then outstanding Series A Shares, the holders of at least a majority of the then outstanding Series B Shares, the holders of at least two-thirds (2/3) of the then outstanding Series C Shares, Series C1 Shares and Series C1+ Shares (voting together as one class), or the holders of at least a majority of the then outstanding Series D Shares and Series D1 Shares (voting together as one class) shall have the right to challenge any determination by the Directors of fair market value pursuant to this Article 4.2, in which case the determination of fair market value shall be made by an independent appraiser selected jointly by the Directors and the challenging parties, the cost of such appraisal to be borne by the Company.

4.4 Conversion

The holders of the Preferred Shares have conversion rights as follows:

(a) Optional Conversion. Unless converted earlier pursuant to Article 4.3(b) below, each Preferred Share shall be convertible, at the option of the holder thereof, at any time after the Original Issue Date of the relevant series of Preferred Shares into such number of fully paid and non-assessable Ordinary Shares. The conversion ratio for each Series A Share shall be determined by dividing the Series A Issue Price by the then Series A Conversion Price, in effect at the time of the conversion. The Series A Conversion Price shall initially be equal to the Series A Issue Price per Ordinary Share, subject to adjustment as hereinafter provided. The conversion ratio for each Series B Share shall be determined by dividing the Series B Issue Price by the Series B Conversion Price, in effect at the time of the conversion. The Series B Conversion Price shall initially be equal to the Series B Issue Price per Ordinary Share, subject to adjustment as hereinafter provided. The conversion ratio for each Series C Share shall be determined by dividing the Series C Issue Price by the Series C Conversion Price, in effect at the time of the conversion. The Series C Conversion Price shall initially be equal to the Series C Issue Price per Ordinary Share, subject to adjustment as hereinafter provided. The conversion ratio for each Series C1 Share shall be determined by dividing the Series C1 Issue Price by the Series C1 Conversion Price, in effect at the time of the conversion. The Series C1 Conversion Price shall initially be equal to the Series C1 Issue Price per Ordinary Share, subject to adjustment as hereinafter provided. The conversion ratio for each Series C1+ Share shall be determined by dividing the Series C1+ Issue Price by the Series C1+ Conversion Price, in effect at the time of the conversion. The Series C1+ Conversion Price shall initially be equal to the Series C1+ Issue Price per Ordinary Share, subject to adjustment as hereinafter provided. The conversion ratio for each Series D Share shall be determined by dividing the Series D Issue Price by the Series D Conversion Price, in effect at the time of the conversion. The Series D Conversion Price shall initially be equal to the Series D Issue Price per Ordinary Share, subject to adjustment as hereinafter provided. The conversion ratio for each Series D1 Share shall be determined by dividing the Series D1 Issue Price by the Series D1 Conversion Price, in effect at the time of the conversion. The Series D1 Conversion Price shall initially be equal to the Series D1 Issue Price per Ordinary Share, subject to adjustment as hereinafter provided. Nothing in this Article 4.3(a) shall limit the automatic conversion rights of Preferred Shares described in Article 4.3(b) below.

(b) Automatic Conversion. Each Preferred Share shall automatically be converted into Ordinary Shares at the then effective Conversion Price upon the closing of a Qualified Public Offering. In the event of the automatic conversion of the Preferred Shares pursuant to the foregoing sentence of this Article 4.3(b), the person(s) entitled to receive the Ordinary Shares issuable upon such conversion of Preferred Shares shall not be deemed to have converted such Preferred Shares until immediately prior to the closing of such transaction.

(c) Mechanics of Conversion. No fractional Ordinary Share shall be issued upon conversion of the Preferred Shares. In lieu of any fractional Ordinary Shares to which the holder would otherwise be entitled, the Company shall pay cash equal to such fraction multiplied by the then effective Conversion Price for any such series of Preferred Shares.

(i) Mechanics of Optional Conversion. In the event of an optional conversion pursuant to Article 4.3(a), before any holder of Preferred Shares shall be entitled to convert the same into Ordinary Shares and to receive certificates therefor, the holder shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or of any transfer agent for the Preferred Shares to be converted and shall give written notice to the Company at such office that the holder elects to convert the same. The Company shall promptly issue and deliver at such office to such holder of Preferred Shares a certificate or certificates for the number of Ordinary Shares to which the holder is entitled pursuant to this Article 4.3 and a cheque denominated in U.S. dollars payable to the holder in the amount of any cash amounts payable (if any) as the result of a conversion into fractional Ordinary Shares. On the date of such surrender, the Register of Members shall be updated to show that the converted Preferred Shares have been redeemed and all rights with respect to the Preferred Shares so converted will terminate, with the exception of the rights of the holders thereof, upon surrender of the certificate or certificates therefor, to receive Ordinary Shares (which shall be recorded as issued to such holder in the Register of Members) and certificates for the number of Ordinary Shares into which such Preferred Shares have been converted and payment of any declared but unpaid dividends thereon. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of such surrender of the certificate or certificates representing the Preferred Shares to be converted, 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 on such date.

(ii) Mechanics of Automatic Conversion. In the event of an automatic conversion pursuant to Article 4.3(b), all holders of Preferred Shares will be given at least ten (10) days' prior written notice of the date fixed (which date shall in the case of a Qualified Public Offering be the latest practicable date immediately prior to the closing of a Qualified Public Offering) and the place designated for automatic conversion of all such Preferred Shares pursuant to Article 4.3(b). Such notice shall be sent in accordance with Article 41 to each record holder of the Preferred Shares at such holder's address appearing on the Register of Members. On or before the date fixed for conversion, each holder of Preferred Shares shall surrender his or its certificate or certificates for all such Shares to the Company at the place designated in such notice, and the Company shall promptly issue and deliver at such place to such holder of Preferred Shares a certificate or certificates for the number of Ordinary Shares to which such holder is entitled pursuant to Article 4.3(b) and a cheque denominated in U.S. dollars payable to the holder in the amount of any cash amounts payable (if any) as the result of a conversion into fractional Ordinary Shares. On the date fixed for conversion, the Register of Members shall be updated to show that the converted Preferred Shares have been redeemed and all rights with respect to the Preferred Shares so converted will terminate, with the exception of the rights of the holders thereof, upon surrender of the certificate or certificates therefor, to receive Ordinary Shares (which shall be recorded as issued to such holder in the Register of Members) and certificates for the number of Ordinary Shares into which such Preferred Shares have been converted and payment of any declared but unpaid dividends thereon. All certificates evidencing Preferred Shares which are required to be surrendered for conversion in accordance with the provisions hereof shall, from and after the date such certificates are so required to be surrendered, 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.

(iii) Manner of Conversion. The Directors of the Company may effect such conversion 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.

(d) Reservation of Shares Issuable Upon Conversion. The Company shall at all times 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, and 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 holder of such 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 purposes.

4.5 Adjustments to Conversion Price

(a) Special Definitions. For purposes of this Article 4.4, 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 mean any evidences of indebtedness, Shares (other than the Preferred Shares) or other securities directly or indirectly convertible into or exchangeable for Ordinary Shares.

(iii) "Additional Ordinary Shares" shall mean all Ordinary Shares (including reissued Shares) issued (or, pursuant to Article 4.4(c), deemed to be issued) by the Company after the applicable Original Issue Date, other than:

a) Ordinary Shares specifically issued to the Founders as agreed by the Preferred Majority or issued upon conversion of the Preferred Shares authorized herein;

b) as a dividend or distribution on Preferred Shares or any event for which adjustment is made pursuant to Article 4.4(f) or Article 4.4(g) hereof;

c) any securities issued pursuant to the acquisition of another corporation or entity by the Company by consolidation, merger, purchase of assets, or other reorganization in which the Company acquires, in a single transaction or series of related transactions, all or substantially all assets of such other corporation or entity, or fifty percent (50%) or more of the equity ownership or voting power of such other corporation or entity;

d) any securities issued pursuant to a Qualified Public Offering;

e) up to 40,000,000 Ordinary Shares (or options or warrants therefor) issued to officers, Directors, employees and consultants of the Company pursuant to the ESOP;

f) Preferred Shares or Ordinary Shares issued or issuable in connection with any options, warrants, notes or other rights to acquire securities of the Company outstanding on or prior to the Closing;

g) up to 26,912,090 Series C1+ Shares; and

h) Series D1 Shares issued pursuant to the Series D1 Share Purchase Agreement at Closing.

(b) No Adjustment. No adjustment in the Conversion Price for any series of Preferred Shares shall be made in respect of the issuance of Additional Ordinary Shares unless the consideration per share for an Additional Ordinary Share issued or deemed to be issued by the Company is less than the Conversion Price for such series in effect on the date of and immediately prior to such issuance.

(c) Deemed Issue of Additional Ordinary Shares. In the event the Company, at any time or from time to time after the applicable Original Issue Date, issues any Options or Convertible Securities or fixes a record date for the determination of holders of any class or series of Shares 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 that would result in an adjustment pursuant to subsection (ii) of this Article 4.4(c) below) 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, shall be deemed to be Additional Ordinary Shares 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 Additional Ordinary Shares shall not be deemed to have been issued and no adjustment in the Conversion Price for any series of Preferred Shares shall be made unless the issue price per share (determined pursuant to Article 4.4(e) below) of such Additional Ordinary Shares would be less than the Conversion Price for such series in effect on the date of and immediately prior to such issue, or such record date, as the case may be, and provided further that in any such case in which Additional Ordinary Shares are deemed to be issued:

(i) no further adjustment in the applicable Conversion Price 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;

(ii) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company, or increase or decrease in the number of Ordinary Shares issuable, upon the exercise, conversion or exchange thereof, the Conversion Price for each series of affected Preferred Share computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based on such Conversion Price, shall, upon any such increase or decrease becoming effective, be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(iii) upon the expiration of any such Options or any rights of conversion or exchange under such Convertible Securities which shall not have been exercised, the Conversion Price for each affected series of Preferred Share computed upon the original issue thereof (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based on such Conversion Price, shall, upon such expiration, be recomputed as if:

a) in the case of Convertible Securities or Options for Ordinary Shares, the only Additional Ordinary Shares issued were 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 all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged, plus the additional consideration, if any, actually received by the Company upon such conversion or exchange, and

b) 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 Additional Ordinary Shares deemed to have been then issued was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration deemed to have been received by the Company upon the issue of the Convertible Securities with respect to which such Options were actually exercised;

(iv) no readjustment pursuant to clause (ii) or (iii) above shall have the effect of increasing the Conversion Price of any series of Preferred Shares to an amount which exceeds the lower of (i) the Conversion Price for such series of Preferred Shares on the original adjustment date, or (ii) the Conversion Price for such series of Preferred Shares that would have resulted from any issuance of Additional Ordinary Shares between the original adjustment date and such readjustment date; and

(v) in the case of any Options which expire by their terms not more than 30 days after the date of issue thereof, no adjustment of the Conversion Price for any series of Preferred Shares shall be made until the expiration or exercise of all such Options, whereupon such adjustment shall be made in the manner provided in clause (iii) above.

(d) Adjustment of Conversion Price. In the event that after the applicable Original Issue Date for any series of Preferred Shares, the Company issues or is deemed to have issued Additional Ordinary Shares without consideration or for a consideration per share less than the Conversion Price with respect to any series of Preferred Shares in effect on the date of and immediately prior to such issue or deemed issue, then and in such event, the Conversion Price for such series of Preferred Shares shall (except as otherwise provided in this Article 4.4) be reduced, concurrently with such issue or deemed issue, to a price (calculated to the nearest cent) determined by multiplying the applicable Conversion Price by a fraction (A) the numerator of which is the total number of the then outstanding Ordinary Shares (calculated on an as-converted basis) plus the number of Ordinary Shares which the aggregate consideration received or to be received by the Company for the Additional Ordinary Shares so issued (or deemed issued) would purchase at such Conversion Price, and (B) the denominator of which is the total number of shares of the then outstanding Ordinary Shares (calculated on an as-converted basis) plus the number of Additional Ordinary Shares so issued (or deemed issued).

(e) Determination of Consideration. For purposes of this Article 4.4, the consideration received by the Company for the issue or deemed issue of any Additional Ordinary Shares shall be computed as follows:

(i) Cash and Property. Except as provided in clause (ii) below, such consideration shall:

a) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company excluding amounts paid or payable for accrued interest or declared dividends;

b) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board; provided, however, that no value shall be attributed to any services performed by any employee, officer or director of the Company; and

c) in the event Additional Ordinary Shares are issued or deemed issued together with other Shares or securities or other assets of the Company for consideration which covers both such Additional Ordinary Shares and such other Shares or securities or other assets, be the proportion of such consideration so received with respect to such Additional Ordinary Shares, computed as provided in clauses (a) and (b) above, as determined in good faith by the Board.

(ii) Options and Convertible Securities. The consideration per share received by the Company for Additional Ordinary Shares deemed to have been issued pursuant to Article 4.4(c), relating to Options and Convertible Securities, shall be determined by dividing: (i) the total amount, if any, received or receivable by the Company (net of any selling concessions, discounts or commissions) as consideration for the issue of such Options or Convertible Securities, 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 (ii) 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.

(f) Adjustments for Share Dividends, Subdivisions, Combinations or Consolidations of Ordinary Shares. In the event that the outstanding Ordinary Shares shall be subdivided (by share dividend, share split, or otherwise) into a greater number of Ordinary Shares, the Conversion Prices for any series of Preferred Shares then in effect shall, concurrently with the effectiveness of such subdivision, be proportionately decreased. In the event the outstanding Ordinary Shares shall be combined or consolidated, by reclassification or otherwise, into a lesser number of Ordinary Shares, the Conversion Prices for any series of Preferred Share then in effect shall, concurrently with the effectiveness of such combination or consolidation, be proportionately increased.

(g) Adjustments for Other Distributions. In the event the Company at any time or from time to time makes, or files a record date for the determination of holders of Ordinary Shares entitled to receive, any distribution payable in securities or assets of the Company other than Ordinary Shares then and in each such event provision shall be made so that the holders of Preferred Shares shall receive upon conversion thereof, in addition to the number of Ordinary Shares receivable thereupon, the amount of securities or assets of the Company which they would have received had their Preferred Shares been converted into Ordinary Shares on the date of such event and had they thereafter, during the period from the date of such event to and including the date of conversion, retained such securities or assets receivable by them as aforesaid during such period, subject to all other adjustment called for during such period under this Article 4.4 with respect to the rights of the holders of the Preferred Shares.

(h) Adjustments for Reclassification, Exchange and Substitution. If the Ordinary Shares issuable upon conversion of the Preferred Shares shall be changed into the same or a different number of Shares of any other class or classes of Shares, whether by capital reorganization, reclassification or otherwise (other than a subdivision or combination of Shares provided for above), then and in each such event the holder of each Preferred Share shall have the right thereafter to convert such Share into the kind and amount of Shares and other securities and property receivable upon such reorganization or reclassification or other change by holders of the number of Ordinary Shares that would have been subject to receipt by the holders upon conversion of the Preferred Shares immediately before that change, all subject to further adjustment as provided herein.

(i) No Impairment. The Company will not, by amendment of its Memorandum of Association or Articles of Association or through any reorganization, transfer of assets, consolidation, merger, 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 Article 4.4 and in the taking of all such action as may be necessary or appropriate in order to protect the conversion rights of the Preferred Shares against impairment.

(j) Certificate as to Adjustments. Upon the occurrence of each adjustment or readjustment of the Conversion Prices of any series of Preferred Shares pursuant to this Article 4.4, the Company shall at its expense promptly compute such adjustment or readjustment in accordance with the terms hereof and furnish to each holder of such series of Preferred Shares, a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request at any time of any holder of Preferred Shares, furnish or cause to be furnished to such holder a like certificate setting forth (i) such adjustments and readjustments, (ii) the Conversion Price applicable to such series of Preferred Shares, at the time in effect, and (iii) the number of Ordinary Shares and the amount, if any, of other property which at the time would be received upon the conversion of such series of Preferred Shares.

(k) Miscellaneous.

(i) All calculations under this Article 4.4 shall be made to the nearest cent or to the nearest one hundredth (1/100) of a share, as the case may be.

(ii) The holders of at least 50% of the outstanding Series A Shares, 50% of the outstanding Series B Shares, two-thirds (2/3) of the outstanding Series C Shares, Series C1 Shares and Series C1+ Shares (voting together as one class), or 50% of the outstanding Series D Shares and Series D1 Shares (voting together as one class) shall each have the right to challenge any determination by the Board of fair value pursuant to this Article 4.4 if such determination is with respect to any adjustment of the Conversion Price applicable to such series of Preferred Shares, in which case such determination of fair value shall be made by an independent appraiser selected jointly by the Board and the challenging Members, the cost of such appraisal to be borne equally by the Company and the challenging Members.

(iii) No adjustment in the Conversion Price need be made if such adjustment would result in a change in the Conversion Price applicable to such series of Preferred Shares of less than US$0.01. Any adjustment of less than US$0.01 which is not made shall be carried forward and shall be made at the time of and together with any subsequent adjustment which, on a cumulative basis, amounts to an adjustment of US$0.01 or more in the Conversion Price.

4.6 Redemption

(a) Notwithstanding Article 22 of these Articles, at any time on or after the earlier of: (i) the Redemption Start Date for Series A Shares; or (ii) the date on which a holder of any Equity Securities of the Company has requested a redemption of its shares in accordance with these Articles, and subject to the Law, at the option of a holder of the Series A Shares, the Company shall redeem all or any part of the outstanding Series A Shares held by the requesting holder as elected by such holder out of funds legally available therefor including capital, at the Series A Redemption Price (as applicable), calculated as follows:

The Series A Redemption Price shall be equal to the greater of (i) and (ii) below. The redemption shall be completed within thirty (30) days after the Company is notified in writing by the holders of a majority of the then outstanding Series A Shares (the "**Series A Redemption Date**"):

(i) an amount equal to:

IP×2, where

IP = Series A Issue Price,

plus all declared but unpaid dividends thereon up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers; or

(ii) the fair market value of the Series A Shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least a majority of outstanding Series A Shares; provided that such valuation shall not take into account any liquidity or minority interest discounts.

(b) Notwithstanding Article 22 of these Articles, at any time on or after the earlier of: (i) the Redemption Start Date for Series B Shares; or (ii) the date on which a holder of any Equity Securities of the Company has requested a redemption of its shares in accordance with these Articles, subject to the Law, at the option of any holder of Series B Shares, the Company shall redeem all or any part of the outstanding Series B Shares held by the requesting holder as elected by such holder out of funds legally available therefor including capital, at the Series B Redemption Price equal to the greater of (i) and (ii) below. The redemption shall be completed within thirty (30) days after the Company is notified in writing by the holders of a majority of the then outstanding Series B Shares (the "**Series B Redemption Date**"):

(i) an amount equal to:

$IP \times (1.20)^N$, where
IP = Series B Issue Price; and
N = a fraction, the numerator of which is the number of calendar days between the Series B Original Issue Date and the Redemption Date and the denominator of which is 365,

plus all declared but unpaid dividends thereon up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers;

(ii) the fair market value of the Series B Shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least a majority of outstanding Series B Shares; provided that such valuation shall not take into account any liquidity or minority interest discounts.

(c) Notwithstanding Article 22 of these Articles, at any time on or after the earlier of: (i) the Redemption Start Date for Series C Shares; or (ii) the date on which a holder of any Equity Securities of the Company has requested a redemption of its shares in accordance with these Articles, and subject to the Law, at the option of any holder of Series C Shares, the Company shall redeem all or any part of the outstanding Series C Shares held by the requesting holder as elected by such holder out of funds legally available therefor including capital, at the Series C Redemption Price equal to the greater of (i) and (ii) below. The redemption shall be completed within thirty (30) days after the Company is notified in writing by the holders of a majority of the then outstanding Series C Shares (the "**Series C Redemption Date**"):

(i) an amount equal to:

$IP \times (1.20)^N$, where
IP = Series C Issue Price; and
N = a fraction, the numerator of which is the number of calendar days between the Series C Original Issue Date and the Redemption Date and the denominator of which is 365,

plus all declared but unpaid dividends thereon up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers;

(ii) the fair market value of the Series C Shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least a majority of outstanding Series C Shares; provided that such valuation shall not take into account any liquidity or minority interest discounts.

(d) Notwithstanding Article 22 of these Articles, at any time on or after the earlier of: (i) the Redemption Start Date for Series C1 Shares; or (ii) the date on which a holder of any Equity Securities of the Company has requested a redemption of its shares in accordance with these Articles, and subject to the Law, at the option of any holder of Series C1 Shares, the Company shall redeem all or any part of the outstanding Series C1 Shares held by the requesting holder as elected by such holder out of funds legally available therefor including capital, at the Series C1 Redemption Price equal to the greater of (i) and (ii) below. The redemption shall be completed within thirty (30) days after the Company is notified in writing by the holders of a majority of the then outstanding Series C1 Shares (the "**Series C1 Redemption Date**"):

(i) an amount equal to:

$IP \times (1.20)^N$, where
IP = Series C1 Issue Price; and
N = a fraction, the numerator of which is the number of calendar days between the Series C1 Original Issue Date and the Redemption Date and the denominator of which is 365,

plus all declared but unpaid dividends thereon up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers;

(ii) the fair market value of the Series C1 Shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least a majority of outstanding Series C1 Shares; provided that such valuation shall not take into account any liquidity or minority interest discounts.

(e) Notwithstanding Article 22 of these Articles, at any time on or after the earlier of: (i) the Redemption Start Date for Series C1+ Shares; or (ii) the date on which a holder of any Equity Securities of the Company has requested a redemption of its shares in accordance with these Articles, and subject to the Law, at the option of any holder of Series C1+ Shares, the Company shall redeem all or any part of the outstanding Series C1+ Shares held by the requesting holder as elected by such holder out of funds legally available therefor including capital, at the Series C1+ Redemption Price equal to the greater of (i) and (ii) below. The redemption shall be completed within thirty (30) days after the Company is notified in writing by the holders of a majority of the then outstanding Series C1+ Shares (the "**Series C1+ Redemption Date**"):

(i) an amount equal to:

IP×(1.20)^{N}, where
IP = Series C1+ Issue Price; and
N = a fraction, the numerator of which is the number of calendar days between the Series C1+ Original Issue Date and the Redemption Date and the denominator of which is 365,

plus all declared but unpaid dividends thereon up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers;

(ii) the fair market value of the Series C1+ Shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least a majority of outstanding Series C1+ Shares; provided that such valuation shall not take into account any liquidity or minority interest discounts.

(f) Notwithstanding Article 22 of these Articles, at any time on or after the earlier of:

(i) the Redemption Start Date for Series D Shares;

(ii) the issuance of a written judgment by a court of law in the PRC with competent jurisdiction finding that all of the Second Amended and Restated Control Documents are invalid and unenforceable as a result of a material change to applicable PRC law;

(iii) the occurrence of any material breach by any Group Company, JINNAN LAI or NING DING of the Transaction Documents to which it or he is a party, provided that a court of law in the PRC with competent jurisdiction or the Hong Kong International Arbitration Center finds that such breach was caused by an act of fraud, willful misconduct or gross negligence committed by JINNAN LAI or NING DING and that such material breach is not remedied within twenty (20) days after the issuance of such finding by a court of law in the PRC with competent jurisdiction or the Hong Kong International Arbitration Center;

(iv) the holder of any Equity Securities of the Company having requested a redemption of its shares in accordance with these Articles; or

(v) the suspension of the Company's business operations as a whole for a continuous period of at least three (3) months due to any material administrative penalty imposed by the competent Governmental Authorities caused by the Group Companies' provision of network audio-visual programs dissemination service without the Information Network Transmission Audio-visual Programs License, or of network publishing service without the Network Publishing Service License,

and subject to the Law, at the option of any holder of Series D Shares, the Company shall redeem all or any part of the outstanding Series D Shares held by the requesting holder as elected by such holder out of funds legally available therefor including capital, at the Series D Redemption Price equal to the greater of a) and b) below. The redemption shall be completed within thirty (30) days after the Company is notified in writing by the holders of a majority of the then outstanding Series D Shares (the "**Series D Redemption Date**"):

a) an amount equal to:

IP×(1.10)^{N}, where
IP = Series D Issue Price; and
N = a fraction, the numerator of which is the number of calendar days between the Series D Original Issue Date and the day upon the receipt of all such redemption amount by the Series D Investor and the denominator of which is 365,

plus all declared but unpaid dividends thereon up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers;

b) the fair market value of the Series D Shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least a majority of outstanding Series D Shares; provided that such valuation shall not take into account any liquidity or minority interest discounts.

(g) Notwithstanding Article 22 in the Articles, at any time on or after the earlier of:

(i) the Redemption Start Date for Series D1 Shares;

(ii) the issuance of a written judgment by a court of law in the PRC with competent jurisdiction finding that all of the Second Amended and Restated Control Documents are invalid and unenforceable as a result of a material change to applicable PRC law;

(iii) the occurrence of any material breach by any Group Company, JINNAN LAI or NING DING of the Transaction Documents to which it or he is a party, provided that a court of law in the PRC with competent jurisdiction or the Hong Kong International Arbitration Center finds that such breach was caused by an act of fraud, willful misconduct or gross negligence committed by JINNAN LAI or NING DING and that such material breach is not remedied within twenty (20) days after the issuance of such finding by a court of law in the PRC with competent jurisdiction or the Hong Kong International Arbitration Center;

(iv) holder of any Equity Securities of the Company has requested a redemption of their shares in accordance with these Articles; or

(v) the suspension of the Company's business operations as a whole for a continuous period of at least three (3) months due to any material administrative penalty imposed by the competent Governmental Authorities caused by the Group Companies' provision of network audio-visual programs dissemination service without the Information Network Transmission Audio-visual Programs License, or of network publishing service without the Network Publishing Service License,

and subject to the Law, at the option of any holder of Series D1 Shares, the Company shall redeem all or any part of the outstanding Series D1 Shares held by the requesting holder as elected by such holder out of funds legally available therefor including capital, at the Series D1 Redemption Price equal to the greater of a) and b) below. The redemption shall be completed within thirty (30) days after the Company is notified in writing by the holders of a majority of the then outstanding Series D1 Shares (the "**Series D1 Redemption Date**"):

a) an amount equal to:

$IP \times (1.10)^N$, where
IP = Series D1 Issue Price; and
N = a fraction, the numerator of which is the number of calendar days between the Series D1 Original Issue Date and the day upon the receipt of all such redemption amount by the Series D1 Investor and the denominator of which is 365, plus all declared but unpaid dividends thereon up to the date of redemption, proportionally adjusted for share subdivisions, share dividends, reorganizations, reclassifications, consolidations or mergers;

b) the fair market value of the Series D1 Shares, the valuation of which shall be determined through an independent appraisal performed by an appraiser selected jointly by the Board and the holders of at least a majority of outstanding Series D1 Shares; provided that such valuation shall not take into account any liquidity or minority interest discounts.

4.7 Redemption Notice

(a) A notice of redemption by the holders of the Series A Shares, Series B Shares, Series C Shares, Series C1 Shares, Series C1+ Shares, Series D Shares or Series D1 Shares, as the case may be, to be redeemed (the "**Redemption Notice**") shall be given to the Company at any time on or after the date falling thirty (30) days before the Redemption Start Date stating the Redemption Date, provided, however, that the Redemption Date so designated by any such holder of Preferred Shares, shall be no earlier than the thirtieth (30^{th}) day following the date of such Redemption Notice. Upon receipt of the Redemption Notice, the Company shall promptly give written notice to each non-requesting holder of the Preferred Shares, who is also entitled to request for redemption, stating the existence of such Redemption Notice, the Series A Redemption Price, Series B Redemption Price, Series C Redemption Price, Series C1 Redemption Price, Series C1+ Redemption Price, Series D Redemption Price or Series D1 Redemption Price (as the case may be), the Applicable Redemption Date and the mechanics of redemption.

(i) Manner and Mechanics of Redemption. Before any holder of Preferred Shares shall be entitled to redemption under the provisions of this Article 4.6, such holder shall surrender to the Company his or its certificate or certificates representing such Preferred Shares to be redeemed at the office of the Company, and thereupon the Series A Redemption Price, Series B Redemption Price, Series C Redemption Price, Series C1 Redemption Price, Series C1+ Redemption Price, Series D Redemption Price or Series D1 Redemption Price, shall be payable to the order of the person whose name appears on such certificate or certificates as the owner of such Preferred Shares and each such certificate shall be cancelled upon payment of the applicable Series A Redemption Price, Series B Redemption Price, Series C Redemption Price, Series C1 Redemption Price, Series C1+ Redemption Price, Series D Redemption Price or Series D1 Redemption Price. In the event less than all the Shares represented by any such certificate are redeemed, a new certificate shall be promptly issued representing the unredeemed Preferred Shares. Unless there has been a default in payment of the applicable Series A Redemption Price, the applicable Series B Redemption Price, the applicable Series C Redemption Price, the applicable Series C1 Redemption Price, the applicable Series C1+ Redemption Price, the applicable Series D Redemption Price or the applicable Series D1 Redemption Price, upon cancellation of the certificate representing such Preferred Shares to be redeemed, all dividends on such Preferred Shares designated for redemption on the Applicable Redemption Date shall cease to accrue and all rights of the holders thereof, except the right to receive the Series A Redemption Price, the Series B Redemption Price, the Series C Redemption Price, the Series C1 Redemption Price, the Series C1+ Redemption Price, the Series D Redemption Price or the Series D1 Redemption Price, as the case may be, thereof and all declared but unpaid dividends thereon, without interest, shall cease and terminate and such Preferred Shares shall cease to be issued Shares of the Company.

(ii) Insufficient Fund. If the funds of the Company legally available for redemption on the Applicable Redemption Date are insufficient to redeem all of Series A Shares, Series B Shares, Series C Shares, Series C1 Shares, Series C1+ Shares, Series D Shares and Series D1 Shares (as the case may be) requested to be redeemed, the funds that are legally available shall nonetheless be paid and applied on the Applicable Redemption Date as follows:

(1) First, the holder of Series D Shares shall be entitled to receive the Series D Redemption Price for each Series D Preferred Share, and the holder of Series D1 Shares shall be entitled to receive the Series D1 Redemption Price for each Series D1 Preferred Share, prior and in preference to the holders of Series C1+ Shares, holders of Series C1 Shares, holders of Series C Shares, holders of Series B Shares, and holders of Series A Shares. If the Company fails to pay on the Applicable Redemption Date the full Series D Redemption Price in respect of each Series D Preferred Share or the full Series D1 Redemption Price in respect of each Series D1 Preferred Share to be redeemed on such date because it has inadequate funds legally available therefor, the funds that are legally available shall nonetheless be paid and applied on the Applicable Redemption Date in a pro-rata manner against each Series D Preferred Share and Series D1 Preferred Share in accordance with the relative full amounts owed thereon, and the shortfall shall be paid and applied from time to time out of legally available funds immediately as and when such funds become legally available in a pro-rata manner against each Series D Preferred Share and Series D1 Preferred Share in accordance with the relative remaining amounts owed thereon.

(2) Second, after the payment of the Series D Redemption Price and the Series D1 Redemption Price (as the case may be) for all Series D Shares and Series D1 Shares in full, the funds that are legally available shall be used to redeem such redeemable shares on a pro rata basis based on the aggregate amount that the holders of the Series C1+ Shares, Series C1 Shares, Series C Shares, Series B Shares and/or Series A Shares are respectively entitled to receive on such Preferred Shares that are requested to be redeemed as stated in the Redemption Notice.

(3) Any Preferred Shares not redeemed shall remain outstanding and entitled to all the rights and preferences provided herein, including the rights of conversion set forth herein. If any time thereafter additional funds become legally available for the redemption, such funds shall immediately be used to redeem the balance of the shares which the Company has become obliged to redeem on Applicable Redemption Date but which it have not been redeemed.

(iii) No Distribution. If the Company fails for whatever reason to redeem any Preferred Shares on their due date, until the date on which the same are redeemed, the Company shall not declare or pay any dividend nor otherwise make any distribution of or otherwise decrease its profits available for distribution.

(iv) Distribution of Profits of Subsidiaries. To the extent permitted by law, the Company shall procure that the profits of each subsidiary of the Company for the time being available for distribution shall be paid to the Company by way of dividend if and to the extent that, but for such payment, the Company would not itself otherwise have sufficient profits available for distribution to make any redemption of Preferred Shares required to be made pursuant to this Article 4.6.

4.8 Information Rights

(a) So long as any Preferred Share remains outstanding, the Company shall deliver to each holder of such Preferred Shares the following documents of the Companies:

(i) audited annual consolidated financial statements, along with a comparison against the Company's business plan, within ninety (90) days after the end of each fiscal year, audited by one of the Big Four accounting firms or a Chinese accounting firm with IPO qualification or other reputable accounting firm acceptable to the Preferred Majority;

(ii) unaudited quarterly consolidated financial statements, along with a comparison against the Company's business plan, within forty-five (45) days of the end of each quarter;

(iii) unaudited monthly consolidated financial statements, along with a comparison against the Company's business plan, within thirty (30) days of the end of each month;

(iv) a copy of the Company's annual operating plan and an annual consolidated budget forecasting the Company's revenues, expenses, and cash position on a month-to-month basis for the following fiscal year prior to the end of each fiscal year, subject to approval by the Board; and

(v) copies of all documents and information sent to any shareholder (in its capacity as a shareholder of the Company).

All the financial statements referred to in this Article 4.7(a) shall be prepared in conformance with International Financial Reporting Standards or the generally accepted accounting principles (GAAP) of the PRC or USA or such other jurisdiction as the Board may designate with the written consent of the Preferred Holders and shall include a detailed balance sheet, profit and loss accounts, income statement and statement of cash flows and all directors' notes thereto.

(b) For so long as any Series A Shares, Series B Shares, Series C Shares, Series C1 Shares, Series C1+ Shares, Series D Shares or Series D1 Shares are in issue, the Series A Preference Shareholders, Series B Preference Shareholders, Series C Preference Shareholders, Series C1 Preference Shareholders, Series C1+ Preference Shareholders, Series D Preference Shareholders or Series D1 Preference Shareholders, as applicable, shall have the following rights during normal business hours:

(i) the right to inspect facilities, records and books of each Group Company at any time during regular working hours on reasonable prior notice to the Company; and

(ii) the right to discuss the business, operations and conditions of each Group Company with its directors, officers, employees, accountants, legal counsel and investment bankers.

5. Specific Rights Attaching to Ordinary Shares

5.1 To the extent that there are any Preferred Shares issued and outstanding at any time, the entitlement of the holders of the Ordinary Shares to be paid dividends shall be subject to the provisions applicable to any such Preferred Shares with respect to the payment of dividends and the ranking of such Preferred Shares with respect to the payment of dividends to the holders of the Ordinary Shares. In all other respects, the holders of Ordinary Shares shall be entitled to be paid dividends of the Company out of amounts lawfully available for distribution on a *pari passu* basis with the Preferred Shares.

5.2 On a return of capital on liquidation or winding up of the Company, the holders of Ordinary Shares shall be entitled to return of capital in accordance with Article 43.

5.3 The Ordinary Shares shall confer upon such Shareholders the right to receive notice of and to attend and to vote at any general meeting of the Company and, at any such meeting, each holder of an Ordinary Share shall be entitled at such general meeting to exercise one vote per Ordinary Share held.

6. Specific Rights Attaching to Employee Shares

6.1 To the extent that there are any Preferred Shares issued and outstanding at any time, the entitlement of the holders of the Employee Shares to be paid dividends shall be subject to the provisions applicable to any such Preferred Shares with respect to the payment of dividends and the ranking of such Preferred Shares with respect to the payment of dividends to the holders of the Employee Shares. In all other respects, the holders of the Employee Shares shall be entitled to be paid dividends of the Company out of amounts lawfully available for distribution on a *pari passu* basis with the Preferred Shares and the Ordinary Shares.

6.2 On a return of capital on liquidation or winding up of the Company, the holders of Employee Shares shall be entitled to return of capital in accordance with Article 43.

6.3 The Employee Shares shall confer upon such Shareholders no right to receive notice of and to attend and to vote at any general meeting of the Company.

6.4 Each Employee Share shall automatically be converted into one Ordinary Share pursuant to the ESOP.

6.5 No transfer of an Employee Share shall be permitted to be made save with the prior approval of the Board of Directors pursuant to the ESOP, which approval shall be in the sole and absolute discretion of the Board of Directors.

7. Variation of Rights Attached to Shares

7.1 Subject to the Memorandum and Articles, 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 be varied with the consent in writing of the holders of not less than two-thirds (2/3) of the issued Shares of that class, or with the sanction of a resolution passed by at least a two-thirds (2/3) majority of the holders of Shares of the class present in person or by proxy at a separate general meeting of the holders of the Shares of that class. To every such separate general meeting all the provisions of these Articles relating to general meetings of the Company or to the proceedings thereat shall, *mutatis mutandis*, apply, but so that the necessary quorum shall be one or more persons at least holding or representing by proxy one-third in nominal or par value amount of the issued Shares of the relevant class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present, those Members who are present shall form a quorum) and that, subject to any rights or restrictions for the time being attached to the Shares of that class, every Member of the class present in person or by proxy may demand a poll and shall on a poll have one vote for each Share of the class held by him.

7.2 For the purposes of convening and holding a meeting pursuant to the preceding Article, the Directors may treat all the classes or any two or more classes as forming one class if they consider that the variation or abrogation of the rights attached to such classes proposed for consideration at such meeting is the same variation or abrogation for all such relevant classes, but in any other case shall treat them as separate classes.

7.3 The rights conferred upon the holders of the Shares of any class shall not be deemed to be materially adversely varied or abrogated by, *inter alia*, the creation, allotment or issue of further Shares ranking *pari passu* with or subsequent to them, the redemption or purchase of any Shares, the conversion of Shares or by the passing of any Directors' resolution to change or vary any investment objective, investment technique and strategy and/or investment policy in relation to a class of Shares or any modification of the fees payable to any service provider to the Company.

8. Matters Requiring Consent of Preferred Holders

8.1 Notwithstanding any other provisions of the Memorandum or these Articles, the Shareholders and the Company shall each take all steps necessary to ensure that neither the Company nor any of its subsidiaries/associates shall carry out any of the following actions, and no affirmative board or members' resolution shall be adopted to approve or carry out the same, except with the prior written consent of the Preferred Majority (except that items (a)-(l) below require the prior written approval of the Majority Series A Holders, Majority Series B Holders, Majority Series C Holders and Majority Series D Holders), which approval shall not be unreasonably withheld, to take any of the following actions:

(a) any alteration or change in any of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the holders of Preferred Shares;

(b) the authorization, creation, reclassification or issuance of any class or series of securities (or warrants, options or similar rights to acquire such securities) having any right, preference or priority superior to or on a parity with the Preferred Shares or any new issuance of debt or Equity Securities (or warrants, options or similar rights to acquire such securities) of the Company other than issuances to employees, directors and consultants pursuant to the ESOP;

(c) any repurchase or redemption of any Equity Securities of the Company (other than pursuant to the terms herein, or conditions upon which such Equity Securities are issued and in both cases in accordance with the re-purchase or redemption provisions in the Memorandum and Articles or other constitutional documents) and the issuance of Equity Securities with such rights of repurchase or redemption;

(d) any stock split, share consolidation or stock dividend, reclassification or other forms of restructuring of capital of the Company;

(e) any increase or decrease of the registered capital of the Company, the WFOE and/or the Domestic Co;

(f) any amendment or repeal of any provision of the Memorandum and Articles or other constitutional documents of the Company;

(g) cease to conduct or carry on its business substantially as now conducted by any Group Company;

(h) any acquisition, merger, sale, consolidation or joint venture of the Company;

(i) any public offering of any debt or Equity Securities of the Company (except for a Qualified Public Offering);

(j) the liquidation, winding up, dissolution, reorganization or arrangement of the Company under any Law relating to bankruptcy, insolvency or reorganization or relief of debtors;

(k) the sale of all or substantially all of the Company's assets, intellectual property or goodwill, or the purchase of all or substantially all of the assets of another entity or acquisition of any entity;

(l) the adoption, amendment or termination of the ESOP for the benefit of the Company's employees, directors and consultants and the amendment to any terms and conditions thereof;

(m) the declaration or payment of a dividend on any Equity Securities of the Company;

(n) any creation or authorization of the creation of any debt security (other than equipment leases or bank lines of credit), unless such debt security has received the prior approval of the Board (including the approval of the Investor Directors) or is incurred in the ordinary course of business;

(o) any change of the size of the board of directors of any Group Company;

(p) any change in the nature or scope of the business of the Company, enter new lines of business, or the current line of business;

(q) establishment of any subsidiary or strategic alliance of the Company with or into one or more entities;

(r) any transaction between the Company and any of its Shareholders, directors, officers, employees or other insiders and any of their Affiliates or Associates other than on an arms-length basis and upon prior full disclosure in writing to the Shareholders;

(s) any matter in which the Company pledges or mortgages its assets or acts as a guarantor;

(t) any increase or decrease in the number of directors of any Group Company's Board;

(u) the appointment or removal of the chief executive officer and chief financial officer of the Company;

(v) the appointment or removal of the auditors of the Company and the determination of their fees, remuneration or other compensation;

(w) any increase in compensation of any of the five (5) most highly compensated employees of the Company;

(x) the amendment of accounting policies or change of the financial year of the Company;

(y) any related transaction with any third party other than those in the ordinary course of business;

(z) any entering into, restatement or amendment to agreements between either the Domestic Co or another PRC entity and the WFOE or another PRC Subsidiary of the Company (including without limitation the Second Amended and Restated Control Documents) that provide contractual control to the WFOE or such PRC Subsidiary of the Company over the Domestic Co or such other PRC entity and therefore allow the Company to consolidate the financial statements of the Domestic Co or such other PRC entity with those of the Company for financial reporting purposes outside of the ordinary course of business;

(aa) any incurrence of debt or expenditure by the Company in excess of US$100,000 (whether by single or series of related transaction(s)), other than (i) those debts or expenditures as provided for in the annual budget adopted by the Board; or (ii) trade credit incurred in the ordinary course of business of the Company;

(bb) a Qualified Public Offering; or

(cc) the adoption of the annual budget and the establishment of milestones for the Company.

8.2 Notwithstanding anything to the contrary in the foregoing, if any matter is required by the Law and/or the Articles to be passed by a Special Resolution, then at any meeting convened to consider any resolution to be passed as a Special Resolution, the holders of all the then-issued and outstanding Preferred Shares shall enjoy, collectively, a weighted vote equal to two-thirds (2/3) of all the then-issued and outstanding voting Shares of the Company.

8.3 For the avoidance of doubt, at any meeting convened to consider any resolution to be passed as a Special Resolution, (i) the holder(s) of all the then-issued and outstanding voting Shares shall vote together as a single class, (ii) the holder(s) of any series of the then-issued and outstanding Preferred Shares shall not vote as a separate class, and (iii) each Preferred Share in issue at the time of voting shall be capable of exercising its weighted voting right given pursuant to Article 8.2 either in favor or against the act put to vote of all the then-issued and outstanding voting Shares.

9. Register of Members

9.1 The Company shall maintain or cause to be maintained the Register of Members.

9.2 For the purpose of determining Members entitled to notice of, or to vote at, any meeting of Members or any adjournment thereof, or Members entitled to receive payment of any Dividend, or in order to make a determination of Members for any other purpose, the Directors may provide that the Register of Members shall be closed for transfers for a stated period which shall not in any case exceed thirty days. If the Register of Members shall be closed for the purpose of determining Members entitled to notice of, or to vote at, a meeting of Members the Register of Members shall be closed for at least ten days immediately preceding the meeting.

9.3 In lieu of, or apart from, closing the Register of Members, the Directors may fix in advance or arrears a date as the record date for any such determination of Members entitled to notice of, or to vote at, any meeting of the Members or any adjournment thereof, or for the purpose of determining the Members entitled to receive payment of any Dividend or in order to make a determination of Members for any other purpose.

9.4 If the Register of Members is not so closed and 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.

10. Certificates

10.1 A Member shall only be entitled to a share certificate if the Directors resolve that share certificates shall be issued. 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 persons 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.

10.2 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.

10.3 If a share certificate is defaced, lost or destroyed, it may be renewed on payment of such fee as determined by the directors, if any, and on such terms, if any, as to the evidence and indemnity, as the Directors think fit.

11. Lien

11.1 The Company shall have a lien on every Share (not being a fully-paid Share) for all moneys (whether presently payable or not) called or payable at a fixed time in respect of that Share, and the Company shall also have a lien on all Shares (other than fully-paid Shares) standing registered in the name of a single person for all moneys presently payable by him or his estate to the Company; but the Directors may, at any time, declare any share to be wholly or in part exempt from this Article. The Company's lien, if any, on any Share shall extend to all dividends payable thereon.

11.2 The Company may sell, in such manner as the Directors think fit, any Shares in which the Company has a lien, but no sale shall be made unless some amount in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Share, or the persons entitled thereto by reason of his death or bankruptcy.

11.3 For giving effect to any such sale the Directors may authorize some person to transfer the Shares sold to the purchaser thereof. The purchaser shall be registered as the holder of the Shares comprised in any such transfer and he shall not be bound to see to the application of the purchase money, nor shall his title to the Shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

11.4 The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to a like lien for sums not presently payable as existed upon the Shares prior to the sale) be paid to the person entitled to the Shares at the date of the sale.

12. Calls on Shares

12.1 The Directors may, from time to time, make calls upon the Members in respect of any moneys unpaid on their Shares.

12.2 Each Member shall (subject to receiving at least fourteen days' notice specifying the time or times of payment) pay to the Company at the time or times so specified the amount called on his Shares.

12.3 The joint holders of a Share shall be jointly and severally liable to pay calls in respect thereof.

12.4 If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest upon the sum at the rate of six per cent per annum from the day appointed for the payment thereof to the time of the actual payment, but the Directors shall be at liberty to waive payment of that interest wholly or in part.

12.5 The provisions of these Articles as to the liability of joint holders and as to payment of interest shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the amount of the Share, or by way of premium, as if the same had become payable by virtue of a call duly made and notified.

12.6 The Directors may make arrangements on the issue of Shares for a difference between the holders in the amount of calls to be paid and in the times of payment.

12.7 The Directors may, if they think fit, receive from any Member willing to advance the same all or any part of the moneys uncalled and unpaid upon any Shares held by him; and upon all or any of the moneys so advanced may (until the same would, but for such advance, become presently payable) pay interest at such rate as may be agreed upon between the Member paying the sum in advance and the Directors.

13. Transfer and Transmission of Shares

13.1 The instrument of transfer of any Share shall be executed by or on behalf of the transferor (and if the Directors so require, signed by the transferee) and the transferor shall be deemed to remain a holder of the Share until the name of the transferee is entered in the Register of Members in respect thereof.

13.2 Subject to applicable laws of the Cayman Islands and these Articles, Shares may be transferred in any usual or common form approved by the Directors.

13.3 The Directors may also suspend the registration of transfers at such time and for such periods as they may determine and may decline to register any transfer of Shares for any reason as they may from time to time determine, provided that if the directors refuse to register a transfer of any Shares, they shall, within two months after the date on which the transfer was lodged with the Company, send to the transferee notice of the refusal.

13.4 The legal personal representative of a deceased sole holder of a Share shall be the only person that may be recognized by the Company as having title to the Share. In the case of a Share registered in the name of two or more holders, the survivor(s) or the legal personal representatives of the deceased shall be the only person(s) recognized by the Company as having title to the Share.

13.5 Any person becoming entitled to a Share in consequence of the death or bankruptcy of a Member shall, upon such evidence being produced as may from time to time be required by the Directors, have the right either to be registered as a Member in respect of the Share or, instead of being registered himself, to make such transfer of the Share as the deceased or bankrupt person could have made; but the Directors shall, in either case, have the same right to decline or suspend registration as they would have had in the case of a transfer of the Share by the deceased or bankrupt person before the death or bankruptcy.

13.6 A person becoming entitled to a Share by reason of the death or bankruptcy of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share, except that he shall, before being registered as a Member in respect of the Share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

13.7 The Company shall not be bound by or compelled to recognise in any way (even when notified) any equitable, contingent, future or partial interest in any Share, or (except only as is otherwise provided by these Articles or the Law) any other rights in respect of any Share other than an absolute right to the entirety thereof in the registered holder.

14. RIGHT OF FIRST OFFER ON NEW ISSUES

14.1 General. Each Preferred Holder and its permitted transferees to which rights have been duly assigned (each, a "**Participation Rights Holder**") shall have the right of first refusal to purchase such Participation Rights Holder's Pro Rata Share of all (or any part) of any New Securities that the Company may from time to time issue after the date hereof (the "**Right of Participation**").

14.2 New Securities. "**New Securities**" shall mean any Preferred Shares, any Ordinary Shares or other Shares of the Company, whether now authorized or not, and rights, options or warrants to purchase such Preferred Shares, Ordinary Shares, other Shares of the Company, or securities of any type whatsoever that are, or may become, convertible or exchangeable into such Preferred Shares, Ordinary Shares or other Shares, provided, however, that the term "**New Securities**" shall not include:

(a) any Conversion Shares issued upon conversion of the Preferred Shares;

(b) any Shares issued in connection with any share split, share consolidation, share dividend or other similar event in which all Participation Rights Holders are entitled to participate on a pro rata basis;

(c) any Shares issued upon the exercise, conversion or exchange of any outstanding security if such outstanding security constitutes a New Security;

(d) any securities issued pursuant to a Qualified Public Offering;

(e) any securities issued pursuant to the acquisition of another corporation or entity by the Company by consolidation, merger, purchase of assets, or other reorganization in which the Company acquires, in a single transaction or series of related transactions, all or substantially all assets of such other corporation or entity, or fifty percent (50%) or more of the equity ownership or voting power of such other corporation or entity; or

(f) up to 40,000,000 Ordinary Shares (and/or options or warrants therefor) issued to employees, officers, directors, consultants or advisers of the Group Companies pursuant to the ESOP.

14.3 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 Participation Rights Holder (as defined in the Shareholders Agreement) a written notice of its intention to issue New Securities (the "**First Participation Notice**"), describing the amount and type of New Securities, the price and the general terms upon which the Company proposes to issue such New Securities. Each Participation Rights Holder shall have ten (10) Business Days from the date of receipt of any such First Participation Notice to agree in writing to purchase such Participation Rights Holder's Pro Rata Share of such New Securities for the price and upon the terms and conditions specified in the First Participation Notice by giving a written notice to the Company and stating therein the quantity of New Securities to be purchased (not to exceed such Participation Rights Holder's Pro Rata Share). If any Participation Rights Holder fails to so agree in writing within such ten (10) Business Day period to purchase such Participation Rights Holder's full Pro Rata Share of an offering of New Securities, then such Participation Rights Holder shall forfeit the right hereunder to purchase that part of its Pro Rata Share of such New Securities that it did not agree to purchase but without prejudice to participate in any future or other offerings of New Securities, provided, however, that if any Participation Rights Holder fails to give the above required notice solely because of the Company's failure to comply with the notice provision of this Article 14.3, then the Company shall not effect the proposed issuance of any New Securities.

14.4 Second Participation Notice; Oversubscription. If any Participation Rights Holder fails or declines to exercise its Right of Participation in accordance with Article 14.3 above, the Company shall promptly give a written notice (the "**Second Participation Notice**") to other Participation Rights Holders who have exercised their Right of Participation in full (the "**Right Participants**") in accordance with Article 14.3 above. Each Right Participant shall have ten (10) Business Days from the date of the Second Participation Notice (the "**Second Participation Period**") to notify the Company of its desire to purchase more than its Pro Rata Share of the 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 oversubscribing Right Participant will be cut back by the Company with respect to its oversubscription to that 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 (calculated on a fully-diluted and as-converted basis) held by such oversubscribing Right Participant and the denominator of which is the total number of Ordinary Shares (calculated on a fully-diluted and as-converted basis) held by all the oversubscribing Right Participants. Each Right Participant shall be obligated to buy such number of New Securities as determined by the Company pursuant to this Article 14 and the Company shall so notify the Right Participants within fifteen (15) Business Days following the date of the Second Participation Notice.

14.5 Failure to Exercise. Upon the expiration of the Second Participation Period, or in the event no Participation Rights Holder exercises the Right of Participation within ten (10) Business Days following the issuance of the First Participation Notice, the Company shall have ninety (90) days thereafter to sell the New Securities described in the First Participation Notice (with respect to which the Right of Participation hereunder was not exercised) at the same or higher price and upon non-price terms not materially more favorable to the purchasers thereof than specified in the First Participation Notice. 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 Participation Rights Holders pursuant to this Article 14.

14.6 Termination. The Right of Participation for each Participation Rights Holder shall terminate upon the consummation of a Qualified Public Offering.

15. RIGHT OF FIRST REFUSAL ON SHARE TRANSFER

15.1 Sale of Ordinary Shares; Notice of Sale. Subject to Article 18 of these Articles, if any Founder or its successor or permitted assign (the "**Selling Shareholder**") proposes to sell or transfer any Ordinary Share Equivalents directly or indirectly held by such Founder, then such Selling Shareholder shall promptly give a written notice (the "**Transfer Notice**") to each Preferred Holder prior to such sale or transfer. The Notice shall describe in reasonable detail the proposed sale or transfer including, without limitation, the number of Offered Shares, the nature of such sale or transfer, the consideration to be paid, and the name and address of each prospective purchaser or transferee.

15.2 Right of First Refusal by Preferred Holders. Each Preferred Holder shall have the right, exercisable upon a written notice (the "**First Refusal Notice**") to the Selling Shareholder, the Company and each other Preferred Holder within ten (10) Business Days after receipt of the Transfer Notice (the "**First Refusal Period**") of its election to exercise its right of first refusal hereunder. The First Refusal Notice shall set forth the number of Offered Shares that such Preferred Holder wishes to purchase, which amount shall not exceed the First Refusal Allotment of such Preferred Holder. Such right of first refusal shall be exercised as follows:

(a) First Refusal Allotment. Each Preferred Holder shall have the right to purchase that number of the Offered Shares (the "**First Refusal Allotment**") equivalent to the product obtained by multiplying the aggregate number of the Offered Shares by a fraction, the numerator of which is the number of Ordinary Share Equivalents held by such Preferred Holder at the date of the Transfer Notice (on a fully-diluted and as-converted basis) and the denominator of which is the total number of Ordinary Share Equivalents owned by all Preferred Holders at the date of the Transfer Notice (on a fully-diluted and as-converted basis). Any Preferred Holder shall not have a right to purchase any of the Offered Shares unless it exercises its right of first refusal within the First Refusal Period to purchase all or a portion of its First Refusal Allotment of the Offered Shares. To the extent that any Preferred Holder does not exercise its right of first refusal to the full extent of its First Refusal Allotment, the Selling Shareholder and the exercising Preferred Holders shall, within five (5) days after the end of the First Refusal Period, make such adjustments to the First Refusal Allotment of each exercising Preferred Holder so that any remaining Offered Shares may be allocated to such exercising Preferred Holders on a pro rata basis.

(b) Expiration Notice. Within ten (10) days after expiration of the First Refusal Period, the Company shall give a written notice (the "**First Refusal Expiration Notice**") to the Selling Shareholder specifying either (i) that all of the Offered Shares were subscribed for by the Preferred Holders exercising their rights of first refusal or (ii) that the Preferred Holders have not subscribed for all of the Offered Shares in which case the First Refusal Expiration Notice will specify the Co-Sale Pro Rata Portion of the remaining Offered Shares for the purpose of the Preferred Holders' co-sale right described in Article 16 below.

(c) Purchase Price. The purchase price for the Offered Shares to be purchased by the Preferred Holders exercising their right of first refusal will be the price set forth in the Transfer Notice, but will be payable as set forth in Article 15.2(d) below. If the purchase price in the Transfer Notice includes consideration other than cash, the cash equivalent value of the non-cash consideration will be as previously determined by the Board in good faith, which determination will be binding upon the Company, the Preferred Holders and the Selling Shareholder, absent fraud or error.

(d) Payment. Payment of the purchase price for the Offered Shares purchased by the Preferred Holders shall be made by wire transfer or check as directed by the Selling Shareholder within thirty (30) days following the date of the First Refusal Expiration Notice or at a date as mutually agreed by the Selling Shareholder and the Preferred Holders, and concurrently therewith, the Selling Shareholder shall sell and deliver the Offered Shares to such Preferred Holders, and the Company shall concurrently therewith deliver to such Preferred Holders a copy of the Company's Register of Members, updated to show each such Preferred Holder as the transferee and owner of the applicable number of Offered Shares it purchased under this Article 15.

(e) Rights of a Selling Shareholder. If any Preferred Holder exercises its right of first refusal to purchase up to its pro rata portion of the Offered Shares, then, upon the date the notice of such exercise is given by such Preferred Holder, the Selling Shareholder will have no further rights as a holder of such portion of Offered Shares except the right to receive payment for such portion of Offered Shares from such Preferred Holder in accordance with the terms of this Agreement, and the Selling Shareholder will forthwith cause all certificate(s) evidencing such Offered Shares to be surrendered to the Company for transfer to such Preferred Holder.

For the avoidance of doubt, each of the Investors 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) the transferee shall execute and deliver such documents and take such other actions as may be necessary for the transferee to join in and be bound by the terms of this Agreement as an "Investor" (if not already a Party hereto) upon and after such transfer, and (iii) the transferee is not a Competitor (as defined in the Shareholders Agreement). The Company shall update its register of members upon the consummation of any such permitted transfer. Each of the Investors shall be entitled to disclose to any bona fide proposed transferee any information, documents or materials concerning the Company known to or in possession of such Investor, and the Company shall provide any assistance or cooperation reasonably requested by it or the proposed transferee in connection with such proposed transferee's due diligence investigation of the Company.

(f) Application of Co-Sale Right. In the event that the Preferred Holders have not exercised their right of refusal with respect to all of the Offered Shares, then the sale of the remaining Offered Shares not purchased under the right of first refusal pursuant to this Article 15.2(f) shall become subject to the co-sale right of the Preferred Holders as set forth in Article 16 below.

16. CO-SALE RIGHT

16.1 To the extent that the Preferred Holders have not exercised their right of first refusal with respect to any or all Offered Shares, then any Preferred Holder that has not exercised its right of first refusal pursuant to Article 15 above (each, a "**Co-Sale Right Holder**") shall have the right, exercisable upon a written notice to the Selling Shareholder, the Company and each other Preferred Holder (the "**Co-Sale Notice**") within twenty (20) days after receipt of the First Refusal Expiration Notice (the "**Co-Sale Right Period**"), to participate in such sale of the Offered Shares on the same terms and conditions as set forth in the Transfer Notice. The Co-Sale Notice given by a Co-Sale Right Holder shall set forth the number of Ordinary Share Equivalents (on a fully-diluted and as-converted basis) that such Co-Sale Right Holder wishes to include in such sale or transfer, which amount shall not exceed the Co-Sale Pro Rata Portion of such Co-Sale Right Holder. To the extent one or more of the Co-Sale Right Holders exercise such co-sale right in accordance with the terms and conditions set forth below, the number of Ordinary Share Equivalents that the Selling Shareholder may sell in the transaction shall be correspondingly reduced. The co-sale right of each Co-Sale Right Holder shall be subject to the following terms and conditions:

(a) Co-Sale Pro Rata Portion. Each Co-Sale Right Holder may sell all or any part of that number of Ordinary Share Equivalents held by it that is equal to the Co-Sale Pro Rata Portion. To the extent that any Co-Sale Right Holder does not exercise its co-sale right to the full extent of its Co-Sale Pro Rata Portion, the Selling Shareholder and the Co-Sale Right Holders shall, within five (5) days after the end of such Co-Sale Right Period, make such adjustments to the Co-Sale Pro Rata Portion of each Co-Sale Right Holder so that any remaining Offered Shares may be allocated to such Co-Sale Right Holders on a pro rata basis.

(b) Transferred Shares. Each Co-Sale Right Holder shall effect its participation in the sale by promptly delivering to the Selling Shareholder for transfer to the prospective purchaser one or more certificates, properly endorsed for transfer, which represent:

(i) the number of Ordinary Share Equivalents which such Co-Sale Right Holder elects to sell;

(ii) that number of Preferred Shares which is at such time convertible into applicable number of Ordinary Shares (calculated on a fully-diluted and as-converted basis in accordance with the Memorandum and Articles) that such Co-Sale Right Holder elects to sell; provided in such case that, if the prospective purchaser objects to the delivery of Preferred Shares in lieu of Ordinary Shares, such Co-Sale Right Holder shall convert such Preferred Shares into Ordinary Shares and deliver Ordinary Shares as provided in Article 16.1(b)(i) above. The Company agrees to make any such conversion concurrent with the actual transfer of such Shares to the purchaser and contingent upon such transfer; or

(iii) a combination of the above.

(c) Payment to Co-Sale Right Holders. The share certificate or certificates that the Co-Sale Right Holder delivers to the Selling Shareholder pursuant to Article 16.1(b)(i) shall be transferred to the prospective purchaser in consummation of the sale of the Offered Shares pursuant to the terms and conditions specified in the Transfer Notice, and the Selling Shareholder shall concurrently therewith remit to such Co-Sale Right Holder that portion of the sale proceeds to which such Co-Sale Right Holder is entitled by reason of its participation in such sale. To the extent that any prospective purchaser or purchasers prohibits such assignment or otherwise refuses to purchase any Share or other securities from a Co-Sale Right Holder, the Selling Shareholder shall not sell to such prospective purchaser or purchasers any Ordinary Share Equivalents unless and until, simultaneously with such sale, the Selling Shareholder shall purchase such Shares or other Equity Securities of the Company from such Co-Sale Right Holder for the same consideration and on the same terms and conditions as the proposed transfer described in the Transfer Notice.

(d) Right to Transfer. To the extent the Preferred Holders do not elect to purchase, or to participate in the sale of, up to their pro rata portion of the Offered Shares subject to the Transfer Notice, the Selling Shareholder may, not later than ninety (90) days following delivery to the Company and each Preferred Holder of the Transfer Notice, conclude a transfer of the remaining Offered Shares, which in each case shall be on substantially the same terms and conditions as those described in the Transfer Notice. Any proposed transfer on terms and conditions which are materially different from those described in the Transfer Notice, as well as any subsequent proposed transfer of any Ordinary Share Equivalents by the Selling Shareholder, shall again be subject to the right of first refusal and the co-sale right of the Preferred Holders, as applicable, and shall require compliance by the Selling Shareholder with the procedures described in Article 16 and Article 17 of this Agreement.

17. Right of Drag-along

17.1 In the event that the Company fails to redeem all or any part of the outstanding Preferred Shares held by the applicable requesting holders of Preferred Shares as stipulated in Article 4.5 hereof, the holders of at least seventy-five percent (75%) of the then outstanding Preferred Shares shall have the right to jointly approve a Trade Sale (as defined below, an "**Approved Sale**") to a bona fide third-party potential purchaser with a valuation of the Company of at least US$200,000,000 or other valuation jointly approved by the holders of at least seventy-five percent (75%) of the then outstanding Preferred Shares and holders of a majority of the then outstanding Ordinary Shares. Each of the other Shareholders of the Company (the "**Dragged Shareholders**") shall (i) sell, transfer, and/or exchange, as the case may be, all of their Shares in such Approved Sale to such purchaser on the same terms and conditions as were agreed by the holders of at least seventy-five percent (75%) of the then outstanding Preferred Shares, provided, however, that such terms and conditions, including with respect to price paid or received per share, may differ as between the Ordinary Shares and the Preferred Shares in order to reflect the liquidation preferences of the Preferred Shares set forth in these Articles; (ii) refrain from exercising any dissenters' rights or rights of appraisal under applicable Law at any time with respect to or in connection with such proposed Approved Sale; and (iii) take all actions reasonably necessary to consummate the proposed Approved Sale.

17.2 Notwithstanding anything herein to the contrary, if at any time after the date hereof, (1) more than seventy-five percent (75%) of the then outstanding Preferred Shares, and (2) more than half of all the outstanding Ordinary Shares, voting as separate classes on an as-converted basis (collectively, the "**Drag-Along Shareholders**"), all vote in favor of a proposed transfer of all Ordinary Shares or securities convertible into or exercisable for Ordinary Shares of the Company held by them to a purchaser, or approve a proposed Trade Sale (each, a "**Drag-Along Sale**"), then, in any such event, upon written notice from such Drag-Along Shareholders requesting them to do so, each of the Dragged Shareholders shall (i) be present, in person or by proxy, as a holder of shares of voting securities, at all meetings for the vote upon any such proposed acquisition (so as to be counted for the purposes of determining the presence of a quorum at such meetings); (ii) vote, or give its written consent with respect to, all the Ordinary Shares held by them in favor of such proposed Drag-Along Sale and in opposition of any proposal that could reasonably be expected to delay or impair the consummation of any such proposed Drag-Along Sale; (iii) transfer all of its Equity Securities of the Company in such Drag-Along Sale to such purchaser; (iv) refrain from exercising any dissenters' rights or rights of appraisal under applicable law at any time with respect to or in connection with such proposed Drag-Along Sale; and (v) take all actions reasonably necessary to consummate the proposed Drag-Along Sale, including without limitation amending the Memorandum and Articles. All proceeds derived from a Dragged Along Sale shall be distributed among the holders of Preferred Shares and Ordinary Shares in accordance with the Memorandum and Articles, taking into account any liquidation preferences to which the holders of Preferred Shares are entitled thereunder. Notwithstanding any provision to the contrary, the share transfer restrictions in Articles 14 through 19 of these Articles shall not apply to any transfers made pursuant to this Article 17.

17.3 Representation and Undertaking.

(a) Any such sale or disposition by the Dragged Shareholders shall be on the same terms and conditions as the proposed Drag-Along Sale by the Drag-Along Shareholders. Such Dragged Shareholders shall be required to make customary and usual representations and warranties in connection with the Drag-Along Sale, including, without limitation, as to their ownership and authority to sell, free of all liens, claims and encumbrances of any kind, the shares proposed to be transferred or sold by such persons or entities; and any violation or breach of or default under (with or without the giving of notice or the lapse of time or both) any law or regulation applicable to such Dragged Shareholders or any material contract to which such Dragged Shareholders are a party or by which they are bound and shall, without limitation as to time, indemnify and hold harmless to the full extent permitted by law, the purchasers against all obligations, costs, damages, expenses, losses, judgments, assessments or other liabilities including, without limitation, any special, indirect, consequential or punitive damages, any court costs, costs of preparation, attorney's fees or expenses, or any accountant's or expert witness' fees arising out of, in connection with or related to any breach or alleged breach of any representation or warranty made by, or agreements, understandings or covenants of such Dragged Shareholders as the case may be, under the terms of the agreements relating to such Drag-Along Sale.

(b) Each of the Dragged Shareholders undertakes to obtain all consents, permits, approvals, orders, authorizations or registrations, qualifications, designations, declarations or filings with any governmental authority or any third party (the "**Consents**"), which are required to be obtained or made in connection with the Drag-Along Sale.

(c) Each of the Dragged Shareholders undertakes to pay its pro rata share of expenses incurred in connection with the Drag-Along Sale.

17.4 Drag-Along Notice. Prior to making any Drag-Along Sale in which the Drag-Along Shareholders wish to exercise their rights under this Article 17.4 the Drag-Along Shareholders shall provide the Company and the Dragged Shareholders with written notice (the "**Drag-Along Notice**") not less than thirty (30) days prior to the proposed date of closing of the Drag-Along Sale (the "**Drag-Along Sale Date**"). The Drag-Along Notice shall set forth: (i) the name and address of the purchasers; (ii) the proposed amount and form of consideration to be paid, and the terms and conditions of payment offered by each of the purchasers; (iii) the Drag-Along Sale Date; (iv) the number of shares held of record by the Drag-Along Shareholders on the date of the Drag-Along Notice which form the subject to be transferred, sold or otherwise disposed of by the Drag-Along Shareholders; and (v) the number of shares of the Dragged Shareholders to be included in the Drag-Along Sale. In the event that the Drag-Along Sale Date does not occur within ninety (90) days after the date of the Drag-Along Notice, the shareholders of the Company shall have no obligations to sell their Equity Securities of the Company unless they receive a new Drag-Along Notice or otherwise agree with the purchaser(s) in writing.

17.5 Transfer Certificate. On the Drag-Along Sale Date, each of the Drag-Along Shareholders and the Dragged Shareholders shall deliver or cause to be delivered an instrument of transfer and a certificate or certificates evidencing its Equity Securities of the Company to be included in the Drag-Along Sale, duly endorsed for transfer with signatures guaranteed, to such third party purchasers in the manner and at the address indicated in the Drag-Along Notice.

17.6 Payment. The Dragged Shareholders shall receive consideration per share equal to the per share consideration received by the Drag-Along Shareholders pursuant to the proposed Drag-Along Sale. If the Drag-Along Shareholders or the Dragged Shareholders receive the purchase price for their shares or such purchase price is made available to them as part of a Drag-Along Sale and, in either case, they fail to deliver certificates evidencing their shares as described in this Article 17, they shall for all purposes be deemed no longer to be a shareholder of the Company (with the record books of the Company updated to reflect such status), shall have no voting rights, shall not be entitled to any dividends or other distributions with respect to any shares held by them, shall have no other rights or privileges as a shareholder of the Company and, in the event of liquidation of the Company, their rights with respect to any consideration they would have received if they had complied with this Article 17, if any, shall be subordinate to the rights of any equity holder. In addition, the Company shall stop any subsequent transfer of any such shares held by such shareholders.

17.7 Definition of Trade Sale. A "**Trade Sale**" shall mean (i) a sale, lease, transfer or other disposition of all or substantially all of the assets of the Company or the Domestic Co, (ii) a transfer or an exclusive licensing of all or substantially all of the intellectual property of the Company or the Domestic Co, (iii) a sale, transfer or other disposition of a majority of the issued and outstanding share capital of the Company or a majority of the voting power of the Company or the Domestic Co; or (iv) a merger, consolidation or other business combination of the Company or the Domestic Co with or into any other business entity in which the shareholders of the Company or the Domestic Co, immediately after such merger, consolidation or business combination, hold shares representing less than a majority of the voting power of the outstanding share capital of the surviving business entity.

17.8 Exempt Transfers. Notwithstanding anything to the contrary contained herein, the right of first refusal and co-sale rights of the Preferred Holders under Article 15 and Article 16 shall not apply (a) to a repurchase of Shares from a Selling Shareholder by the Company at a price no greater than that originally paid by such Selling Shareholder for such Shares and pursuant to an agreement containing vesting and/or repurchase provisions approved by a majority of the Board, (b) in the case of a Selling Shareholder that is a natural person, upon a transfer of Shares by such Selling Shareholder of no more than ten percent (10%) in aggregate of all of the Ordinary Shares he holds in the Company as of the date of the Series C1 Purchase Agreement (unless otherwise approved in writing by the Preferred Holders), either during his or her lifetime or on death by will or intestacy, to his or her Immediate Family Members or any other relatives approved by the Board of the Company, or any custodian or trustee for the account of a Selling Shareholder or a Selling Shareholder's Immediate Family Members, and (c) to the sale of any Shares to the public in a Qualified Public Offering or in connection with a sale of the Company (each transferee pursuant to the foregoing subsections (a), (b) and (c), a "**Permitted Transferee**"); provided that, in any event, adequate documentation therefor is provided to the Preferred Holders to their reasonable satisfaction with respect to such transfer and that any such Permitted Transferee agrees in writing to be bound by this Agreement in place of the relevant transferor; provided, further, that such transferor shall remain liable for any breach by such Permitted Transferee of any provision hereunder.

18. Prohibited Transfers.

18.1 Except for transfers to his Permitted Transferees as provided in Article 17 above, none of the Founders or the Permitted Transferees thereof shall, without the prior written consent of (i) the Series A Preference Shareholder or their permitted assigns holding at least a majority of the Series A Shares and applicable Conversion Shares then outstanding (on an as-converted basis),(ii) the Series B Preference Shareholders or their permitted assigns holding at least a majority of the Series B Shares and applicable Conversion Shares then outstanding (on an as-converted basis),(iii) the Series C Preference Shareholders or their permitted assigns holding at least a majority of the Series C Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (iv) the Series C1 Preference Shareholders or their permitted assigns holding at least a majority of the Series C1 Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (v) the Series C1+ Preference Shareholders or their permitted assigns holding at least a majority of the Series C1+ Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (vi) the Series D Preference Shareholders or their permitted assigns holding at least a majority of the Series D Shares and applicable Conversion Shares then outstanding (on an as-converted basis), and (vii) the Series D1 Preference Shareholders or their permitted assigns holding at least a majority of the Series D1 Shares and applicable Conversion Shares then outstanding (on an as-converted basis), sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any Equity Securities of the Company now or hereafter held by such Founder to any Person on or prior to a Qualified Public Offering, whichever happens earlier. Notwithstanding the foregoing, each Founder shall be entitled to, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions up to three percent (3%) in the aggregate of all of the Ordinary Shares such Founder holds in the Company as of date of the Shareholders Agreement to any other third parties.

18.2 Any attempt by a Party to sell or transfer any Equity Securities of the Company in violation of Articles 15, 16 and 17 shall be void and the Company hereby agrees it will not effect such a transfer nor will it treat any alleged transferee as the holder of such Equity Securities without the written consent of (i) the Series A Preference Shareholders holding at least a majority of Series A Shares and Conversion Shares then outstanding (on an as-converted basis), (ii) the Series B Preference Shareholders holding at least a majority of Series B Shares and Conversion Shares then outstanding (on an as-converted basis), (iii) the Series C Preference Shareholders holding at least a majority of Series C Shares and Conversion Shares then outstanding (on an as-converted basis), (iv) the Series C1 Preference Shareholders holding at least a majority of Series C1 Shares and Conversion Shares then outstanding (on an as-converted basis), (vi) the Series D Preference Shareholders holding at least a majority of Series D Shares and Conversion Shares then outstanding (on an as-converted basis), and (vii) the Series D1 Preference Shareholders holding at least a majority of the Series D1 Shares and Conversion Shares then outstanding (on an as-converted basis).

19. Restriction on Indirect Transfers.

19.1 Notwithstanding anything to the contrary contained herein but subject to Article 18 above, without the prior written approval of (i) the Series A Preference Shareholder holding at least a majority of Series A Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (ii) the Series B Preference Shareholders holding at least a majority of Series B Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (iii) the Series C Preference Shareholders holding at least a majority of Series C Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (iv) the Series C1 Preference Shareholders holding at least a majority of Series C1 Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (v) the Series D Preference Shareholders holding at least a majority of Series D Shares and applicable Conversion Shares then outstanding (on an as-converted basis), and (v) the Series D1 Preference Shareholders holding at least a majority of Series D1 Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (a) none of the Group Companies shall, nor shall any of them cause or permit any other Person to, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any Equity Securities in any Group Company to any Person, and (b) none of the Founders shall, nor shall any of them cause or permit any other Person to, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any Equity Securities in any PRC Group Company to any Person. Any transfer in violation of this Article 19 shall be void and each Group Company and each Founder hereby agrees that it will not effect such sale, assignment, transfer, pledge, hypothecation, mortgage, encumbrance or other disposition nor will it treat any alleged transferee as the holder of such Equity Securities unless in accordance with this Article 19.

20. Forfeiture of Shares

20.1 If a Member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Directors may, at any time thereafter during such time as any part of such call or instalment remains unpaid, serve a notice on such Member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

20.2 Such notice shall name a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that, in the event of non-payment at or before the time appointed, the Shares in respect of which the call was made will be liable to be forfeited.

20.3 If the requirements of such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Directors to that effect.

20.4 A forfeited Share may be sold or otherwise disposed of on such terms and in such manner as the Directors think fit, and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Directors think fit.

20.5 A person whose Shares have been forfeited shall cease to be a Member in respect of the forfeited Shares, but shall, notwithstanding, remain liable to pay to the Company all moneys which at the date of forfeiture were payable by him to the Company in respect of the Shares, but his liability shall cease if and when the Company receives payment in full of the nominal amount of the Shares.

20.6 A statutory declaration in writing that the declarant is a Director of the Company, and that a Share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share. The Company may receive the consideration, if any, given for the Share on any sale or disposition thereof and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of and he shall thereupon be registered as the holder of the Share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the Share.

20.7 The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a Share becomes payable at a fixed time, whether on account of the amount of the Share, or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

20.8 The Company may, by Ordinary Resolution, convert any paid-up Shares into stock, and reconvert any stock into paid-up Shares of any denomination.

20.9 The holders of stock may transfer the same, or any part thereof, in the same manner and subject to the same terms as the Shares from which the stock arose might prior to the conversion have been transferred, or as near thereto as circumstances admit; but the Directors may, from time to time, fix the minimum amount of stock transferrable and restrict or forbid the transfer of fractions of that minimum, but the minimum shall not exceed the nominal amount of the Shares from which the stock arose.

20.10 The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company and other matters as if they held the Shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the Company) shall be conferred by any such aliquot part of stock as would not, if existing Shares, have conferred that privilege or advantage.

20.11 Such of the regulations of the Company as are applicable to paid-up Shares shall apply to stock, and the words “share” and “member” therein shall include “stock” and “stockholder”.

21. Alteration of Capital and Changes to Memorandum and Articles of Association

21.1 The Company may, from time to time by Ordinary Resolution, increase the share capital by such sum, to be divided into Shares of such amount, as the resolution shall prescribe.

21.2 All new Shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the Shares in the original share capital.

21.3 Subject to Article 8 and the Law and the rights and restrictions attaching to any class, the Company may by Ordinary Resolution:

(i) consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;

(ii) convert all or any of its paid up Shares into stock and reconvert that stock into paid up Shares of any denomination;

(iii) sub-divide its existing Shares, or any of them, into Shares of smaller amounts than is fixed by the Memorandum provided that in the subdivision the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in case of the Share from which the reduced Share is derived; and

(iv) cancel any Shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the Shares so cancelled.

21.4 Subject to any authorization or consent required by the Law or these Articles, the Company may by Special Resolution:

(i) change its name;

(ii) alter or add to these Articles;

(iii) alter or add to the Memorandum with respect to any objects, powers or other matters specified therein; and

(iv) reduce its share capital and any capital redemption reserve fund.

22. Redemption and Repurchase of Shares

22.1 Subject to the provisions of the Law and Article 4.5 of these Articles and the rights and restrictions attaching to any class, the Company may:

i. issue Shares on terms that they are to be redeemed or are liable to be redeemed at the option of the Company or the Shareholder on such terms and in such manner as the Directors may determine;

ii. purchase its own Shares (including any redeemable Shares) on such terms and in such manner as the Directors may determine and agree with the Shareholder; and

iii. make a payment in respect of the redemption or purchase of its own Shares in any manner authorized by the Law, including out of its capital.

22.2 The Directors may levy a charge of such amount as they may from time to time determine on the redemption of Shares of any class or series which are redeemed within such periods of the date of issue or in such other circumstances as the Directors may from time to time determine. Such charge may be waived by the Directors or paid to the Company or to such other person as the Directors may determine.

22.3 The timing of payments to a redeeming Member of the redemption proceeds to which such redeeming Member is entitled upon a redemption of Shares pursuant to these Articles, the amounts of each such payment, the currency in which such redemption proceeds shall be paid and the extent to which amounts may be withheld therefrom and the interest (if any) to be applied thereto shall be determined by the Directors from time to time.

22.4 Amounts payable to a redeeming Member in connection with the redemption of Shares may be paid in cash (unless the Directors determine to pay the redemption price (or any amount thereof) by way of delivery of assets in specie) and normally will be posted or sent by wire transfer upon the redeeming Member's request and at his expense.

22.5 The nominal value of Shares may be redeemed out of the proceeds arising from the issue of an equal number of Shares and the premium (if any) on such Shares shall be paid from the Share Premium Account provided always that at the discretion of the Directors such Shares may be redeemed out of the profits of the Company which would otherwise have been available for dividends and any premiums thereon may be paid out of the profits of the Company or, if permitted by the Law, out of capital.

22.6 Upon the redemption of a Share being effected pursuant to these Articles, the redeeming Member shall cease to be entitled to any rights in respect thereof (excepting always the right to receive a dividend which has been declared in respect thereof prior to such redemption being effected or any redemption proceeds payable under these Articles) and accordingly his name shall be removed from the Register with respect thereto and the Share shall be available for re-issue as an unclassified Share and until re-issue shall form part of the unissued share capital of the Company.

22.7 Upon the redemption of any Shares being effected pursuant to these Articles, the Directors shall have the power to divide in specie the whole or any part of the assets of the Company and appropriate such assets in satisfaction or part satisfaction of the redemption price to one or more redeeming Members or Members being compulsorily redeemed on such terms as they may determine.

22.8 Subject to the provisions of the Law, the Company may purchase its own Shares (including any redeemable Shares) on such terms and in such manner as the Directors may determine and agree with a Member.

23. General Meetings

23.1 A general meeting shall be held once in every calendar year at such time and place as may be resolved by the Company in general meeting, or in default, at such time in the third month following that in which the anniversary of the Company's incorporation occurs, and at such place as the Directors shall appoint and if no other time and place is prescribed by them, it shall be held at the registered office on the second Wednesday in December of each year at ten o'clock in the morning.

23.2 General meetings shall also be convened on the requisition in writing of any Member or Members entitled to attend and vote at general meetings of the Company holding at least ten percent of the paid up voting share capital of the Company deposited at the Registered Office specifying the objects of the meeting for a date no later than 21 days from the date of deposit of the requisition signed by the requisitionists, and if the Directors do not convene such meeting for a date not later than 45 days after the date of such deposit, the requisitionists themselves may convene the general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Directors, and all reasonable expenses incurred by the requisitionists as a result of the failure of the Directors to convene the general meeting shall be reimbursed to them by the Company.

23.3 The Directors may, whenever they think fit, convene an extraordinary general meeting. If, at any time, there are not sufficient Directors capable of acting to form a quorum, any Director or any two Members of the Company may convene an extraordinary general meeting in the same manner as nearly as possible as that in which meetings are to be convened by Directors.

23.4 If at any time there are no Directors, any two Shareholders (or if there is only one Shareholder then that Shareholder) entitled to vote at general meetings of the Company may convene a general meeting in the same manner as nearly as possible as that in which general meetings may be convened by the Directors.

24. Notice of General Meetings

24.1 At least seven days' notice (exclusive of the day on which notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, day and hour of meeting and, in case of special business, the general nature of that business shall be given in the manner hereinafter provided, or in such other manner, if any, as may be prescribed by the Directors or the Company in general meetings, to such persons as are, under the Articles, entitled to receive such notices from the Company, but with the consent of seventy-five per cent of the Members entitled to receive notice of some particular meeting, that meeting may be convened by such shorter notice and in such manner as those Members may think fit.

24.2 The accidental omission to give notice of a meeting to, or the non-receipt of a notice of a meeting by, any Member shall not invalidate the proceedings at any meeting.

25. Proceedings at General Meetings

25.1 All business shall be deemed special that is transacted at any extraordinary general meeting, and also all that is transacted at an ordinary meeting, with the exception of sanctioning a dividend, consideration of the accounts, balance sheets, an ordinary report of the Directors or Auditors, the appointment and removal of Directors and the fixing of the remuneration of the Auditors.

25.2 No business shall be transacted at any general meeting unless a quorum of Members is present. The presence of (i) the holders of at least a majority of the then outstanding Ordinary Shares entitled to vote at any meeting of Members, (ii) the holders of at least a majority of the then outstanding Series A Shares, (iii) the holders of at least a majority of the then outstanding Series B Shares, (iv) the holders of at least two-thirds (2/3) of the then outstanding Series C Shares, Series C1 Shares and Series C1+ Shares (voting together as one class), and (v) the holders of at least a majority of the then outstanding Series D Shares and Series D1 Shares (voting together as one class) shall collectively be required in order to constitute a quorum; provided always that if the Company has one Member of record the quorum shall be that one Member present in person or by proxy.

25.3 If, within half an hour from the time appointed for the meeting, a quorum is not present, the meeting, if convened upon the requisition of Members, shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or at such other time or such other place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting the Member or Members present and entitled to vote shall form a quorum, provided that at such second meeting matters specified in Article 8.1 and the business not included in the notice shall not be approved and transacted.

25.4 Participation in any general meeting of the Company may be by means of a telephone or similar communication equipment by way of which all persons participating in such meeting can communicate with each other and such participation shall be deemed to constitute presence in person at the meeting.

25.5 The chairman, if any, of the Board of Directors shall preside as chairman at every general meeting of the Company.

25.6 If there is no such chairman, or if at any general meeting he is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as chairman, any Director or person nominated by the Directors shall preside as chairman, failing which the Members present or by proxy shall choose any person present to be chairman of that meeting.

25.7 The chairman may, with the consent of any general meeting at which a quorum is present (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 meeting, or adjourned meeting, is adjourned for ten days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

25.8 The Directors may cancel or postpone any duly convened general meeting, except for general meetings requisitioned by the Members in accordance with these Articles, for any reason or for no reason, upon notice in writing to Members. A postponement may be for a stated period of any length or indefinitely as the Directors may determine.

25.9 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the result of the show of hands) demanded by the chairman or one or more Members present in person or by proxy collectively holding at least ten percent in nominal value of the Shares entitled to vote, and unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried, or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of, or against, that resolution.

25.10 The demand for a poll may be withdrawn.

25.11 If a poll is duly demanded it shall be taken in such manner as the chairman directs, and the result of the poll shall be deemed to be the result of the resolution upon which the poll was demanded.

25.12 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded, shall not be entitled to a second or casting vote.

25.13 A poll demanded on the election of a chairman of the meeting or on a question of adjournment shall be taken forthwith; a poll demanded on any other question shall be taken at such time as the chairman of the meeting directs.

26. Votes of Members

26.1 Subject to any rights and restrictions for the time being attached to any class or series of Shares, on a show of hands every holder of Shares present in person and every person representing such a Member by proxy shall have one vote. On a poll, every such person shall have one vote for each Share of which he is a holder.

26.2 In the case of joint holders the vote of the senior 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 for this purpose seniority shall be determined by the order in which the names stand in the Register of Members.

26.3 A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other person in the nature of a committee appointed by that court, and any such committee or other person may, whether on a show of hands or on a poll, vote by proxy.

26.4 No Member shall be entitled to vote at any general meeting of the Company or at any separate meeting of the holders of a class or series of Shares unless such Member is registered as a Member of the Company on the record date for such meeting and all calls or other sums presently payable by such Member in respect of such Member’s voting Shares in the Company have been paid.

26.5 On a poll or on a show of hands votes may be given either personally or by proxy.

26.6 The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy need not be a Member of the Company.

26.7 The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of that power or authority shall be deposited at the registered office of the Company or at such other place as is specified for that purpose in the notice convening the meeting not less than forty-eight hours before the time for holding the meeting or adjourned meeting (subject to the discretion of the Directors to reduce this period from forty-eight hours to the time of the holding of the meeting) at which the person named in the instrument proposes to vote, and in default the instrument of proxy may not be treated as valid.

26.8 The instrument appointing a proxy may be in any usual or common form as the Directors may approve.

26.9 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

26.10 A resolution in writing signed by all the Members for the time being entitled to receive notice of and to attend and vote at general meetings of the Company (or being corporations by their duly authorised representatives) shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

27. Corporations Acting by Representatives at Meetings

27.1 Any corporation which is a Member of the Company 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 of any class of Members of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as the corporation could exercise if it were an individual Member of the Company.

28. Directors

The minimum number of Directors shall be one and the maximum number of Directors shall be six; however, the Company may, from time to time change this limit by way of an Ordinary Resolution of the Company passed in general meeting.

(a) For so long as Matrix is holding any Preferred Shares of the Company, Matrix shall be entitled to appoint to the Board of Directors one (1) Director, who shall initially be MIN XIAO (the "**Matrix Director**") and to remove any person so appointed. For so long as Morningside is holding any Preferred Shares of the Company, it shall be entitled to appoint to the Board one (1) Director, who shall initially be QIN LIU (the "**Morningside Director**") and to remove any person so appointed. For so long as Orchid Asia is holding any Preferred Shares of the Company, it shall be entitled to appoint to the Board one (1) Director, who shall initially be TAO HUANG (the "**Orchid Director**") and to remove any person so appointed. The remaining three (3) Directors are to be appointed by the Founders, who shall initially be JINNAN LAI, NING DING, and ZELONG LI, and the Founders are entitled to remove such persons so appointed. Each of Matrix, Morningside, Orchid Asia and EMC shall have the right to appoint and replace one board observer, respectively.

(b) In the event that any person appointed or nominated for appointment by any class of Shareholder is prohibited by the provisions of applicable law or regulation from acting as a Director then the members of the relevant class shall by notice in writing to the Company appoint or nominate for appointment a person who is not so prohibited as a replacement to serve as a Director.

(c) The remuneration of the Directors shall, from time to time, be determined by the Board of Directors. The Directors may also be reimbursed for any reasonable traveling or other expenses properly incurred by them in connection with attendance at any meetings of the Directors, or any committee of the Directors, or general meetings of the Company, or otherwise in connection with the business of the Company, or to receive a fixed allowance in respect thereof as may be determined by the Board of Directors from time to time, or a combination partly of one such method and partly the other.

(d) Subject to the Law and these Articles, the Directors may award special remuneration to any Director of the Company for any service other than his 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 remuneration as a Director.

(e) The Company in general meeting may fix a minimum shareholding required to be held by a Director, but unless and until such a shareholding qualification is fixed a Director is not required to hold Shares.

29. Powers and Duties of Directors

29.1 Subject to the Law, these Articles and to any resolutions passed in a general meeting, the business of the Company shall be managed by the Directors, who may pay all expenses incurred in setting up and registering the Company and may exercise all such powers of the Company as are not, by Law or these Articles, required to be exercised by the Company in general meeting, subject nevertheless, to any regulation of these Articles, to the Law and to such regulations, being not inconsistent with the aforesaid regulations or Law, as may be prescribed by the Company in general meeting; but no regulation made by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that regulation had not been made.

(a) Subject to the Law and to the rights and restrictions attaching to any class of Shares, the Directors may, from time to time, appoint one or more of their number to the office of managing director or some other person, whether or not being a Director, as manager for such term and at such remuneration as they may think fit; but where the person is a Director, his appointment as managing director or manager shall be subject to determination ipso facto if he ceases from any cause to be a Director, or if the Company in general meeting resolves that his tenure of office of managing director or manager be determined. Any other person appointed as manager is also subject to such determination. Any person so appointed by the Directors may be removed by the Directors or by the Company by Ordinary Resolution.

(b) The Directors may appoint a Secretary (and if needed an assistant Secretary or assistant Secretaries) who shall hold office for such term, at such remuneration and upon such conditions and with such powers as they think fit. Any Secretary or assistant Secretary so appointed by the Directors may be removed by the Directors or by the Company by Ordinary Resolution.

(c) The Directors from time to time and at any time may establish any committees, local boards or agencies for managing any of the affairs of the Company and may appoint any persons to be members of such committees or local boards and may appoint any managers or agents of the Company and may fix the remuneration of any such persons.

(d) The Directors may from time to time and at any time delegate to any such committee, local board, manager or agent any of the powers, authorities and discretions for the time being vested in the Directors and may authorize the members for the time being of any such local board, or any of them to fill any vacancies therein and to act notwithstanding vacancies and any such appointment or delegation may be made on such terms and subject to such conditions as the Directors may think fit and the Directors may at any time remove any person so appointed and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

(e) 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 by resolution.

(f) 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 widow or dependents and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

(g) Subject to the Law and the rights and restrictions attaching to any class of Shares, 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 stock, 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.

(h) The Directors shall cause minutes to be made in books provided for the purpose—

i. of all appointments of officers made by the Directors;

ii. of the names of the Directors present at each meeting of the Directors and of any committee of the Directors; and

iii. of all resolutions and proceedings at all meetings of the Company, and of the Directors and of committees of Directors.

30. Seal

A Seal, if the Directors determine to have one, of the Company shall not be affixed to any instrument except by the authority of a resolution of the Directors, and in the presence of a Director or such other person as the Directors may appoint for the purpose; and that Director or other person as aforesaid shall sign every instrument to which any seal of the Company is so affixed in their presence.

(a) 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.

(b) A Director or officer, representative or attorney of the Company may without further authority of the Directors affix the Seal over his signature alone to any document of the Company required to be authenticated by him under seal or to be filed with the Registrar of Companies in the Cayman Islands or elsewhere wheresoever.

31. Disqualification of Directors

31.1 The office of a Director shall be vacated if:

i. he becomes bankrupt;

ii. he is found to be or becomes of unsound mind;

iii. he resigns his office by notice in writing to the Company;

iv. being a Matrix Director, he is removed from office pursuant to the provisions of Article 28;

v. being an Orchid Director, he is removed from office pursuant to the provisions of Article 28; or

vi. being a Morningside Director, he is removed from office pursuant to the provisions of Article 28.

32. Change of Directors

32.1 Subject to Laws and the rights and restrictions attaching to any class of Shares, the Company may by Ordinary Resolution appoint any person to be a Director or may by Ordinary Resolution remove any Director.

32.2 Subject to the Laws and the rights and restrictions attaching to any class of Shares, the Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director; provided that the appointment does not cause the number of Directors to exceed any number fixed by or in accordance with the Articles as the maximum number of Directors.

33. Proceedings of Directors

33.1 The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings, as they think fit. Questions arising at any meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman shall not have a second or casting vote.

33.2 A Director (or his alternate or any other officer of the Company) may, at any time, summon a meeting of the Directors by at least three days' notice in writing to every Director and alternate Director which notice shall set forth the general nature of the business to be considered unless notice is waived by all the Directors (or their alternates) either at, before or after the meeting is held.

33.3 The quorum necessary for the transaction of the business of the Directors shall be five (5) Directors then in office, including the Matrix Director, the Morningside Director and the Orchid Director. An alternate Director or proxy appointed by a Director shall be counted in a quorum at a meeting if his appointor is not present. If within half an hour from the time appointed for the meeting a quorum is not present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other time or such other place as the Directors may determine and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the Directors present shall be a quorum, provided that at such second meeting the matters specified in Article 34.5 and the business not included in the notice shall not be approved and transacted.

33.4 Except as otherwise provided by these Articles, the Directors may regulate their meetings as they think fit. Subject to the provisions of these Articles, questions arising at any meeting shall be decided by a majority of votes of the Directors and alternate Directors present at a meeting at which there is a quorum. JINNAN LAI shall have, in addition to his original vote, a second vote. A Director who is also an alternate Director shall be entitled in the absence of his appointor to a separate vote on behalf of his appointor in addition to his own vote. In case of an equality of votes, the Chairman shall not have a second or casting vote.

33.5 Notwithstanding any other provisions of the Memorandum or these Articles, the Shareholders and the Company shall each take all steps necessary to ensure that neither the Company nor any of its subsidiaries/associates shall carry out any of the following actions, without (i) the prior approval of a majority of votes of the Directors and alternate Directors present at a meeting at which there is a quorum (at least including the Matrix Director, Morningside Director and Orchid Director); and (ii) the affirmative votes of the Matrix Director, Morningside Director and Orchid Director:

(a) to make any loan or advance to, or own any stock or other securities of, any subsidiary or other corporation, partnership or other entity unless it is wholly owned by the Company;

(b) to make any loan or advance to any person, including any employee or director, except advances and similar expenditures in the ordinary course of business or under the terms of an employee stock or option plan approved by the Board of Directors;

(c) to guarantee any indebtedness except for trade accounts of the Company or any subsidiary arising in the ordinary course of business;

(d) to make any investment other than investments in Principal Business (as defined in the Series D1 Purchase Agreement), money market funds, certificates of deposit in any international bank having a net worth in excess of US$100,000,000 or obligations issued or guaranteed by the United States of America or other sovereign government, in each case having a maturity not in excess of two years;

(e) to incur any aggregate indebtedness in excess of US$150,000 that is not already included in a Board-approved budget, other than trade credit incurred in the ordinary course of business;

(f) to enter into or be a party to any transaction with any director, officer or employee of the Company or any "associate" (as defined in Rule 12b-2 promulgated under the Securities Exchange Act) of any such person except transactions resulting in payments to or by the Company in an amount less than US$100,000 per year, or transactions made in the ordinary course of business and pursuant to reasonable requirements of the Company's business and upon fair and reasonable terms that are approved by a majority of the Board;

(g) to hire, fire, or change the compensation of the executive officers, including approving any option plans;

(h) to change the Principal Business of the Company, enter new lines of business, or exit the current line of business;

(i) to approve or amend the annual budget of the Company; or

(j) to sell, transfer, lease, license, pledge or encumber technology or intellectual property, other than in the ordinary course of business.

33.6 A Director or alternate Director may, and the Secretary on the requisition of a Director or alternate Director shall, at any time summon a meeting of the Directors by at least seven (7) days' notice in writing to every Director and alternate Director which notice shall set forth the time and place of the meeting and the general nature of the business to be considered unless notice is waived by all the Directors (or their alternates) either at, before or after the meeting is held.

33.7 If notice of any meeting of the Directors has been duly delivered to all Directors prior to the scheduled meeting, and a quorum under Article 33.3 is not present within one half hour from the time appointed for the meeting, the Directors present at the meeting shall adjourn the meeting to the 3rd following Business Day at such time and place as the Directors then present may determine. Notice of such adjourned meeting shall be delivered to all Directors one day prior to the adjourned meeting in accordance with the notice procedures and, if at the adjourned meeting, a quorum is not present under Article 33.3 within one half hour from the time appointed for the meeting, the Directors present shall constitute a quorum.

33.8 A person may participate in a meeting of the Directors or committee 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.

33.9 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.

33.10 The Directors may elect a chairman of their meetings and determine the period for which he is to hold office; but if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their number to be chairman of the meeting.

33.11 A Director but not an alternate Director may be represented at any meetings of the board of Directors by a proxy appointed in writing by him. The proxy shall count towards the quorum and the vote of the proxy shall for all purposes be deemed to be that of the appointing Director.

33.12 A resolution in writing (in one or more counterparts) signed by all the Directors or all the members of a committee of Directors (an alternate Director being entitled to sign such a resolution on behalf of his appointor) shall be as valid and effectual as if it had been passed at a meeting of the Directors, or committee of Directors as the case may be, duly convened and held.

33.13 The Directors may delegate any of their powers to committees consisting of such member or members of the body of Directors as the Directors think fit; any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Directors.

33.14 A committee may elect a chairman of its meetings; if no such chairman is elected, or if at any meeting the chairman is not present within five minutes after the time appointed for holding the same, the members present may choose one of their number to be chairman of the meeting.

33.15 A committee may meet and adjourn as it thinks proper. Questions arising at any meeting shall be determined by a majority of the votes of the members present and, in the case of an equality of votes, the chairman shall not have a second or casting vote.

33.16 All acts done by any meeting of the Directors or of a committee of Directors or by any person acting as a Director (including his alternate) shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or his alternate Director, or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and was qualified to be a Director or alternate Director as the case may be.

33.17 A Director of the Company who is present at a meeting of the Board of Directors at which action on any Company matter is taken shall be presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent from such action with the person acting as the chairman or secretary of the meeting before the adjournment thereof or shall forward such dissent by registered post to such person immediately after the adjournment of the meeting. Such right to dissent shall not apply to a Director who voted in favour of such action.

34. Declaration of Directors' Interests

34.1 A Director may hold any other office or place of profit under the Company in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine.

34.2 A Director shall not enter into a contract in a non-officer position as Auditor of the Company.

34.3 A Director may act by himself or his firm in a professional capacity for the Company and he or his firm shall be entitled to remuneration for professional services as if he were not a Director or alternate Director.

34.4 A Director or alternate 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 shareholder or otherwise, and no such Director or alternate Director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company.

34.5 No person shall be disqualified from the office of Director or alternate 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 or alternate Director shall be in any way interested be or be liable to be avoided, nor shall any Director or alternate Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or transaction by reason of such Director holding office or of the fiduciary relation thereby established. A Director (or his alternate Director in his absence) shall be at liberty to vote in respect of any contract or transaction in which he is interested provided that the nature of the interest of any Director or alternate Director in any such contract or transaction shall be disclosed by him at or prior to its consideration and any vote thereon.

34.6 A general notice that a Director or alternate Director is a shareholder, director, officer or employee 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 for the purposes of voting on a resolution in respect of a contract or transaction in which he has an interest, and after such general notice it shall not be necessary to give special notice relating to any particular transaction.

35. Delegation of Directors' Powers To Persons Other Than Committees

35.1 The Directors may by power of attorney or otherwise appoint any person to be the agent of the Company on such conditions as the Directors may determine, provided that the delegation is not to the exclusion of their own powers and may be revoked by the Directors at any time.

35.2 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.

35.3 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 his appointment an officer may be removed by resolution of the Directors or Members.

35.4 The Directors may appoint any one or more persons to act, or remove any one or more persons from so acting, as service providers to the Company and the Directors may entrust to and confer upon such persons any of the powers exercisable by them as Directors upon such terms and conditions including the right to remuneration payable by, and indemnification from, the Company and with such restrictions and with such powers of delegation as they may determine and either collaterally with or to the exclusion of their own powers. Any such provider may be appointed or removed by the Directors at any time without notice to, or the consent of, the Members.

36. Appointment of Alternates

36.1 Any Director (other than an alternate Director) may by writing appoint any other Director, or any other person willing to act, to be an alternate Director and by writing may remove from office an alternate Director so appointed by him.

36.2 An alternate Director shall be entitled to receive notice of all meetings of Directors and of all meetings of committees of Directors of which his appointor is a member, to attend and vote at every such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointor as a Director in his absence.

36.3 An alternate Director shall cease to be an alternate Director if his appointor ceases to be a Director.

36.4 Any appointment or removal of an alternate Director shall be by notice to the Company signed by the Director making or revoking the appointment or in any other manner approved by the Directors.

36.5 An alternate Director shall be deemed for all purposes to be a Director and shall alone be responsible for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.

37. Dividends and Reserve

37.1 Subject to the Law 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 funds 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 Law.

37.2 Subject to the special rights of certain class or classes or series of Shares as to dividends or distributions, if dividends or distributions are to be declared on a class or series of Shares they shall be declared and paid according to the amounts paid or credited as paid on the Shares of such class or series outstanding on the record date for such dividend or distribution as determined in accordance with these Articles but no amount paid or credited as paid on a Share in advance of calls.

37.3 Except as otherwise provided by the rights attached to Shares, all Dividends shall be declared and paid according to the par value of the Shares that a Member holds. If any Share is issued on terms providing that it shall rank for Dividend as from a particular date, that Share shall rank for Dividend accordingly.

37.4 The Directors may deduct from any Dividend or distribution payable to any Member all sums of money (if any) then payable by him to the Company on account of calls or otherwise.

37.5 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.

37.6 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.

37.7 No Dividend or distribution shall bear interest against the Company.

37.8 Any Dividend which cannot be paid to a Member and/or which remains unclaimed after six 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 which remains unclaimed after a period of six years from the date of declaration of such Dividend shall be forfeited and shall revert to the Company.

38. Capitalisation

38.1 Subject to the Law, the Directors may capitalise any sum standing to the credit of any of the Company's reserve accounts (including the Share Premium Account and capital redemption reserve fund) or any sum standing to the credit of the 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 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 capitalisation, 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 accrues 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 capitalisation and matters incidental thereto and any agreement made under such authority shall be effective and binding on all concerned.

39. Share Premium Account

39.1 The Directors shall in accordance with the Law establish a Share Premium Account and shall carry to the credit of such account from time to time a sum equal to the amount or value of the premium paid on the issue of any Share.

39.2 There shall be debited to any Share Premium Account on the redemption or purchase of a Share the difference between the nominal value of such Share and the redemption or purchase price, provided always that at the discretion of the Directors such sum may be paid out of the profits of the Company or, if permitted by the Law, out of capital.

40. Accounts

40.1 The Directors shall cause proper books of account to be kept with respect to—

(a) all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place; and

(b) all sales and purchases of goods by the Company and the assets and liabilities of the Company.

40.2 In accordance with the Law, 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.

40.3 The books of account shall be kept at such place or places as the Directors think fit and shall always be open to inspection of the Directors.

40.4 The Directors shall, from time to time, determine whether and to what extent, 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 the inspection of Members not being Directors, and no Member (not being a Director) shall have any right of inspecting any account, book or document of the Company except as conferred by the Law or authorized by the Directors of the Company in general meeting.

40.5 At the ordinary general meeting in every year the Directors may cause to be prepared and may lay before the Company a profit and loss account and a balance sheet for the period since the preceding account, or (in the case of the first ordinary general meeting) since the commencement of business by the Company, made up to a date not more than six months before such meeting.

40.6 A copy of every balance sheet (including every document required by law to be annexed thereto) which is to be laid before the Company in general meeting together with a copy of the Auditor's report may, at any time prior to the date of the meeting, be sent to all persons entitled to receive notices of general meetings of the Company.

41. Audit

41.1 The Directors may, on behalf of the Company, enter into a contract with an Auditor who shall remain the Auditor of the Company until removed from office by a resolution of the Directors, and may fix his remuneration.

41.2 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.

41.3 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 which 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 which 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.

41.4 No Auditor shall be deemed to be an officer or Director of the Company for any reason and no Director or officer of the Company may act as Auditor.

41.5 In not being an officer, no Auditor shall have the benefit of any of the indemnity provisions of these Articles.

42. Notices

42.1 Notices shall be in writing and may be given by the Company to any Member either personally or by sending them by courier, post, cable, telex, fax or e-mail to him or to his address as shown in the Register of Members (or where the notice is given by e-mail by sending it to the e-mail address provided by such Member). Any notice, if posted from one country to another, is to be sent airmail.

42.2 Where a notice is sent by courier, service of the notice shall be deemed to be effected by delivery of the notice to a courier company, and shall be deemed to have been received on the third day (not including Saturdays or Sundays or public holidays) following the day on which the notice was delivered to the courier. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and shall be deemed to have been received on the fifth day (not including Saturdays or Sundays or public holidays) following the day on which the notice was posted. Where a notice is sent by cable, telex or fax, service of the notice shall be deemed to be effected by properly addressing and sending such notice and shall be deemed to have been received on the same day that it was transmitted. Where a notice is given by e-mail service shall be deemed to be effected by transmitting the e-mail to the e-mail address provided by the intended recipient and shall be deemed to have been received on the same day that it was sent, and it shall not be necessary for the receipt of the e-mail to be acknowledged by the recipient.

42.3 A notice may be given by the Company to the person or persons which 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 which 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.

42.4 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 being a legal personal representative or a trustee in bankruptcy of a Member of record where the Member of record but for his 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.

43. Winding Up

43.1 Subject to the Law and the rights and restrictions attaching to any class of Shares, if the Company shall be wound up, and the assets available for distribution amongst the Members shall be insufficient to repay the whole of the share capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the Members in proportion to the par value of the Shares held by them. If in a winding up the assets available for distribution amongst the Members shall be more than sufficient to repay the whole of the share capital at the commencement of the winding up, the surplus shall be distributed amongst the Members in proportion to the par value of the Shares held by them at the commencement of the winding up subject to a deduction from those Shares in respect of which there are monies due, of all monies payable to the Company for unpaid calls or otherwise. This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

43.2 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 Law, 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 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.

44. Indemnity

44.1 Every Director, officer or servant of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities incurred by him (a) in the conduct of the Company's business, or (b) in the discharge of his duties, provided that no Director, officer or servant of the Company shall be liable (c) for the acts, defaults or omissions of any other Director, officer or servant of the Company, or (d) by reason of his having joined in any receipt for money not received by him personally, or (e) for any loss on account of defect of title to any property acquired by the Company, or (f) on the account of the insufficiency of any security in or upon which any moneys of the Company shall be invested, or (g) for any loss incurred through any bank, broker or other agent, or (h) for any loss occasioned by any error of judgment or oversight on his part, or (i) for any loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same shall happen through his own dishonesty, willful default or actual fraud.

44.2 Any Director, officer or servant of the Company seeking the benefit of the foregoing indemnity provision may apply to the Company for an advance of reasonable attorneys' fees and other costs and expenses incurred in connection with the defence of any action, suit, proceeding or investigation involving such person for which indemnity will or could be sought. In connection with any advance of any expenses actually approved by a resolution of the Directors, the person seeking the indemnification shall execute an undertaking to repay the advanced amount to the Company if it shall be determined by final judgment or other final adjudication that such person was not entitled to indemnification pursuant to this Article. If it shall be determined by a final judgment or other final adjudication that such person was not entitled to indemnification with respect to such judgment, costs or expenses, then such party shall not be indemnified with respect to such judgment, costs or expenses and any advance shall be returned to the Company (without interest) by such person.

44.3 The Directors, on behalf of the Company, may purchase and maintain insurance for the benefit of any Director or other officer of the Company against any liability which, by virtue of any rule of law, would otherwise attach to such person in respect of any negligence, default, breach of duty or breach of trust of which such person may be guilty in relation to the Company.

44.4 No Auditor shall be deemed to be a director, an officer or a servant of the Company for the purpose of the foregoing provisions and no Auditor shall have the benefit of the foregoing indemnity provisions.

45. Transfer by way of Continuation

45.1 Subject to the provisions of the Law and with the approval of a Special Resolution, the Company shall 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.

46. Registered Office

46.1 Subject to the Laws, the Company may by resolution of the Directors change the location of its Registered Office.

Exhibit 4.4

CERTAIN CONFIDENTIAL INFORMATION CONTAINED IN THIS DOCUMENT, MARKED BY [ ], HAS BEEN OMITTED BECAUSE LIZHI INC. HAS DETERMINED SUCH INFORMATION (I) IS NOT MATERIAL AND (II) WOULD LIKELY CAUSE COMPETITIVE HARM TO LIZHI INC. IF PUBLICLY DISCLOSED.

SHAREHOLDERS AGREEMENT

by and among

LIZHI INC.

each of the entities listed in Schedule B hereto

JINNAN LAI (□□□)

NING DING (□□)

VOICE WORLD Ltd □□□□□□□□□□

AI VOICE Ltd □□□□□□□□

and

MATRIX PARTNERS CHINA I HONGKONG LIMITED

MORNINGSIDE CHINA TMT FUND II, L.P.

MORNINGSIDE CHINA TMT TOP UP FUND, L.P.

PEOPLE BETTER LIMITED

SHUNWEI INTERNET LIMITED

Cyber Dreamer Limited

Evolution Media China L.P.

Dated March 6, 2019

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SHAREHOLDERS AGREEMENT

THIS SHAREHOLDERS AGREEMENT (this "**Agreement**") is made and entered into as of March 6, 2019 by and among:

1. LIZHI INC., an exempted company incorporated under the laws of the Cayman Islands with limited liability (the "**Company**"),
2. The entities identified in Schedule B of this Agreement (together with the Company, the "**Group Companies**", each a "**Group Company**"),
3. JINNAN LAI (□□□), a citizen of the PRC whose PRC identification card number is [ ] ("**Mr. Lai**"),
4. NING DING (□□), a citizen of the PRC whose PRC identification card number is [ ] ("**Mr. Ding**"),
5. VOICE WORLD Ltd □□□□□□□□□□, a business company incorporated in the British Virgin Islands with limited liability (together with its successors, transferees and permitted assigns, "**Voice World**"),
6. AI VOICE Ltd □□□□□□□□, a business company incorporated in the British Virgin Islands with limited liability (together with its successors, transferees and permitted assigns, "**AI Voice**"),
7. MATRIX PARTNERS CHINA I HONG KONG LIMITED (together with its successors, transferees and permitted assigns, "**Matrix**"),
8. MORNINGSIDE CHINA TMT FUND II, L.P. (together with its successors, transferees and permitted assigns, "**Morningside II**"),
9. MORNINGSIDE CHINA TMT TOP UP FUND, L.P. (together with Morningside II, their successors, transferees and permitted assigns, "**Morningside**"),
10. PEOPLE BETTER LIMITED (together with its successors, transferees and permitted assigns, "**People Better**"),
11. SHUNWEI INTERNET LIMITED (together with its successors, transferees and permitted assigns, "**Shunwei**"),
12. Cyber Dreamer Limited (together with its successors, transferees and permitted assigns, "**Orchid Asia**"), and
13. Evolution Media China L.P. (together with its successors, transferees and permitted assigns, "**EMC**", collectively with Matrix, Morningside, People Better, Shunwei, Voice World (in its capacity as the Series C1+ Holder), Orchid Asia and EMC, the "**Investors**").

RECITALS

A. The Company is incorporated under the laws of the Cayman Islands on January 10, 2019. Mr. Lai, indirectly through Voice World, holds 221,000,000 Ordinary Shares and 26,912,090 Series C1+ Shares of the Company; Mr. Ding, indirectly through AI Voice, holds 39,000,000 Ordinary Shares of the Company; Matrix holds 100,000,000 Series A Shares of the Company; Matrix and Morningside II hold 116,666,650 Series B Shares of the Company; Matrix and Morningside hold 142,583,330 Series C Shares of the Company; People Better and Shunwei hold 34,697,360 Series C1 Shares of the Company; Orchid Asia holds 128,152,790 Series D Shares of the Company; Evolution Media China L.P. holds 20,023,870 Series D1 Shares of the Company; in addition, up to 40,000,000 Ordinary Shares shall be issuable under the ESOP to employees, officers, directors, consultants or advisers of the Group Companies; all the foregoing represent all the issued and outstanding Shares of the Company immediately prior to the date of this Agreement. Schedule C sets forth the capitalization of the Company as of the date of this Agreement.

B. The BVI Co is a business company incorporated in the British Virgin Islands with limited liability on October 29, 2010. The Company owns 100% of the outstanding Equity Securities (as defined below) of the BVI Co.

C. The HK Co is a private company limited by shares incorporated on November 23, 2010. The BVI Co owns 100% of the outstanding Equity Securities (as defined below) of the HK Co.

D. The WFOE is a wholly foreign-owned enterprise established on March 4, 2011, with its registered address in the PRC at□□□□□□□□□□□□□□□□□□3□3□□8140□□. The HK Co owns 100% of the outstanding Equity Securities of the WFOE.

E. The Domestic Co is a limited liability company established on December 28, 2007, with its registered address in the PRC at□□□□□□□□□□□309□□□3-07A. Mr. Lai, Mr. Ding and Mr. Huang Tao hold respectively 50.8157%, 11.7012% and 10% of the Equity Securities in the Domestic Co, and Zhuhai Dayin Ruoxi Investment Development Center (Limited Partnership) (□□□□□□□□□□□□□□□□□□) and Zhuhai Weiwo Investment Management Partnership (Limited Partnership) (□□□□□□□□□□□□□□□□□□) hold respectively 11.9917% and 15.4914%of the Equity Securities in the Domestic Co.

F. The BVI Co, the HK Co, the WFOE, GUANGZHOU PINEAPPLE INFORMATION TECHNOLOGIES CO., LTD. (the "**Domestic Co1**"), the Domestic Co, Mr. Lai, Mr. Ding and Matrix entered into that certain Series A Preferred Share Purchase Agreement dated as of March 7, 2011 (the "**Series A Purchase Agreement**").

G. The BVI Co, the HK Co, the WFOE, the Domestic Co1, the Domestic Co, Mr. Lai, Mr. Ding, Matrix and Morningside II entered into that certain Series B Preferred Share Purchase Agreement dated as of March 27, 2012 (the "**Series B Purchase Agreement**").

H. The BVI Co, the HK Co, the WFOE, the Domestic Co, Mr. Lai, Mr. Ding, Matrix and Morningside entered into that certain Series C Preferred Share Purchase Agreement dated as of December 3, 2014 (the "**Series C Purchase Agreement**").

I. The BVI Co, the HK Co, the WFOE, the Domestic Co, Mr. Lai, Mr. Ding, People Better and Shunwei entered into such certain Series C1 Preferred Share Purchase Agreement dated as of January 9, 2015 (the "**Series C1 Purchase Agreement**").

J. The BVI Co, the HK Co, the WFOE, the Domestic Co, Mr. Lai, Mr. Ding, and Orchid Asia entered into such certain Series D Preferred Share Purchase Agreements dated as of June 9, 2017 and August 7, 2017, respectively (the "**Series D Purchase Agreements**").

K. The Company, the HK Co, the WFOE, the Domestic Co, Mr. Lai, Mr. Ding, and EMC entered into such certain Series D1 Preferred Share Purchase Agreement dated as of September 8, 2017 (the "**Series D1 Purchase Agreement**").

L. The BVI Co, the HK Co, the WFOE, the Domestic Co, Mr. Lai, Mr. Ding, Matrix, Morningside, People Better, Shunwei, Orchid Asia and EMC entered into that certain Sixth Amended and Restated Shareholders Agreement dated as of September 8, 2017 (the "**Prior Agreement**"). On December 14, 2017, Mr. Lai signed a Joinder and became a party to the Shareholders Agreement in his capacity as the holder of Series C1+ preferred shares of the BVI Co.

M. For and in consideration of the release and termination of their obligations under the Prior Agreement (as applicable), the Parties hereto agree to enter into and be bound by the terms and conditions of this Agreement.

N. In this Agreement, unless the context otherwise requires, capitalized terms used herein shall have the meanings ascribed to them in Exhibit A hereto.

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 hereby agree as follows:

1. INFORMATION RIGHTS; BOARD REPRESENTATION.

1.1 Information and Inspection Rights.

(a) Information Rights. The Company covenants and agrees that, commencing on the date of this Agreement, for so long as any series of Preferred Share is outstanding, the Company will deliver to each holder of that series of Preferred Shares:

(i) audited annual consolidated financial statements, along with a comparison against the Company's business plan, within ninety (90) days after the end of each fiscal year, audited by one of the Big Four accounting firms or a qualified international accounting firm or a Chinese accounting firm with IPO qualification or other reputable accounting firm acceptable to the Preferred Majority;

(ii) unaudited quarterly consolidated financial statements, along with a comparison against the Company's business plan, within forty-five (45) days of the end of each quarter;

(iii) unaudited monthly consolidated financial statements, along with a comparison against the Company's business plan, within thirty (30) days of the end of each month;

(iv) a copy of the Company's annual operating plan and an annual consolidated budget forecasting the Company's revenues, expenses, and cash position on a month-to-month basis for the following fiscal year prior to the end of each fiscal year, subject to approval by the Board (as defined below);

(v) copies of all documents or other information sent to Shareholders of the Company; and

(vi) upon the written request by any Preferred Holder or, such other information as such Preferred Holder shall reasonably request (the above rights, collectively, the "**Information Rights**").

All financial statements to be provided to such Preferred Holder pursuant to this Section 1.1(a) shall include an income statement, a balance sheet and a cash flow statement for the relevant period as well as for the fiscal year to-date and shall be prepared in conformance with International Financial Reporting Standards or the generally accepted accounting principles (GAAP) of the PRC or USA, or such other jurisdiction as the Board may designate with the written consent of the Preferred Holders, and verified and certified as true, correct and not misleading by the chief financial officer or the chief executive officer of the Company.

(b) Inspection Rights. The Company further covenants and agrees that, commencing on the date of this Agreement, for so long as any series of Preferred Share is outstanding, each holder of that series of Preferred Shares, at such holder's expense, shall have: (i) the right to inspect facilities, records and books of each Group Company at any time during regular working hours on reasonable prior notice to the Company, and (ii) the right to discuss the business, operations and conditions of each Group Company with its directors, officers, employees, accountants, legal counsel and investment bankers (the "**Inspection Rights**"), provided that, such holder shall inform the Company five (5) days prior to the inspection.

(c) Termination of Rights. The Information Rights and Inspection Rights shall terminate upon consummation of a Qualified Public Offering.

1.2 Board of Directors and Observers.

(a) Board Constitution; Observers. The Memorandum and Articles shall provide that the Company's Board shall consist of no more than six (6) directors, which number of directors shall not be changed except pursuant to an amendment to the Memorandum and Articles. For so long as Matrix is holding any issued Preferred Shares of the Company, Matrix shall be entitled to appoint to the Board one (1) director, who shall initially be MIN XIAO (□□) (the "**Matrix Director**"). For so long as Morningside is holding any issued Preferred shares of the Company, it shall be entitled to appoint to the Board one (1) director, who shall initially be QIN LIU (□□) (the "**Morningside Director**"). For so long as Orchid Asia is holding any issued Preferred shares of the Company, it shall be entitled to appoint to the Board one (1) director, who shall initially be TAO HUANG (□□)(the "**Orchid Director**", together with the Matrix Director and the Morningside Director, the "**Investor Directors**", and each an "**Investor Director**"). The remaining three (3) directors are to be appointed by the Founders, who shall initially be Mr. Lai, Mr. Ding and ZELONG LI (□□□). Each of Matrix, Morningside, Orchid Asia and EMC shall respectively have the right to appoint and replace one (1) board observer (the "**Observers**").

(b) Expenses; Notices. All meetings of the Board shall be held either telephonically or in person. The Company shall reimburse the directors and the Observers for all reasonable out-of-pocket expenses incurred in connection with attending any meetings of the Board and any committee thereof, which shall be approved by the Board. The Company shall procure 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 are sent to all directors and the Observers entitled to receive notice of the meeting at least seven (7) days before the meeting and a copy of the minutes of the meeting is sent to the directors and the Observers within twenty (20) days following the meeting.

(c) Insurance and Indemnification. Upon the initial Qualified Public Offering or if the Board deems necessary, the Company shall procure customary directors and officers insurance for the directors, covering an amount of at least US$10,000,000 or such other amount as approved by the Board (including the affirmative votes of the Investor Directors). Notwithstanding anything to the contrary in this Agreement or in the Memorandum and Articles, each Group Company shall, to the extent allowed under applicable laws, jointly and severally, indemnify and hold harmless each Investor Director and his/her alternate, to the maximum extent permitted by applicable laws, from and against all liabilities, damages, actions, suits, proceedings, claims, costs, charges and expenses suffered or incurred by or brought or made against such Investor Director or his/her alternate as a result of any act, matter or thing done or omitted to be done by him/her in good faith in the course of acting as a Director or alternate Director, as applicable, of the Company or any Group Company, by delivering to such Investor Director or his/her alternate, at the time of his/her appointment as a Director or an alternate Director, an indemnification agreement duly executed by the Company substantially in the form satisfactory to the Investors which appoint the Investor Directors. In addition, the Company shall indemnify each Investor which appoint the Investor Director to the maximum extent permitted by applicable laws for any claims brought against such Investor by any third party (including any other Shareholder of the Company) as a result of such Investor's investment in the Company.

1.3 Voting Agreement.

(a) For as long as each of Matrix, Morningside, and Orchid Asia holds any Preferred Share, each Shareholder shall vote at any meeting of members, such number of Shares as may be necessary, or in lieu of any such meeting, shall give such Shareholder's written consent, as the case may be, with respect to such number of Shares (i) to keep the size of the Board at six (6) directors, and (ii) to elect or re-elect the directors of the Board pursuant to Section 1.2(a) above.

(b) Any Person or group of Persons entitled to designate any individual to be elected as a director of the Board pursuant to Section 1.2(a) shall have the right 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. Each Shareholder agrees to always vote such Shareholder's respective Shares in support of the principle that a director to the Board appointed pursuant to Section 1.2(a) shall be removed from the Board with or without cause only upon the vote or written consent of the Shareholders entitled to appointed such director pursuant to Section 1.2(a), and each such Shareholder further agrees not to seek, vote for or otherwise effect the removal with or without cause of any such director without such vote or written consent. If a vacancy is created on the Board at any time by the death, disability, retirement, resignation or removal of any director appointed pursuant to Section 1.2(a), the replacement to fill such vacancy shall be designated in the same manner, in accordance with Section 1.2(a), as the director whose seat was vacated.

(c) The Board shall hold no less than one (1) board meeting during each fiscal quarter. A meeting of the Board shall only proceed where there are present (whether in person or by means of a conference telephone or any other equipment which allows all participants in the meeting to speak to and hear each other simultaneously) five (5) Directors of the Company then in office, provided that such five (5) Directors include the Investor Directors, and the Parties shall cause the foregoing to be the quorum requirements for the Board.

1.4 Other Group Companies. Each of the other Group Companies shall, and the Company, the Founders shall cause the board of directors of each other Group Company to, have the same number of directors as the Board, to consist of the same directors as the Board, and to follow the same nomination mechanism, quorum and meeting requirements applicable to the Board as set forth in Section 1.2.

2. REGISTRATION RIGHTS.

2.1 Applicability of Rights. The Holders shall be entitled to the following rights with respect to any potential public offering of the Company's Ordinary Shares in the United States and shall be entitled to reasonably equivalent or analogous rights with respect to any other offering of the Company's securities in any other jurisdiction in which the Company undertakes to publicly offer or list such securities for trading on a recognized securities exchange.

2.2 Non-U.S. Jurisdiction Applicability. For purposes of this Agreement, reference to registration of securities under the Securities Act and the Exchange Act shall be deemed to mean the equivalent registration in a jurisdiction other than the United States as designated by such Holders, it being understood and agreed that in each such case all references in this Agreement to the Securities Act, the Exchange Act and Laws, forms of registration statements and registration of securities thereunder, U.S. Laws and the SEC, shall be deemed to refer, to the equivalent Laws, forms of registration statements and registration of securities and equivalent government authority in the applicable non-U.S. jurisdiction.

2.3 Demand Registration.

(a) Request by Holders. If the Company shall, at any time after the closing of a Qualified Public Offering, receive a written request from the Holders of at least twenty-five percent (25%) of the Registrable Securities Then Outstanding that the Company file a registration statement under the Securities Act covering the registration of any Registrable Securities Then Outstanding pursuant to this Section 2.3, then the Company shall, within ten (10) Business Days of the receipt of such written request, give written notice of such request ("**Request Notice**") to all Holders, and use its best efforts to effect, as soon as practicable, the registration under the Securities Act of all Registrable Securities that the Holders request to be registered and included in such registration by written notice given by such Holders to the Company within twenty (20) days after receipt of the Request Notice, subject only to the limitations of this Section 2.3; provided that the Company shall not be obligated to effect any such registration if the Company has, within the six (6) month period preceding the date of such request, already effected a registration under the Securities Act pursuant to this Section 2.3 or Section 2.5 or in which the Holders had an opportunity to participate pursuant to the provisions of Section 2.4, other than a registration from which the Registrable Securities of the Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Section 2.4(a).

(b) Underwriting. If the Holders initiating the registration request under this Section 2.3 (the "**Initiating Holders**") intend to distribute the Registrable Securities covered by their request by means of an underwriting, then they shall so advise the Company as a part of their request made pursuant to this Section 2.3 and the Company shall include such information in the Request Notice. 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 underwriting and the inclusion of such Holder's Registrable Securities in the underwriting (unless otherwise mutually agreed by a majority in interest of the Initiating Holders and such Holder) to the extent provided herein. All Holders proposing to distribute their securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting by the Holders of at least a majority of the Registrable Securities being registered and reasonably acceptable to the Company. Notwithstanding any other provision of this Section 2.3, if the underwriter(s) advise(s) the Company in writing that marketing factors require a limitation of the number of securities to be underwritten, then the Company shall so advise all Holders of Registrable Securities which would otherwise be registered and underwritten pursuant hereto, and the number of Registrable Securities that may be included in the underwriting shall be reduced as required by the underwriter(s) and allocated among the Holders of Registrable Securities on a pro rata basis according to the number of Registrable Securities Then Outstanding held by each Holder requesting registration (including the Initiating Holders); provided, however, that the number of shares of Registrable Securities to be included in such underwriting and registration shall not be reduced unless all other securities are first entirely excluded from the underwriting and registration including, without limitation, all Shares that are not Registrable Securities and are held by any other Person, including, without limitation, any Person who is an employee, officer or director of the Company or any Subsidiary of the Company; provided further, that at least twenty-five percent (25%) of shares of Registrable Securities requested by the Holders to be included in such underwriting and registration shall be so included. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) Business Days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(c) Maximum Number of Demand Registrations. The Company shall not be obligated to effect more than three (3) such demand registrations pursuant to this Section 2.3.

(d) Deferral. Notwithstanding the foregoing, if the Company shall furnish to Holders requesting registration pursuant to this Section 2.3, a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its Shareholders for such registration statement to be filed at such time, then the Company shall have the right to defer such filing for a period of not more than ninety (90) days after receipt of the request of the Initiating Holders; provided, however, that the Company may not utilize this right more than once in any twelve (12) month period; provided further, that the Company shall not register any other of its Shares during such twelve (12) month period. A demand right shall not be deemed to have been exercised until such deferred registration shall have been effected.

2.4 Piggyback Registrations.

(a) The Company shall notify all Holders of Registrable Securities in writing at least thirty (30) days prior to filing any registration statement under the Securities Act for purposes of effecting a public offering of securities of the Company (including, but not limited to, registration statements relating to secondary offerings of securities of the Company, but excluding registration statements relating to any registration under Section 2.3 or Section 2.5 of this Agreement or to any employee benefit plan or a corporate reorganization), and shall afford each such Holder an opportunity to include in such registration statement all or any part of the Registrable Securities then held by such Holder. Each Holder desiring to include in any such registration statement all or any part of the Registrable Securities held by it shall within twenty (20) days after receipt of the above-described notice from the Company, so notify the Company in writing, and in such notice shall inform the Company of the number of Registrable Securities such Holder wishes to include in such registration statement. If a Holder decides not to include all of its Registrable Securities in any registration statement thereafter filed 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 with respect to offerings of its securities, all upon the terms and conditions set forth herein.

(b) Underwriting. If a registration statement under which the Company gives notice under this Section 2.4 is for an underwritten offering, then the Company shall so advise the Holders of Registrable Securities. In such event, the right of any such Holder's Registrable Securities to be included in a registration pursuant to this Section 2.4 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of such Holder's Registrable Securities in the underwriting to the extent provided herein. All Holders proposing to distribute their Registrable Securities through such underwriting shall enter into an underwriting agreement in customary form with the managing underwriter or underwriters selected for such underwriting. Notwithstanding any other provision of this Agreement but subject to Section 2.12, if the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of Shares to be underwritten, the managing underwriter(s) may exclude Shares from the registration and the underwriting, and the number of Shares that may be included in the registration and the underwriting shall be allocated, first, to the Company, second, to each of the Holders requesting inclusion of their Registrable Securities in such registration statement on a pro rata basis based on the total number of shares of Registrable Securities then held by each such Holder, and third, to holders of other securities of the Company; provided, however, that the right of the underwriter(s) to exclude Shares (including Registrable Securities) from the registration and underwriting as described above shall be restricted so that (i) the number of Registrable Securities included in any such registration is not reduced below twenty-five percent (25%) of the aggregate number of shares of Registrable Securities for which inclusion has been requested; and (ii) all Shares that are not Registrable Securities and are held by any other Person, including, without limitation, any Person who is an employee, officer or director of the Company (or any Subsidiary of the Company) shall first be excluded from such registration and underwriting before any Registrable Securities are so excluded. If any Holder disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the underwriter(s), delivered at least ten (10) Business Days prior to the effective date of the registration statement. Any Registrable Securities excluded or withdrawn from such underwriting shall be excluded and withdrawn from the registration.

(c) Not Demand Registration. Registration pursuant to this Section 2.4 shall not be deemed to be a demand registration as described in Section 2.3 above. There shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 2.4.

2.5 Form F-3 Registration. In case the Company shall receive from any Holder or Holders of at least a majority of all Registrable Securities Then Outstanding a written request or requests that the Company effect a registration on Form F-3 and any related qualification or compliance with respect to all or a part of the Registrable Securities owned by such Holder or Holders, then the Company will:

(a) Notice. Promptly give written notice of the proposed registration and the Holder's or Holders' request therefore, and any related qualification or compliance, to all other Holders of Registrable Securities; and

(b) Registration. As soon as practicable, effect such registration and all such qualifications and compliances as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Holders or Holders' Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any other Holder or Holders joining in such request as are specified in a written request given within twenty (20) days after the Company provides the notice contemplated by Section 2.5(a); provided, however, that the Company shall not be obligated to effect any such registration, qualification or compliance pursuant to this Section 2.5:

(i) if Form F-3 is not available for such offering by the Holders;

(ii) if the Holders, together with the holders of any other securities of the Company entitled to inclusion in such registration, propose to sell Registrable Securities and such other securities (if any) at an aggregate price to the public of less than US$500,000;

(iii) if the Company shall furnish to the Holders a certificate signed by the President or Chief Executive Officer of the Company stating that in the good faith judgment of the Board, it would be materially detrimental to the Company and its Shareholders for such Form F-3 Registration to be effected at such time, in which event the Company shall have the right to defer the filing of the Form F-3 registration statement no more than once during any twelve (12) month period for a period of not more than sixty (60) days after receipt of the request of the Holder or Holders under this Section 2.5; provided that the Company shall not register any of its other Shares during such sixty (60) day period;

(iv) if the Company has, within the twelve (12) month period preceding the date of such request, already effected two (2) registrations under the Securities Act other than a registration from which the Registrable Securities of Holders have been excluded (with respect to all or any portion of the Registrable Securities the Holders requested be included in such registration) pursuant to the provisions of Sections 2.3(b) and 2.4(b); or

(v) if in any particular jurisdiction in which the Company would be required to qualify to do business or to execute a general consent to service of process in effecting such registration, qualification or compliance.

(c) Not Demand Registration. Form F-3 registrations shall not be deemed to be demand registrations as described in Section 2.3 above. Except as otherwise provided herein, there shall be no limit on the number of times the Holders may request registration of Registrable Securities under this Section 2.5.

2.6 Expenses. All Registration Expenses incurred in connection with any registration pursuant to Sections 2.3, 2.4 or 2.5 (but excluding Selling Expenses) shall be borne by the Company. Each Holder participating in a registration pursuant to Sections 2.3, 2.4 or 2.5 shall bear such Holder's proportionate share (based on the total number of Shares sold in such registration by such Holder other than for the account of the Company) of all Selling Expenses or other amounts payable to underwriter(s) or brokers, in connection with such offering by the Holders. Notwithstanding the foregoing, the Company shall not be required to pay for any expenses of any registration proceeding begun pursuant to Section 2.3 if the registration request is subsequently withdrawn at the request of the Holders of at least a majority of the Registrable Securities to be registered, unless the Holders of at least a majority of the Registrable Securities Then Outstanding agree that such registration constitutes the use by the Holders of one (1) demand registration pursuant to Section 2.3 (in which case such registration shall also constitute the use by all Holders of Registrable Securities of one (1) such demand registration); provided further, 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 not known to the Holders at the time of their request for such registration and have withdrawn their request for registration with reasonable promptness after learning of such material adverse change, the Holders shall not be required to pay any of such expenses and such registration shall not constitute the use of a demand registration pursuant to Section 2.3.

2.7 Obligations of the Company. Whenever required to effect the registration of any Registrable Securities under this Agreement the Company shall, as expeditiously as reasonably possible:

(a) Registration Statement. Prepare and file with the SEC a registration statement with respect to such Registrable Securities and use its best efforts to cause such registration statement to become effective, and, upon the request of the Holders of at least twenty-five percent (25%) of the Registrable Securities registered thereunder, keep such registration statement effective for a period of up to ninety (90) days or, in the case of Registrable Securities registered under Form F-3 in accordance with Rule 415 under the Securities Act or a successor rule, until the distribution contemplated in the registration statement has been completed; provided, however, that (i) such ninety (90) day period shall be extended for a period of time equal to the period any Holder refrains from selling any securities included in such registration at the request of the underwriter(s), and (ii) in the case of any registration of Registrable Securities on Form F-3 which are intended to be offered on a continuous or delayed basis, such ninety (90) day period shall be extended, if necessary, to keep the registration statement effective until all such Registrable Securities are sold.

(b) Amendments and Supplements. Prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection with such registration statement as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such registration statement.

(c) Prospectuses. Furnish to the Holders such number of copies of a prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents as they may reasonably request in order to facilitate the disposition of the Registrable Securities owned by them that are included in such registration.

(d) Blue Sky. Use its best efforts to register and qualify the securities covered by such registration statement under such other securities or "blue sky" laws of such jurisdictions as shall be reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions, unless the Company is already subject to service in such jurisdiction and except as may be required by the Securities Act.

(e) Underwriting. In the event of any underwritten public offering, enter into and perform its obligations under an underwriting agreement in usual and customary form, with the managing underwriter(s) of such offering. Each Holder participating in such underwriting shall also enter into and perform its obligations under such an agreement.

(f) Notification. Notify each Holder of Registrable Securities covered by such registration statement at any time when a prospectus relating thereto is required to be delivered under the Securities Act of (i) the issuance of any stop order by the SEC in respect of such registration statement, or (ii) the happening of any event as a result of which the prospectus included in such 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 then existing.

(g) Opinion and Comfort Letter. Furnish, at the request of any Holder requesting registration of Registrable Securities, on the date that such Registrable Securities are delivered to the underwriter(s) for sale, if such securities are being sold through underwriters, or, if such securities are not being sold through underwriters, on the date that the registration statement with respect to such securities becomes effective, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities and (ii) letters dated as of (x) the effective date of the registration statement covering such Registrable Securities and (y) the closing date of the offering, 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 and reasonably satisfactory to a majority in interest of the Holders requesting registration, addressed to the underwriters, if any, and to the Holders requesting registration of Registrable Securities.

2.8 Furnish Information. It shall be a condition precedent to the obligations of the Company to take any action pursuant to Sections 2.3, 2.4 or 2.5 that the selling Holders shall furnish to the Company such information regarding themselves, the Registrable Securities held by them and the intended method of disposition of such securities as shall be required to timely effect the Registration of their Registrable Securities.

2.9 Indemnification. In the event any Registrable Securities are included in a registration statement under Sections 2.3, 2.4 or 2.5:

(a) By the Company. To the extent permitted by applicable Laws, the Company will indemnify and hold harmless each Holder, its partners, officers, directors, legal counsel, any underwriter (as defined in the Securities Act) for such Holder and each Person, if any, who Controls such Holder or underwriter within the meaning of the Securities Act or the Exchange Act, against any of the losses, claims, damages, liabilities (joint or several) or legal or other expenses reasonably incurred by them, as such expenses are incurred, in connection with investigating or defending any such loss, claim, damage, liability or action, to which they may become subject under the Securities Act, the Exchange Act or other United States federal or state Laws, 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 (collectively a "**Violation**"):

(i) any untrue statement or alleged untrue statement of a material fact contained in such registration statement, including any preliminary prospectus or final prospectus contained therein or any amendments or supplements thereto;

(ii) any omission or alleged omission to state therein a material fact required to be stated therein, or necessary to make the statements therein not misleading; or

(iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, or any United States federal or state securities Laws in connection with the offering covered by such registration statement;

provided, however, that the indemnity agreement contained in this Section 2.9(a) 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), nor shall the Company be liable in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon a Violation which occurs in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by such Holder, partner, officer, director, legal counsel, underwriter or Controlling Person of such Holder.

(b) By Selling Holders. To the extent permitted by applicable Laws, each selling Holder will, if Registrable Securities held by such Holder are included in the securities as to which such registration qualifications or compliance is being effected, indemnify and hold harmless the Company, each of its directors, each of its officers who has signed the registration statement, each Person, if any, who Controls the Company within the meaning of the Securities Act, any underwriter and any other Holder selling securities under such registration statement or any of such other Holder's partners, directors, officers, legal counsel or any Person who Controls such Holder within the meaning of the Securities Act or the Exchange Act, against any losses, claims, damages, liabilities (joint or several) or legal or other expenses reasonably incurred by them, as such expenses are incurred, in connection with investigating or defending any such loss, claim, damage, liability or action, to which the Company or any such director, officer, legal counsel, Controlling Person, underwriter or other such Holder, partner or director, officer or Controlling Person of such other Holder may become subject under the Securities Act, the Exchange Act or other United States federal or state 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 in reliance upon and in conformity with written information furnished by such Holder expressly for use in connection with such registration; provided, however, that the indemnity agreement contained in this Section 2.9(b) 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; and provided, further, that in no event shall any indemnity under this Section 2.9(b) exceed the net proceeds received by such Holder in the registered offering out of which the applicable Violation arises.

(c) Notice. Promptly after receipt by an indemnified Party under this Section 2.9 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 this Section 2.9, 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 Parties; provided, however, that an indemnified Party shall have the right to retain its own counsel, with the 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 conflict of 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 shall relieve such indemnifying Party of liability to the indemnified Party under this Section 2.9 to the extent the indemnifying Party is prejudiced as a result thereof, but the omission to so 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 2.9.

(d) Contribution. In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which either (i) any indemnified Party makes a claim for indemnification pursuant to this Section 2.9 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 2.9 provides for indemnification in such case, or (ii) contribution under the Securities Act may be required on the part of any indemnified Party in circumstances for which indemnification is provided under this Section 2.9, in each such case, the indemnified Party and the indemnifying Party will contribute to the aggregate losses, claims, damages or liabilities to which they may be subject (after contribution from others) 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 a court of law 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 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 guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(e) Survival; Consents to Judgments and Settlements. The obligations of the Company and Holders under this Section 2.9 shall survive the completion of any offering of Registrable Securities in a registration statement, regardless of the expiration of any statutes of limitation or extensions of such statutes. 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 plaintiff to such indemnified Party of a release from all liability in respect to such claim or litigation.

2.10 Termination of the Company's Obligations. The Company's obligations under Sections 2.3, 2.4 and 2.5 with respect to any Registrable Securities proposed to be sold by a Holder in a registration pursuant to Sections 2.3, 2.4 or 2.5 shall be terminated on the fifth (5^{th}) anniversary of the date of closing of a Qualified Public Offering, or, if, in the opinion of counsel to the Company, all such Registrable Securities proposed to be sold by a Holder may then be sold without registration in any ninety (90) day period pursuant to Rule 144 promulgated under the Securities Act.

2.11 No Registration Rights to Third Parties. Without the prior written consent of the Holders of at least a majority of the Registrable Securities Then Outstanding, the Company covenants and agrees that it shall not grant, or cause or permit to be created, for the benefit of any Person or entity any registration rights of any kind (whether similar to the demand, "piggyback" or Form F-3 registration rights described in this Section 2, or otherwise) relating to any securities of the Company which are senior to, or on a parity with, those granted to the Holders.

2.12 Market Stand-Off. Each Party agrees that, so long as it holds any Shares, upon request by the Company or the underwriters managing the initial public offering of the Company's securities, it will not sell or otherwise transfer or dispose of any securities of the Company (other than those permitted to be included in the registration and other transfers to Affiliates permitted by Laws) without the prior written consent of the Company or such underwriters, as the case may be, for a period of time specified by the representative of the underwriters not to exceed one hundred and eighty (180) days from the effective date of the registration statement covering such initial public offering or the pricing date of such offering as may be requested by the underwriters. The foregoing provision of this Section 2.12 shall not apply to the sale of any securities of the Company to an underwriter pursuant to any underwriting agreement and if the Company or any underwriter releases any officer, director or holder of one percent (1%) or more of the Company's outstanding share capital from his or her sale restrictions so undertaken, then each Holder shall be notified prior to such release and shall itself be simultaneously released to the same proportional extent. The Company shall require all future acquirers of the Company's securities holding at least one percent (1%) of the then outstanding share capital of the Company to execute prior to a Qualified Public Offering a market stand-off agreement containing substantially similar provisions as those contained in this Section 2.12.

2.13 Rule 144 Reporting. With a view to making available to the Holders the benefits of certain rules and regulations of the SEC which may at any time permit the sale of the Registrable Securities to the public without registration or pursuant to a registration on Form F-3, after such time as a public market exists for the Ordinary Shares, the Company agrees to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act, at all times 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 SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements); and

(c) So long as a Holder owns any Registrable Securities, to furnish to such Holder forthwith upon request (i) a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time after ninety (90) days after the effective date of the Company's initial public offering), the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), or its qualification as a registrant whose securities may be resold pursuant to Form F-3 (at any time after it so qualifies), (ii) a copy of the most recent annual or quarterly report of the Company, and (iii) such other reports and documents of the Company as a Holder may reasonably request in availing itself of any rule or regulation of the SEC that permits the selling of any such securities without registration or pursuant to Form F-3.

2.14 IPO Participation Rights.

(a) In addition to, and without limiting the generality of the preceding provisions of this Section 2, if any shares or securities of the Company are offered in an underwritten public offering (whether or not a Qualified Public Offering) for the account of any shareholder of the Company, each Holder shall have the right to include a pro rata number of shares in the offering on terms and conditions no less favourable to such Holder than to any other selling shareholder(s), provided that the aggregate number of shares or securities of the Company to be offered by all the selling shareholders in an underwritten public offering shall not exceed twenty percent (20%) of the total number of shares or securities of the Company available for public subscription or placing under such underwritten public offering (inclusive of the over-allotment option the underwriter may have in such underwritten public offering).

(b) Subject to applicable law and regulations, each Holder shall have the right to purchase or direct its Affiliate to purchase, at its option, at the final price per share set forth in the Company's final prospectus with respect to an initial public offering, up to the number of the Ordinary Shares of the Company offered in the initial public offering that enable such Holder to maintain, in the aggregate, its percentage ownership interest in the Company immediately prior to the consummation of the initial public offering.

3. RIGHT OF PARTICIPATION.

3.1 General. The Preferred Holders and their permitted transferees to which rights under this Section 3 have been duly assigned in accordance with Section 5 (each, a "**Participation Rights Holder**") shall have the right of first refusal to purchase such Participation Rights Holder's Pro Rata Share of all (or any part) of any New Securities that the Company may from time to time issue after the date of this Agreement (the "**Right of Participation**").

3.2 New Securities. "**New Securities**" shall mean any Preferred Shares, any Ordinary Shares or other Shares of the Company, whether now authorized or not, and rights, options or warrants to purchase such Preferred Shares, Ordinary Shares, other Shares of the Company, or securities of any type whatsoever that are, may become, convertible or exchangeable into such Preferred Shares, Ordinary Shares or other Shares, provided, however, that the term "**New Securities**" shall not include:

(a) any Conversion Shares issued upon conversion of the Preferred Shares;

(b) any Shares issued in connection with any share split, share consolidation, share dividend or other similar event in which all Participation Rights Holders are entitled to participate on a pro rata basis;

(c) any Shares issued upon the exercise, conversion or exchange of any outstanding security if such outstanding security constitutes a New Security;

(d) any securities issued pursuant to a Qualified Public Offering;

(e) any securities issued pursuant to the acquisition of another corporation or entity by the Company by consolidation, merger, purchase of assets, or other reorganization in which the Company acquires, in a single transaction or series of related transactions, all or substantially all assets of such other corporation or entity, or fifty percent (50%) or more of the equity ownership or voting power of such other corporation or entity; or

(f) up to 40,000,000 Ordinary Shares (and/or options or warrants therefor) issued to employees, officers, directors, consultants or advisers of the Group Companies pursuant to the ESOP.

3.3 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 Participation Rights Holder a written notice of its intention to issue New Securities (the "**First Participation Notice**"), describing the amount and type of New Securities, the price and the general terms upon which the Company proposes to issue such New Securities. Each Participation Rights Holder shall have ten (10) Business Days from the date of receipt of any such First Participation Notice to agree in writing to purchase such Participation Rights Holder's Pro Rata Share of such New Securities for the price and upon the terms and conditions specified in the First Participation Notice by giving a written notice to the Company and stating therein the quantity of New Securities to be purchased (not to exceed such Participation Rights Holder's Pro Rata Share). If any Participation Rights Holder fails to so agree in writing within such ten (10) Business Days period to purchase such Participation Rights Holder's full Pro Rata Share of New Securities, then such Participation Rights Holder shall forfeit the right hereunder to purchase that part of its Pro Rata Share of such New Securities that it did not agree to purchase but without prejudice to participate in any future or other offerings of New Securities, provided, however, that if any Participation Rights Holder fails to give the above required notice solely because of the Company's failure to comply with the notice provision of this Section 3.3, then the Company shall not effect the proposed issuance of any New Securities.

(b) Second Participation Notice; Oversubscription. If any Participation Rights Holder fails or declines to exercise its Right of Participation in accordance with Section 3.3(a) above, the Company shall promptly give a written notice (the "**Second Participation Notice**") to other Participation Rights Holders who have exercised their Right of Participation in full (the "**Right Participants**") in accordance with Section 3.3(a) above. Each Right Participant shall have ten (10) Business Days from the date of the Second Participation Notice (the "**Second Participation Period**") to notify the Company of its desire to purchase more than its Pro Rata Share of the 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 oversubscribing Right Participant will be cut back by the Company with respect to its oversubscription to that 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 (calculated on a fully-diluted and as-converted basis) held by such oversubscribing Right Participant and the denominator of which is the total number of Ordinary Shares (calculated on a fully-diluted and as-converted basis) held by all the oversubscribing Right Participants. Each Right Participant shall be obligated to buy such number of New Securities as determined by the Company pursuant to this Section 3.3 and the Company shall so notify the Right Participants within fifteen (15) Business Days following the date of the Second Participation Notice.

(c) Failure to Exercise. Upon the expiration of the Second Participation Period, or in the event no Participation Rights Holder exercises the Right of Participation within ten (10) Business Days following the issuance of the First Participation Notice, the Company shall have ninety (90) days thereafter to sell the New Securities described in the First Participation Notice (with respect to which the Right of Participation hereunder were not exercised) at the same or higher price and upon non-price terms not materially more favorable to the purchasers thereof than specified in the First Participation Notice. 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 Participation Rights Holders pursuant to this Section 3.

(d) Termination. The Right of Participation for each Participation Rights Holder shall terminate upon the consummation of a Qualified Public Offering.

4. TRANSFER RESTRICTIONS.

4.1 Sale of Ordinary Shares; Notice of Sale. Subject to Section 4.5 of this Agreement, if any Founder or its successor or permitted assign (each a "**Selling Shareholder**") proposes to sell or transfer any Ordinary Share Equivalents held by him, then such Selling Shareholder shall promptly give a written notice (the "**Transfer Notice**") to each Preferred Holder prior to such sale or transfer. The Notice shall describe in reasonable detail the proposed sale or transfer including, without limitation, the number of Offered Shares, the nature of such sale or transfer, the consideration to be paid, and the name and address of each prospective purchaser or transferee.

4.2 Right of First Refusal by Preferred Holders. Each Preferred Holder shall have the right, exercisable upon a written notice (the "**First Refusal Notice**") to the Selling Shareholder, the Company and each other Preferred Holder within ten (10) Business Days after receipt of the Transfer Notice (the "**First Refusal Period**") of its election to exercise its right of first refusal hereunder. The First Refusal Notice shall set forth the number of Offered Shares that such Preferred Holder wishes to purchase, which amount shall not exceed the First Refusal Allotment of such Preferred Holder. Such right of first refusal shall be exercised as follows:

(a) First Refusal Allotment. Each Preferred Holder shall have the right to purchase that number of the Offered Shares (the "**First Refusal Allotment**") equivalent to the product obtained by multiplying the aggregate number of the Offered Shares by a fraction, the numerator of which is the number of Ordinary Share Equivalents held by such Preferred Holder at the date of the Transfer Notice (on an as-converted basis) and the denominator of which is the total number of Ordinary Share Equivalents owned by all Preferred Holders at the date of the Transfer Notice (on an as-converted basis). Any Preferred Holder shall not have a right to purchase any of the Offered Shares unless it exercises its right of first refusal within the First Refusal Period to purchase all or a portion of its First Refusal Allotment of the Offered Shares. To the extent that any Preferred Holder does not exercise its right of first refusal to the full extent of its First Refusal Allotment, the Selling Shareholder and the exercising Preferred Holders shall, within five (5) days after the end of the First Refusal Period, make such adjustments to the First Refusal Allotment of each exercising Preferred Holder so that any remaining Offered Shares may be allocated to such exercising Preferred Holders on a pro rata basis.

(b) Expiration Notice. Within ten (10) days after expiration of the First Refusal Period, the Company shall give a written notice (the "**First Refusal Expiration Notice**") to the Selling Shareholder specifying either (i) that all of the Offered Shares was subscribed by the Preferred Holders exercising their rights of first refusal or (ii) that the Preferred Holders have not subscribed for all of the Offered Shares in which case the First Refusal Expiration Notice will specify the Co-Sale Pro Rata Portion of the remaining Offered Shares for the purpose of the Preferred Holders' co-sale right described in Section 4.3 below.

(c) Purchase Price. The purchase price for the Offered Shares to be purchased by the Preferred Holders exercising their right of first refusal will be the price set forth in the Transfer Notice, but will be payable as set forth in Section 4.2(d) below. If the purchase price in the Transfer Notice includes consideration other than cash, the cash equivalent value of the non-cash consideration will be as previously determined by the Board in good faith, which determination will be binding upon the Company, the Preferred Holders and the Selling Shareholder, absent fraud or error.

(d) Payment. Payment of the purchase price for the Offered Shares purchased by the Preferred Holders shall be made by wire transfer or check as directed by the Selling Shareholder within thirty (30) days following the date of the First Refusal Expiration Notice or at a date as mutually agreed by the Selling Shareholder and the Preferred Holders, and concurrently therewith, the Selling Shareholder shall sell and deliver the Offered Shares to such Preferred Holders, and the Company shall concurrently therewith deliver to such Preferred Holders a copy of the Company's register of members, updated to show each such Preferred Holder as the transferee and owner of the applicable number of Offered Shares it purchased under this Section 4.2.

(e) Rights of a Selling Shareholder. If any Preferred Holder exercises its right of first refusal to purchase up to its pro rata portion of the Offered Shares, then, upon the date the notice of such exercise is given by such Preferred Holder, the Selling Shareholder will have no further rights as a holder of such Offered Shares except the right to receive payment for such portion of Offered Shares from such Preferred Holder in accordance with the terms of this Agreement, and the Selling Shareholder will forthwith cause all certificate(s) evidencing such portion of Offered Shares to be surrendered to the Company for transfer to such Preferred Holder.

(f) For the avoidance of doubt, each of the Investors 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) the transferee shall execute and deliver such documents and take such other actions as may be necessary for the transferee to join in and be bound by the terms of this Agreement as an "Investor" (if not already a Party hereto) upon and after such transfer, and (iii) the transferee is not a Competitor. The Company shall update its register of members upon the consummation of any such permitted transfer. Each of the Investors shall be entitled to disclose to any bona fide proposed transferee any information, documents or materials concerning the Company known to or in possession of such Investor, and the Company shall provide any assistance or cooperation reasonably requested by it or the proposed transferee in connection with such proposed transferee's due diligence investigation of the Company.

(g) Application of Co-Sale Right. In the event that the Preferred Holders have not exercised their right of refusal with respect to all of the Offered Shares, then the sale of the remaining Offered Shares not purchased under the right of first refusal pursuant to this Section 4.2 shall become subject to the co-sale right of the Preferred Holders as set forth in Section 4.3 below.

4.3 Co-Sale Right. To the extent that the Preferred Holders have not exercised their right of first refusal with respect to any or all Offered Shares, then each Preferred Holder that has not exercised its right of first refusal pursuant to Section 4.2 above (each, a "**Co-Sale Right Holder**") shall have the right, exercisable upon a written notice to the Selling Shareholder, the Company and each other Preferred Holder (the "**Co-Sale Notice**") within twenty (20) days after receipt of the First Refusal Expiration Notice (the "**Co-Sale Right Period**"), to participate in such sale of the Offered Shares on the same terms and conditions as set forth in the Transfer Notice. The Co-Sale Notice given by a Co-Sale Right Holder shall set forth the number of Ordinary Share Equivalents (on both an absolute and as-converted basis) that such Co-Sale Right Holder wishes to include in such sale or transfer, which amount shall not exceed the Co-Sale Pro Rata Portion of such Co-Sale Right Holder. To the extent one or more of the Co-Sale Right Holders exercise such co-sale right in accordance with the terms and conditions set forth below, the number of Ordinary Share Equivalents that the Selling Shareholder may sell in the transaction shall be correspondingly reduced. The co-sale right of each Co-Sale Right Holder shall be subject to the following terms and conditions:

(a) Co-Sale Pro Rata Portion. Each Co-Sale Right Holder may sell all or any part of that number of Ordinary Share Equivalents held by it that is equal to the Co-Sale Pro Rata Portion. To the extent that any Co-Sale Right Holder does not exercise its co-sale right to the full extent of its Co-Sale Pro Rata Portion, the Selling Shareholder and the Co-Sale Right Holders shall, within five (5) days after the end of such Co-Sale Right Period, make such adjustments to the Co-Sale Pro Rata Portion of each Co-Sale Right Holder so that any remaining Offered Shares may be allocated to such Co-Sale Right Holders on a pro rata basis.

(b) Transferred Shares. Each Co-Sale Right Holder shall effect its participation in the sale by promptly delivering to the Selling Shareholder for transfer to the prospective purchaser one or more certificates, properly endorsed for transfer, which represent:

(i) the number of Ordinary Share Equivalents which such Co-Sale Right Holder elects to sell;

(ii) that number of Preferred Shares which is at such time convertible into applicable number of Ordinary Shares (calculated on an as-converted basis in accordance with the Memorandum and Articles) that such Co-Sale Right Holder elects to sell; provided in such case that, if the prospective purchaser objects to the delivery of Preferred Shares in lieu of Ordinary Shares, such Co-Sale Right Holder shall convert such Preferred Shares into Ordinary Shares and deliver Ordinary Shares as provided in Section 4.3(b)(i) above. The Company agrees to make any such conversion concurrent with the actual transfer of such Shares to the purchaser and contingent upon such transfer; or

(iii) a combination of the above.

(c) Payment to Co-Sale Right Holders. The share certificate or certificates that the Co-Sale Right Holder delivers to the Selling Shareholder pursuant to Section 4.3(b) shall be transferred to the prospective purchaser in consummation of the sale of the Offered Shares pursuant to the terms and conditions specified in the Transfer Notice, and the Selling Shareholder shall concurrently therewith remit to such Co-Sale Right Holder that portion of the sale proceeds to which such Co-Sale Right Holder is entitled by reason of its participation in such sale. To the extent that any prospective purchaser or purchasers prohibits such assignment or otherwise refuses to purchase any Share or other securities from a Co-Sale Right Holder, the Selling Shareholder shall not sell to such prospective purchaser or purchasers any Ordinary Share Equivalents unless and until, simultaneously with such sale, the Selling Shareholder shall purchase such Shares or other Equity Securities of the Company from such Co-Sale Right Holder for the same consideration and the same terms and conditions as the proposed transfer described in the Transfer Notice.

(d) Right to Transfer. To the extent the Preferred Holders do not elect to purchase, or to participate in the sale of, up to its pro rata portion of the Offered Shares subject to the Transfer Notice, the Selling Shareholder may, not later than ninety (90) days following delivery to the Company and each Preferred Holder of the Transfer Notice, conclude a transfer of the remaining Offered Shares, which in each case shall be on substantially the same terms and conditions as those described in the Transfer Notice. Any proposed transfer on terms and conditions which are materially different from those described in the Transfer Notice, as well as any subsequent proposed transfer of any Ordinary Share Equivalents by the Selling Shareholder, shall again be subject to the right of first refusal and the co-sale right of the Preferred Holders, as applicable, and shall require compliance by the Selling Shareholder with the procedures described in Section 4.2 and Section 4.3 of this Agreement.

4.4 Right of Drag-along.

(a) In the event that the Company failed to redeem all or any part of the outstanding Preferred Shares held by the applicable requesting holders of Preferred Shares as stipulated in Article 4.6 of the Memorandum and Articles, the holders of at least seventy-five percent (75%) of the then outstanding Preferred Shares shall have the right to jointly approve a Trade Sale (as defined below, an "**Approved Sale**") to a bona fide third-party potential purchaser with a valuation of the Company of at least US$200,000,000 or other valuation jointly approved by the holders of at least seventy-five percent (75%) of the then outstanding Preferred Shares and holders of a majority of the then outstanding Ordinary Shares. Each of the other Shareholders of the Company (the "**Dragged Shareholders**") shall (i) sell, transfer, and/or exchange, as the case may be, all of their Shares in such Approved Sale to such purchaser on the same terms and conditions as were agreed by the holders of at least seventy-five percent (75%) of the then outstanding Preferred Shares, provided, however, that such terms and conditions, including with respect to price paid or received per share, may differ as among the Ordinary Shares, the Preferred Shares in order to reflect the liquidation preferences of the Preferred Shares set forth in these Articles; (ii) refrain from exercising any dissenters' rights or rights of appraisal under applicable Law at any time with respect to or in connection with such proposed Approved Sale; and (iii) take all actions reasonably necessary to consummate the proposed Approved Sale.

(b) Notwithstanding anything herein to the contrary, if at any time after the date of this Agreement, (1) more than seventy-five percent (75%) of the then outstanding Preferred Shares, and (2) more than half of all the outstanding Ordinary Shares of the Company voting separately on an as-converted basis (collectively, the "**Drag-Along Shareholders**"), all vote in favor of a proposed transfer of all Ordinary Shares or securities convertible into or exercisable for Ordinary Shares of the Company (the "**Equity Securities**") held by them to a purchaser, or approve a proposed Trade Sale (each, a "**Drag-Along Sale**"), then, in any such event, upon written notice from such Drag-Along Shareholders requesting them to do so, each of the Dragged Shareholders shall (i) be present, in person or by proxy, as a holder of shares of voting securities, at all meetings for the vote upon any such proposed Acquisition (so as to be counted for the purposes of determining the presence of a quorum at such meetings); (ii) vote, or give its written consent with respect to, all the Ordinary Shares held by them in favor of such proposed Drag-Along Sale and in opposition of any proposal that could reasonably be expected to delay or impair the consummation of any such proposed Drag-Along Sale; (iii) transfer all of their Equity Securities in such Drag-Along Sale to such purchaser; (iv) refrain from exercising any dissenters' rights or rights of appraisal under applicable law at any time with respect to or in connection with such proposed Drag-Along Sale; and (v) take all actions reasonably necessary to consummate the proposed Drag-Along Sale, including without limitation amending Memorandum and Articles of the Company. All proceeds derived from a Dragged-Along Sale shall be distributed among the holders of Preferred Shares and Ordinary Shares in accordance with the Memorandum and Articles, taking into account any liquidation preferences to which the holders of Preferred Shares are entitled thereunder. Notwithstanding any provision to the contrary, the share transfer restrictions of Section 4 of this Agreement shall not apply to any transfers made pursuant to this Section 4.4.

(c) Representation and Undertaking.

(i) Any such sale or disposition by the Dragged Shareholders shall be on the terms and conditions as the proposed Drag-Along Sale by the Drag-Along Shareholders. Such Dragged Shareholders shall be required to make customary and usual representations and warranties in connection with the Drag-Along Sale, including, without limitation, as to their ownership and authority to sell, free of all liens, claims and encumbrances of any kind, the shares proposed to be transferred or sold by such persons or entities; and any violation or breach of or default under (with or without the giving of notice or the lapse of time or both) any law or regulation applicable to such Dragged Shareholders or any material contract to which such Dragged Shareholders is a party or by which they are bound and shall, without limitation as to time, indemnify and hold harmless to the full extent permitted by law, the purchasers against all obligations, cost, damages, expenses, losses, judgments, assessments, or other liabilities including, without limitation, any special, indirect, consequential or punitive damages, any court costs, costs of preparation, attorney's fees or expenses, or any accountant's or expert witness' fees arising out of, in connection with or related to any breach or alleged breach of any representation or warranty made by, or agreements, understandings or covenants of such Dragged Shareholders as the case may be, under the terms of the agreements relating to such Drag-Along Sale.

(ii) Each of the Dragged Shareholders undertakes to obtain all consents, permits, approvals, orders, authorizations or registrations, qualifications, designations, declarations or filings with any Governmental Authority or any third party (the "**Consents**"), which are required to be obtained or made in connection with the Drag-Along Sale.

(iii) Each of the Dragged Shareholders undertakes to pay its pro rata share of expenses incurred in connection with the Drag-Along Sale.

(d) Drag-Along Notice. Prior to making any Drag-Along Sale in which the Drag-Along Shareholders wish to exercise their rights under this Section 4.4 the Drag-Along Shareholders shall provide the Company and the Dragged Shareholders with written notice (the "**Drag-Along Notice**") not less than thirty (30) days prior to the proposed date of closing of the Drag-Along Sale (the "**Drag-Along Sale Date**"). The Drag-Along Notice shall set forth: (i) the name and address of the purchasers; (ii) the proposed amount and form of consideration to be paid, and the terms and conditions of payment offered by each of the purchasers; (iii) the Drag-Along Sale Date; (iv) the number of shares held of record by the Drag-Along Shareholders on the date of the Drag-Along Notice which form the subject to be transferred, sold or otherwise disposed of by the Drag-Along Shareholders; and (v) the number of shares of the Dragged Shareholders to be included in the Drag-Along Sale. In the event that the Drag-Along Sale Date does not occur within ninety (90) days after the date of the Drag-Along Notice, the Shareholders of the Company shall have no obligations to sell their Equity Securities unless they receive a new Drag-Along Notice or otherwise agree with the purchaser(s) in writing.

(e) Transfer Certificate. On the Drag-Along Sale Date, each of the Drag-Along Shareholders and the Dragged Shareholders shall deliver or cause to be delivered an instrument of transfer and a certificate or certificates evidencing its Equity Securities of the Company to be included in the Drag-Along Sale, duly endorsed for transfer with signatures guaranteed, to such third party purchasers in the manner and at the address indicated in the Drag-Along Notice.

(f) Payment. Subject to Article 4.3 of the Memorandum and Articles, the Dragged Shareholders shall receive consideration per share equal to the per share consideration received by the Drag-Along Shareholders pursuant to the proposed Drag-Along Sale. If the Drag-Along Shareholders or the Dragged Shareholders receive the purchase price for their shares or such purchase price is made available to them as part of a Drag-Along Sale and, in either case they fail to deliver certificates evidencing their shares as described in this Section 4.4, they shall for all purposes be deemed no longer to be a shareholder of the Company (with the record books of the Company updated to reflect such status), shall have no voting rights, shall not be entitled to any dividends or other distributions with respect to any shares held by them, shall have no other rights or privileges as a shareholder of the Company and, in the event of liquidation of the Company, their rights with respect to any consideration they would have received if they had complied with this Section 4.4, if any, shall be subordinate to the rights of any equity holder. In addition, the Company shall stop any subsequent transfer of any such shares held by such Shareholders.

(g) Definition of Trade Sale. A "**Trade Sale**" shall mean (i) a sale, lease, transfer or other disposition of all or substantially all of the assets of the Company or the Domestic Co, (ii) a transfer or an exclusive licensing of all or substantially all of the intellectual property of the Company or the Domestic Co, (iii) a sale, transfer or other disposition of a majority of the issued and outstanding share capital of the Company or a majority of the voting power of the Company or the Domestic Co; or (iv) a merger, consolidation or other business combination of the Company or the Domestic Co with or into any other business entity in which the Shareholders of the Company or the Domestic Co, immediately after such merger, consolidation or business combination, hold shares representing less than a majority of the voting power of the outstanding share capital of the surviving business entity.

4.5 Exempt Transfers. Notwithstanding anything to the contrary contained herein, the right of first refusal and co-sale rights of the Preferred Holders under this Section 4 shall not apply to (a) to a repurchase of Shares from a Selling Shareholder by the Company at a price no greater than that originally paid by such Selling Shareholder for such Shares and pursuant to an agreement containing vesting and/or repurchase provisions approved by a majority of the Board, (b) in the case of a Selling Shareholder that is a natural person, upon a transfer of Shares by such Selling Shareholder of no more than ten percent (10%) in aggregate of all of the Ordinary Shares he holds in the Company as of the date of this Agreement (unless otherwise approved in writing by the Investors), either during his or her lifetime or on death by will or intestacy, to his or her Immediate Family Members or any other relatives approved by the Board of the Company, or any custodian or trustee for the account of a Selling Shareholder or a Selling Shareholder's Immediate Family Members, and (c) the sale of any Shares to the public in a Qualified Public Offering or in connection with a sale of the Company (each transferee pursuant to the foregoing subsections (a), (b) and (c), a "**Permitted Transferee**"); provided that, in any event, adequate documentation therefore is provided to the Preferred Holders to their reasonable satisfaction with respect to such transfer and that any such Permitted Transferee agrees in writing to be bound by this Agreement in place of the relevant transferor; provided, further, that such transferor shall remain liable for any breach by such Permitted Transferee of any provision hereunder.

4.6 Prohibited Transfers.

(a) Except for transfers to his Permitted Transferees as provided in Section 4.5 above, none of the Founders, or their Permitted Transferees shall, without the prior written consent of (i) the Series A Holder holding at least a majority of the Series A Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (ii) the Series B Holders holding at least a majority of the Series B Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (iii) the Series C Holders holding at least a majority of the Series C Shares and applicable Conversion Shares then outstanding (on an as-converted basis), and (iv) the Series C1 Holders holding at least a majority of the Series C1 Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (v) the Series D Holders holding at least a majority of the Series D Shares and applicable Conversion Shares then outstanding (on an as-converted basis), and (vi) the Series D1 Holders holding at least a majority of the Series D1 Shares and applicable Conversion Shares then outstanding (on an as-converted basis), sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or series of transactions any Company's Equity Securities now or hereafter held by him to any Person on or prior to a Qualified Public Offering. Notwithstanding the foregoing, each of the Founders shall be entitled to sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or series of transactions up to three percent (3%) in the aggregate of all of the Ordinary Shares it holds in the Company as of the date of this Agreement to any other third parties.

(b) Any attempt by a Party to sell or transfer any Equity Securities of the Company in violation of this Section 4 shall be void and the Company hereby agrees it will not effect such a transfer nor will it treat any alleged transferee as the holder of such Equity Securities without the written consent of, (i) the Series A Holders holding at least a majority of the Series A Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (ii) the Series B Holders holding at least a majority of the Series B Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (iii) the Series C Holders holding at least a majority of the Series C Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (iv) the Series C1 Holders holding at least a majority of the Series C1 Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (v) the Series D Holders holding at least a majority of the Series D Shares and applicable Conversion Shares then outstanding (on an as-converted basis), and (vi) the Series D1 Holders holding at least a majority of the Series D1 Shares and applicable Conversion Shares then outstanding (on an as-converted basis).

4.7 Legend.

(a) If and as determined by the Board, each certificate representing the Ordinary Shares held by the Founders shall be endorsed with the following legend:

"THE SALE, PLEDGE, HYPOTHECATION OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE IS SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER SET FORTH IN A SHAREHOLDERS AGREEMENT, AS AMENDED, A COPY OF WHICH MAY BE OBTAINED UPON WRITTEN REQUEST TO THE BOARD OF DIRECTORS OF THE COMPANY."

(b) Each Party agrees that the Company may instruct its transfer agent to impose transfer restrictions on the Shares represented by certificates bearing the legend referred to in Section 4.7(a) above to enforce the provisions of this Agreement and the Company agrees to promptly do so. The legend shall be removed upon termination of the provisions of this Agreement.

4.8 Restriction on Indirect Transfers. Notwithstanding anything to the contrary contained herein but subject to Section 4.5 above, without the prior written approval of (i) the Series A Holders holding at least a majority of the Series A Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (ii) the Series B Holders holding at least a majority of the Series B Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (iii) the Series C Holders holding at least a majority of the Series C Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (iv) the Series C1 Holders holding at least a majority of the Series C1 Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (v) the Series D Holders holding at least a majority of the Series D Shares and applicable Conversion Shares then outstanding (on an as-converted basis), and (vi) the Series D1 Holders holding at least a majority of the Series D1 Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (i) none of the Group Companies shall, nor shall any of them cause or permit any other Person to, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any Equity Securities in any Group Company to any Person, and (ii) none of the Founder shall, nor shall any of them cause or permit any other Person to, directly or indirectly, sell, assign, transfer, pledge, hypothecate, mortgage, encumber or otherwise dispose through one or a series of transactions any Equity Securities in any PRC Group Company to any Person. Any transfer in violation of this Section 4.8 shall be void and each Group Company, each Founder hereby agrees that it will not effect such sale, assignment, transfer, pledge, hypothecation, mortgage, encumbrance or otherwise disposition nor will it treat any alleged transferee as the holder of such Equity Securities unless in accordance with this Section 4.8.

4.9 Term. The provisions under this Section 4 shall terminate upon consummation of a Qualified Public Offering.

5. ASSIGNMENT AND AMENDMENT.

5.1 Assignment. Notwithstanding anything herein to the contrary:

(a) Information Rights; Inspection Rights; Registration Rights. The Information Rights and Inspection Rights under Section 1.1 may be assigned to other Preferred Holders and any of their Affiliates without the consent of other Parties of this Agreement; provided, however, that such assignee shall not be any portfolio company in which such assigning Preferred Holder holds an equity interest for typical venture capital investment purposes. The registration rights of the Holders under Section 2 may be assigned to any other Holder or to any Person acquiring the Registrable Securities; provided, however, that (i) in either case no Party may be assigned any of the foregoing rights unless the Company is given written notice by the assigning Party stating the name and address of the assignee and identifying the securities of the Company as to which the rights in question are being assigned; (ii) any such assignee shall receive such assigned rights subject to all the terms and conditions of this Agreement, including without limitation the provisions of this Section 5; and (iii) in the event of assignment of the registration rights of a Holder under Section 2, such assignment (a) is in connection with a transfer of all the Registrable Securities owned by such Holder, (b) involves a transfer of at least 1,000,000 shares of Registrable Securities, or (c) is to constituent partners or shareholders who agree to act through a single representative.

(b) Other Preferred Rights. The rights of the Participation Rights Holders under Section 3 and the rights of the Preferred Holders under Section 4 are fully assignable in connection with a transfer of Shares of the Company by such Participation Rights Holders or Preferred Holders; provided, however, that no Party may be assigned any of the foregoing rights unless the Company is given written notice by such Participation Rights Holders or Preferred Holders stating the name and address of the assignee and identifying the Shares of the Company as to which the rights in question are being assigned; and provided further, that any such assignee shall receive such assigned rights subject to all the terms and conditions of this Agreement.

(c) Other Rights Not Assignable. Unless otherwise expressly provided hereunder, the rights and obligations of the Founder and the Group Companies shall not be assignable without the prior written consent of (i) the Series A Holders holding at least a majority of all outstanding Series A Shares and applicable Conversion Shares (on an as-converted basis), (ii) the Series B Holders holding at least a majority of Series B Shares and applicable Conversion Shares (on an as-converted basis), (iii) the Series C Holders holding at least a majority of Series C Shares and applicable Conversion Shares (on an as-converted basis), (iv) the Series C1 Holders holding at least a majority of the Series C1 Shares and applicable Conversion Shares then outstanding (on an as-converted basis), (v) the Series D Holders holding at least a majority of the Series D Shares and applicable Conversion Shares then outstanding (on an as-converted basis), and (vi) the Series D1 Holders holding at least a majority of the Series D1 Shares and applicable Conversion Shares then outstanding (on an as-converted basis).

5.2 Amendment of Rights. 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) as to the Group Companies, only by the Company; (ii) as to any Investor, only by such Investor; and (iii) as to any Founder, only by such Founder. Any amendment or waiver effected in accordance with this Section 5.2 shall be binding upon each Party and its assigns.

6. CONFIDENTIALITY AND NON-DISCLOSURE.

6.1 Disclosure of Terms. The Financing Terms, including their existence, 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; provided that such confidential information shall not include any information that is in the public domain other than caused by the breach of the confidentiality obligations hereunder.

6.2 Press Releases, Etc. Any press release issued by the Company shall not disclose any of the Financing Terms and the final form of such press release shall be approved in advance in writing by the Investors. No other announcement regarding any of the Financing Terms in a press release, conference, advertisement, announcement, professional or trade publication, mass marketing materials or otherwise to the general public may be made without the prior written consent of the Investors.

6.3 Permitted Disclosures. Notwithstanding the foregoing, any Party may disclose any of the Financing Terms to its current or bona fide prospective investors, directors, officers, employees, investment bankers, lenders, partners, accountants and attorneys, in each case only where such Persons or entities are under appropriate nondisclosure obligations. Without limiting the generality of the foregoing, the Investors shall be entitled to disclose the Financing Terms for the purposes of fund reporting or inter-fund reporting or to their respective fund manager, other funds managed by their respective fund manager and their respective auditors, counsel, directors, officers, employees, shareholders or investors.

6.4 Legally Compelled Disclosure. In the event that any Party is requested or becomes legally compelled (including without limitation, pursuant to securities laws and regulations) to disclose the existence of this Agreement, the Series A Purchase Agreement, the Series B Purchase Agreement, the Series C Purchase Agreement, the Series C1 Purchase Agreement, the Series D Purchase Agreements, the Series D1 Purchase Agreement, any of the exhibits and schedules attached to such agreements, or any of the Financing Terms hereof in contravention of the provisions of this Section 6, such Party (the "**Disclosing Party**") shall provide the other Parties (the "**Non-Disclosing Parties**") with prompt written notice of that fact and use all reasonable efforts to seek (with the cooperation and reasonable efforts of the other Parties) a protective order, confidential treatment or other appropriate remedy. In such event, the Disclosing Party shall furnish only that portion of the information which is legally required to be disclosed and shall exercise reasonable efforts to keep confidential such information to the extent reasonably requested by any Non-Disclosing Party.

6.5 Other Information. The provisions of this Section 6 shall be in addition to, and not in substitution for, the provisions of any separate nondisclosure agreement executed by any of the Parties with respect to the transactions contemplated hereby.

6.6 Affiliates. Each Party shall cause each of its Affiliates to comply with all of the restrictions, limitations and obligations set forth in this Section 6 as if it were a party hereto.

7. ADDITIONAL COVENANTS.

7.1 Protective Provisions. In addition to such other limitations as may be provided in the Memorandum and Articles, the following acts of the Company (whether in a single transaction or a series of related transactions, and whether directly or indirectly, or by amendment, merger, consolidation, or otherwise) shall require the prior written approval of the Preferred Majority given in writing or passed at a separate meeting of the Preferred Majority (except that items (a)-(l) below require the prior written approval of the Majority Series A Holders, Majority Series B Holders, Majority Series C Holders and Majority Series D Holders), which approval shall not be unreasonably withheld. The term "Company" means, in each case, the Company itself as well as each other Group Company, unless wholly inapplicable:

(a) any alteration or change in any of the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of, the holders of Preferred Shares;

(b) the authorization, creation, reclassification or issuance of any class or series of securities (or warrants, options or similar rights to acquire such securities) having any right, preference or priority superior to or on a parity with the Preferred Shares or any new issuance of debt or Equity Securities (or warrants, options or similar rights to acquire such securities) of the Company other than issuances to employees, directors and consultants pursuant to the ESOP;

(c) any repurchase or redemption of any Equity Securities of the Company (other than pursuant to the terms herein, or conditions upon which such Equity Securities are issued and in both cases in accordance with the re-purchase or redemption provisions in the Memorandum and Articles or other constitutional documents) and the issuance of Equity Securities with such rights of repurchase or redemption;

(d) any stock split, share consolidation or stock dividend, reclassification or other forms of restructuring of capital of the Company;

(e) any increase or decrease of the registered capital of the Company, the WFOE and/or the Domestic Company;

(f) any amendment or repeal of any provision of the Memorandum and Articles or other constitutional documents of the Company;

(g) cease to conduct or carry on its business substantially as now conducted by any Group Company;

(h) any acquisition, merger, sale consolidation, or joint venture of the Company;

(i) any public offering of any debt or Equity Securities of the Company (except for a Qualified Public Offering);

(j) the liquidation, winding up, dissolution, reorganization, or arrangement of the Company under any Law relating to bankruptcy, insolvency or reorganization or relief of debtors;

(k) the sale of all or substantially all the Company's assets, intellectual property or goodwill, or the purchase of all or substantially all of the assets of another entity or acquisition of any entity;

(l) the adoption, amendment or termination of the ESOP for the benefit of the Company's employees, directors and consultants and the amendment to any terms and conditions thereof;

(m) the declaration or payment of a dividend on any Equity Securities of the Company;

(n) any creation or authorization of the creation of any debt security (other than equipment leases or bank lines of credit), unless such debt security has received the prior approval of the Board (including the approval of the Investor Directors) or is incurred in the ordinary course of business;

(o) any change of the size of the board of directors of any Group Company;

(p) any change in the nature or scope of the business of the Company, enter new lines of business, or the current line of business;

(q) establishment of any subsidiary or strategic alliance of the Company with or into one or more entities;

(r) any transaction between the Company and any of its Shareholders, director, officers, employees or other insider and any of their Affiliates or Associates other than on an arms-length basis and upon prior full disclosure in writing to the Shareholders;

(s) any matter in which the Company pledges or mortgage its assets or acts as a guarantor;

(t) any increase or decrease in the number of directors of any Group Company's Board;

(u) the appointment or removal of the chief executive officer and chief financial officer of the Company;

(v) the appointment or removal of the auditors of the Company and the determination of their fees, remuneration or other compensation;

(w) any increase in compensation of any of the five (5) most highly compensated employees of the Company;

(x) amendment of accounting policies or change of the financial year of the Company;

(y) any related transaction with any third party other than those in the ordinary course of business;

(z) any entering into, restatement or amendment to agreements between either the Domestic Company or another PRC entity and the WFOE or another PRC Subsidiary of the Company (including without limitation the Second Amended and Restated Control Documents) that provide contractual control to the WFOE or such PRC Subsidiary of the Company over the Domestic Company or such other PRC entity and therefore allow the Company to consolidate the financial statements of the Domestic Company or such other PRC entity with those of the Company for financial reporting purposes outside of the ordinary course of business;

(aa) any incurrence of debt or expenditure by the Company in excess of US$100,000 (whether by single or series of related transaction(s)), other than (i) those debts or expenditures as provided for in the annual budget adopted by the Board; or (ii) trade credit incurred in the ordinary course of business of the Company;

(bb) a Qualified Public Offering;

(cc) the adoption of the annual budget and the establishment of milestones for the Company.

7.2 Meetings of the Board.

Unless otherwise determined by the vote of a majority of the directors then in office, the Board shall meet at least quarterly at the place designated by the Board in accordance with an agreed upon schedule.

7.3 Business Principles.

The Company agrees and undertakes to the Investors that the business of the Company will be designed and carried on in accordance with the following business principles (collectively, the "**Business Principles**"), namely, in a way that:

(a) provides safe and healthy working conditions for its employees and contractors;

(b) encourages the efficient use of natural resources and promotes the protection of the environment;

(c) treats all employees fairly in terms of recruitment, progression, remuneration and conditions of work, irrespective of gender, race, color, language, disability, political opinion, age, religion, or national/social origin;

(d) allows consultative work-place structures and associations that provide employees with an opportunity to present their views to management;

(e) takes account of the impact of its operations on the local community and seeks to ensure that potentially harmful occupational health and safety, environmental and social effects are properly assessed, addressed and monitored;

(f) upholds high standards of business integrity and honesty, and operates in accordance with local laws and international good practice (including those intended to fight extortion, bribery and financial crime);

(g) implements a social and environmental management system that enables effective identification, management and monitoring of any risks and provides a framework for action; and

provides for the reporting of the company's compliances with the Business Principles in an annual report by the company to its Board in a manner that allows a reader to make an informed assessment of the business of the Company and, to the extent relevant, its subsidiary undertakings as against the requirements of the Business Principles.

7.4 Amendment to the Amended and Restated Control Documents.

In the event that any provision under the Second Amended and Restated Control Documents (as defined in the Series D1 Purchase Agreement) is ruled by any relevant Governmental Authority as invalid or unenforceable under the Laws of the PRC, the Founders and the Group Companies shall, subject to the Laws of the PRC, use their commercially best efforts to take, or cause to be taken, such action, to execute and deliver, or cause to be executed and delivered, such documents and instruments and to do, or cause to be done, all things necessary, proper or advisable to ensure that substantially all of the income generated by the Domestic Co is consolidated into the WFOE.

7.5 Qualified Public Offering

The Company and Founders undertake to use their commercially best efforts to, within forty-eight (48) months from the date of Closing (as defined in the Series D1 Purchase Agreement), conduct a Qualified Public Offering of the Company in the United States/Hong Kong or other recognized securities exchange acceptable to the Investors.

7.6 ESOP.

(a) The Company and the Founders shall use, and shall cause the WFOE and the Domestic Co to use, commercially reasonable efforts to obtain all applicable authorizations, consents, orders and approvals of all Governmental Authorities and officials that may be or become necessary to adopt the ESOP in compliance with the Laws of the PRC, and will cooperate fully with the Investors in promptly seeking to obtain all such applicable authorizations, consents, orders and approvals.

(b) Unless approved by the Board, all officers, directors, employees and consultants of the Company who shall purchase, or receive options to purchase, Ordinary Shares of the Company under the ESOP shall be required to execute share purchase or option agreements providing for (i) a four-year vesting restriction, to run from the respective grant date of each such security, which shall lapse as to 1/4th of the original share grant as of one year from the grant date and which shall lapse as to 1/4th of the original share grant at the end of each year thereafter, and (ii) a one-hundred eighty (180) day lockup period or other time period as required by the applicable laws and regulations in connection with the Company's Qualified Public Offering.

(c) Each award or grant of options under the ESOP shall require the Board's approval (including the affirmative votes of the Investor Directors). The Company shall retain a "right of first refusal" on employee transfers until the Company's Qualified Public Offering and the right to repurchase unvested shares at cost.

7.7 Non-Compete and Non-Solicitation.

(a) Each of Mr. Lai and Mr. Ding shall, commencing from the date hereof until the earlier of the first anniversary of (a) a Trade Sale, and (b) the date on which he is not employed by the Company, devote his full time and attention to the business of the Group Companies and will use his best efforts to develop the business and interests of the Group Companies. Each of Mr. Lai and Mr. Ding hereby covenants and undertakes that, during the period when he is employed by the Company or holds more than five percent (5%) of the aggregate outstanding equity securities of the Company and for a further period of twenty-four (24) months thereafter, he shall not, directly or indirectly through any Affiliate or Associate, own, manage, be engaged 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 is competitive to the Principal Business or otherwise competes with any Group Company.

(b) Each of Mr. Lai and Mr. Ding hereby further covenants and undertakes that, during the period when he is employed by the Company or holds more than five percent (5%) of the aggregate outstanding equity securities of the Company, he/she shall not cause, solicit, induce or encourage any directors, officers or employees of the Group Companies to leave such service or employment, or cause, permit or encourage any person or entity other than the Group Companies to hire, employ or otherwise engage any such individual, or cause, induce or encourage any current or prospective client, customer, supplier, licensee or licensor of the Group Companies or any other person who has a business relationship with the Group Companies, to terminate or modify to the detriment of the Group Companies any such relationship.

7.8 Business of the Group Companies. The business of each Group Company shall, and the Founders shall cause the business of each Group Company to, be restricted to the Business, except with the approval of the Board.

7.9 SAFE Registration. If any holder or beneficial owner of any Equity Security of the Company (other than the Investors) (each, a "Security Holder") is a "Domestic Resident" as defined in Circular 37 and is subject to the SAFE registration or reporting requirements under Circular 37, the Parties (other than the Investors) shall use their commercially best efforts to promptly obtain a Power of Attorney from such Security Holder, and shall use their commercially best efforts to cause the designated representative under such Power of Attorney to promptly take such actions and execute such instruments on behalf of such Security Holder to comply with the applicable SAFE registration or reporting requirements under SAFE Rules and Regulations, and in the event such Security Holder fails to comply with the applicable SAFE registration or reporting requirements under SAFE Rules and Regulations, the Parties (other than the Investors) shall use their commercially best efforts to promptly cause such Security Holder to cease to be a holder or beneficial owner of any Equity Security of the Company.

7.10 Second Amended and Restated Control Documents. The Founders and the Group Companies shall ensure that each party to the relevant Second Amended and Restated Control Documents fully perform its/his/her respective obligations thereunder and carry out the terms and the intent of the Second Amended and Restated Control Documents. Any termination, or material modification or waiver of, or material amendment to any Second Amended and Restated Control Documents shall require the written consent of the Preferred Majority. If any of the Second Amended and Restated Control Documents becomes illegal, void or unenforceable under PRC Laws after the date hereof, the Parties shall devise a feasible alternative legal structure reasonably satisfactory to the Preferred Majority which gives effect to the intentions of the parties in each Second Amended and Restated Control Document and the economic arrangement thereunder as closely as possible.

7.11 Control of Subsidiaries. The Company shall, and each Founder shall cause the Company to, institute and keep in place such arrangements as are reasonably satisfactory to the Preferred 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 relevant accounting standards.

7.12 Compliance with Laws. The Group Companies shall, and each Founder shall cause the Group Companies to, use commercially best efforts to, conduct their respective business in compliance with all applicable Laws in all material respects, including but not limited to Laws regarding foreign investments, corporate registration and filing, foreign exchange, telecommunication, 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 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.

7.13 Intellectual Property Protection. Subject to the Intellectual Property protection plan approved by the Board, the Group Companies shall, and each Founder shall cause the Group Companies to, take all reasonable steps to protect their respective material Intellectual Property rights, including without limitation (a) registering their material respective trademarks, brand names, domain names and copyrights, and (b) requiring each key employee of each Group Company to enter into an employment agreement, a confidential information 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 such Group Company, in each case in form and substance reasonably acceptable to the Preferred Majority.

7.14 Internal Control System. The Group Companies shall, and each Founder shall cause the Group Companies to use commercially best efforts to maintain their books and records in accordance with sound business practices and implement and maintain an adequate system of procedures and controls with respect to finance, management, and accounting that meets international standards of good practice 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.

7.15 Option to Purchase the Domestic Company. The Parties hereby acknowledge and agree that, as part of the consideration for each Investor's investment in the Company and other valuable consideration, the Company has the option, exercisable by the Company or any then 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), to purchase or transfer to an Affiliate of the Company the entire equity interest of the Domestic Company from the shareholders of the Domestic Company 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 Company upon and only upon receipt of the written request of the Preferred Majority, provided that such transfer shall at the time of such request be permissible under the Laws of the PRC then applicable.

7.16 Controlled Foreign Corporation. The Company will provide written notice to the Investors as soon as practicable if at any time the Company is notified that it or any Group Company has become a "controlled foreign corporation" ("**CFC**") within the meaning of Section 957 of the United States Internal Revenue Code of 1986 (the "**Code**"). Upon written request of the Investor who is a United States shareholder within the meaning of Section 951(b) of the Code, the Company will (i) use best efforts to provide in writing such information as is in its possession and reasonably available concerning its shareholders to assist the Investor in determining whether the Company is a CFC and (ii) provide the Investor with reasonable access to such other Company information as is in the Company's possession and reasonably available as may be required by the Investor (A) to determine the Company's status as a CFC, (B) to determine whether the Investor is required to report its pro rata portion of the Company's "Subpart F income" (as defined in Section 952 of the Code) on its United States federal income tax return, or (C) to allow the Investor to otherwise comply with applicable United States federal income tax laws.

7.17 Passive Foreign Investment Company. The Company shall use commercially reasonable efforts to avoid being a "passive foreign investment company" within the meaning of Section 1297 of the Code ("**PFIC**") for the current and any future taxable year. The Company shall make due inquiry with its tax advisors on at least an annual basis regarding its status as a PFIC, and if the Company is informed by its tax advisors that it has become a PFIC, or that there is a likelihood of the Company being classified as a PFIC for any taxable year, the Company shall promptly notify the Investor of such status or risk. In connection with a "Qualified Electing Fund" election (a "**QEF Election**") made by the Investor pursuant to Section 1295 of the Code or a "Protective Statement" filed by an Investor pursuant to Treasury Regulation Section 1.1295-3, as amended (or any successor thereto), the Company shall provide the Investor with annual financial information in the form requested by the Investor as soon as reasonably practicable following the end of each taxable year of the Investor (but in no event later than forty-five (45) days following the end of each such taxable year), and shall, upon the request in writing by the Investor, provide the Investor with access to such other information, as is in the Company's possession and reasonably available, as may be required for purposes of filing U.S. federal income tax returns in connection with such QEF Election or Protective Statement. In the event that it is determined by the Company's or the Investor's tax advisors that the control documents in place between one or more of the Company's wholly owned Subsidiaries and/or the Company, on the one hand, and any of the Group Companies organized in the PRC that is not a wholly foreign owned enterprise, on the other hand, does not allow the Company to look through the Group Companies to their assets and income for purposes of the PFIC rules and regulations under the Code, the Company shall use its best efforts to take such actions as are reasonably necessary or advisable, including the amendment of such control documents, to qualify for such look-through treatment of the Group Companies under the PFIC rules and regulations under the Code.

7.18 The Company shall not make any election of its classification for U.S. federal income tax purposes as an entity other than corporation without approval of the board, which approval shall include that of the Matrix Director or the Morningside Director. The Company shall, and shall cause each of its Subsidiaries to provide such additional information with respect to the Company and its Subsidiaries as is reasonably requested in writing and in the possession of or readily obtainable by the Company or its Subsidiaries to enable the Investors (and their respective equity holders) to comply with applicable U.S. federal income tax laws.

7.19 PRC Tax Indemnification. The Company shall, until the end of the applicable statute of limitation for tax assessment, indemnify and hold each Shareholder harmless from and against any tax caused by the Company's pre-IPO reorganization (including without limitation the share swap arrangement through which the Company acquired all of the outstanding shares of the BVI Co, the "**Reorganization**") and levied by the competent PRC tax authority on such Shareholder as evidenced by a final and non-appealable tax assessment issued by such tax authority in accordance with the Announcement on Several Issues concerning the Enterprise Income Tax on Income from Indirect Transfer of Assets by Non-resident Enterprises (Announcement of the State Administration of Taxation [2015] No. 7), the Announcement on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source (Announcement of the State Administration of Taxation [2017] No. 37) and other applicable PRC tax laws (collectively, the "PRC Tax"); provided, however, that the foregoing indemnification shall not apply to any PRC Tax incurred by such Shareholder as a result of such Shareholder's own gross negligence or willful misconduct. Each Shareholder agrees: (i) to cooperate with the Company and provide all related information and materials as is reasonably requested by the Company to assist the Group Companies to comply with applicable PRC tax laws; (ii) not to settle, compromise or otherwise seek to terminate any action or claim relating to the PRC Tax without the prior written consent of the Company (such consent not to be unreasonably withheld); and (iii) in the case of any tax investigation, audit, challenge, pre-tax assessment notice or tax assessment notice and/or dispute arising out of or in connection with the Reorganization (the "Tax Proceeding"), to promptly notify the Company of such Tax Proceeding, use commercially reasonable efforts to provide all related information and materials to the Company, and use commercially reasonable efforts to take all other necessary actions for the Company to assume control of any correspondence, discussion, negotiation, and/or defense regarding such Tax Proceeding.

7.20 Assumption of Obligations. The Company shall assume all obligations of the BVI Co under the Series A Purchase Agreement, the Series B Purchase Agreement, the Series C Purchase Agreement, the Series C1 Purchase Agreement, the Series D Purchase Agreements, and the Series D1 Purchase Agreement.

7.21 Termination of Covenants. The covenants set forth in this Section 7 (other than Section 7.5) shall terminate and be of no further force or effect upon (a) the consummation of a Qualified Public Offering, or (b) upon the consummation of a Deemed Liquidation Event, as such term is defined in the Memorandum and Articles, whichever event shall first occur.

8. GENERAL PROVISIONS.

8.1 Notices.

Except as may be otherwise provided herein, all notices, requests, waivers and other communications made pursuant to this Agreement shall be in writing and shall be conclusively deemed to have been duly given (a) when hand delivered to the other Party, upon delivery; (b) when sent by facsimile at the number set forth in Exhibit B hereto, upon receipt of confirmation of error-free transmission; (c) seven (7) Business Days after deposit in the mail as air mail or certified mail, receipt requested, postage prepaid and addressed to the other Party as set forth in Exhibit B; or (d) three (3) Business Days after deposit with an international overnight delivery service, postage prepaid, addressed to the Parties as set forth in Exhibit B with next- Business Day delivery guaranteed, provided that the sending Party receives a confirmation of delivery from the delivery service provider.

Each Person making a communication hereunder by facsimile shall promptly confirm by telephone to the Person to whom such communication was addressed each communication made by it by facsimile pursuant hereto but the absence of such confirmation shall not affect the validity of any such communication. A Party may change or supplement the addresses given above, or designate additional addresses, for purposes of this Section 8.1 by giving the other Party written notice of the new address in the manner set forth above.

8.2 Entire Agreement.

This Agreement, the Series D1 Purchase Agreement, the Second Amended and Restated Control Documents, and any other ancillary agreements (if any in connection with the Series D1 Purchase Agreement), together with all the exhibits hereto and thereto, constitute and contain the entire agreement and understanding of the Parties with respect to the subject matter hereof and supersedes any and all prior negotiations, correspondence, agreements, understandings, duties or obligations between the Parties respecting the subject matter hereof, including without limitation the Prior Agreement. The Prior Agreement shall be terminated as of the date hereof.

8.3 Governing Law.

This Agreement shall be governed by and construed in accordance with the laws of Hong Kong.

8.4 Severability.

If any provision of this Agreement is found to be invalid or unenforceable, then such provision shall be construed, to the extent feasible, so as to render the provision enforceable and to provide for the consummation of the transactions contemplated hereby on substantially the same terms as originally set forth herein, and if no feasible interpretation would save such provision, it shall be severed from the remainder of this Agreement, which shall remain in full force and effect unless the severed provision is essential to the rights or benefits intended by the Parties. In such event, the Parties shall use best efforts to negotiate, in good faith, a substitute, valid and enforceable provision or agreement which most nearly effects the Parties' intent in entering into this Agreement.

8.5 Third Parties.

Nothing in this Agreement, express or implied, is intended to confer upon any Person, other than the Parties hereto and their permitted successors and assigns any rights or remedies under or by reason of this Agreement.

8.6 Successors and Assigns.

Subject to the provisions of Section 5.1, the provisions of this Agreement shall inure to the benefit of, and shall be binding upon, the successors and permitted assigns of the Parties hereto. Each successor, transferee, or permitted assign of the Parties hereto shall become a party to this Agreement by executing and delivering an adherence agreement substantially in the form attached hereto as Exhibit C.

8.7 Interpretation; Captions.

This Agreement shall be construed according to its fair language. The rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not be employed in interpreting this Agreement. The captions to sections of this Agreement have been inserted for identification and reference purposes only and shall not be used to construe or interpret this Agreement. Unless otherwise expressly provided herein, all references to Sections and Exhibits herein are to sections and exhibits of this Agreement.

8.8 Counterparts; Facsimile.

This Agreement may be executed and delivered by facsimile or other electronic signature and in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

8.9 Adjustments for Share Splits, Etc.

Wherever in this Agreement there is a reference to a specific number of shares of Preferred Shares or Ordinary Shares of the Company, then, upon the occurrence of any subdivision, combination or share dividend of the Preferred Shares or Ordinary Shares, the specific number of Shares so referenced in this Agreement shall automatically be proportionally adjusted to reflect the effect on the outstanding Shares of such class or series of Shares by such subdivision, combination or share dividend.

8.10 Aggregation of Shares.

All Preferred Shares or Ordinary Shares held or acquired by Affiliate or Persons (as defined in Rule 144 under the Securities Act) shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

8.11 Shareholders Agreement to Control.

If and to the extent that there are inconsistencies between the provisions of this Agreement and those of the Memorandum and Articles, the terms of this Agreement shall control among the Shareholders of the Company. The Parties agree to take all actions necessary or advisable, as promptly as practicable after the discovery of such inconsistency, to amend the Memorandum and Articles so as to eliminate such inconsistency.

8.12 Dispute Resolution.

(a) Any dispute, controversy or claim arising out of or relating to this Agreement, or the interpretation, breach, termination or validity hereof, shall first be subject to resolution through consultation of the parties to such dispute, controversy or claim. Such consultation shall begin within seven (7) days after one Party hereto has delivered to the other Parties involved a written request for such consultation. If within thirty (30) days following the commencement of such consultation the dispute cannot be resolved, the dispute shall be submitted to arbitration upon the request of any Party with notice to the other Parties.

(b) The arbitration shall be conducted in Hong Kong under the auspices of the Hong Kong International Arbitration Centre (the "**HKIAC**"). There shall be three arbitrators. The complainant and the respondent to such dispute shall each select one arbitrator within thirty (30) days after giving or receiving 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. If either party to the arbitration does not appoint an arbitrator who has consented to participate within thirty (30) days after selection of the first arbitrator, the relevant appointment shall be made by the Chairman of the HKIAC.

(c) The arbitration proceedings shall be conducted in Chinese. The arbitration tribunal shall apply the Arbitration Rules of the HKIAC in effect at the time of the arbitration. However, if such rules are in conflict with the provisions of this Section 8.12, including the provisions concerning the appointment of arbitrators, the provisions of this Section 8.12 shall prevail.

(d) The arbitrators shall decide any dispute submitted by the parties to the arbitration strictly in accordance with the substantive Law of Hong Kong and shall not apply any other substantive law.

(e) Each Party hereto shall cooperate with any party to the dispute in making full disclosure of and providing complete access to all information and documents requested by such party in connection with such arbitration proceedings, subject only to any confidentiality obligations binding on the Party receiving the request.

(f) The award of the arbitration tribunal shall be final and binding upon the disputing parties, and any party to the dispute may apply to a court of competent jurisdiction for enforcement of such award.

(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.

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IN WITNESS WHEREOF, the parties have executed this Shareholders Agreement as of the date first above written.

COMPANY:

LIZHI INC.

By: /s/ Jinnan Lai
Name: Jinnan Lai
Title: Director

BVI CO:

LIZHI INC.□□□□

By: /s/ Jinnan Lai
Name: Jinnan Lai
Title: Director

HK CO:

LIZHI HOLDING LIMITED
(□□□□□□□□)

By: /s/ Jinnan Lai
Name: Jinnan Lai
Title: Director

DOMESTIC CO:

GUANGZHOU LIZHI NETWORK TECHNOLOGY CO., LTD. (SEAL)
(□□□□□□□□□□□□) (□□)

By: /s/ Ning Ding
Name: Ning Ding
Title: Legal Representative

Affix Seal: /s/ Seal of GUANGZHOU LIZHI NETWORK TECHNOLOGY CO., LTD.

WFOE:

BEIJING HONGYI TECHNOLOGY CO., LTD. (SEAL)
(□□□□□□□□□□□□□□□) (□□)

By: /s/ Ning Ding
Name: Ning Ding
Title: Legal Representative

Affix Seal: /s/ Seal of BEIJING HONGYI TECHNOLOGY CO., LTD.

IN WITNESS WHEREOF, the parties have executed this Shareholders Agreement as of the date first written above.

CHANGSHA SUBSIDIARY:

CHANGSHA LIMANG INTERACTION ENTERTAINMENT CO., LTD. (SEAL)
(□□□□□□□□□□□□) (□□)

By: /s/ Jaun Ren
Name: Juan Ren
Title: Legal Representative

Affix Seal: /s/ Seal of CHANGSHA LIMANG INTERACTION ENTERTAINMENT CO., LTD.

HUAIAN SUBSIDIARY:

HUAIAN LIZHI NETWORK TECHNOLOGY CO., LTD. (SEAL)
(□□□□□□□□□□□□) (□□)

By: /s/ Jaun Ren
Name: Juan Ren
Title: Legal Representative

Affix Seal: /s/ Seal of HUAIAN LIZHI NETWORK TECHNOLOGY CO., LTD.

GUANGZHOU SUBSIDIARY:

GUANGZHOU ZHIYA NETWORK TECHNOLOGY CO., LTD. (SEAL)
(□□□□□□□□□□□□) (□□)

By: /s/ Ning Ding
Name: Ning Ding
Title: Legal Representative

Affix Seal: /s/ Seal of GUANGZHOU ZHIYA NETWORK TECHNOLOGY CO., LTD.

IN WITNESS WHEREOF, the parties have executed this Shareholders Agreement as of the date first written above.

By: /s/ Jinnan Lai
Name: Jinnan Lai

By: /s/ Ning Ding
Name: Ning Ding

VOICE WORLD:

VOICE WORLD Ltd □□□□□□□□□□

By: /s/ Jinnan Lai
Name: Jinnan Lai
Title: Director

AI VOICE:

AI VOICE Ltd □□□□□□□□

By: /s/ Ning Ding
Name: Ning Ding
Title: Director

IN WITNESS WHEREOF, the parties have executed this Shareholders Agreement as of the date first written above.

INVESTORS:

MATRIX PARTNERS CHINA I HONG KONG LIMITED

By: /s/ YIBO SHAO
Print Name: YIBO SHAO
Title: Director

IN WITNESS WHEREOF, the parties have executed this Shareholders Agreement as of the date first written above.

INVESTORS:

MORNINGSIDE CHINA TMT FUND II, L.P.,
a Cayman Islands exempted limited partnership

By:
MORNINGSIDE CHINA TMT GP II, L.P.,
a Cayman Islands exempted limited partnership,
its general partner

By:
TMT GENERAL PARTNER LTD.,
a Cayman Islands limited company,
its general partner

in on

/s/ Jill Marie Franklin
Name: Jill Marie Franklin
Director/Authorised Signatory

IN WITNESS WHEREOF, the parties have executed this Shareholders Agreement as of the date first written above.

INVESTORS:

MORNINGSIDE CHINA TMT TOP UP FUND, L.P.,
a Cayman Islands exempted limited partnership

By:
MORNINGSIDE CHINA TMT GP II, L.P.,
a Cayman Islands exempted limited partnership,
its general partner

By:
TMT GENERAL PARTNER LTD.,
a Cayman Islands limited company,
its general partner

in on

/s/ Jill Marie Franklin
Name: Jill Marie Franklin
Director/Authorised Signatory

IN WITNESS WHEREOF, the parties have executed this Shareholders Agreement as of the date first written above.

INVESTORS:

PEOPLE BETTER LIMITED

By: /s/ Shouzi Zhou
Name: Shouzi Zhou
Title: Director

IN WITNESS WHEREOF, the parties have executed this Shareholders Agreement as of the date first written above.

INVESTORS:

SHUNWEI INTERNET LIMITED

By: /s/ Tuck Lye KOH
Name: Tuck Lye KOH
Title: Director

IN WITNESS WHEREOF, the parties have executed this Shareholders Agreement as of the date first written above.

INVESTORS:

CYBER DREAMER LIMITED

By: /s/ Gabriel Li
Name: Gabriel Li
Title: Authorized Signatory

[Signature Page to Shareholders Agreement]

IN WITNESS WHEREOF, the parties have executed this Shareholders Agreement as of the date first written above.

INVESTORS:

EVOLUTION MEDIA CHINA L.P.

By: TPG Media Partners III GP, LLC,
its general partner

By: /s/ David Mosse
Name: David Mosse
Title: Authorized Signatory

IN WITNESS WHEREOF, the parties have executed this Shareholders Agreement as of the date first written above.

INVESTORS:

By: /s/ Jinnan Lai
Name: Jinnan Lai

EXHIBIT A

DEFINITIONS

"**Acquisition**"	means (i) a sale, lease, transfer or other disposition of all or substantially all of the assets of the Company, (ii) a transfer or an exclusive licensing of all or substantially all of the intellectual property of the Company, (iii) a sale, transfer or other disposition of a majority of the issued and outstanding share capital of the Company or a majority of the voting power of the Company; or (iv) a merger, consolidation or other business combination of the Company with or into any other business entity in which the Shareholders of the Company immediately after such merger, consolidation or business combination hold Shares representing less than a majority of the voting power of the outstanding share capital of the surviving business entity.
"**Additional Number**"	has the meaning set forth in Section 3.3(b);
"**Affiliate**"	means, in respect of a Person, any other Person that, directly or indirectly, through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such Person, and without limiting the generality of the foregoing, (a) in the case of a natural Person, shall include, without limitation, such Person's spouse, parents, children, siblings, mother-in-law and father-in-law and brothers and sisters-in-law, (b) in the case of an Investor, shall include (i) any Person who holds Shares as a nominee for such Investor, (ii) any shareholder of such Investor, (iii) any entity or individual which has a direct and indirect interest in such Investor (including, if applicable, any general partner or limited partner) or any fund manager thereof; (iv) any Person that directly or indirectly Controls, is Controlled by, under common Control with, or is managed by such Investor, its shareholder, the general partner or the fund manager of such Investor or its shareholder, (v) the relatives of any individual referred to in (ii), (iii) and (iv) above, and (vi) any trust Controlled by or held for the benefit of such individuals. For the avoidance of doubt, no Investor shall be deemed to be an Affiliate of any Group Company.
"**AI Voice**"	has the meaning as set forth in the Preamble.
"**Associate**" of a given Person	of a given Person means (i) a corporation or organization of which such given Person is an officer or partner or is, directly or indirectly, the beneficial owner of ten percent (10%) or more of any class of Equity Securities, (ii) any trust or other estate in which such given Person has a substantial beneficial interest or as to which such given Person serves as trustee or in a similar capacity, or (iii) any Relative of such given Person.
"**Board**"	means the Company's board of directors.

"**Business Day**"	means a day (other than a Saturday or a Sunday) that the banks in the Cayman Islands, Hong Kong, the PRC, or the City of New York are generally open for business.
"**BVI Co**"	has the meaning set forth in Schedule B hereof.
"**CFC**"	has the meaning set forth in Section 7.16.
"**Changsha Subsidiary**"	has the meaning set forth in Schedule B hereof.
"**Code**"	has the meaning set forth in Section 7.16.
"**Company**"	has the meaning set forth in the Preamble.
"**Competitor**"	means any of the competing businesses listed in Schedule A hereof and any Person that, directly or indirectly, through one or more intermediaries, Controls any of the competing businesses listed in Schedule A hereof.
"**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, contractual arrangement or otherwise, which 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 the board of directors or similar governing body of such Person; and the terms "**Controlled**" and "**Controlling**" shall have the meaning correlative to the foregoing.
"**Conversion Shares**"	means the Ordinary Shares issued or issuable upon conversion of Series A Shares, Series B Shares, Series C Shares, Series C1 Shares, Series C1+ Shares, Series D Shares or Series D1 Shares (with each of such Conversion Shares being referred to as a "**Conversion Share**").
"**Co-Sale Notice**"	has the meaning set forth in Section 4.3.
"**Co-Sale Pro Rata Portion**" of a Co-Sale Right Holder	means the product obtained by multiplying (x) the aggregate number of the Offered Shares subject to the co-sale right under Section 4.3 by (y) a fraction, the numerator of which is the number of Ordinary Share Equivalents (on an as-converted basis) owned by such Co-Sale Right Holder at the time of the sale or transfer and the denominator of which is the total combined number of Ordinary Share Equivalents (on an as-converted basis) at the time owned by all Co-Sale Right Holders and the Selling Shareholder.

EXHIBIT A

"**Co-Sale Right Holder**"	has the meaning set forth in Section 4.3.
"**Co-Sale Right Period**"	has the meaning set forth in Section 4.3.
"**Deemed Liquidation Event**"	has the meaning set forth in the Memorandum and Articles.
"**Disclosing Party**"	has the meaning set forth in Section 6.4.
"**Domestic Co**"	has the meaning set forth in Schedule B hereof.
"**Domestic Co1**"	has the meaning set forth in the preamble.
"**Drag-Along Notice**"	has the meaning set forth in Section 4.4(d).
"**Drag-Along Sale**"	has the meaning set forth in Section 4.4(b).
"**Drag-Along Sale Date**"	has the meaning set forth in Section 4.4(d).
"**Drag-Along Shareholders**"	has the meaning set forth in Section 4.4(b).
"**Dragged Shareholders**"	has the meaning set forth in Section 4.4(a).
"**Equity Securities**"	means, with respect to a given Person, any share, share capital, registered capital, ownership interest, partnership interest, equity interest, joint venture or other ownership interest of such Person, or any option, warrant, or right to subscribe for, acquire or purchase any of the foregoing, or any other security or instrument convertible into or exercisable or exchangeable for any of the foregoing, or any equity appreciation, phantom equity, equity plan or similar right with respect to such Person, or any contract of any kind for the purchase or acquisition from such Person of any of the foregoing, either directly or indirectly.
"**ESOP**"	means an employee stock option plan or any other similar employee incentive plan or arrangement of the Company.
"**Exchange Act**"	means the Securities Exchange Act of 1934, as amended, and any successor statute.
"**Financing Terms**"	means the terms and conditions of this Agreement, the Series A Purchase Agreement, the Series B Purchase Agreement, the Series C Purchase Agreement, the Series C1 Purchase Agreement, the Series D Purchase Agreements, the Series D1 Purchase Agreement, and all exhibits and schedules attached to such agreements.

EXHIBIT A

"**First Participation Notice**"	has the meaning set forth in Section 3.3(a).
"**First Refusal Allotment**" of a Preferred Holder	has the meaning set forth in Section 4.2(a).
"**First Refusal Expiration Notice**"	has the meaning set forth in Section 4.2(b).
"**First Refusal Notice**"	has the meaning set forth in Section 4.2.
"**First Refusal Period**"	has the meaning set forth in Section 4.2.
"**Form F-3**"	means, for purpose of Section 2, such respective form under the Securities Act or any successor registration form under the Securities Act subsequently adopted by the SEC which permits inclusion or incorporation of substantial information by reference to other documents filed by the Company with the SEC.
"**Founders**"	includes Mr. Lai, Mr. Ding, Voice World and AI Voice.
"**Governmental Authority**"	means any nation, government, province, state, or 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 any government or any political subdivision thereof, court, tribunal, arbitrator, the governing body of any securities exchange, and self-regulatory organization, in each case having competent jurisdiction.
"**Group Companies**"	has the meaning as set forth in the Preamble.
"**Guangzhou Subsidiary**"	has the meaning set forth in Schedule B hereof.
"**HK Co**"	has the meaning set forth in Schedule B hereof.
"**Holder**"	means, for purpose of Section 2, any Person owning or having the right to acquire Registrable Securities or any permitted assignee of record of such Registrable Securities to whom rights under Section 2 have been duly assigned in accordance with this Agreement.
"**Hong Kong**"	means the Hong Kong Special Administrative Region of the PRC.
"**Huai'an Subsidiary**"	has the meaning set forth in Schedule B hereof.
"**Immediate Family Member**"	means a child, stepchild, grandchild, parent, step-parent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of a person referred to herein.

EXHIBIT A

"**Information Rights**"	has the meaning set forth in Section 1.1(a)(vii).
"**Initiating Holders**"	has the meaning set forth in Section 2.3(b).
"**Inspection Rights**"	has the meaning set forth in Section 1.1(b).
"**Investor Directors**"	has the meaning set forth in Section 1.2(a).
"**Law**"	means any applicable law, rule, constitution, code, ordinance, statute, treaty, decree, regulation, common or customary law, order, official policy, circular, provision, administrative order, interpretation, injunction, judgment, ruling, assessment, writ or other legislative measure of any Governmental Authority.
"**Majority Series A Holders**"	means the holders of more than fifty percent (50%) of the voting power of the then issued and outstanding Series A Shares.
"**Majority Series B Holders**"	means the holders of more than fifty percent (50%) of the voting power of the then issued and outstanding Series B Shares.
"**Majority Series C Holders**"	means the holders of more than two-third (2/3) of the voting power of the then issued and outstanding Series C Shares, Series C1 Shares and Series C1+ Shares.
"**Majority Series D Holders**"	means the holders of more than fifty percent (50%) of the voting power of the then issued and outstanding Series D Shares and Series D1 Shares.
"**Matrix**"	has the meaning as set forth in the Preamble.
"**Matrix Director**"	has the meaning set forth in Section 1.2(a).
"**Memorandum and Articles**"	means the amended and restated memorandum of association and the articles of association of the Company adopted on March 6, 2019.
"**Morningside**"	has the meaning as set forth in the Preamble.
"**Morningside II**"	has the meaning as set forth in the Preamble.
"**Morningside Director**"	has the meaning set forth in Section 1.2(a).
"**Mr. Ding**"	has the meaning as set forth in the Preamble.
"**Mr. Lai**"	has the meaning as set forth in the Preamble.
"**New Securities**"	has the meaning set forth in Section 3.2.

EXHIBIT A

"**Non-Disclosing Parties**"	has the meaning set forth in Section 6.4.
"**Orchid Asia**"	has the meaning as set forth in the Preamble.
"**Orchid Director**"	has the meaning set forth in Section 1.2(a).
"**EMC**"	has the meaning as set forth in the Preamble.
"**Offered Shares**"	means, for purpose of Section 4, the Ordinary Share Equivalents to be sold or transferred by the Selling Shareholder (with each of such Offered Shares being referred to as an "**Offered Share**").
"**Ordinary Share Equivalents**"	means, for purpose of Section 4, (i) the Company's outstanding Ordinary Shares, (ii) the Ordinary Shares issued or issuable upon conversion of the Company's outstanding preferred shares, (iii) the Ordinary Shares issuable upon exercise of outstanding options or warrants and (iv) the Ordinary Shares issuable upon conversion of any outstanding convertible securities.
"**Ordinary Shares**"	means the ordinary shares, par value US$0.0001 per share, of the Company (with each of such Ordinary Shares being referred to as an "**Ordinary Share**").
"**Ordinary Shareholder(s)**"	has the meaning set forth in the Memorandum and Articles.
"**Participation Rights Holder**"	has the meaning set forth in Section 3.1.
"**Parties**"	means any named parties to this Agreement and their respective successors and permitted assigns (with each of such Parties being referred to as a "**Party**").
"**Permitted Transferee**"	has the meaning set forth in Section 4.5.
"**Person**"	means any individual, corporation, partnership, limited partnership, proprietorship, association, limited liability company, firm, trust, estate or other enterprise, entity or legal person.
"**PFIC**"	has the meaning set forth in Section 7.17.
"**PRC**"	means the People's Republic of China, excluding Hong Kong, Taiwan and Macau Special Administrative Region of the PRC.
"**PRC Group Companies**"	means all the Group Companies established in the PRC (with each of such PRC Group Companies being referred to as a "**PRC Group Company**").
"**PRC Tax**"	has the meaning set forth in Section 7.19.

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"**Prior Agreement**"	has the meaning set forth in the Preamble.
"**Preferred Holders**"	means the Series A Holders, Series B Holders, Series C Holders, Series C1 Holders, Series C1+ Holders, Series D Holders, Series D1 Holders and their permitted transferees to which rights under Section 4 have been duly assigned in accordance with Section 5 hereof; and a "**Preferred Holder**" means any one of them.
"**Preferred Majority**"	means the holders, or their permitted assigns, holding at least fifty percent (50%) of the then outstanding Preferred Shares.
"**Preferred Shares**"	means Series A Shares, Series B Shares, Series C Shares, Series C1 Shares, Series C1+ Shares, Series D Shares and Series D1 Shares (with each of such Preferred Shares being referred to as a "**Preferred Share**").
"**Pro Rata Share**" of a Participation Rights Holder	means, for purpose of Section 3, the ratio of (a) the number of Ordinary Shares (calculated on a fully-diluted and as-converted basis) held by such Participation Rights Holder, to (b) the total number of Ordinary Shares (calculated on a fully-diluted and as-converted basis) then outstanding immediately prior to the issuance of New Securities giving rise to the Right of Participation.
"**QEF Election**"	has the meaning set forth in Section 7.10.
"**Qualified Public Offering**"	means a firm underwritten public offering of the shares or other Equity Securities of the Company (or as the case may be, the shares or securities of the relevant entity resulting from any merger, reorganisation or other arrangements made by or to the Company for the purposes of public offering) by an internationally recognized investment bank confirmed by the Board of the Company that has been registered under the applicable securities Laws with a pre-offering valuation of the Company of at least US$400,000,000, and gross proceeds to the Company in excess of US$70,000,000, or in a similar public offering of such shares or other Equity Securities in another jurisdiction which results in such shares or other Equity Securities trading publicly on the New York Stock Exchange, NASDAQ, Hong Kong Stock Exchange, Shanghai/Shenzhen Stock Exchange or such other recognized regional or national securities exchange that is approved by the Preferred Majority, provided that such offering satisfies the foregoing market capitalization and gross proceeds requirements.

EXHIBIT A

"**Registrable Securities**"	means, for purpose of Section 2, (1) any Ordinary Shares issued or issuable pursuant to conversion of any Preferred Shares issued (A) under the Series A Purchase Agreement, the Series B Purchase Agreement, the Series C Purchase Agreement, the Series C1 Purchase Agreement, the Series D Purchase Agreements, or the Series D1 Purchase Agreement, or (B) pursuant to the Right of Participation, (2) any Ordinary Shares issued (or issuable upon the conversion or exercise of any warrant, right or other security which is issued) as a dividend or other distribution with respect to, in exchange for or in replacement of any Preferred Shares described in sub-clause (1) above, and (3) any other Ordinary Shares owned or hereafter acquired by a Preferred Holder. Notwithstanding the foregoing, "**Registrable Securities**" shall exclude any Registrable Securities sold by a Person in a transaction in which rights under Section 2 are not assigned in accordance with this Agreement, and any Registrable Securities which are sold in a registered public offering under the Securities Act or analogous statute of another jurisdiction, or sold pursuant to Rule 144 promulgated under the Securities Act or analogous rule of another jurisdiction.
"**Registrable Securities Then Outstanding**"	means, for purpose of Section 2, the Ordinary Shares that are Registrable Securities and are then issued and outstanding, issuable upon conversion of Preferred Shares then issued and outstanding or issuable upon conversion or exercise of any warrant, right or other security then outstanding.
"**Registration**"	means, for purpose of Section 2, a registration effected by filing a registration statement which is in a form which complies with, and is declared effective by the SEC in accordance with, the Securities Act, and the term "**register**", "**registered**", or "**registration**" in Section 2 has the meaning correlative to the foregoing.
"**Registration Expenses**"	means, for purpose of Section 2, all expenses incurred by the Company in complying with Sections 2.3, 2.4 and 2.5 hereof, including, without limitation, all registration and filing fees, printing expenses, fees, and disbursements of counsel for the Company, reasonable fees and disbursements of counsel for the Holders and any fee charged by any depository bank, transfer agent or share register, "blue sky" fees and expenses and the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company).
"**Relatives**" of a natural person	means such Person's spouse, parents, grandparents, children, grandchildren, siblings, uncles, aunts, nephews, nieces or great-grandparents or the spouse of such Person's children, grandchildren, siblings, uncles, aunts, nephews or nieces (with each of such Relatives being referred to as a "**Relative**").
"**Reorganization**"	has the meaning set forth in Section 7.19.
"**Request Notice**"	has the meaning set forth in Section 2.3(a).
"**Right of Participation**"	has the meaning set forth in Section 3.1.

EXHIBIT A

"**Right Participants**"	has the meaning set forth in Section 3.3(b).
"**SEC**"	means the U.S. Securities and Exchange Commission., and the term "**Commission**" has the meaning correlative to the foregoing.
"**Second Participation Notice**"	has the meaning set forth in Section 3.3(b).
"**Second Participation Period**"	has the meaning set forth in Section 3.3(b).
"**Securities Act**"	means the U.S. Securities Act of 1933, as amended and interpreted from time to time.
"**Selling Shareholder**"	has the meaning set forth in Section 4.1.
"**Selling Expenses**"	means, for purpose of Section 2, all underwriting discounts and selling commissions applicable to the sale of Registrable Securities pursuant to Sections 2.3, 2.4 or 2.5 hereof.
"**Series A Holder**"	means the holder of Series A Shares and applicable Conversion Shares and their respective permitted assignees to whom its rights under this Agreement have been duly assigned in accordance with Section 5.
"**Series A Purchase Agreement**"	has the meaning set forth in the Preamble.
"**Series A Shares**"	means the Series A preferred shares, par value US$0.0001 per share, of the Company (with each of such Series A Shares being referred to as a "**Series A Share**").
"**Series B Holders**"	means the holders of Series B Shares and applicable Conversion Shares and their respective permitted assignees to whom their rights under this Agreement have been duly assigned in accordance with Section 5 (with each of such Series B Holders being referred to as a "**Series B Holder**").
"**Series B Purchase Agreement**"	has the meaning set forth in the Preamble.
"**Series B Shares**"	means the Series B preferred shares, par value US$0.0001 per share, of the Company (with each of such Series B Shares being referred to as a "**Series B Share**").
"**Series C Holders**"	means the holders of Series C Shares and applicable Conversion Shares and their respective permitted assignees to whom their rights under this Agreement have been duly assigned in accordance with Section 5 (with each of such Series C Holders being referred to as a "**Series C Holder**").
"**Series C Purchase Agreement**"	has the meaning set forth in the Preamble.

EXHIBIT A

"**Series C Shares**"	means the Series C preferred shares, par value US$0.0001 per share, of the Company (with each of such Series C Shares being referred to as a "**Series C Share**").
"**Series C1 Holders**"	means the holders of Series C1 Shares and applicable Conversion Shares and their respective permitted assignees to whom their rights under this Agreement have been duly assigned in accordance with Section 5 (with each of such Series C1 Holders being referred to as a "**Series C1 Holder**").
"**Series C1 Purchase Agreement**"	has the meaning set forth in the Preamble.
"**Series C1 Shares**"	means the Series C1 preferred shares, par value US$0.0001 per share, of the Company (with each of such Series C1 Shares being referred to as a "**Series C1 Share**").
"**Series C1+ Holders**"	means the holders of Series C1+ Shares, par value US$0.0001 per share, of the Company (with each of such Series C1+ Shares being referred to as a "**Series C1+ Share**").
"**Series C1+ Shares**"	means the Series C1+ preferred shares, par value US$0.0001 per share, of the Company (with each of such Series C1+ Shares being referred to as a "**Series C1+ Share**").
"**Series D Holders**"	means the holders of Series D Shares and applicable Conversion Shares and their respective permitted assignees to whom their rights under this Agreement have been duly assigned in accordance with Section 5 (with each of such Series D Holders being referred to as a "**Series D Holder**").
"**Series D Purchase Agreements**"	has the meaning set forth in the Preamble.
"**Series D Shares**"	means the Series D preferred shares, par value US$0.0001 per share, of the Company (with each of such Series D Shares being referred to as a "**Series D Share**").
"**Series D1 Holders**"	means the holders of Series D1 Shares and applicable Conversion Shares and their respective permitted assignees to whom their rights under this Agreement have been duly assigned in accordance with Section 5 (with each of such Series D1 Holders being referred to as a "**Series D1 Holder**").
"**Series D1 Purchase Agreement**"	has the meaning set forth in the Preamble.
"**Series D1 Shares**"	means the Series D1 preferred shares, par value US$0.0001 per share, of the Company (with each of such Series D1 Shares being referred to as a "**Series D1 Share**").

EXHIBIT A

"**Shareholders**"	means (i) the Founders; (ii) each of the Investors and (iii) any other Person who becomes a shareholder of the Company in accordance with the terms of this Agreement and becomes a party to this Agreement, in each case for so long as such Person remains a shareholder of the Company, and in the case of any Shareholder that is a natural person shall be deemed to include the estate of such Shareholder and the executor, conservator, committee or other similar legal representative of such Shareholder or such Shareholder's estate following the death or incapacitation of such Shareholder.
"**Tax Proceeding**"	has the meaning set forth in Section 7.19.
"**Trade Sale**"	has the meaning set forth in Section 4.4(g).
"**Transfer Notice**"	has the meaning set forth in Section 4.1.
"**U.S. GAAP**"	means the generally accepted accounting principles in the United States of America, as amended from time to time.
"**Violation**"	has the meaning set forth in Section 2.9(a).
"**Voice World**"	has the meaning as set forth in the Preamble.
"**WFOE**"	has the meaning set forth in Schedule B hereof.

EXHIBIT A

EXHIBIT B

NOTICES

Group Companies

Address:
3-07A, No. 309 Middle Huangpu Avenue,
Tianhe District, Guangzhou, China
(□□□□□□□□□□□□□□ 309□□
□□□□3-07A)
Telephone: [ ]
Email: [ ]
Contact Person: Jinsheng Ouyang (□□□□)

VOICE WORLD ltd □□□□□□□□□□/ Mr. Lai

Address:
3-07A, No. 309 Middle Huangpu Avenue,
Tianhe District, Guangzhou, China
(□□□□□□□□□□□□□□ 309□□
□□□□3-07A)
Telephone: [ ]
Email: [ ]
Contact Person: Jinnan Lai (□□□)

AI VOICE ltd □□□□□□□□/ Mr. Ding

Address:
3-07A, No. 309 Middle Huangpu Avenue,
Tianhe District, Guangzhou, China
(□□□□□□□□□□□□□□ 309□□
□□□□3-07A)
Telephone: [ ]
Email: [ ]
Contact Person: Ning Ding (□□)

Investors

MATRIX PARTNERS CHINA I HONG KONG LIMITED

Address:
Flat 2807, 28/F, AIA Central, No.1
Connaught Road, Central, Hong Kong
Attn: Matrix Partners HK
Management Limited
Min XIAO
Telephone: [ ]
Email:
[ ]
[ ]
Fax: [ ]

MORNINGSIDE CHINA TMT FUND II, L.P.
MORNINGSIDE CHINA TMT TOP UP FUND, L.P.

Address:
c/o Hang Lung Centre, 2-20 Paterson Street,
Causeway Bay, Hong Kong
Telephone: [ ]
Email: [ ]
Contact Person: Stephanie, TANG

PEOPLE BETTER LIMITED

Address:
12F, East Office Building, the Rainbow City
of China Resources, No. 68 Qinghe Middle
Street, Haidian, Beijing
Telephone: [ ]
Email: [ ]
Contact Person: Sun Zhichao

SHUNWEI INTERNET LIMITED

Address:
Vistra Corporate Services Center,
Wickhams Cay II, Road Town, Tortola,
VG 1110, British Virgin Islands
Attn: Mr. Tuck Lye Koh (□□□)
Email: [ ]
[ ]
[ ]

With a copy to:

Address:
Unit 1309A, 13/F, Cable TV Tower, No. 9
Hoi Shing Road, Tsuen Wan, N.T., Hong Kong
Attn: Mr. Tuck Lye Koh (□□□)
Telephone: [ ]
Fax: [ ]

EVOLUTION MEDIA CHINA L.P.

Address: Suite 3822, 38/F, China World
Tower 3, 1 Jianguomenwai Avenue,
Chaoyang District, Beijing 100004, China
Fax: [ ]
Tel: [ ]
Attention: Jason Ding

CYBER DREAMER LIMITED

Address:
c/o Orchid Asia Hong Kong Management
Company Limited
Suite 6211-12, 62/F, the Center, 99
Queen's Road Central, Central, Hong Kong
Fax: [ ]
Email: [ ]
Contact Person: Mr. Gabriel Li

Voice World (in its capacity as the Series C1+ Holder)

Address:
3-07A, No. 309 Middle Huangpu Avenue,
Tianhe District, Guangzhou, China
(□□□□□□□□□□□□□309□□□□□□3-07A)
Telephone: [ ]
Email: [ ]
Contact Person: Jinnan Lai (□□□)

EXHIBIT C

FORM OF ADHERENCE AGREEMENT

This Adherence Agreement ("**Adherence Agreement**") is executed by the undersigned (the "**Transferee**") pursuant to the terms of that certain Shareholders Agreement dated as of March 6, 2019 (the "**Agreement**") by and among LIZHI INC., an exempted company with limited liability under the laws of the Cayman Islands (the "**Company**") and certain of its shareholders and certain other parties named thereto, and in consideration of the Shares acquired by the Transferee thereunder and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged. Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Agreement. By the execution of this Adherence Agreement, the Transferee agrees as follows:

1. Acknowledgment. The Transferee acknowledges that the Transferee is acquiring [number] [Preferred/Ordinary] shares of the Company (the "**Shares**") from [name of transferor] (the "**Transferor**"), subject to the terms and conditions of the Agreement.

2. Agreement. Immediately upon transfer of the Shares, the Transferee (i) agrees that the Shares acquired by the Transferee shall be bound by and subject to the terms of the Agreement applicable to the Transferor, and (ii) hereby adopts the Agreement with the same force and effect as if the Transferee were originally a/an [Ordinary Shareholder thereunder (*if transferor is an Ordinary Shareholder*)]/[Investor thereunder (*if transferor is an Investor*)].

3. Notice. Any notice required or permitted by the Agreement shall be given to the Transferee at the address listed beside the Transferee's signature below.

4. Governing Law. This Adherence Agreement shall be governed in all respects by the laws of the Hong Kong Special Administrative Region without regard to conflicts of law principles.

EXECUTED AND DATED this _____ day of _____, _____.

TRANSFEREE:

By: _____
Name:
Title:

Attn:
Address:
Tel:
Fax:
Email:

SCHEDULE A

LIST OF COMPETING BUSINESSES

[ ]

SCHEDULE B

LIST OF GROUP COMPANIES

1. LIZHI Inc. □□□□(formerly named as PINEAPPLE PIE HOLDING LIMITED), a business company incorporated in the British Virgin Islands with limited liability (the "**BVI Co**");
2. LIZHI HOLDING LIMITED (□□□□□□□□)(formerly named as PINEAPPLE HOLDING LIMITED (□□□□□□□□)), a company limited by shares incorporated under the Hong Kong Law (the "**HK Co**");
3. GUANGZHOU LIZHI NETWORK TECHNOLOGY CO., LTD. (□□□□□□□□□□□□), a limited liability company organized under the PRC Law (the "**Domestic Co**");
4. BEIJING HONGYI TECHNOLOGY CO., LTD. (□□□□□□□□□□□□□□□), a wholly foreign-owned enterprise organized under the PRC Law (the "**WFOE**");
5. CHANGSHA LIMANG INTERACTION ENTERTAINMENT CO., LTD.(□□□□□□□□□□□□), a limited liability company organized under the Laws of the PRC (the "**Changsha Subsidiary**");
6. HUAIAN LIZHI NETWORK TECHNOLOGY CO., LTD.(□□□□□□□□□□□□), a limited liability company organized under the Laws of the PRC (the "**Huai'an Subsidiary**"); and
7. GUANGZHOU ZHIYA NETWORK TECHNOLOGY CO., LTD.(□□□□□□□□□□□□, formerly named as □□□□□□□□□□□□), a limited liability company organized under the Laws of the PRC (the "**Guangzhou Subsidiary**").

SCHEDULE C

CAPITALIZATION TABLE

[ ]

Exhibit 10.1

LIZHI INC.

(*incorporated in the Cayman Islands with limited liability*)

2019 SHARE INCENTIVE PLAN

Adopted on May 31, 2019

1. Purposes of the Plan. The purposes of this Share Incentive Plan (the "Plan") are to attract and retain the best available personnel, to provide additional incentives to Employees, Directors and Consultants and to promote the success of the Company's business. The Plan provides both for the direct award or sale of Shares and for the grant of Options to purchase Shares, as determined by the Administrator at the time of grant. The Plan replaces and supersedes the Share Incentive Plan adopted by Lizhi Inc. (□□□□), a BVI wholly-owned subsidiary of the Company (the "BVI Subsidiary") in September 2018 (the "2018 BVI Share Incentive Plan") in its entirety.

2. Definitions. The following definitions shall apply as used herein and in the individual Award Agreements except as defined otherwise in an individual Award Agreement. In the event a term is separately defined in an individual Award Agreement, such definition shall supersede the definition contained in this Section 2.

(a) "Administrator" means the Board, any Committee appointed by the Board, or any such person as authorized by the Board from time to time to administer the Plan.

(b) "Applicable Laws" means any applicable law, rule, constitution, code, ordinance, statute, treaty, decree, regulation, common or customary law, order, official policy, circular, provision, administrative order, interpretation, injunction, judgment, ruling, assessment, writ or other legislative measure of any governmental authority.

(c) "Articles" means the memorandum and articles of association of the Company, as may be amended and restated from time to time.

(d) "Award" means the grant of an Option, Restricted Share, or other right or benefit authorized to be granted under the Plan.

(e) "Award Agreement" means a written agreement executed by the Company and the Participant, evidencing the terms and a condition of an individual Award granted under the Plan, and includes any documents attached to or incorporated into the Award Agreement. The Award Agreement shall be subject to the terms and conditions of the Plan.

(f) "Award Date" means the date an Award is granted to a Participant in accordance with Section 6(j) hereof.

(g) "Board" means the board of directors of the Company.

(h) "Cause" means, with respect to the termination by the Company or a Related Entity of the Participant's Continuous Service, that such termination is for "Cause" as such term is expressly defined in a then-effective written agreement between the Participant and the Company or such Related Entity, or in the absence of such then-effective written agreement and definition, is based on, in the determination of the Administrator, the Participant's:

(i) performance of any act or failure to perform any act in bad faith and to the detriment of the Company or a Related Entity;

(ii) dishonesty, misconduct or material breach of any agreement with the Company or a Related Entity (including material breach of any employment agreement with the Company or a Related Entity); or

(iii) commission of a crime involving dishonesty, breach of trust, or physical or emotional harm to any person.

(i) "Change in Control" means the occurrence of any of the following events:

(i) any person becomes the beneficial owner, directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) the consummation of the sale, lease, or disposition by the Company of all or substantially all of the Company's assets; or

(iii) the consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

Anything in the foregoing to the contrary notwithstanding, a transaction shall not constitute a Change in Control if its sole purpose is to change the legal jurisdiction of the Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company's securities immediately before such transaction.

(j) "Committee" means any committee composed of members of the Board appointed by the Board to administer the Plan.

(k) "Company" means LIZHI INC., a company incorporated under the laws of the Cayman Islands limited by shares.

(l) "Consultant" means any person (other than an Employee or a Director, solely with respect to rendering services in such person's capacity as an Employee or Director) who is engaged by the Company or any Related Entity to render consulting or advisory services to the Company or such Related Entity.

(m) "Continuous Service" means that the provision of services to the Company or a Related Entity in any capacity of Employee, Director or Consultant is not interrupted or terminated. In jurisdictions requiring notice in advance of an effective termination as an Employee, Director or Consultant, Continuous Service shall be deemed terminated upon the actual cessation of providing services to the Company or a Related Entity notwithstanding any required notice period that must be fulfilled before a termination as an Employee, Director or Consultant can be effective under Applicable Laws. A Participant's Continuous Service shall be deemed to have terminated either upon an actual termination of Continuous Service or upon the entity for which the Participant provides services ceasing to be a Related Entity. Continuous Service shall not be considered interrupted in the case of (i) any leave of absence approved by the Company or any Related Entity, including sick leave, military leave, or any other personal leave, (ii) transfers among the Company, any Related Entity, or any successor, in any capacity of Employee, Director or Consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of Employee, Director or Consultant (except as otherwise provided in the Award Agreement).

(n) "Control" means the possession, direct or indirect, of the power to direct, or cause the direction of, the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise.

(o) "Director" means a member of the Board or the board of directors of any Related Entity.

(p) "Disability" means total and permanent physical disability.

(q) "Drag-Along Sale" has the meaning as defined in the shareholders agreement entered into by and among the shareholders of the Company from time to time, as amended from time to time.

(r) "Employee" means any person, including an officer or Director, who is in the employ of the Company or any Related Entity, subject to the control and direction of the Company or any Related Entity as to both the work to be performed and the manner and method of performance. The payment of a Director's fee by the Company or a Related Entity shall not be sufficient to constitute "employment" by the Company.

(s) "Fair Market Value" means, as of any date, the value of the Shares determined by the Administrator in good faith and with reference to the market value of such shares in accordance with Applicable Laws.

(t) "Participant" means an Employee, Director or Consultant who receives an Award under the Plan.

(u) "IPO" shall mean a firm underwritten public offering of any equity securities of the Company (or as the case may be, the shares or securities of the relevant entity resulting from any merger, reorganization or other arrangements made by or to the Company for the purposes of public offering) by an internationally recognized investment bank confirmed by the Board which results in such equity securities trading publicly on the New York Stock Exchange, NASDAQ, Hong Kong Stock Exchange, Shanghai/Shenzhen Stock Exchange or such other recognized regional or national securities exchange that is approved by the Board.

(v) "Option" means an option to purchase Shares pursuant to an Award Agreement granted under the Plan.

(w) "Ordinary Share" means an ordinary share of the Company, as adjusted in accordance with Section 13 hereof.

(x) "Plan" means this 2019 Share Incentive Plan, as amended from time to time.

(y) "Related Entity" means any Subsidiary of the Company and any business, corporation, partnership, limited liability company or other entity Controlled by the Company or a Subsidiary of the Company.

(z) "Restricted Share" means a Share awarded under the Plan to the Participant for such consideration, if any, and subject to such restrictions on transfer, rights of first refusal, repurchase provisions, forfeiture provisions, and other terms and conditions as established by the Administrator.

(aa) "Share" means an Ordinary Share of the Company.

(bb) "Subsidiary" means, with respect to a specific entity, (i) any entity (x) more than fifty percent (50%) of whose shares or other interests entitled to vote in the election of directors or (y) more than a fifty percent (50%) interest in the profits or capital of such entity are owned or controlled directly or indirectly by the subject entity or through one (1) or more Subsidiaries of the subject entity, (ii) any entity whose assets, or portions thereof, are consolidated with the net earnings of the subject entity and are recorded on the books of the subject entity for financial reporting purposes in accordance with the applicable accounting standards, or (iii) any entity with respect to which the subject entity has the power to otherwise direct the business and policies of that entity directly or indirectly through another Subsidiary.

3. Shares Subject to the Plan.

(a) The Plan shall replace and supersede the 2018 BVI Share Incentive Plan in its entirety, and the 2018 BVI Share Incentive Plan shall be of no further force or effect upon the Effective Date. In connection with the adoption of this Plan, the awards granted and outstanding under the 2018 BVI Share Incentive Plan shall be relinquished and no holders of any awards granted under the 2018 BVI Share Incentive Plan shall be entitled to any rights, benefits or privileges in any equity interests in the BVI Subsidiary pursuant to Section 3(a) and certain agreement by and among the Company, the BVI Subsidiary and the chief executive officer of the Company authorized by and acting on behalf of the participants of the 2018 BVI Share Incentive Plan. It is the intention of the Company and the BVI Subsidiary to replace the equity awards granted under the 2018 BVI Share Incentive Plan with the applicable Awards to be granted hereunder in order to prevent an adverse impact on the rights of the participants of the 2018 BVI Share Incentive Plan as a result of the incorporation of the Company of the Company which became the sole parent of the BVI Subsidiary in March 2019.

(b) Subject to the provisions of Section 11 below, the maximum aggregate number of Shares which may be issued pursuant to Awards granted under the Plan shall be 40,000,000 unissued Shares, proportionally adjusted to reflect any share dividends, share splits, or similar transactions (the "ESOP Pool"). For the avoidance of doubt, if the shareholders of the Company adopt a share capital structure with weighted voting rights for certain Ordinary Shares in the future, the Shares that may be issued from the ESOP Pool will not carry any special voting right(s) and will not be entitled to more than one vote per Share on any matters submitted for approval to the shareholders of the Company. The holders of Shares awarded under the Plan irrevocably and unconditionally agree to vote in favor of the adoption of such share capital structure.

(c) Any Shares covered by an Award (or portion of an Award) which is forfeited, canceled or expired (whether voluntarily or involuntarily) shall be deemed not to have been issued for purposes of determining the maximum aggregate number of Shares which may be issued under the Plan and such Shares shall not become available for future issuance under the Plan, except that if unvested Shares are forfeited or repurchased by the Company, or except for vested Restricted Shares returned to the Company and exchanged for unrestricted Ordinary Shares, such Shares shall become available automatically for future grant under the Plan. To the extent not prohibited by the listing requirements of an established stock exchange or national market system on which the Ordinary Shares are traded and Applicable Laws, any Shares covered by an Award which are surrendered (i) in payment of the Award exercise or purchase price or (ii) in satisfaction of tax withholding obligations incidental to the exercise of an Award shall be deemed not to have been issued for purposes of determining the maximum number of Shares which may be issued pursuant to all Awards under the Plan, unless otherwise determined by the Administrator.

4. Administration of the Plan.

(a) Plan Administrator.

(i) Administration. The Plan shall be administered by (A) the Board, (B) a Committee designated and established by the Board, which Committee shall be constituted in accordance with the Applicable Laws and the Articles, or (C) any such person as authorized by the Board from time to time. Once appointed, such Committee shall continue to serve in its designated capacity until otherwise directed by the Board. The Board may authorize one or more officers to grant such Awards and may limit such authority of the Committee as the Board determines from time to time.

(ii) Administration Errors. In the event an Award is granted in a manner inconsistent with the provisions of this Section 4(a), such Award shall be presumptively valid as of its grant date to the extent permitted by the Applicable Laws.

(b) Powers of the Administrator. Subject to Applicable Laws and the provisions of the Plan (including any other powers given to the Administrator hereunder), and except as otherwise provided by the Board, the Administrator shall have the authority, in its discretion:

(i) to determine the Fair Market Value, in accordance with Section 2(r) hereof;

(ii) to select the Employees, Directors and Consultants to whom Awards may be granted from time to time hereunder;

(iii) to determine whether and to what extent Awards are granted hereunder;

(iv) to determine the number of Shares or the amount of other consideration to be covered by each Award granted hereunder, except that the Administrator may reduce the number of Shares covered by any Award prior to the execution of the relevant Award Agreement;

(v) to prescribe the form of each Award Agreement, which need not be identical for each Participant;

(vi) to determine or amend the terms and conditions of any Award granted hereunder, including the exercise price, the purchase price, the time or times when Awards may be exercised (which may be based on performance criteria), any restriction or limitation regarding any Award or the Shares relating thereto, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an option, and accelerations or waivers thereof, based in each case on such factors as the Administrator, in its sole discretion, shall determine;

(vii) to amend the terms of any outstanding Award granted under the Plan, provided that any amendment that would adversely affect the Participant's rights under an outstanding Award shall not be made without the Participant's written consent;

(viii) to decide all other matters that must be determined in connection with an Award;

(ix) to establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(x) to construe and interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement; and

(xi) to make all other decisions and determinations, and take such other action not inconsistent with the terms of the Plan, that may be required pursuant to the Plan or as the Administrator deems necessary or advisable to administer the Plan and assure compliance with all applicable legal and accounting requirements.

(c) Effect of Administrator's Decision. All decisions, determinations, and interpretations by the Administrator with respect to the Plan shall be final and binding on all Participants.

(d) Indemnification. In addition to such other rights of indemnification as they may have as Directors or Employees, Directors and Employees to whom authority to act for the Board, the Administrator or the Company is delegated shall be defended and indemnified by the Company to the extent permitted by law on an after-tax basis against all reasonable expenses, including attorneys' fees, actually and necessarily incurred in connection with the defense of any claim, investigation, action, suit or proceeding, or in connection with any appeal therein, to which they or any of them may be a party by reason of any action taken or failure to act under or in connection with the Plan, or any Award granted hereunder, and against all amounts paid by them in settlement thereof (provided such settlement is approved by the Company) or paid by them in satisfaction of a judgment in any such claim, investigation, action, suit or proceeding, except in relation to matters as to which it shall be adjudged in such claim, investigation, action, suit or proceeding that such person is liable for gross negligence, bad faith or intentional misconduct; provided, however, that within thirty (30) days after the institution of such claim, investigation, action, suit or proceeding, such person shall offer to the Company, in writing, the opportunity at the Company's expense to defend the same.

5. Eligibility. Awards may be granted to Employees, Directors and Consultants. An Employee, Director or Consultant who has been granted an Award may, if otherwise eligible, be granted additional Awards.

6. Terms and Conditions of Awards.

(a) Types of Awards. The Administrator is authorized under the Plan to award any type of arrangement to an Employee, Director or Consultant that is not inconsistent with the provisions of the Plan and that by its terms involves or might involve the issuance of (i) Restricted Shares, (ii) Options with a fixed or variable exercise price related to the Fair Market Value of the Shares and with an exercise or conversion privilege related to the passage of time, the occurrence of one or more events, or the satisfaction of performance criteria or other conditions. Any Award may consist of both Restricted Shares and Options in any combination.

(b) Designation of Award. Each Award shall be designated in the Award Agreement.

(c) Conditions of Award. Subject to the terms of the Plan, the Administrator shall determine the provisions, terms, and conditions of each Award including, but not limited to, the Award vesting schedule, repurchase provisions, rights of first refusal, forfeiture provisions, form of payment (cash, Shares, or other consideration) upon settlement of the Award, payment contingencies, and satisfaction of any performance criteria. The performance criteria established by the Administrator may be based on any one of, or combination of, the following: (i) increase in share price, (ii) earnings per share, (iii) total shareholder return, (iv) operating margin, (v) gross margin, (vi) return on equity, (vii) return on assets, (viii) return on investment, (ix) operating income, (x) net operating income, (xi) pre-tax profit, (xii) cash flow, (xiii) revenue, (xiv) expenses, (xv) earnings before interest, taxes and depreciation, (xvi) economic value added and (xvii) market share. The performance criteria may be applicable to the Company, Related Entities and/or any individual business units of the Company or any Related Entity. Partial achievement of the specified criteria may result in a payment or vesting corresponding to the degree of achievement as specified in the Award Agreement.

(d) Acquisitions and Other Transactions. The Administrator may issue Awards under the Plan in settlement, assumption or substitution for, outstanding awards or obligations to grant future awards in connection with the Company or a Related Entity acquiring another entity, an interest in another entity or an additional interest in a Related Entity whether by merger, share purchase, asset purchase or other form of transaction.

(e) Deferral of Award Payment. The Administrator may establish one or more programs under the Plan, include a trust or similar arrangements, to permit selected Participants the opportunity to elect to defer receipt of consideration upon exercise of an Award, satisfaction of performance criteria, or other event that absent the election would entitle the Participant to payment or receipt of Shares or other consideration under an Award. The Administrator may establish the election procedures, the timing of such elections, the mechanisms for payments of, and accrual of interest or other earnings, if any, on amounts, Shares or other consideration so deferred, and such other terms, conditions, rules and procedures that the Administrator deems advisable for the administration of any such deferral program.

(f) Separate Programs. The Administrator may establish one or more separate programs under the Plan for the purpose of issuing particular forms of Awards to one or more classes of Participants on such terms and conditions as determined by the Administrator from time to time.

(g) Early Exercise. The Award Agreement may, but need not, include a provision whereby the Participant may elect at any time while an Employee, Director or Consultant to exercise any part or all of the Award prior to full vesting of the Award. Any unvested Shares received pursuant to such exercise may be subject to a repurchase right in favor of the Company or a Related Entity or to any other restriction the Administrator determines to be appropriate.

(h) Term of Award. The term of each Award shall be the term stated in the Award Agreement. Notwithstanding the foregoing, the specified term of any Award shall not include any period for which the Participant has elected to defer the receipt of the Shares or cash issuable pursuant to the Award.

(i) Non-transferability of Awards. Unless otherwise determined by the Administrator and provided in the applicable Award Agreement, as the same may be amended, no Award shall be sold, pledged, assigned, hypothecated, transferred, or disposed of in any manner (whether by operation of law or otherwise) other than by will or Applicable Laws of descent and distribution or pursuant to a qualified domestic relations order, and shall not be subject to execution, attachment, or similar process. Upon any attempt to pledge, assign, hypothecate, transfer, or otherwise dispose of any Award or of any right or privilege conferred by this Plan contrary to the provisions hereof, or upon the sale, levy or attachment or similar process upon the rights and privileges conferred by this Plan, such Award shall thereupon terminate and become null and void. Awards may be exercised during the lifetime of the Participant only by the Participant.

(j) Time of Granting Awards. The date of grant of an Award shall for all purposes be the date on which the Administrator makes the determination to grant such Award, or such other date as is determined by the Administrator.

7. Terms and Conditions of Options.

(a) Exercise of Option. The Option may not be exercised until vested pursuant to the applicable Award Agreement. The Administrator shall determine the time or times at which an Option may be exercised in whole or in part, including exercise prior to vesting; provided that the term of any Option granted under the Plan shall not exceed ten (10) years, subject to approval by the Administrator of extension of the exercise period for an Option beyond ten (10) years from the date of the grant. The Administrator shall also determine any conditions, if any, that must be satisfied before all or part of an Option may be exercised. Once vested, the vested portion of the Option may be exercised in whole or in any part, at any time, subject to the terms of the Plan and the Award Agreement.

(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 and may be a fixed or variable price related to the Fair Market Value of the Shares. The exercise price per Share subject to an Option may be amended or adjusted in the absolute discretion of the Administrator, the determination of which shall be final, binding and conclusive. For the avoidance of doubt, to the extent not prohibited by applicable laws, rules and regulations, a downward adjustment of the exercise prices of Options mentioned in the preceding sentence shall be effective without the approval of the Company's shareholders or the approval of the affected Participants.

(c) Transfer Restrictions. Unless approved by the Administrator, the Participant shall not transfer any Shares issued upon the exercise of any Option, or any interest therein, to any person or entity that is a competitor of the Company, as determined by the Company in its sole discretion. The Participant shall give written notice to the Company setting forth such desire to transfer, the number of Shares to be transferred, and at least the name and address of the proposed transferee. Upon receipt of the notice, the Company shall (i) have an assignable option to purchase any or all of such Shares, or (ii) approve or disapprove such transfer.

(d) Termination of Service (other than by Death or Disability).

(i) If a Participant's Continuous Service terminates for any reason other than because of death or Disability, such reasons including the Participant's resignation and the Company's termination of the Participant's employment agreement (with or without Cause), then the Participant's Options shall expire on the earliest of the following occasions:

(A) The expiration date set forth in the corresponding Award Agreement;

(B) The seventh (7th) day following the termination of the Participant's Continuous Service for any reason other than that in Section 7(d)(i)(C); and

(C) Immediately expired upon termination or demission of such Participant's Continuous Service for Cause.

(ii) Unless the Award Agreement provides otherwise, the Company may, at its sole discretion, choose to redeem the vested portion of the Options granted to such Participant at a price of up to ten (10) times the exercise price per share of an Option, or allow such Participant to decide whether to exercise the vested portion of the Options within seven (7) days after the termination of the Participant's Continuous Service, or within such other period of time as is determined by the Administrator in its sole discretion (but no later than the expiration of the term of such Option as set forth in the Award Agreement) subject to the satisfaction of any condition the Administrator sees fit, by paying the total exercise price in one lump sum, but only to the extent that the Options were vested and exercisable as of expiration date determined by Section 7(a) hereof. If the Participant fails to exercise his or her Options within the said time period, the Options will terminate, and the underlying shares of the Options will revert to the Plan. The Options, to the extent not vested and exercisable on the date of termination of a Participant's Continuous Service, shall terminate and be forfeited upon the termination of a Participant's Continuous Service.

(e) Rights on Death or Disability.

(i) Unless otherwise provided in the Award Agreement, if a Participant's Continuous Service terminates as a result of the Participant's death or disability, then the Participant's Options shall expire on the earlier of the following dates:

(A) the expiration date set forth in the corresponding Award Agreement; and

(B) the last day of the 12-month period following the Participant's death or Disability, or such later date as the Administrator may determine and specify in the Award Agreement.

(ii) The Company may redeem all or part of the Participant's Options at the Fair Market Value of such Options, and the rest of the vested portion of Participant's Options, which are not fully redeemed, may be exercised at any time before the expiration of the Options as set forth in Section 7(e)(i) hereof by the Participant, but only to the extent that the Options were vested and exercisable as of the date of the Participant's death or Disability, or had become vested and exercisable as a result of the death, unless the Award Agreement provides otherwise. Any unvested Option or Shares subject to the portion of the Option that are vested as of the Participant's death or Disability but that are not purchased prior to the expiration of the Option pursuant to this Section 7(e)(ii) shall be forfeited immediately following the Option's expiration.

8. Terms and Conditions of Restricted Shares.

(a) Issuance and Restrictions. Restricted Shares shall be subject to such restrictions on transferability and other restrictions as the Administrator may impose (including, without limitation, limitations on the right to vote Restricted Shares, to transfer the Restricted Shares, or the right to receive dividends on the Restricted Share). These restrictions may lapse separately on in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Administrator determines at the time of the grant of the Award or thereafter. Unless the Administrator determines otherwise, Restricted Shares shall be held by the Company as escrow agent until the restrictions on such Restricted Shares have lapsed.

(b) Forfeiture and Repurchase. Except as otherwise determined by the Administrator at the time of the grant of the Award or thereafter, upon termination of the Participant's Continuous Service during the applicable restriction period, Restricted Shares that are at that time subject to restrictions shall be forfeited to the Company for no consideration. If the Participant's Continuous Service terminates before an IPO, the Company may, at its sole discretion, choose to repurchase all or part of the unrestricted Ordinary Shares issued to the Participant at the Fair Market Value of such unrestricted Ordinary Shares. Notwithstanding the foregoing, the Administrator may:

(i) provide in any Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Shares will be waived in whole or in part in the event of terminations resulting from specific causes; and

(ii) In other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Shares.

(c) Removal of Restrictions. Except as otherwise provided in the Plan, Restricted Shares granted shall be released from escrow as soon as practicable after the last day of the period of restriction. The Administrator, in its discretion, may accelerate the time at which any restrictions shall lapse or be removed. After the restrictions have lapsed, the Shares shall become unrestricted and freely transferable by the Participant, subject to applicable legal restrictions, any lock-up agreement between the Company and any underwriter or depositary bank in connection with an IPO, and the provisions of the Award Agreement, provided however, that unless approved by the Administrator, the Participant shall not transfer any Shares issued upon the expiration or removal of any restriction imposed on any Restricted Shares, or any interest therein, to any person or entity that is a competitor of the Company, as determined by the Company in its sole discretion. The Participant shall give written notice to the Company setting forth such desire to transfer, the number of Shares to be transferred, and at least the name and address of the proposed transferee. Upon receipt of the notice, the Company shall (i) have an assignable option to purchase any or all of such Shares, or (ii) approve or disapprove such transfer.

9. Award Exercise or Purchase Price, Consideration and Taxes.

(a) Exercise or Purchase Price. The exercise or purchase price, if any, for an Award shall be determined by the Administrator. Notwithstanding the foregoing provisions of this Section 9(a), in the case of an Award issued pursuant to Section 6(d) above, the exercise or purchase price for the Award shall be determined in accordance with the provisions of the relevant instrument evidencing the agreement to issue such Award, in each case, the value of the consideration shall not be less than the par value of a Share, unless otherwise permitted by Applicable Laws.

(b) Consideration. Subject to Applicable Laws, the consideration to be paid for the Shares to be issued upon exercise or purchase of an Award including the method of payment, shall be determined by the Administrator. In addition to any other types of consideration the Administrator may determine, the Administrator is authorized to accept as consideration for Shares issued under the Plan the following:

(i) cash;

(ii) wire transfer of immediately available funds;

(iii) if the exercise or purchase occurs on or after the IPO, surrender of Shares or delivery of a properly executed form of attestation of ownership of Shares as the Administrator may require which have a Fair Market Value on the date of surrender or attestation equal to the aggregate exercise price of the Shares as to which said Award shall be exercised, provided, however, that Shares acquired under the Plan or any other equity compensation plan or agreement of the Company must have been held by the Participant for a period of more than six (6) months (and not used for another Award exercise by attestation during such period);

(iv) with respect to Options, if the exercise occurs on or after the IPO, payment through a broker-dealer sale and remittance procedure pursuant to which the Participant (A) shall provide written instructions to a Company designated brokerage firm to effect the immediate sale of some or all of the purchased Shares and remit to the Company sufficient funds to cover the aggregate exercise price payable for the purchased Shares and (B) shall provide written instructions to the Company to deliver the purchased Shares directly to such brokerage firm in order to complete the sale transaction; or

(v) any combination of the foregoing methods of payment.

The Administrator may at any time or from time to time, by adoption of or by amendment to the standard forms of Award Agreement described in Section 4(b)(v), or by other means, grant Awards which do not permit all of the foregoing forms of consideration to be used in payment for the Shares or which otherwise restrict one or more forms of consideration.

(c) Taxes. No Shares shall be delivered under the Plan to any Participant or other person until such Participant or other person has made arrangements acceptable to the Administrator for the satisfaction of any income and employment tax withholding obligations under any Applicable Laws. Upon exercise of an Award the Company shall withhold or collect from Participant an amount sufficient to satisfy such tax obligations. The Company or any Related Entity shall have the sole discretion and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy all applicable taxes (including the Participant's payroll tax obligations) required or permitted by applicable laws to be withheld with respect to any taxable event concerning a Participant arising as a result of the Plan. The Administrator may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company delay the issuance of any Shares otherwise issuable under any Award (or allow the return of Shares) having a Fair Market Value equal to the amount of taxes required to be withheld. Notwithstanding any other provision of the Plan, the number of Shares which may be delayed to be issued with respect to the issuance or vesting of any Award or the payment of any proceeds in relation to any Award to any Participant (or which may be repurchased from the Participant of such Award after such Shares were acquired by the Participant from the Company) in order to satisfy any income and payroll tax liabilities applicable to the Participant shall, unless specifically approved by the Committee, be limited to the number of Shares which have a Fair Market Value on the date of withholding or repurchase equal to the aggregate amount of such liabilities based on the minimum statutory withholding rates for the applicable income and payroll tax purposes that are applicable to such supplemental taxable income.

10. Exercise of Award.

(a) Procedure for Exercise; Rights as a Shareholder.

(i) Any Award granted hereunder shall be exercisable at such times and under such conditions as determined by the Administrator under the terms of the Plan and specified in the Award Agreement.

(ii) An Award shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Award by the person entitled to exercise the Award and full payment for the Shares in the manner as provided for in Section 9(b) with respect to which the Award is exercised and applicable withholding taxes, including, to the extent selected, use of the broker-dealer sale and remittance procedure to pay the purchase price as provided in Section 9(b)(iv).

(b) Exercise of Award Following Termination of Continuous Service.

(i) An Award may be exercised following the termination of a Participant's Continuous Service only to the extent provided in the Plan or the Award Agreement.

(ii) Where the Plan or the Award Agreement permits a Participant to exercise an Award following the termination of the Participant's Continuous Service for a specified period, the Award shall terminate to the extent not exercised on the last day of the specified period or the last day of the original term of the Award, whichever occurs first.

(c) Exercise in Violation of Applicable Laws. Notwithstanding the foregoing, regardless of whether an Award has otherwise become exercisable, the Award may not be exercised if the Administrator (in its sole discretion) determines that an exercise could violate any Applicable Laws or any lock-up agreement between the Company and any underwriter or depositary bank in connection with an IPO.

11. Conditions Upon Issuance of Shares.

(a) Subject to Section 8, Shares shall not be issued pursuant to the exercise of an Award unless the exercise of such Award and the issuance and delivery of such Shares pursuant thereto shall comply with all Applicable Laws, and shall be further subject to the advice of counsel for the Company with respect to such compliance.

(b) As a condition to the issuance of Shares under an Award, the Company may require the person exercising such Award to represent and warrant at the time of any such exercise that the Shares are being purchased only for investment and without any present intention to sell or distribute such Shares if, in the opinion of counsel for the Company, such a representation is required by any Applicable Laws.

(c) As a condition to the issuance of Shares under an Award and subject to the Award Agreement, the Participant shall grant a power of attorney to the Board or any person designated by the Board to exercise the voting rights with respect to the Shares and the Company may require the person exercising such Award to acknowledge and agree to be bound by the provisions of the shareholders agreement entered into by and among the shareholders of the Company from time to time, as amended from time to time, as if the Participant is a holder of Ordinary Shares thereunder.

(d) As a condition to the issuance of Shares under of an Award and unless otherwise determined by the Administrator, the Participant shall have achieved applicable performance targets or passed applicable annual performance review prior to the date of such exercise.

12. Rights as a Member. Until the Shares are issued pursuant to the Plan and the Award Agreement (as evidenced by the appropriate entry of the name of the Participant in the Register of Members of the Company), no right to vote or receive dividends or any other rights as a member shall exist with respect to the Shares, notwithstanding the exercise of the Award. No adjustment shall 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 13 of the Plan.

13. Adjustments Upon Changes in Capitalization. Subject to any required action by the shareholders of the Company, the number of Shares covered by each outstanding Award, and 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, the exercise or purchase price of each such outstanding Award, the maximum number of Shares with respect to which Awards may be granted to any Participant in any fiscal year of the Company, as well as any other terms that the Administrator determines require adjustment shall be proportionately adjusted for (i) any increase or decrease in the number of issued Shares resulting from a share split, reverse share split, share dividend, combination or reclassification of the Shares, or similar transaction affecting the Shares, (ii) any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company, or (iii) as the Administrator may determine in its discretion, any other transaction with respect to Ordinary Shares including a corporate merger, consolidation, acquisition of property or equity, separation (including a spin-off or other distribution of shares or property), reorganization, liquidation (whether partial or complete) or any similar transaction; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been "effected without receipt of consideration." Such adjustment shall be made by the Administrator and its determination shall be final, binding and conclusive. Except as the Administrator determines, 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 hereof shall be made with respect to, the number or price of Shares subject to an Award.

14. Change in Control. In the event of a Change in Control, unless the Award Agreement provides otherwise, each outstanding Award shall be assumed or an equivalent award shall be substituted by, and each right of the Company to repurchase or redeem Shares upon termination of a Participant's Continuous Service shall be assigned to, the successor corporation. If, in the event of a Change in Control, the Award is not assumed or substituted, or the repurchase or redemption right is not assigned, in the case of an outstanding Award, the Award shall fully vest immediately and the Participant shall have the right to exercise the Award as to all of the Shares covered by the Award, including Shares as to which it would not otherwise be vested or exercisable, and, in the case of Restricted Shares, the Company's repurchase or redemption right shall lapse immediately and all of the Restricted Shares subject to the repurchase or redemption right shall become vested. If the Award becomes fully vested and exercisable, in lieu of assumption or substitution in the event of a Change in Control, the Administrator shall notify the Participant in writing or electronically that the Award shall be fully exercisable for a period of fifteen (15) days from the date of such notice, and the Award shall terminate upon the expiration of such period, provided that, in the event of the proposed merger or consolidation of the Company with any other corporation as set forth in Section 2(h)(iii) hereof, the Administrator shall notify each Participant as soon as practicable prior to the effective date of such proposed transaction. The Company has the right to redeem/purchase all or part of the Participant's Award at the Fair Market Value of such Award, and the Company may use its best efforts to allow such Participant to swap the rest of the vested portion of the Award, which are not fully redeemed or repurchased, but only to the extent that the Award was vested and exercisable as of the date fifteen (15) days prior to the proposed transaction, to the applicable equity awards of the successor corporation (subject to the terms and conditions of the share-based compensation plan of the successor corporation). The balance of the Shares underlying the Awards shall be forfeited as of the date fifteen (15) days prior to the proposed transaction, unless the Award Agreement provides otherwise. For purposes of this Section 14, an Award shall be considered assumed if, following the Change in Control, the Award confers the right to purchase or receive, for each Share covered by the Award immediately prior to the Change in Control, the consideration (whether shares, cash, or other securities or property) received in connection with the Change in Control by holders of Shares for each Share held on the effective date of the transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if the consideration received in the Change in Control is not solely common stock or ordinary shares of the successor corporation, the Administrator may, with the consent of the successor corporation, provide for the consideration to be received upon the exercise of the Award, for each Share covered by the Award, to be solely common stock or ordinary shares of the successor corporation equal in Fair Market Value to the per Share consideration received by holders of Shares in the Change in Control.

15. Effective Date and Term of Plan. The Plan shall become effective upon the date hereof (the "Effective Date"). Unless otherwise terminated by the Board or the Committee pursuant to Section 16(a), the Plan shall continue in effect for a term of ten (10) years after the Effective Date. Subject to Applicable Laws, Awards may be granted under the Plan upon its becoming effective.

16. Amendment, Suspension or Termination of the Plan.

(a) The Administrator may at any time amend, suspend or terminate the Plan; provided, however, that no such amendment shall be made without the approval of the Company's shareholders to the extent such approval is required by Applicable Laws, or if such amendment would change any of the provisions of Section 4(b)(vii) or this Section 16(a).

(b) No Award may be granted during any suspension of the Plan or after termination of the Plan.

17. Reservation of Shares.

(a) The Company, during the term of the Plan, will at all times reserve such number of Shares as shall be sufficient to satisfy the Company's obligations to deliver Shares pursuant to the requirements of the Plan.

(b) The inability of the Company to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

18. Legending Share Certificates. In order to enforce any restrictions imposed upon Shares issued upon the exercise of Awards, the Administrator may cause a legend or legends to be placed on any share certificates representing the Shares, which legend or legends shall make appropriate reference to the restrictions, including, without limitation, a restriction against sale of the Shares for any period as may be required by Applicable Laws.

19. No Effect on Terms of Employment/Consulting Relationship. The Plan shall not confer upon any Participant any right with respect to the Participant's Continuous Service, nor shall it interfere in any way with his or her right or the right of the Company or any Related Entity to terminate the Participant's Continuous Service at any time, with or without Cause, and with or without notice. The ability of the Company or any Related Entity to terminate the employment of a Participant who is employed at will is in no way affected by its determination that the Participant's Continuous Service has been terminated for Cause for the purposes of this Plan.

20. No Effect on Retirement and Other Benefit Plans. Except as specifically provided in a retirement or other benefit plan of the Company or a Related Entity, Awards shall not be deemed compensation for purposes of computing benefits or contributions under any retirement plan of the Company or a Related Entity, and shall not affect any benefits under any other benefit plan of any kind or any benefit plan subsequently instituted under which the availability or amount of benefits is related to level of compensation.

21. Vesting Schedule. The Awards to be issued to any Participant under the Plan shall be subject to the vesting schedule as specified in the Award Agreement.

22. Drag-Along Sale. In the event of a Drag-Along Sale, the Participants who hold any Shares acquired upon exercise of the Award shall sell, transfer, convey or assign all of their Shares pursuant to, and so as to give effect to, the Drag-Along Sale, and each of such Participants shall grant to the then current chief executive officer of the Company or an authorized officer, a power of attorney to transfer his/her Shares and to do and carry out all other acts and to sign all other documents that are necessary or advisable to complete the Drag-Along Sale.

23. IPO. In the case of an IPO, the Participants shall enter into any agreements with any underwriter, coordinator, bankers or sponsor elected by the Company for the purpose of the IPO, and each of such Participants shall grant to the then current chief executive officer or other authorized officer of the Company a power of attorney to enter into any agreements with any underwriter or depositary bank elected by the Company to effect customary transfer restrictions on the Shares in connection with the IPO, and to do and carry out all the acts and to sign all the documents that are necessary or advisable to complete the IPO.

24. Unfunded Obligation. Any amounts payable to Participants pursuant to the Plan shall be unfunded and unsecured obligations for all purposes. Neither the Company nor any Related Entity shall be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Participant account shall not create or constitute a trust or fiduciary relationship between the Administrator, the Company or any Related Entity and a Participant, or otherwise create any vested or beneficial interest in any Participant or the Participant's creditors in any assets of the Company or a Related Entity. The Participants shall have no claim against the Company or any Related Entity for any changes in the value of any assets that may be invested or reinvested by the Company with respect to the Plan.

25. Construction. Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of the Plan. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. Use of the term "or" is not intended to be exclusive, unless the context clearly requires otherwise.

26. Governing Law. The Plan shall be governed by and construed in accordance with the laws of Hong Kong. The Plan shall operate subject to the Articles and any shareholders agreement of the Company (as may be amended and restated from time to time).

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Exhibit 10.4

The Third Amended and Restated Agreement of Equity Pledge Agreement

This Third Amended and Restated Agreement of Equity Pledge Agreement (hereinafter referred to as "**this Agreement**") is signed by the following parties on June 20, 2019:

(1) Beijing Hongyi Yichuang Information Technology Co., Ltd., a company with limited liability duly incorporated and validly subsisting under the laws of the People's Republic of China (solely funded by Taiwan, Hong Kong or Macao legal person), whose registered address is Rooms 1501, 1502 and 1503, 15/F, Building 2, No. 26 Chengtong Street, Shijingshan District, Beijing City (hereinafter referred to as "**Pledgee**");

(2) Lai Jinnan;

(3) Ding Ning;

(4) Zhuhai Dayin Ruoxi Enterprise Management Center (LLP), a limited partnership duly incorporated and validly subsisting under the laws of the People's Republic of China, whose registered address is 2/F, No. 76, Santang Village, Hengqin New Area, Zhuhai City (together with Lai Jinnan and Ding Ning, referred to as "**Pledgors**").

Whereas, the Pledgors hold equity in Guangzhou Lizhi Network Technology Co., Ltd. (a domestic-funded company with limited liability whose registered address is Self-numbered 3-07A, No. 309 Huangpu Avenue Middle, Tianhe District, Guangzhou, hereinafter referred to as "**the Company**"):

Shareholders	Contribution amount	Shareholding percentage
Lai Jinnan	RMB 42.406,926 million	84.81%
Ding Ning	RMB 3.75 million	7.5%
Zhuhai Dayin Ruoxi Enterprise Management Center (LLP)	RMB 3.843,074 million	7.69%

Whereas, the Company and the Pledgee signed the *Amended and Restated Agreement of Exclusive Technical Consulting and Management Service Agreement* (hereinafter referred to as "**Service Agreement**") on 9 June 2017, and the Company, the Pledgee and other relevant parties signed the *Second Amended and Restated Agreement of Business Operation Agreement* on June 20, 2019, and the Company, the Pledgors and the Pledgee signed the *Fourth Amended and Restated Agreement of Exclusive Equity Transfer Option Agreement* on June 20, 2019 (hereinafter collectively referred to as "**Master Agreements**"), according to the Master Agreements, the Company has the obligations of paying the Pledgee the service fees and relevant interests, liquidated damages and compensations for other losses incurred to the Pledgee due to the Company's default (hereinafter referred to as "**Secured Obligations**");

Whereas, the Pledgors intend to pledge their respective equities in the Company's registered capital to the Pledgee as (i) a guarantee for the Company's fulfilment of the aforesaid Secured Obligations and (ii) a guarantee for fulfilment of all the contractual obligations (hereinafter referred to as "**Contractual Obligations**") by the Pledgors and the Company under the Master Agreements, and the Pledgee is willing to accept the pledge according to the terms and conditions of this Agreement,

the Pledgors and the Pledgee arrive at the following agreement:

Article 1 Pledge

1.1 Subject matter of pledge

The subject matter of the pledge guarantee provided by the Pledgors to the Pledgee under this Agreement is the accumulated 100% equity held and to be held by the Pledgors in the Company's registered capital and the dividends and bonuses arising from the equity during the term of this Agreement (hereinafter referred to as "**Pledged Equity**"). In particular:

Lai Jinnan pledged his equity interest of RMB 42.406,926 million in the Company to the Pledgee;

Ding Ning pledged his equity interest of RMB 3.75 million in the Company to the Pledgee;

Zhuhai Dayin Ruoxi Enterprise Management Center (LLP) pledged its equity interest of RMB 3.843,074 million in the Company to the Pledgee.

1.2 Pledge

The Pledgors are willing to pledge the aforesaid Pledged Equity as a guarantee for the Company's fulfilment of the aforesaid Secured Obligations and a guarantee for fulfilment of Contractual Obligations by the Pledgors and the Company. Each Pledgor agrees that other Pledgors may pledge their equity in the Company to the Pledgee.

1.3 Realization of pledge right

1.3.1 If (i) the Company fails to fulfil the Secured Obligations according to the Master Agreements or (ii) the Pledgors or the Company fails to fulfil the Contractual Obligations according to the Master Agreements, the Pledgee may dispose of the Pledged Equity pursuant to the *Guarantee Law of the People's Republic of China* and other relevant laws and regulations and has the right of priority to be paid from the proceeds from the disposal of the Pledged Equity for the Secured Obligations and any other relevant expenditures. The parties agree that the proceeds obtained according to this article shall be used in the following order:

1) payment of all the taxes resulting from disposal of the Pledged Equity;

2) repayment of the outstanding secured obligations of the Pledgors;

3) if the monies specified in the preceding two paragraphs have been paid and there are no monies payable by the Pledgors or the Company to the Pledgee, and there still remains some of the proceeds obtained by the Pledgee according to this article, the Pledgee shall return the rest to the Pledgors.

Therefore, the Pledgors, as shareholders of the Company, agree to waive their right of first refusal and that the Pledgee has the right to buy the Pledged Equity.

1.3.2 Unless otherwise approved by the Pledgee in writing after the signing of this Agreement, the pledge under this Agreement shall be removed only when the Company and the Pledgors have duly fulfilled all of their obligations and liabilities under the Master Agreements and the Pledgee has given written acknowledgement. If the Pledgors still fail to fulfil all or part of their obligations or liabilities under the Master Agreements upon maturity of the period specified therein, the Pledgee shall still be entitled to the pledge under this Agreement until the aforesaid relevant obligations and liabilities are fully fulfilled.

1.4 Term of pledge

The pledge shall become effective as from the date when the pledge of the Pledged Equity under this Agreement is registered with the relevant industrial and commercial administration authority until the Secured Obligations and the Contractual Obligations are fully fulfilled.

Article 2 Representations and Warranties

2.1 The Pledgors hereby represent and warrant to the Pledgee that:

(1) The Pledgors are legal owners of the Pledged Equity and have the right to pledge the Pledged Equity to the Pledgee; the Pledgee will not encounter any legal or factual obstacle in exercise of the pledge right in the future.

(2) The Pledgors have obtained the approvals and authorizations needed for signing this Agreement and this Agreement is valid and binding on the Pledgors and is executable on the Pledgors based on the terms thereof.

(3) Except for the *Fourth Amended and Restated Agreement of Exclusive Equity Transfer Option Agreement* signed by the Pledgors on June 20, 2019, the Pledgors' signing and performance of this Agreement will not lead to their violation of any other agreements to which they are a party or the laws and regulations they shall observe and any relevant government approvals, permissions or authorizations.

(4) Except for the equity purchase option granted by the Pledgors to the Pledgee according to the *Fourth Amended and Restated Agreement of Exclusive Equity Transfer Option Agreement* signed on June 20, 2019, the Pledged Equity is not involved in any other secured rights, right of offset or any other similar encumbrances on the date of the signing of this Agreement.

(5) If the board of directors/executive directors of the Pledgee exercise(s) the rights of the Pledgee according to this Agreement at any time, there shall be no intervention from any other parties, except for judicial or administrative intervention.

(6) Save with the prior written consent of the Pledgee, the Pledgors shall not transfer or otherwise dispose of the Pledged Equity (or any interests therein), and except for the equity purchase option granted by the Pledgors to the Pledgee according to the *Fourth Amended and Restated Agreement of Exclusive Equity Transfer Option Agreement* signed on June 20, 2019, and shall not directly or indirectly cause or allow setting of any other encumbrances on the Pledged Equity.

(7) Without the prior written consent of the Pledgee, the Pledgors shall not or shall not allow others to make any changes to the Pledged Equity that may result in decrease of the value of the Pledged Equity (except for performance of the Master Agreements).

(8) There is no ongoing civil, administrative or criminal litigation or administrative penalty or arbitration relating to the Pledged Equity on the date of the signing of this Agreement.

(9) There is no outstanding tax or fee or uncompleted legal proceeding or procedure relating to the Pledged Equity on the date of the signing of this Agreement.

(10) The Pledgors agree to sign an irrevocable proxy form for voting.

(11) The Pledgors agree that the Pledgee's exercise of rights as a pledgee according to the terms of this Agreement shall not be interrupted or jeopardized by the Pledgors or their successors or transferees or any other persons.

(12) The terms of this Agreement are an expression of their true intentions and are legally binding on them. If the Pledgors do not fulfil or do not fully fulfil their warranties, undertakings, agreements and representations, the Pledgors shall compensate the Pledgee for the actual losses caused by the default.

The Pledgee hereby represents and warrants that

(1) The Pledgee is a wholly foreign-owned enterprise duly incorporated and validly subsisting under the laws of the People's Republic of China.

(2) The Pledgee has obtained the approvals and authorizations needed for signing this Agreement and this Agreement is valid and binding on the Pledgee.

Article 3 Entry into Force and Term

3.1 This Agreement shall take effect from the date of signing by the authorized representatives of the parties. The pledge under this Agreement shall become effective as from the date when the registration of pledge for the Pledged Equity is completed by the Company's competent industrial and commercial administration authority.

3.2 The parties agree to record the pledge of the Pledged Equity in the register of shareholders of the Company on the date of the signing of this Agreement.

3.3 This Agreement shall terminate after the Master Agreements are terminated according to laws and the Secured Obligations are fully fulfilled according to the terms and conditions of the Master Agreements.

Article 4 Possession and Safekeeping of Pledge Certificate

4.1 In the term of pledge specified in this Agreement, the Pledgors shall, as required by the Pledgee, hand in the certificate (original) of their equity contributions in the Company to the Pledgee for safekeeping within five workdays. The Pledgors shall provide the Pledgee with a proof for due registration of the pledge under this Agreement in the register of shareholders and have completed all the approval, registration and filing procedures (including but not limited to the procedures for registration of pledge for the Pledged Equity with the Company's competent industrial and commercial administration authority) required by the laws of the People's Republic of China.

4.2 If any change in the pledge records needs to be recorded according to laws, the Pledgors shall record the relevant change within 30 days after the change and complete relevant change registration procedures with the Company's competent industrial and commercial administration authority.

4.3 During the period of equity pledge, the Pledgors shall instruct the Company not to distribute any dividend or bonus, or adopt any profit distribution scheme; if the Pledgors are entitled to any other monetary benefits apart from the dividend, bonus or other profit distribution schemes, the Pledgors shall, as required by the Pledgee, instruct the Company to directly remit the relevant monies to the bank account designated by the Pledgee. Without the prior written consent of the Pledgee, the Pledgors shall not use the monies.

4.4 If, during the period of equity pledge, the Pledgors obtain any new equity due to the Company's implementation of allotment plan for the shareholders or the Pledgors' capital increase for the Company or for any other reasons, the said new equity shall automatically turn into the Pledged Equity under this Agreement and the Pledgors shall, after obtaining the new equity, complete all the procedures needed for pledging the said new equity. If the Pledgors fail to complete relevant procedures according to the aforesaid provisions, the Pledgee shall have the right to immediately realize the pledge according to Article 6 of this Agreement. If anyone of the Pledgors terminates its employment relationship with the Pledgee, the said Pledgor hereby agrees and undertakes to transfer all his equity in the Company to the third party designated by the Pledgee. After the transfer, the said third party shall bear all the rights and obligations of the transferor under the relevant Master Agreements. The aforesaid undertakings shall be irrevocable during the validity period of this Agreement.

Article 5 Events of Default

5.1 All the following events shall be deemed as events of default:

5.1.1 The Company, or its successor or transferee fails to pay in due time and in full any service fees payable under the Service Agreement, or the Pledgors or their successors or transferees fail to perform the Business Operation Agreement or the Exclusive Equity Transfer Option Agreement;

5.1.2 Any representations, warranties or undertakings made by the Pledgors in Article 2 of this Agreement are materially misleading or wrong, and/or the Pledgors violate the representations, warranties or undertakings in Article 2 of this Agreement;

5.1.3 The Pledgors seriously violate any terms of this Agreement;

5.1.4 The Pledgors abandon the Pledged Equity or transfer or otherwise dispose of the Pledged Equity without the written consent of the Pledgee;

5.1.5 Any borrowings, guarantees, compensations, undertakings or other debt repayment liabilities of the Pledgors are required to be repaid or fulfilled in advance due to default or fall due, but cannot be repaid or fulfilled as scheduled, so that the Pledgee deems that the Pledgors' ability to fulfil their obligations under this Agreement has been affected, thereby affecting the Pledgee's interests;

5.1.6 The Pledgors are unable to repay the general debts or other arrears, thereby affecting the Pledgee's interests;

5.1.7 This Agreement becomes illegal or the Pledgors are unable to continue fulfilling their obligations under this Agreement due to issue of relevant laws;

5.1.8 The consents, permissions, approvals or authorizations of any government departments needed for executing or legalizing or validating this Agreement are revoked, terminated, invalidated or revised substantially;

5.1.9 Any adverse change in the Pledgors' property causes the Pledgee to believe that the Pledgors' ability to fulfil their obligations under this Agreement has been affected.

5.2 If the Pledgors are aware of or find any circumstance mentioned in Article 5.1 above or any event that may lead to the aforesaid circumstances has occurred, they shall immediately notify the Pledgee in writing.

5.3 Unless the events of default specified in Article 5.1 above are solved to the satisfaction of the Pledgee, the Pledgee may send a notice of default to the Pledgors in writing at any time after the occurrence of the said events of default to require the Pledgors to immediately pay all the arrears and other monies payable under the Service Agreement, or promptly perform the Exclusive Equity Transfer Option Agreement or Business Operation Agreement, or exercise the pledge according to Article 6 of this Agreement.

Article 6 Exercise of the Pledge

6.1 The Pledgors shall not transfer or otherwise dispose of the Pledged Equity without the written consent of Party A before the Secured Obligations are fully repaid and the Contractual Obligations are fully performed.

6.2 The Pledgee shall send a notice of default to the Pledgors at the time of exercising the pledge.

6.3 Subject to the provisions of Article 5.3, the Pledgee may exercise the pledge at the time when the notice of default is sent in accordance with Article 5.3 or at any time after the notice of default is sent.

6.4 The Pledgee is entitled to be compensated in priority by the conversion of all or part of the Pledged Equity hereunder or from the proceeds from auction or sale of the Pledged Equity in accordance with legal procedures until the outstanding service fees and all other payables under the Service Agreement are repaid in full, and the Exclusive Equity Transfer Option Agreement and Business Operation Agreement are fully performed.

6.5 When the Pledgee exercises the pledge pursuant to this Agreement, the Pledgors shall not set any barriers and shall provide necessary assistance to enable the Pledgee to realize its pledge.

Article 7 Miscellaneous

7.1 This Agreement is subordinate to the Master Agreements. Nonetheless, the effect of this Agreement shall not be affected by the effect of the Master Agreements.

7.2 Any amendment, extension, transfer and premature termination of this Agreement shall be subject to the prior written consent of the Pledgee.

7.3 This Agreement and appendixes thereof and transaction documents are complete agreements concluded by respective parties for the agreed matters to supersede any oral or written exchange opinions or suggestions previously made by respective parties.

7.4 This Agreement shall be governed and interpreted by the issued PRC laws.

7.5 Any dispute arising out of or in connection with this Agreement shall preferably be settled by the parties through friendly negotiation. Should the negotiation fail, either party shall refer such dispute to the Guangzhou Arbitration Commission for arbitration in accordance with its arbitration rules effective at that time. The arbitration shall be conducted in Chinese. The arbitration award shall be final and binding on the parties.

7.6 Within the validity period of this Agreement, the grant of extension/renewal by the Pledgee to the Pledgors for any breach of or delay in performance of this Agreement shall not affect, damage or restrict any rights and powers of the Pledgee hereunder and vested in the Pledgee as creditor in accordance with relevant laws and regulations, shall not be deemed as the Pledgee's consent to the default of the Pledgors, and shall neither constitute a waiver of the Pledgee's right to pursue the default of the Pledgors in the past nor constitute a waiver of the Pledgee's right to pursue the default of the Pledgors in the future.

7.7 Save with the prior consent of the Pledgee, the Pledgors has no right to delegate or transfer its rights and obligations hereunder. This Agreement shall be binding on the Pledgors and their successors and shall be valid to the Pledgee and each of its successors and transferees. The Pledgee may at any time transfer to its designee (natural/legal person) all or any of its rights and obligations under the Master Agreements. In the said circumstance, the transferee shall have and undertake the Pledgee's rights and obligations hereunder, as if it were a party to this Agreement. In the event of change of the Pledgee, new parties to the pledge shall sign a new pledge contract.

7.8 The Pledgee shall bear all the fees and actual expenses relating to this Agreement.

7.9 The Pledgors and the Pledgee agree that in order to handle the formalities for registration of pledge of the Pledged Equity, the Pledgors and the Pledgee will sign an equity pledge agreement that meets the requirements of the industrial and commercial administration authority. Any matter concerning the pledge of the equity held by the Pledgors in the Company's registered capital to the Pledgee shall be subject to the provisions of this Agreement.

7.10 This Agreement shall be rendered in Chinese in six counterparts, with one held by each of the Pledgors and the Pledgee respectively and the rest held by the Company.

The parties hereto have prompted their authorized representatives to sign this Agreement on the date first written above.

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Beijing Hongyi Yichuang Information Technology Co., Ltd.

(Seal) /s/ Seal of Beijing Hongyi Yichuang Information Technology Co., Ltd.

Signature: /s/ Ding Ning
Name: Ding Ning
Position: Legal representative

Lai Jinnan

Signature: /s/ Lai Jinnan

Ding Ning

Signature: /s/ Ding Ning

Zhuhai Dayin Ruoxi Enterprise Management Center (LLP)

(Corporate seal) /s/ Seal of Zhuhai Dayin Ruoxi Enterprise Management Center (LLP)

Signature: /s/ Lai Jinnan
Name: Lai Jinnan
Position: Executive partner

[Signature page of The Third Amended and Restated Agreement of Equity Pledge Agreement]

Exhibit 10.5

The Fourth Amended and Restated Agreement of Exclusive Equity Transfer Option Agreement

This Fourth Amended and Restated Agreement of Exclusive Equity Transfer Option Agreement (hereinafter referred to as "**this Agreement**") is entered into by the following parties on June 20, 2019:

1. Lai Jinnan, citizen of the People's Republic of China (PRC);

2. Ding Ning, PRC citizen;

3. Zhuhai Dayin Ruoxi Enterprise Management Center (LLP);

   Registered address: 2/F, No. 76, Santang Village, Hengqin New Area, Zhuhai City

(The aforesaid parties are individually and collectively referred to as "**Existing Shareholders**" herein)

4. Beijing Hongyi Yichuang Information Technology Co., Ltd. (hereinafter referred to as "**WFOE**")

   Registered address: Rooms 1501, 1502 and 1503, 15/F, Building 2, No. 26 Chengtong Street, Shijingshan District, Beijing City;

5. Guangzhou Lizhi Network Technology Co., Ltd. (hereinafter referred to as "**Domestic-funded Company**")

   Registered address: Self-numbered 3-07A, No. 309 Huangpu Avenue Middle, Tianhe District, Guangzhou City.

(In this Agreement, the aforesaid parties may be individually referred to as a "**Party**" and collectively referred to as the "**Parties**".)

Whereas:

(1) As of the date of the signing of this Agreement, the shareholder structure of and their respective shareholdings in the Domestic-funded Company are set out in Annex I. Given the change of the equity structure of the Domestic-funded Company, to continue to realize the rights and interests under the *Amended and Restated Agreement of Exclusive Equity Transfer Option Agreement*, the *Second Amended and Restated Agreement of Exclusive Equity Transfer Option Agreement* and the *Third Amended and Restated Agreement of Exclusive Equity Transfer Option Agreement* (hereinafter referred to as "**Original Equity Transfer Option Agreements**") entered into by the WFOE and shareholders of the Domestic-funded Company on 3 December 2014, 9 June 2017 and 7 August 2017, respectively, the Parties agree to amend and restate the Original Equity Transfer Option Agreements, and such amended and restated agreement, i.e. this Agreement, shall, upon signing, supersede any other legal documents signed by the Parties for the exclusive equity transfer option of the Domestic-funded Company, including but not limited to the Original Equity Transfer Option Agreements.

(2) The Existing Shareholders shall, according to this Agreement, jointly grant the WFOE an exclusive irrevocable equity transfer option (hereinafter referred to as "**Equity Transfer Option**"), pursuant to which, to the extent permitted by the PRC laws, the Existing Shareholders intend to transfer all their respective equity in the Domestic-funded Company to the WFOE and/or any other entity or individual designated by it and the WFOE intends to accept such transfer. The Existing Shareholders shall, as required by the WFOE, transfer the option equity (as defined hereunder) to the WFOE and/or any other entity or individual designated by it according to this Agreement.

Therefore, the Parties, upon negotiation, decide to amend and restate the Original Equity Transfer Option Agreements as follows:

Article 1 Definition

1.1 Save as otherwise interpreted pursuant to the context, the following terms shall have the following meanings herein:

"Business Permits": shall mean any approvals, permits, filings and registrations, etc. which the Domestic-funded Company is required to have for lawfully and validly operating its Internet information service and all other businesses, including but not limited to *Business License*, *Operating Permit for Value-added Telecommunications Business*, *Operating Permit for Network Culture Business*, *Operating Permit for Radio and TV Program Production and Business* and other relevant permits and licenses as required by the then effective PRC laws.

"Defaulting Party":	shall have the meaning prescribed to such term in Article 10.1 hereof.
"Breach of this Agreement":	shall have the meaning prescribed to such term in Article 10.1 hereof.
"Exercise Notice":	shall have the meaning prescribed to such term in Article 3.5 hereof.
"Registered Capital of the Domestic-funded Company":	shall, on the date of signing of this Agreement, mean the registered capital of the Domestic-funded Company of RMB50,000,000, and also include the expanded registered capital formed by any capital increase during the validity period of this Agreement.
"Assets of the Domestic-funded Company":	shall mean all the tangible and intangible assets which the Domestic-funded Company owns or has the right to use during the validity period of this Agreement, including but not limited to any immovable and movable assets, as well as intellectual properties such as trademarks, copyrights, patents, know-how, domain names and software use rights.
"Material Agreement":	shall mean any agreement to which the Domestic-funded Company is a party and which has a material impact on the business or assets of the Domestic-funded Company, including but not limited to the *Second Amended and Restated Agreement of Business Operation Agreement* and the *Amended and Restated Agreement of Exclusive Technical Consulting and Management Service Agreement* signed by the Domestic-funded Company and the WFOE, and other agreements regarding the business of the Domestic-funded Company.

“Observant Party”:	shall have the meaning prescribed to such term in Article 10.1 hereof.
“Option Equity”:	shall mean, in respect of each of the Existing Shareholders, all the equity held by him in the Registered Capital of the Domestic-funded Company respectively; in respect of all the Existing Shareholders, the equity covering 100% of the Registered Capital of the Domestic-funded Company.
“PRC Law”:	shall mean the then effective laws, administrative regulations, administrative rules, local regulations, judicial interpretations and other binding regulatory documents of the People’s Republic of China.
“Such Rights”:	shall have the meaning prescribed to such term in Article 11.5 hereof.
“Upper Limit of Shareholding”:	shall have the meaning prescribed to such term in Article 3.2 hereof.
“Transferred Equity”:	shall mean the equity in the Domestic-funded Company which the WFOE has the right to request any one or two of the Existing Shareholders to transfer to it or its designated entity or individual in accordance with Article 3.2 hereof when the WFOE exercises its Equity Transfer Option (hereinafter referred to as “**Exercise of Option**”), the quantity of which may be all or part of the Option Equity and the specific amount of which shall be determined by the WFOE at its sole discretion in accordance with the then effective PRC Law and based on its commercial consideration.
“Transfer Price”:	shall mean all the consideration that the WFOE or its designated entity or individual is required to pay to the Existing Shareholders in order to obtain the Transferred Equity upon each Exercise of Option according to Article 4 hereof.

1.2 The references to any PRC Law herein shall be deemed:

(1) simultaneously to include the references to the amendments, changes, supplements and re-enactment of such PRC Law, irrespective of whether they take effect before or after the signing of this Agreement; and

(2) simultaneously to include the references to other decisions, notices and regulations enacted in accordance therewith or effective as a result thereof.

1.3 Except as otherwise stated in the context herein, all references to an article, clause, item or paragraph herein shall refer to the corresponding part of this Agreement.

Article 2 Grant of Equity Transfer Option

2.1 The Existing Shareholders hereby severally and jointly agree to grant the WFOE an irrevocable, unconditional and exclusive Equity Transfer Option. Pursuant to such Equity Transfer Option, the WFOE is entitled to, to the extent permitted by the PRC Law, request the Existing Shareholders to transfer the Option Equity to the WFOE or its designated entity or individual according to the method specified in this Agreement. The WFOE also agrees to accept such Equity Transfer Option.

2.2 The Domestic-funded Company hereby agrees that the Existing Shareholders grant such Equity Transfer Option to the WFOE according to Article 2.1 above and other provisions of this Agreement.

Article 3 Method of Exercise of Option

3.1 The WFOE shall have the absolute sole discretion to determine the specific time, method and times of its Exercise of Option to the extent permitted by the PRC Law.

3.2 If the WFOE and/or any other entity or individual designated by it is allowed to hold all the equities of the Domestic-funded Company under the then effective PRC Law, the WFOE shall have the right to choose to exercise all of its Equity Transfer Options at one time, and the WFOE and/or any other entity or individual designated by it shall acquire all the Equity Transfer Options from Existing Shareholders at one time; if the WFOE and/or any other entity or individual designated by it is allowed to hold only partial equities of the Domestic-funded Company under the then effective PRC Law, the WFOE shall have the right to determine the amount of the Transferred Equity within the upper limit of shareholding (hereinafter referred to as the **"Upper Limit of Shareholding"**) stipulated by the then effective PRC Law, and the WFOE and/or any other entity or individual designated by it shall acquire the determined Transferred Equity from the Existing Shareholders. In the latter case, the WFOE shall have the right to exercise its Equity Transfer Option step by step, in accordance with the gradual liberalization of the Upper Limit of Shareholding permitted by the PRC Law, until all options are finally obtained.

3.3 At each Exercise of Option, the WFOE shall have the right to arbitrarily determine the amount of the Transferred Equity which shall be transferred by the Existing Shareholders to the WFOE and/or any other entity or individual designated by it. The Existing Shareholders shall respectively transfer the Transferred Equity to the WFOE and/or any other entity or individual designated by it in the amount requested by the WFOE. The WFOE and/or any other entity or individual designated by it shall pay the Transfer Price with respect to the Transferred Equity acquired at each Exercise of Option to the Existing Shareholders transferring such Transferred Equity.

3.4 At each Exercise of Option, the WFOE may acquire the Transferred Equity or designate any third party to acquire all or part of the Transferred Equity.

3.5 Having decided each Exercise of Option, the WFOE shall issue to the Existing Shareholders a notice for exercising the Equity Transfer Option (hereinafter referred to as "**Exercise Notice**", the form of which is set out in Annex II hereto). The Existing Shareholders shall, upon receipt of the Exercise Notice, forthwith make a one-time transfer of all the Transferred Equity in accordance with the Exercise Notice to the WFOE and/or any other entity or individual designated by it in such method as described in Article 3.3 hereof.

3.6 The Existing Shareholders hereby and jointly promise and guarantee that once the WFOE issues an Exercise Notice:

(1) it shall promptly convene a shareholders' meeting, pass shareholders' resolutions and take all other necessary actions to approve the Company to transfer all the Transferred Equity at the Transfer Price to the WFOE and/or any other entity or individual designated by it;

(2) it shall promptly enter into an equity transfer agreement with the WFOE and/or any other equity or individual designated by it to transfer all the Transferred Equity at the Transfer Price to the WFOE and/or any other entity or individual designated by it; and

(3) it shall provide necessary support to the WFOE (including provision and execution of all relevant legal documents, e.g. the power of attorney in the form set out in Annex III, performance of all government approval and registration procedures and assumption of all relevant obligations) in accordance with the WFOE's requirements and laws and regulations, so that the WFOE and/or any other entity or individual designated by it may acquire all the Transferred Equity without legal defects.

Article 4 Transfer Price

At each Exercise of Option, the Transfer Price paid by the WFOE or the entity or individual designated by it to the Existing Shareholders shall be amount of the registered capital of the Domestic-funded Company at that time multiplied by the proportion of the Transferred Equity in the total equity of the Domestic-funded Company, or the price otherwise agreed in writing by the Parties. In case of any compulsory provisions of the then effective PRC Law on the Transfer Price, the WFOE or the entity or individual designated by it shall have the right to set the lowest price permitted by the PRC Law as the Transfer Price.

Article 5 Representations and Warranties

5.1 The Existing Shareholders hereby severally represent and warrant that:

5.1.1 The Existing Shareholders are Chinese citizens with full capacity or partnerships duly incorporated and validly subsisting under the PRC Law. They have complete and independent legal status and legal capacity to execute, deliver and perform this Agreement and may act as the subject of litigation independently.

5.1.2 They have the full power and authority to sign and deliver this Agreement and all other documents relating to the transaction specified herein and to be signed by them. They have the full power and authority to complete the transaction specified herein.

5.1.3 This Agreement is legally and duly signed and delivered by the Existing Shareholders. This Agreement shall constitute their legal and binding obligations and may be enforceable against them in accordance with the terms of this Agreement.

5.1.4 The Existing Shareholders are the registered legitimate owners of the Option Equity as of the effective date of this Agreement, and except for the rights set under this Agreement and *The Third Amended and Restated Agreement of Equity Pledge Agreement*, the Option Equity is free from and clear of any lien, pledge, claim and other real rights for security.

5.2 The Domestic-funded Company hereby represents and warrants that:

5.2.1 The Domestic-funded Company is a limited liability company duly incorporated and validly subsisting under the PRC Law with an independent legal personality. The Domestic-funded Company has the complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may act as the subject of litigation independently.

5.2.2 The Domestic-funded Company has the full internal corporate power and authority to sign and deliver this Agreement and all other documents relating to the transaction specified herein and to be signed by it. It has the full power and authority to complete the transaction specified herein.

5.2.3 This Agreement is legally and duly signed and delivered by the Domestic-funded Company. This Agreement shall constitute the legal and binding obligation against it.

5.2.4 The Existing Shareholders are all registered legitimate shareholders of the Domestic-funded Company at the time of conclusion of this Agreement. Pursuant to this Agreement, the WFOE and/or any other entity or individual designated by it may, after the Exercise of Option, acquire a good title to the Transferred Equity, free from and clear of any lien, pledge, claim and other real rights for security.

5.3 The WFOE hereby represents and warrants that:

5.3.1 The WFOE is a wholly foreign-owned limited liability company duly incorporated and validly subsisting under the PRC Law with an independent legal personality. The WFOE has the complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may act as the subject of litigation independently.

5.3.2 The WFOE has the full internal corporate power and authority to sign and deliver this Agreement and all other documents relating to the transactions specified herein and to be signed by it. It has the full power and authority to complete the transactions specified herein.

5.3.3 This Agreement is legally and duly singed and delivered by the WFOE. This Agreement shall constitute the legal and binding obligation against it.

Article 6 Undertakings by the Existing Shareholders

The Existing Shareholders hereby severally undertake that:

6.1 within the validity period of this Agreement, they shall take all commercially reasonable efforts to enable the Domestic-funded Company to obtain all Business Permits required to operate their business in a timely manner and to keep all Business Permits in force at all times.

6.2 Within the validity period of this Agreement, without the WFOE's prior written consent:

6.2.1 any Existing Shareholders shall not transfer or otherwise dispose of any Option Equity or create any collateral or other third party rights on any Option Equity;

6.2.2 he shall not increase or decrease the registered capital of the Domestic-funded Company or change in any way the existing equity structure of the Domestic-funded Company set out in Annex I;

6.2.3 he shall not dispose of or cause the management of the Domestic-funded Company to dispose of any Assets of the Domestic-funded Company (excluding those incurred during normal operation);

6.2.4 he shall not terminate or cause the management of the Domestic-funded Company to terminate any Material Agreement entered into by the Domestic-funded Company, or enter into any other agreement in conflict with the existing Material Agreements (excluding those incurred during normal operation);

6.2.5 he shall not cause or allow the Domestic-funded Company to declare the distribution of or in practice release any distributable profit, bonus or dividend;

6.2.6 he shall ensure that the Domestic-funded Company validly exists and is not terminated, liquidated or dissolved;

6.2.7 he shall not cause or allow the Domestic-funded Company to make substantive amendments to its articles of association;

6.2.8 he shall ensure that the Company will not lend or borrow any money, or provide any guaranty or engage in security activities in any other form (excluding those incurred during normal operation); and

6.2.9 he shall ensure that the Domestic-funded Company will not merge with any third party, purchase assets and equities of any third party or otherwise invest in any third party (excluding those incurred during normal operation).

The Parties agree that if the equity jointly held by the Existing Shareholders in the Domestic-funded Company is lower than 50% (excluding 50%) for the WFOE and/or any other entity or individual designated by it purchase(s) all or part of the equity held by the Existing Shareholders in the Domestic-funded Company, the Existing Shareholders shall be no longer governed by any undertaking herein beyond their reasonable control.

6.3 Within the validity period of this Agreement, he shall use his best endeavour to develop the business of the Domestic-funded Company and ensure that the Domestic-funded Company's operations are legal and in compliance with the regulations, and he will not engage in any act or omission which may damage the Assets of the Domestic-funded Company and its goodwill or affect the validity of the Business Permits of the Domestic-funded Company.

Article 7 Undertakings of the Domestic-funded Company

7.1 If any consent, permit, waiver or authorization by any third person, or any approval, permit or exemption by any government authority, or any registration or filing formalities (if required by laws) with any government authority needs to be obtained or handled with respect to the signing and performance of this Agreement and the grant of the Equity Transfer Option hereunder, the Domestic-funded Company will endeavour to assist in satisfying the above conditions.

7.2 Without the prior written consent of the WFOE, the Domestic-funded Company shall not assist or permit the Existing Shareholders to transfer or otherwise dispose of any Option Equity or create any collateral or other third party rights on any Option Equity.

7.3 The Domestic-funded Company shall not have or permit any behaviour or action that may adversely affect the interests of the WFOE under this Agreement.

Article 8 Duration of the Agreement

This Agreement shall take effect after being duly signed by the Parties, and terminate after all the Option Equity are lawfully transferred to the WFOE and/or any other entity or individual designated by it pursuant to the provisions of this Agreement.

Article 9 Notices

9.1 Any notice, request, demand and other correspondences required by this Agreement or made in accordance with this Agreement shall be delivered in writing to the relevant Party.

9.2 If any of such notices or other correspondences is transmitted by facsimile or telex, it shall be deemed as served immediately upon transmission; if delivered in person, it shall be deemed as served at the time of delivery; if posted by mail, it shall be deemed as served five (5) days after posting.

Article 10 Defaulting Liability

10.1 The Parties agree and confirm that, if any of the Parties (hereinafter referred to as the "**Defaulting Party**") substantially violates any agreement herein or substantially fails to perform any of the obligations hereunder, such violation or failure shall constitute a default under this Agreement (hereinafter referred to as "**Default**"). The non-defaulting Party (hereinafter referred to as the "**Observant Party**") shall have the right to request the Defaulting Party to rectify such Default or take remedial actions within a reasonable period. If the Defaulting Party fails to rectify such Default or take remedial actions within the reasonable period or within ten (10) days after the Observant Party notifies the Defaulting Party in writing requesting the Default to be rectified, and if any Existing Shareholder or the Domestic-funded Company is the Defaulting Party, then the Observant Party is entitled to decide at its own discretion: (1) to terminate this Agreement, and require the Defaulting Party to give full compensation for damages or (2) to require the Defaulting Party to continue to perform its obligations hereunder and give full compensation for damages; if WFOE is the Defaulting Party, the Observant Party has the right to require it to continue to perform its obligations hereunder and give full compensation for damages.

10.2 The Parties agree and confirm that the Existing Shareholders and the Domestic-funded Company shall not, under any circumstance, require the termination of this Agreement for any reason.

10.3 The rights and remedies specified in this Agreement are cumulative, and do not exclude other rights or remedies stipulated by laws.

10.4 Notwithstanding any other provisions herein, the effect of this article shall not be affected by suspension or termination of this Agreement.

Article 11 Miscellaneous

11.1 This Agreement shall be rendered in Chinese in five (5) originals with equal legal force, with one (1) original to be retained by each Party hereto.

11.2 The execution, effectiveness, performance, amendment, interpretation and termination of this Agreement shall be governed by the PRC laws.

11.3 Any dispute arising out of and in connection with this Agreement shall be resolved through negotiations among the disputing parties. In case the disputing parties fail to reach an agreement within thirty (30) days after the dispute arises, such dispute shall be referred to the Guangzhou Arbitration Commission for arbitration. The arbitration award shall be final and binding on the disputing parties.

11.4 None of the rights, powers and remedies granted to any Party by any provision herein shall preclude any other rights, powers or remedies available to such Party at law and under the other provisions of this Agreement. In addition, a Party's exercise of any of its rights, powers and remedies shall not exclude such Party from exercising any of its other rights, powers and remedies.

11.5 No failure or delay by a Party in exercising any rights, powers and remedies available to it hereunder or at law (hereinafter referred to as **"Such Rights"**) shall result in a waiver thereof, nor shall the waiver of any single or part of Such Rights shall exclude such Party from exercising Such Rights in any other way and exercising other Such Rights.

11.6 The headings of the provisions herein are for reference only, and in no event shall such headings be used for or affect the interpretation of the provisions hereof.

11.7 Each provision contained herein shall be severable and independent from each of the other provisions. If any one or more provisions herein become(s) invalid, illegal or unenforceable at any time, the validity, legality and enforceability of the remaining provisions herein shall not be affected as a result thereof.

11.8 This Agreement, once signed, shall supersede any other legal documents previously signed by and among the Parties with respect to the subject hereof, including but not limited to the Original Equity Transfer Option Agreements. Any amendment or supplement hereto shall be made in writing and shall become effective only upon due signing by the Parties hereto.

11.9 Without the prior written consent of the WFOE, none of the Existing Shareholders or the Domestic-funded Company shall transfer any of its rights and/or obligations hereunder to any third party. WFOE has the right to transfer any of its rights and/or obligations hereunder to any third party designated by it after giving notice to the Existing Shareholders and the Domestic-funded Company.

11.10 This Agreement shall be binding on the legal successors of the Parties.

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Beijing Hongyi Yichuang Information Technology Co., Ltd.
(Seal) /s/ Seal of Beijing Hongyi Yichuang Information Technology Co., Ltd.

Signature: /s/ Ding Ning
Name: Ding Ning
Position: Legal representative

Lai Jinnan

Signature: /s/ Lai Jinnan

Zhuhai Dayin Ruoxi Enterprise Management Center (LLP)
(Corporate seal) /s/ Seal of Zhuhai Dayin Ruoxi Enterprise Management Center (LLP)

Signature: /s/ Lai Jinnan
Name: Lai Jinnan
Position: Executive partner

Guangzhou Lizhi Network Technology Co., Ltd.
(Seal) /s/ Seal of Guangzhou Lizhi Network Technology Co., Ltd.

Signature: /s/ Ding Ning
Name: Ding Ning
Position: Legal representative

Ding Ning

Signature: /s/ Ding Ning

[Signature page of The Fourth Amended and Restated Agreement of Exclusive Equity Transfer Option Agreement]

Annex I:

General Information about the Domestic-funded Company

Annex II:

Form of Exercise Notice

Annex III:

Form of Power of Attorney

Exhibit 10.6

Amended and Restated Agreement of Exclusive Technical Consulting and Management Service Agreement

This Amended and Restated Agreement of Exclusive Technical Consulting and Management Service Agreement (hereinafter referred to as "**this Agreement**") was entered into by the following two parties on 9 June 2017:

(1) Beijing Hongyi Yichuang Information Technology Co., Ltd., a wholly foreign-owned enterprise duly incorporated and validly subsisting under the laws of the People's Republic of China (hereinafter referred to as "**PRC**"), whose registered address is Room 8140, Building 3, No. 3 Xijing Road, Badachu High-tech Park, Shijingshan District, Beijing City (hereinafter referred to as "**Party A**"); and

(2) Guangzhou Lizhi Network Technology Co., Ltd., a company with limited liability duly incorporated and validly subsisting under the PRC laws, whose registered address is self-numbered 3-07A, No. 309 Huangpu Avenue Middle, Tianhe District, Guangzhou City (hereinafter referred to as "**Party B**").

Whereas:

1. Party A is a wholly foreign-owned enterprise duly incorporated and validly subsisting in the PRC and engaging in development and research, design and technical consulting for computer software and hardware, network technology, communication technologies and products.

2. The two parties agree that Party A shall be the exclusive provider of technical consulting and management services to Party B, and Party B agrees to accept the technical consulting and services provided by Party A.

Therefore, Party A and Party B arrive at the following agreement upon negotiation:

1. Exclusive technical consulting and management services

1.1 Party B agrees that during the validity period of this Agreement, Party A shall provide Party B with the technical consulting and management services set out in Annex I hereto as the exclusive provider of technical consulting and relevant management services to Party B. Party B also agrees that unless with Party A's prior written consent, within the validity period of this Agreement, Party B shall not accept any technical consulting and relevant management services provided by any third party in relation to the aforesaid business.

1.2 During the validity period of this Agreement, Party B shall, after confirming the technical support required to be provided by Party A, submit the request to Party A within a reasonable period, and Party A shall, after receipt of such request, complete the required technical work within the period agreed upon by the two parties and submit the completed technical support to Party B in a manner agreed upon by the two parties.

1.3 Party A shall be exclusively and solely entitled to the intellectual property rights arising from the performance of this Agreement, including but not limited to any technology and software, regardless of whether it is independently developed by Party A or developed by Party B based on Party A's intellectual property rights or by Party A based on Party B's intellectual property rights, and Party B shall not make any claims against Party A for any rights, ownership, interests and intellectual property rights.

1.4 If Party A's development is based on Party B's intellectual property rights, Party B shall warrant that such intellectual property rights are free from any defects; otherwise, Party B shall be liable for any losses of Party A arising therefrom.

2. Calculation and payment of technical consulting and service fees

2.1 Service fees: The two parties agree that Party A shall provide Party B with the services specified herein within the validity period of this Agreement, and the service fees payable by Party B shall be determined and paid in a manner specified in Annex II *Calculation and Payment Methods for Service Fees.*

2.2 Party A shall be entitled to appoint its employees or CPAs from the PRC or any other country (hereinafter referred to as "Party A's authorized representatives") to verify Party B's accounts for the purpose of reviewing the calculation method and amount of the service fees, provided that it is solely liable for the audit fees. Accordingly, Party B shall provide Party A's authorized representatives with the documents, accounts, records and data, etc. required by Party A's authorized representatives to facilitate the review of Party B's accounts and determination of the amount of services fees by Party A's authorized representatives. The amount of services fees shall be subject to the amount determined by Party A's authorized representatives. Party A shall be entitled to issue a fee note to Party B at any time after its authorized representatives issue the audit report, requiring Party B to pay the outstanding service fees. Party B shall make such payment within seven workdays after receipt of the fee note.

3. Representations and warranties

3.1 Party A hereby represents and warrants as follows:

3.2.1 Party A is a company duly registered and lawfully subsisting under the PRC laws with healthy operating records.

3.2.2 Party A's services do not run counter to any governing laws, regulations or governmental policies.

3.2.3 Party A's signing and performance of this Agreement is within its corporate capacity and the scope of its business operations. Party A has taken necessary corporate actions, has been given with due powers, and will not violate any restrictions in the laws and contracts that are binding or have influence thereupon. This Agreement shall, upon signing, constitute Party A's legal, valid and binding obligations and shall be enforceable against Party A in accordance with the terms hereof.

3.2 Party B hereby represents and warrants as follows:

3.1.1 Party B is a company duly registered and lawfully subsisting under the PRC laws with healthy operating records.

3.1.2 Party B's signing and performance of this Agreement is within its corporate capacity and the scope of its business operations. Party B has taken necessary corporate actions, has been given with due powers, and will not violate any restrictions in the laws and contracts that are binding or have influence thereupon. This Agreement shall, upon signing, constitute Party B's legal, valid and binding obligations and shall be enforceable against Party B in accordance with the terms hereof.

4. Intellectual property rights and confidentiality

4.1 Party B agrees that it shall make every effort possible to keep confidential Party A's secret data and information (hereinafter referred to as "confidential information") by various reasonable measures; and moreover, Party B shall, upon Party A's request, return to Party A or destroy any documents, data or software containing confidential information, delete any confidential information from any relevant memory devices, and stop using such confidential information. Without Party A's written consent, Party B shall not disclose, give or transfer such confidential information to any third party.

4.2 Confidential information refers to any forms of business secrets, proprietary information and other data and information belonging to Party A or its customers, clients, consultants, sub-licensees or affiliated enterprises and held by Party A in a confidential manner. Confidential information includes but is not limited to computer software, Party A's online catalogue, business plans and ideas, product development, invention, service design, creative design, pictures, texts, audios, videos, multimedia information, customer data, market information, financial information, scientific information as well as any and all intellectual property rights or industrial property rights owned by Party A, and also includes other information deemed or taken as confidential by Party A or any of its customers, clients, consultants, sub-licensees or affiliated enterprises. Notwithstanding the above provisions, confidential information does not include the information that the associated companies disclose to the public in an unrestricted manner or that becomes widely known to the public for other reason.

4.3 The two parties agree that these terms shall survive any change to, and rescission or termination of this Agreement.

4.4 Party B promises that it shall compensate Party A for any economic losses arising from its breach of the aforesaid terms.

5. Compensations

5.1 Unless otherwise specified herein, Party B shall be deemed as having breached this Agreement if it fails to fully perform, or suspends performance of its obligations hereunder and does not take any corrective actions within 30 days after receipt of the notice from the other party, or its representations and warranties are not true.

5.2 Party B shall be completely liable for any compensation claim made by any person due to Party B's failure to follow Party A's instructions, or Party B's misuse of Party A's intellectual property rights or improper technical operations. If Party B finds any person using Party A's intellectual property rights without legal authorization, Party B shall immediately notify Party A and provide cooperation for any actions taken by Party A.

5.3 Party A shall compensate Party B for and hold Party B harmless from any resulting losses, damages, obligations and expenses from any lawsuits, claims or other requirements against Party B arising from or caused by the service contents provided by Party A.

5.4 Party B shall compensate Party A for and hold Party A harmless from any resulting losses, damages, obligations and expenses from any lawsuits, claims or other requirements against Party A arising from or caused by the request contents proposed by Party B.

5.5 If Party B fails to duly pay Party A the service fees as per the time and method agreed upon by the two parties, Party B shall pay Party A a forfeit equivalent to 0.05% of the outstanding amount set out in the Annex *Calculation and Payment Methods for Service Fees* for each day of delay.

6. Entry into force

6.1 This Agreement shall be signed and entered into force on the date of agreement first written above. The term of this Agreement shall be 10 years, unless Party A rescinds this Agreement prematurely. If, before expiry of this Agreement, Party A proposes relevant requirement, the two parties to this Agreement shall extend the validity period of this Agreement as required by Party A to continue performing this Agreement, or sign a separate exclusive technical consulting and management service agreement upon Party A's requirement.

6.2 This Agreement and Annexes thereof and transaction documents are complete agreements concluded by respective parties for the agreed matters to supersede any oral or written exchange opinions or suggestions previously made by respective parties, including but not limited to the *Exclusive Technical Consulting and Management Service Agreement* signed by and between Party A, Party B and other parties on 30 March 2011.

7. Termination

7.1 Within the validity period of this Agreement, Party B shall not prematurely terminate this Agreement; otherwise, Party B shall compensate Party A for all the losses arising therefrom and pay relevant service fees for the completed services. Party A shall be entitled to terminate this Agreement at any time with a 30 days' prior written notice to Party B.

7.2 Terms after termination: After termination of this Agreement, the rights and obligations of the two parties under Articles 4, 5 and 8 shall remain valid.

8. Governing laws and settlement of disputes

8.1 The execution, effectiveness, interpretation and performance of this Agreement shall be governed by the PRC laws.

8.2 Any disputes between the two parties on the interpretation and performance of terms hereunder shall be settled by the two parties through good faith negotiation. Should the negotiation fail, either party may refer such dispute to the Guangzhou Arbitration Commission for arbitration in accordance with the prevailing arbitration rules. The arbitration shall be conducted in Chinese. The arbitration award shall be final and binding on the two parties.

9. Force majeure

9.1 If the performance of this Agreement is delayed or hindered due to any "force majeure", the party affected by the force majeure is not required to bear any liability hereunder only for the part whose performance is delayed or hindered. "Force majeure" refers to any events which are beyond the reasonable control of either party and are still inevitable with the reasonable attention of the affected party, including but not limited to government act, natural force, fire, explosion, geographical change, windstorm, flood, earthquake, tide, lightning or war. However, inadequate credit, funds or financing shall not be deemed as events beyond the reasonable control of either party. Either party seeking exemption from performing the responsibilities under this Agreement or any terms hereof due to the impact of "force majeure" shall notify the other party of such exemption from responsibilities and the steps to be taken to complete the performance of such responsibilities as soon as possible.

9.2 Either party affected by the force majeure is not required to bear any liability hereunder in this regard, but only when the affected party makes every reasonable and practicable effort to perform this Agreement may the party seeking exemption from responsibilities be exempted from performing such responsibilities only to the extent of the performance delayed or hindered. Once the causes for such exemption from responsibilities are corrected and remedied, the parties agree to make utmost efforts to restore the performance of this Agreement.

10. Transfer of this Agreement

10.1 Party B shall not transfer its due rights and obligations hereunder to any third party, unless with Party A's prior written consent.

10.2 Party A may transfer its due rights and obligations hereunder to its affiliated enterprises. For the purpose of this Agreement, the aforesaid affiliated enterprises refer to the enterprises controlled by or controlling Party A, or simultaneously under the control of a third party together with Party A. For the purpose of this Article, control refers to the influence that an enterprise has to directly or indirectly determine and/or control the business management of another enterprise, regardless of whether such influence is formed by holding the equity in the controlled enterprise or by the agreement with the controlled enterprise. Party A shall notify Party B in writing of the aforesaid transfer at least 20 days in advance.

11. Severability of this Agreement

If any terms hereunder disagree with relevant laws and therefore become invalid or unenforceable, such terms shall be deemed as invalid within the jurisdiction of relevant laws and shall not affect the legal force of other terms hereof.

12. Amendment and supplement to this Agreement

The two parties may make amendments, supplements and extensions to this Agreement in the form of written agreement. Relevant amended and supplementary agreements of this Agreement duly signed by the two parties shall constitute an integral part of this Agreement and shall have the same legal force as this Agreement.

13. This Agreement shall be executed in two counterparts with equal legal force, with one held by either party.

In view of this, the two parties have prompted their authorized representatives to execute this Agreement on the date first written above.

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Party A

Beijing Hongyi Yichuang Information Technology Co., Ltd.

(Seal) /s/ Seal of Beijing Hongyi Yichuang Information Technology Co., Ltd.

Signature: /s/ Ding Ning
Name: Ding Ning
Position: Legal representative

Party B

Guangzhou Lizhi Network Technology Co., Ltd.

(Seal) /s/ Seal of Guangzhou Lizhi Network Technology Co., Ltd.

Signature: /s/ Lai Jinnan
Name: Lai Jinnan
Position: Legal representative

[Signature Page of Amended and Restated Agreement of Exclusive Technical Consulting and Management Service Agreement]

Annex I

Technical Consulting and Service Content Agreement

Annex I

Annex II

Calculation and Payment Methods for Service Fees

Exhibit 10.7

The Second Amended and Restated Agreement of Business Operation Agreement

This Second Amended and Restated Agreement of Business Operation Agreement (hereinafter referred to as "**this Agreement**") was signed by the following parties (hereinafter referred to as "**Parties to this Agreement**") on June 20, 2019:

(1) Beijing Hongyi Yichuang Information Technology Co., Ltd., a company with limited liability duly incorporated and validly subsisting under the laws of the People's Republic of China (PRC) (solely funded by Taiwan, Hong Kong or Macao legal person), whose registered address is Rooms 1501, 1502 and 1503, 15/F, Building 2, No. 26 Chengtong Street, Shijingshan District, Beijing City (hereinafter referred to as "**Party A**");

(2) Guangzhou Lizhi Network Technology Co., Ltd., a company with limited liability duly incorporated and validly subsisting under the PRC laws, whose registered address is self-numbered 3-07A, No. 309 Huangpu Avenue, Tianhe District, Guangzhou City (hereinafter referred to as "**Party B**"); and

(3) Lai Jinnan, PRC citizen;

(4) Ding Ning, PRC citizen;

(5) Zhuhai Dayin Ruoxi Enterprise Management Center (LLP), a limited partnership duly incorporated and validly subsisting under the PRC laws, whose registered address is 2/F, No. 76, Santang Village, Hengqin New Area, Zhuhai City (together with Lai Jinnan and Ding Ning, referred to as "**Party C**").

Whereas:

1. Party A and Party B have established a business relation through conclusion of the *Amended and Restated Agreement of Exclusive Technical Consulting and Management Service Agreement* and other agreements; Party B shall pay various monies to Party A under such agreements, and therefore, Party B's daily operation will have substantive impact on Party A's ability to pay corresponding monies; and

2. Party C is a shareholder of Party B and holds a total of 100% equity in Party B;

the Parties to this Agreement, upon friendly negotiation and in the spirit of equality and mutual benefit, hereby arrive at the following agreement:

1. Obligations of omission

To ensure that Party B will perform the agreements signed with Party A and bear the obligations to Party A, Party C hereby confirms, agrees and undertakes that save with the prior written consent of Party A or other parties designated by Party A, Party B will not conduct any transactions which may have substantive or adverse impact on assets, businesses, employees, obligations, rights or operations of the Company, including but not limited to the following contents:

1.1 carrying out any activities exceeding normal operations of the Company;

1.2 borrowing monies from any third parties or bearing any debts;

1.3 replacing or removing any directors of the Company or changing any senior management members of the Company;

1.4 selling assets or rights to any third parties or acquiring the same from any third parties, including but not limited to any intellectual property rights;

1.5 providing guarantees to any third parties with its assets or intellectual property rights, or providing guarantees in any other form, or setting any encumbrances on assets of the Company;

1.6 amending the Articles of Association or changing the Company's business scope;

1.7 changing the Company's normal business processes or amending any important internal rules and regulations of the Company; and

1.8 transferring the rights and obligations under this Agreement to any third parties.

2. Business management and personnel arrangement

2.1 Party B and Party C hereby agree to accept and strictly implement the advice on the appointment and dismissal of the Company's employees, the daily business management of the Company and financial management system of the Company provided by Party A from time to time.

2.2 Party B and Party C hereby agree that Party C will elect the personnel designated by Party A as the directors of Party B according to the procedures stipulated by laws and regulations and the Articles of Association, and undertake that such directors elected will elect chairman of the Company based on the personnel recommended by Party A and appoint the personnel designated by Party A as the general manager, chief financial officer and other senior management members.

2.3 The above directors or senior management members designated by Party A who leave Party A (regardless of resignation or dismissal by Party A) will be disqualified for holding any positions in Party B. In this case, Party C will elect other personnel otherwise designated by Party A to hold such positions.

2.4 For the purpose of the aforesaid Article 2.3, Party C will adopt all necessary internal and external procedures of the Company to complete the aforesaid dismissal and appointment procedures pursuant to laws, the Articles of Association and this Agreement.

2.5 Party C hereby agrees to execute an irrevocable proxy form for voting when this Agreement is concluded, according to which Party C will irrevocably authorize the personnel designated by Party A to exercise the shareholders' rights by proxy and exercise all the shareholders' voting rights entitled to shareholders at the shareholders' meeting in Party B. Party C will further agree to replace the authorized personnel designated in the proxy form for voting as required by Party A at any time.

3. Other agreements

3.1 In the event of the termination or expiry of any agreement between Party A and Party B, Party A shall have the right to decide on whether to terminate all the agreements between the two parties, including but not limited to the *Amended and Restated Agreement of Exclusive Technical Consulting and Management Service Agreement*.

3.2 Given that Party A and Party B have established a business relation through conclusion of the *Amended and Restated Agreement of Exclusive Technical Consulting and Management Service Agreement* and other agreements and Party B's daily operation will have substantive impact on Party A's ability to pay corresponding monies, Party C agrees that any bonus, dividend or any other gain or interest (regardless of the specific form) it receives from Party B as Party B's shareholder shall be unconditionally paid or transferred immediately to Party A when they are realized.

4. Entire agreement and amendment to this Agreement

4.1 This Agreement and all the agreements and/or documents mentioned or explicitly included in this Agreement shall constitute the entire agreement concluded by the respective parties on the underlying issues of this Agreement, and shall supersede all the previous oral and written agreements, contracts, understandings and communications on the underlying issues of this Agreement.

4.2 Any amendment to this Agreement shall be valid upon signing by the respective parties in writing. Relevant amended and supplementary agreements of this Agreement duly signed by the respective parties shall constitute an integral part of this Agreement and shall have the same legal force as this Agreement.

5. Governing laws

The conclusion, validity, performance and interpretation of this Agreement and settlement of disputes shall be governed by and interpreted pursuant to PRC laws.

6. Settlement of disputes

6.1 Any dispute between the Parties to this Agreement about the interpretation and performance of the terms hereunder shall be settled by the respective parties through good faith negotiation. Should the negotiation fail, either party may refer such dispute to the Guangzhou Arbitration Commission for arbitration in accordance with its arbitration rules in effective at that time. The arbitration shall be conducted in Chinese. The arbitration award shall be final and binding on the respective parties.

6.2 The respective parties shall continue fulfilling their obligations hereunder in good faith, except issues under dispute.

7. Notice

Notices issued by the Parties to this Agreement for fulfilling the rights and obligations hereunder shall be made in writing and sent to the address of the other party or parties by personal delivery, registered mail, prepaid mail or other accepted express services.

8. Validity and term of this Agreement and miscellaneous

8.1 Party A's written consent, advice, designation and other decisions which have material impact on Party B's daily operation involved in this Agreement shall be made by the board of directors of Party A.

8.2 This Agreement and appendixes thereof and transaction documents are complete agreements concluded by respective parties for the agreed matters to supersede any oral or written exchange opinions or suggestions previously made by respective parties.

8.3 This Agreement shall be signed by respective parties and entered into force on the date of agreement first written above. The term of this Agreement shall be 10 years, unless Party A rescinds this Agreement prematurely. If, before expiry of this Agreement, Party A proposes relevant requirement, Parties to this Agreement shall extend the validity period of this Agreement as required by Party A to continue performing this Agreement, or sign a separate business operation agreement upon Party A's requirement.

8.4 Within the validity period of this Agreement, Party B and Party C shall not prematurely terminate this Agreement. Party A shall be entitled to terminate this Agreement at any time with a written notice to Party B and Party C.

8.5 Any term and provision of this Agreement deemed as illegal or unenforceable due to governing laws shall be deemed as deleted from this Agreement and invalid, but other terms of this Agreement shall still apply and be deemed as never containing such term as from the very beginning. The respective parties shall replace the term deemed deleted with the lawful and valid terms accepted by the respective parties upon consulting with each other.

8.6 Either party's failure to exercise any right, authority or privilege under this Agreement shall not constitute its waiver of the said right, authority or privilege, and either party's individual or partial exercising of any right, authority or privilege shall not exclude its exercising of any other right, authority or privilege.

In view of this, the authorized representatives of respective parties have signed this Agreement on the date first written above.

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Beijing Hongyi Yichuang Information Technology Co., Ltd. (Seal)

/s/ Seal of Beijing Hongyi Yichuang Information Technology Co., Ltd.

Signature: /s/ Ding Ning
Name: Ding Ning
Position: Legal representative

Guangzhou Lizhi Network Technology Co., Ltd. (Seal)

/s/ Seal of Guangzhou Lizhi Network Technology Co., Ltd.

Signature: /s/ Ding Ning
Name: Ding Ning
Position: Legal representative

Lai Jinnan

Signature: /s/ Lai Jinnan

Ding Ning

Signature: /s/ Ding Ning

Zhuhai Dayin Ruoxi Enterprise Management Center (LLP)

/s/ Seal of Zhuhai Dayin Ruoxi Enterprise Management Center (LLP)

Signature: /s/ Lai Jinnan
Name: Lai Jinnan
Position: Executive partner

Exhibit 10.8

Power of Attorney

I, Lai Jinnan (ID number: [ ]), shareholder of Guangzhou Lizhi Network Technology Co., Ltd. (hereinafter referred to as "**Domestic-funded Company**"), hereby irrevocably authorize Beijing Hongyi Yichuang Information Technology Co., Ltd. (hereinafter referred to as the "**Trustee**") to exercise the following rights within the validity period of this Power of Attorney:

to invest the Trustee with complete power to act, on my behalf, as shareholder of the Domestic-funded Company and to exercise all the shareholders' rights entitled to shareholders according to laws and the Articles of Associations, including but not limited to (1) proposing the convening of the shareholders' meeting, (2) receiving any notices relating to the convening of the shareholders' meeting and rules of procedures, (3) attending the shareholders' meeting and exercising the full voting right (including designating and selecting directors, general manager, chief financial officer and other senior management members of the Domestic-funded Company, deciding on the dividend distribution of the Company etc. as my authorized representative at the shareholders' meeting of the Company), (4) selling or transferring all or any part of my equity in the Domestic-funded Company, etc..

I may exercise the voting right or sign relevant documents as directed by the Trustee if the Domestic-funded Company requests me to exercise the voting right or sign relevant documents in person according to relevant laws and regulations.

Unless the *Second Amended and Restated Agreement of Business Operation Agreement* concluded between the Domestic-funded Company, the Trustee and me terminates prematurely for any reason, this Power of Attorney shall become effective as from the date of signing to the time when the Domestic-funded Company is dissolved under the laws.

Authorizer: Lai Jinnan

Signature: /s/ Lai Jinnan

Date: June 20, 2019

Exhibit 10.9

Power of Attorney

I, Ding Ning (ID number: [ ]), shareholder of Guangzhou Lizhi Network Technology Co., Ltd. (hereinafter referred to as "**Domestic-funded Company**"), hereby irrevocably authorize Beijing Hongyi Yichuang Information Technology Co., Ltd. (hereinafter referred to as the "**Trustee**") to exercise the following rights within the validity period of this Power of Attorney:

to invest the Trustee with complete power to act, on my behalf, as shareholder of the Domestic-funded Company and to exercise all the shareholders' rights entitled to shareholders according to laws and the Articles of Associations, including but not limited to (1) proposing the convening of the shareholders' meeting, (2) receiving any notices relating to the convening of the shareholders' meeting and rules of procedures, (3) attending the shareholders' meeting and exercising the full voting right (including designating and selecting directors, general manager, chief financial officer and other senior management members of the Domestic-funded Company, deciding on the dividend distribution of the Company etc. as my authorized representative at the shareholders' meeting of the Company), (4) selling or transferring all or any part of my equity in the Domestic-funded Company, etc..

I may exercise the voting right or sign relevant documents as directed by the Trustee if the Domestic-funded Company requests me to exercise the voting right or sign relevant documents in person according to relevant laws and regulations.

Unless the *Second Amended and Restated Agreement of Business Operation Agreement* concluded between the Domestic-funded Company, the Trustee and me terminates prematurely for any reason, this Power of Attorney shall become effective as from the date of signing to the time when the Domestic-funded Company is dissolved under the laws.

Authorizer: Ding Ning

Signature: /s/ Ding Ning

Date: June 20, 2019

Equity Pledge Agreement

This Equity Pledge Agreement (hereinafter referred to as "**this Agreement**") is signed by the following parties on May 20, 2019:

(1) Guangzhou Tiya Information Technology Co., Ltd., a company with limited liability duly incorporated and validly subsisting under the laws of the People's Republic of China (solely funded by Taiwan, Hong Kong or Macao legal person), whose registered address is B085, Room 401, No. 194 Hehui Street, Tianhe Road North, Tianhe District, Guangzhou City (hereinafter referred to as "**Pledgee**"); and

(2) Ding Ning, PRC citizen (hereinafter referred to as "**Pledgor**").

Whereas, the Pledgor holds 100% equity in Guangzhou Huanliao Network Technology Co., Ltd. (a domestic-funded company with limited liability whose registered address is Self-numbered 3-10B-2B, No. 309 Huangpu Avenue Middle, Tianhe District, Guangzhou, with a registered capital of RMB1 million, hereinafter referred to as "**the Company**");

Whereas, the Company and the Pledgee signed the *Exclusive Technical Consulting and Management Service Agreement* (hereinafter referred to as "**Service Agreement**") on May 20, 2019, and the Company, the Pledgee and other relevant parties signed the *Business Operation Agreement* on May 20, 2019, and the Company, the Pledgor and the Pledgee signed the *Exclusive Equity Transfer Option Agreement* on May 20, 2019 (hereinafter collectively referred to as "**Master Agreements**"), according to the Master Agreements, the Company has the obligations of paying the Pledgee the service fees and relevant interests, liquidated damages and compensations for other losses incurred to the Pledgee due to the Company's default (hereinafter referred to as "**Secured Obligations**");

Whereas, the Pledgor intends to pledge his equity in the Company's registered capital to the Pledgee as (if) a guarantee for the Company's fulfilment of the aforesaid Secured Obligations and (ii) a guarantee for fulfilment of all the contractual obligations (hereinafter referred to as "**Contractual Obligations**") by the Pledgor and the Company under the Master Agreements, and the Pledgee is willing to accept the pledge according to the terms and conditions of this Agreement,

the Pledgor and the Pledgee arrive at the following agreement:

Article 1 Pledge

1.1 Subject matter of pledge

The subject matter of the pledge guarantee provided by the Pledgor to the Pledgee under this Agreement is the accumulated 100% equity held and to be held by the Pledgor in the Company's registered capital and the dividends and bonuses arising from the equity during the term of this Agreement (hereinafter referred to as "**Pledged Equity**").

1.2 Pledge

The Pledgor is willing to pledge the aforesaid Pledged Equity as a guarantee for the Company's fulfilment of the aforesaid Secured Obligations and a guarantee for fulfilment of Contractual Obligations by the Pledgor and the Company.

1.3 Realization of pledge right

1.3.1 If (i) the Company fails to fulfil the Secured Obligations according to the Master Agreements or (ii) the Pledgor or the Company fails to fulfil the Contractual Obligations according to the Master Agreements, the Pledgee may dispose of the Pledged Equity pursuant to the *Guarantee Law of the People's Republic of China* and other relevant laws and regulations and has the right of priority to be paid from the proceeds from the disposal of the Pledged Equity for the Secured Obligations and any other relevant expenditures. The parties agree that the proceeds obtained according to this article shall be used in the following order:

(1) payment of all the taxes resulting from disposal of the Pledged Equity;

(2) repayment of the outstanding secured obligations of the Pledgor;

(3) if the monies specified in the preceding two paragraphs have been paid and there are no monies payable by the Pledgor or the Company to the Pledgee, and there still remains some of the proceeds obtained by the Pledgee according to this article, the Pledgee shall return the rest to the Pledgor.

Therefore, the Pledgor, as shareholders of the Company, agree to waive his right of first refusal and that the Pledgee has the right to buy the Pledged Equity.

1.3.2 Unless otherwise approved by the Pledgee in writing after the signing of this Agreement, the pledge under this Agreement shall be removed only when the Company and the Pledgor have duly fulfilled all of their obligations and liabilities under the Master Agreements and the Pledgee has given written acknowledgement.

If the Pledgor still fails to fulfil all or part of his obligations or liabilities under the Master Agreements upon maturity of the period specified therein, the Pledgee shall still be entitled to the pledge under this Agreement until the aforesaid relevant obligations and liabilities are fully fulfilled.

1.4 Term of pledge

The pledge shall become effective as from the date when the pledge of the Pledged Equity under this Agreement is registered with the relevant industrial and commercial administration authority until the Secured Obligations and the Contractual Obligations are fully fulfilled.

Article 2 Representations and Warranties

2.1 The Pledgor hereby represents and warrants to the Pledgee that:

(1) The Pledgor is the legal owner of the Pledged Equity and has the right to pledge the Pledged Equity to the Pledgee; the Pledgee will not encounter any legal or factual obstacle in exercise of the pledge right in the future.

(2) The Pledgor has obtained the approvals and authorizations needed for signing this Agreement and this Agreement is valid and binding on the Pledgor and is executable on the Pledgor based on the terms thereof.

(3) Except for the *Exclusive Equity Transfer Option Agreement* signed by the Pledgor and the Pledgee on May 20, 2019, the Pledgor's signing and performance of this Agreement will not lead to his violation of any other agreements to which he is a party or the laws and regulations he shall observe and any relevant government approvals, permissions or authorizations.

(4) Except for the equity purchase option granted by the Pledgor to the Pledgee according to the *Exclusive Equity Transfer Option Agreement* signed by the Pledgor and the Pledgee on May 20, 2019, the Pledged Equity is not involved in any other secured rights, right of offset or any other similar encumbrances on the date of the signing of this Agreement.

(5) If the board of directors of the Pledgee exercises the rights of the Pledgee according to this Agreement at any time, there shall be no intervention from any other parties, except for judicial or administrative intervention.

(6) Save with the prior written consent of the Pledgee, the Pledgor shall not transfer or otherwise dispose of the Pledged Equity (or any interests therein), and except for the equity purchase option granted by the Pledgor to the Pledgee according to the *Exclusive Equity Transfer Option Agreement* signed by the Pledgor and the Pledgee on May 20, 2019, and shall not directly or indirectly cause or allow setting of any other encumbrances on the Pledged Equity.

(7) Without the prior written consent of the Pledgee, the Pledgor shall not or shall not allow others to make any changes to the Pledged Equity that may result in decrease of the value of the Pledged Equity (except for performance of the Master Agreements).

(8) There is no ongoing civil, administrative or criminal litigation or administrative penalty or arbitration relating to the Pledged Equity on the date of the signing of this Agreement.

(9) There is no outstanding tax or fee or uncompleted legal proceeding or procedure relating to the Pledged Equity on the date of the signing of this Agreement.

(10) The Pledgor agrees to sign an irrevocable proxy form for voting.

(11) The Pledgor agrees that the Pledgee's exercise of rights as a pledgee according to the terms of this Agreement shall not be interrupted or jeopardized by the Pledgor or his successors or transferees or any other persons.

(12) The terms of this Agreement are an expression of their true intentions and are legally binding on them. If the Pledgor does not fulfil or does not fully fulfil his warranties, undertakings, agreements and representations, the Pledgor shall compensate the Pledgee for the actual losses caused by the default.

The Pledgee hereby represents and warrants that

(1) The Pledgee is a wholly foreign-owned enterprise duly incorporated and validly subsisting under the laws of the People's Republic of China.

(2) The Pledgee has obtained the approvals and authorizations needed for signing this Agreement and this Agreement is valid and binding on the Pledgee.

Article 3 Entry into Force and Term

3.1 This Agreement shall take effect from the date of signing by the authorized representatives of the parties. The pledge under this Agreement shall become effective as from the date when the registration of pledge for the Pledged Equity is completed by the Company's competent industrial and commercial administration authority.

3.2 The parties agree to record the pledge of the Pledged Equity in the register of shareholders of the Company on the date of the signing of this Agreement.

3.3 This Agreement shall terminate after the Master Agreements are terminated according to laws and the Secured Obligations are fully fulfilled according to the terms and conditions of the Master Agreements.

Article 4 Possession and Safekeeping of Pledge Certificate

4.1 In the term of pledge specified in this Agreement, the Pledgor shall, as required by the Pledgee, hand in the certificate (original) of his equity contributions in the Company to the Pledgee for safekeeping within five workdays. The Pledgor shall provide the Pledgee with a proof for due registration of the pledge under this Agreement in the register of shareholders and have completed all the approval, registration and filing procedures (including but not limited to the procedures for registration of pledge for the Pledged Equity with the Company's competent industrial and commercial administration authority) required by the laws of the People's Republic of China.

4.2 If any change in the pledge records needs to be recorded according to laws, the Pledgor shall record the relevant change within 30 days after the change and complete relevant change registration procedures with the Company's competent industrial and commercial administration authority.

4.3 During the period of equity pledge, the Pledgor shall instruct the Company not to distribute any dividend or bonus, or adopt any profit distribution scheme; if the Pledgor is entitled to any other monetary benefits apart from the dividend, bonus or other profit distribution schemes, the Pledgor shall, as required by the Pledgee, instruct the Company to directly remit the relevant monies to the bank account designated by the Pledgee. Without the prior written consent of the Pledgee, the Pledgor shall not use the monies.

4.4 If, during the period of equity pledge, the Pledgor obtains any new equity due to the Company's implementation of allotment plan for the shareholders or the Pledgor's capital increase for the Company or for any other reasons, the said new equity shall automatically turn into the Pledged Equity under this Agreement and the Pledgor shall, after obtaining the new equity, complete all the procedures needed for pledging the said new equity. If the Pledgor fails to complete relevant procedures according to the aforesaid provisions, the Pledgee shall have the right to immediately realize the pledge according to Article 6 of this Agreement. If the Pledgor terminates its employment relationship with the Pledgee or its related parties), the Pledgor hereby agrees and undertakes to transfer all his equity in the Company to the third party designated by the Pledgee. After the transfer, the said third party shall bear all the rights and obligations of the transferor under the relevant Master Agreements. The aforesaid undertakings shall be irrevocable during the validity period of this Agreement.

Article 5 Events of Default

5.1 All the following events shall be deemed as events of default:

5.1.1 The Company, or its successor or transferee fails to pay in due time and in full any service fees payable under the Service Agreement, or the Pledgor or his successors or transferees fails to perform the Business Operation Agreement or the Exclusive Equity Transfer Option Agreement;

5.1.2 Any representations, warranties or undertakings made by the Pledgor in Article 2 of this Agreement are materially misleading or wrong, and/or the Pledgor violates the representations, warranties or undertakings in Article 2 of this Agreement;

5.1.3 The Pledgor seriously violates any terms of this Agreement;

5.1.4 The Pledgor abandons the Pledged Equity or transfers or otherwise disposes of the Pledged Equity without the written consent of the Pledgee;

5.1.5 Any borrowings, guarantees, compensations, undertakings or other debt repayment liabilities of the Pledgor are required to be repaid or fulfilled in advance due to default or fall due, but cannot be repaid or fulfilled as scheduled, so that the Pledgee deems that the Pledgor's ability to fulfil his obligations under this Agreement has been affected, thereby affecting the Pledgee's interests;

5.1.6 The Pledgor is unable to repay the general debts or other arrears, thereby affecting the Pledgee's interests;

5.1.7 This Agreement becomes illegal or the Pledgor is unable to continue fulfilling his obligations under this Agreement due to issue of relevant laws;

5.1.8 The consents, permissions, approvals or authorizations of any government departments needed for executing or legalizing or validating this Agreement are revoked, terminated, invalidated or revised substantially;

5.1.9 Any adverse change in the Pledgor's property causes the Pledgee to believe that the Pledgor's ability to fulfil his obligations under this Agreement has been affected.

5.2 If the Pledgor is aware of or find any circumstance mentioned in Article 5.1 above or any event that may lead to the aforesaid circumstances has occurred, he shall immediately notify the Pledgee in writing.

5.3 Unless the events of default specified in Article 5.1 above are solved to the satisfaction of the Pledgee, the Pledgee may send a notice of default to the Pledgor in writing at any time after the occurrence of the said events of default to require the Pledgor to immediately pay all the arrears and other monies payable under the Service Agreement, or promptly perform the Exclusive Equity Transfer Option Agreement or Business Operation Agreement, or exercise the pledge according to Article 6 of this Agreement.

Article 6 Exercise of the Pledge

6.1 The Pledgor shall not transfer or otherwise dispose of the Pledged Equity without the written consent of Party A before the Secured Obligations are fully repaid and the Contractual Obligations are fully performed.

6.2 The Pledgee shall send a notice of default to the Pledgor at the time of exercising the pledge.

6.3 Subject to the provisions of Article 5.3, the Pledgee may exercise the pledge at the time when the notice of default is sent in accordance with Article 5.3 or at any time after the notice of default is sent.

6.4 The Pledgee is entitled to be compensated in priority by the conversion of all or part of the Pledged Equity hereunder or from the proceeds from auction or sale of the Pledged Equity in accordance with legal procedures until the outstanding service fees and all other payables under the Service Agreement are repaid in full, and the Exclusive Equity Transfer Option Agreement and Business Operation Agreement are fully performed.

6.5 When the Pledgee exercises the pledge pursuant to this Agreement, the Pledgor shall not set any barriers and shall provide necessary assistance to enable the Pledgee to realize its pledge.

Article 7 Miscellaneous

7.1 This Agreement is subordinate to the Master Agreements. Nonetheless, the effect of this Agreement shall not be affected by the effect of the Master Agreements.

7.2 Any amendment, extension, transfer and premature termination of this Agreement shall be subject to the prior written consent of the Pledgee.

7.3 This Agreement and appendixes thereof and transaction documents are complete agreements concluded by respective parties for the agreed matters to supersede any oral or written exchange opinions or suggestions previously made by respective parties.

7.4 This Agreement shall be governed and interpreted by the issued PRC laws.

7.5 Any dispute arising out of or in connection with this Agreement shall preferably be settled by the parties through friendly negotiation. Should the negotiation fail, either party shall refer such dispute to the Guangzhou Arbitration Commission for arbitration in accordance with its arbitration rules effective at that time. The arbitration shall be conducted in Chinese. The arbitration award shall be final and binding on the parties.

7.6 Within the validity period of this Agreement, the grant of extension/renewal by the Pledgee to the Pledgor for any breach of or delay in performance of this Agreement shall not affect, damage or restrict any rights and powers of the Pledgee hereunder and vested in the Pledgee as creditor in accordance with relevant laws and regulations, shall not be deemed as the Pledgee's consent to the default of the Pledgor, and shall neither constitute a waiver of the Pledgee's right to pursue the default of the Pledgor in the past nor constitute a waiver of the Pledgee's right to pursue the default of the Pledgor in the future.

7.7 Save with the prior consent of the Pledgee, the Pledgor has no right to delegate or transfer its rights and obligations hereunder. This Agreement shall be binding on the Pledgor and his successors and shall be valid to the Pledgee and each of its successors and transferees. The Pledgee may at any time transfer to its designee (natural/legal person) all or any of its rights and obligations under the Master Agreements. In the said circumstance, the transferee shall have and undertake the Pledgee's rights and obligations hereunder, as if it were a party to this Agreement. In the event of change of the Pledgee, new parties to the pledge shall sign a new pledge contract.

7.8 The Pledgee shall bear all the fees and actual expenses relating to this Agreement.

7.9 The Pledgor and the Pledgee agree that in order to handle the formalities for registration of pledge of the Pledged Equity, the Pledgor and the Pledgee will sign an equity pledge agreement that meets the requirements of the industrial and commercial administration authority. Any matter concerning the pledge of the equity held by the Pledgor in the Company's registered capital to the Pledgee shall be subject to the provisions of this Agreement.

7.10 This Agreement shall be rendered in Chinese in five counterparts, with one held by each of the Pledgor and the Pledgee respectively and the rest held by the Company.

The parties hereto have prompted their authorized representatives to sign this Agreement on the date first written above.

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Guangzhou Tiya Information Technology Co., Ltd. (Seal)

/s/ Seal of Guangzhou Tiya Information Technology Co., Ltd.

Signature: /s/ Li Zelong
Name: Li Zelong
Position: Legal representative

Ding Ning

Signature: /s/ Ding Ning

Exhibit 10.11

Exclusive Equity Transfer Option Agreement

This Exclusive Equity Transfer Option Agreement (hereinafter referred to as "**this Agreement**") was entered into by the following parties on May 20, 2019:

1. Ding Ning, PRC citizen (hereinafter referred to as "**Existing Shareholder**");

2. Guangzhou Tiya Information Technology Co., Ltd. (hereinafter referred to as "**WFOE**")

   Registered address: B085, Room 401, No. 194 Hehui Street, Tianhe Road North, Tianhe District, Guangzhou City; and

3. Guangzhou Zhiya Network Technology Co., Ltd. (hereinafter referred to as "**Domestic-funded Company**")

   Registered address: Self-numbered 3-10B-2B, No. 309 Huangpu Avenue Middle, Tianhe District, Guangzhou City.

(In this Agreement, the aforesaid parties may be individually referred to as a "**Party**" and collectively referred to as the "**Parties**".)

Whereas:

(1) As of the date of the signing of this Agreement, the shareholder structure of the Domestic-funded Company is set out in Annex I.

(2) The Existing Shareholder shall, according to this Agreement, grant the WFOE an exclusive irrevocable equity transfer option (hereinafter referred to as "**Equity Transfer Option**"), pursuant to which, to the extent permitted by the PRC laws, the Existing Shareholder intends to transfer all his equity in the Domestic-funded Company to the WFOE and/or any other entity or individual designated by it and the WFOE intends to accept such transfer. The Existing Shareholder shall, as required by the WFOE, transfer the option equity (as defined hereunder) to the WFOE and/or any other entity or individual designated by it according to this Agreement.

Therefore, the Parties arrive at the following agreement upon negotiation:

Article 1 Definition

1.1 Save as otherwise interpreted pursuant to the context, the following terms shall have the following meanings herein:

“Business Permits”:	shall mean any approvals, permits, filings and registrations, etc. which the Domestic-funded Company is required to have for lawfully and validly operating its Internet information service and all other businesses, including but not limited to *Business License*, *Operating Permit for Value-added Telecommunications Business*, *Operating Permit for Network Culture Business* and other relevant permits and licenses as required by the then effective PRC laws.
“Defaulting Party”:	shall have the meaning prescribed to such term in Article 10.1 hereof.
“Breach of this Agreement”:	shall have the meaning prescribed to such term in Article 10.1 hereof.
“Exercise Notice”:	shall have the meaning prescribed to such term in Article 3.5 hereof.
“Registered Capital of the Domestic-funded Company”:	shall, on the date of signing of this Agreement, mean the registered capital of the Domestic-funded Company of RMB1 million, and also include the expanded registered capital formed by any capital increase during the validity period of this Agreement.
“Assets of the Domestic-funded Company”:	shall mean all the tangible and intangible assets which the Domestic-funded Company owns or has the right to use during the validity period of this Agreement, including but not limited to any immovable and movable assets, as well as intellectual properties such as trademarks, copyrights, patents, know-how, domain names and software use rights.

“Material Agreement”:	shall mean any agreement to which the Domestic-funded Company is a party and which has a material impact on the business or assets of the Domestic-funded Company, including but not limited to the *Business Operation Agreement* and the *Exclusive Technical Consulting and Management Service Agreement* signed by the Domestic-funded Company and the WFOE, and other agreements regarding the business of the Domestic-funded Company.
“Observant Party”:	shall have the meaning prescribed to such term in Article 10.1 hereof.
“Option Equity”:	shall mean the equity covering 100% of the Registered Capital of the Domestic-funded Company.
“PRC Law”:	shall mean the then effective laws, administrative regulations, administrative rules, local regulations, judicial interpretations and other binding regulatory documents of the People’s Republic of China.
“Such Rights”:	shall have the meaning prescribed to such term in Article 11.5 hereof.
“Upper Limit of Shareholding”:	shall have the meaning prescribed to such term in Article 3.2 hereof.
“Transferred Equity”:	shall mean the equity in the Domestic-funded Company which the WFOE has the right to request the Existing Shareholder to transfer to it or its designated entity or individual in accordance with Article 3.2 hereof when the WFOE exercises its Equity Transfer Option (hereinafter referred to as “**Exercise of Option**”), the quantity of which may be all or part of the Option Equity and the specific amount of which shall be determined by the WFOE at its sole discretion in accordance with the then effective PRC Law and based on its commercial consideration.
“Transfer Price”:	shall mean all the consideration that the WFOE or its designated entity or individual is required to pay to the Existing Shareholder in order to obtain the Transferred Equity upon each Exercise of Option according to Article 4 hereof.

1.2 The references to any PRC Law herein shall be deemed:

(1) simultaneously to include the references to the amendments, changes, supplements and re-enactment of such PRC Law, irrespective of whether they take effect before or after the signing of this Agreement; and

(2) simultaneously to include the references to other decisions, notices and regulations enacted in accordance therewith or effective as a result thereof.

1.3 Except as otherwise stated in the context herein, all references to an article, clause, item or paragraph herein shall refer to the corresponding part of this Agreement.

Article 2 Grant of Equity Transfer Option

2.1 The Existing Shareholder hereby agrees to grant the WFOE an irrevocable, unconditional and exclusive Equity Transfer Option. Pursuant to such Equity Transfer Option, the WFOE is entitled to, to the extent permitted by the PRC Law, request the Existing Shareholder to transfer the Option Equity to the WFOE or its designated entity or individual according to the method specified in this Agreement. The WFOE also agrees to accept such Equity Transfer Option.

2.2 The Domestic-funded Company hereby agrees that the Existing Shareholder grant such Equity Transfer Option to the WFOE according to Article 2.1 above and other provisions of this Agreement.

Article 3 Method of Exercise of Option

3.1 The WFOE shall have the absolute sole discretion to determine the specific time, method and times of its Exercise of Option to the extent permitted by the PRC Law.

3.2 If the WFOE and/or any other entity or individual designated by it is allowed to hold all the equities of the Domestic-funded Company under the then effective PRC Law, the WFOE shall have the right to choose to exercise all of its Equity Transfer Options at one time, and the WFOE and/or any other entity or individual designated by it shall acquire all the Equity Transfer Options from Existing Shareholder at one time; if the WFOE and/or any other entity or individual designated by it is allowed to hold only partial equities of the Domestic-funded Company under the then effective PRC Law, the WFOE shall have the right to determine the amount of the Transferred Equity within the upper limit of shareholding (hereinafter referred to as the **"Upper Limit of Shareholding"**) stipulated by the then effective PRC Law, and the WFOE and/or any other entity or individual designated by it shall acquire the determined Transferred Equity from the Existing Shareholder. In the latter case, the WFOE shall have the right to exercise its Equity Transfer Option step by step, in accordance with the gradual liberalization of the Upper Limit of Shareholding permitted by the PRC Law, until all options are finally obtained.

3.3 At each Exercise of Option, the WFOE shall have the right to arbitrarily determine the amount of the Transferred Equity which shall be transferred by the Existing Shareholder to the WFOE and/or any other entity or individual designated by it. The Existing Shareholder shall transfer the Transferred Equity to the WFOE and/or any other entity or individual designated by it in the amount requested by the WFOE. The WFOE and/or any other entity or individual designated by it shall pay the Transfer Price with respect to the Transferred Equity acquired at each Exercise of Option to the Existing Shareholder transferring such Transferred Equity.

3.4 At each Exercise of Option, the WFOE may acquire the Transferred Equity or designate any third party to acquire all or part of the Transferred Equity.

3.5 Having decided each Exercise of Option, the WFOE shall issue to the Existing Shareholder a notice for exercising the Equity Transfer Option (hereinafter referred to as "**Exercise Notice**", the form of which is set out in Annex II hereto). The Existing Shareholder shall, upon receipt of the Exercise Notice, forthwith make a one-time transfer of all the Transferred Equity in accordance with the Exercise Notice to the WFOE and/or any other entity or individual designated by it in such method as described in Article 3.3 hereof.

3.6 The Existing Shareholder hereby promises and guarantees that once the WFOE issues an Exercise Notice:

(1) he shall promptly take all necessary actions to transfer all the Transferred Equity at the Transfer Price to the WFOE and/or any other entity or individual designated by it;

(2) he shall promptly enter into an equity transfer agreement with the WFOE and/or any other equity or individual designated by it to transfer all the Transferred Equity at the Transfer Price to the WFOE and/or any other entity or individual designated by it; and

(3) he shall provide necessary support to the WFOE (including provision and execution of all relevant legal documents, e.g. the power of attorney in the form set out in Annex III, performance of all government approval and registration procedures and assumption of all relevant obligations) in accordance with the WFOE's requirements and laws and regulations, so that the WFOE and/or any other entity or individual designated by it may acquire all the Transferred Equity without legal defects.

Article 4 Transfer Price

At each Exercise of Option, the Transfer Price paid by the WFOE or the entity or individual designated by it to the Existing Shareholder shall be amount of the registered capital of the Domestic-funded Company at that time multiplied by the proportion of the Transferred Equity in the total equity of the Domestic-funded Company, or the price otherwise agreed in writing by the Parties. At each Exercise of Option, the Transfer Price paid by the WFOE or the entity or individual designated by it to the Existing Shareholders shall be the lowest price permitted by the PRC Law.

Article 5 Representations and Warranties

5.1 The Existing Shareholder hereby represents and warrants that:

5.1.1 The Existing Shareholder is a Chinese citizen with full capacity or partnerships duly incorporated and validly subsisting under the PRC Law. He has complete and independent legal status and legal capacity to execute, deliver and perform this Agreement and may act as the subject of litigation independently.

5.1.2 He has the full power and authority to sign and deliver this Agreement and all other documents relating to the transaction specified herein and to be signed by him. He has the full power and authority to complete the transaction specified herein.

5.1.3 This Agreement is legally and duly signed and delivered by the Existing Shareholder. This Agreement shall constitute his legal and binding obligations and may be enforceable against him in accordance with the terms of this Agreement.

5.1.4 The Existing Shareholder is the registered legitimate owner of the Option Equity as of the effective date of this Agreement, and except for the rights set under this Agreement and the *Equity Pledge Agreement*, the Option Equity is free from and clear of any lien, pledge, claim and other real rights for security.

5.2 The Domestic-funded Company hereby represents and warrants that:

5.2.1 The Domestic-funded Company is a limited liability company duly incorporated and validly subsisting under the PRC Law with an independent legal personality. The Domestic-funded Company has the complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may act as the subject of litigation independently.

5.2.2 The Domestic-funded Company has the full internal corporate power and authority to sign and deliver this Agreement and all other documents relating to the transaction specified herein and to be signed by it. It has the full power and authority to complete the transaction specified herein.

5.2.3 This Agreement is legally and duly signed and delivered by the Domestic-funded Company. This Agreement shall constitute the legal and binding obligation against it.

5.2.4 The Existing Shareholder is the registered legitimate shareholder of the Domestic-funded Company at the time of conclusion of this Agreement. Pursuant to this Agreement, the WFOE and/or any other entity or individual designated by it may, after the Exercise of Option, acquire a good title to the Transferred Equity, free from and clear of any lien, pledge, claim and other real rights for security.

5.3 The WFOE hereby represents and warrants that:

5.3.1 The WFOE is a wholly foreign-owned limited liability company duly incorporated and validly subsisting under the PRC Law with an independent legal personality. The WFOE has the complete and independent legal status and legal capacity to sign, deliver and perform this Agreement and may act as the subject of litigation independently.

5.3.2 The WFOE has the full internal corporate power and authority to sign and deliver this Agreement and all other documents relating to the transactions specified herein and to be signed by it. It has the full power and authority to complete the transactions specified herein.

5.3.3 This Agreement is legally and duly singed and delivered by the WFOE. This Agreement shall constitute the legal and binding obligation against it.

Article 6 Undertakings by the Existing Shareholder

The Existing Shareholder hereby undertakes that:

6.1 within the validity period of this Agreement, he shall take all commercially reasonable efforts to enable the Domestic-funded Company to obtain all Business Permits required to operate his business in a timely manner and to keep all Business Permits in force at all times.

6.2 Within the validity period of this Agreement, without the WFOE's prior written consent:

6.2.1 the Existing Shareholder shall not transfer or otherwise dispose of any Option Equity or create any collateral or other third party rights on any Option Equity;

6.2.2 he shall not increase or decrease the registered capital of the Domestic-funded Company or change in any way the existing equity structure of the Domestic-funded Company set out in Annex I;

6.2.3 he shall not dispose of or cause the management of the Domestic-funded Company to dispose of any Assets of the Domestic-funded Company (excluding those incurred during normal operation);

6.2.4 he shall not terminate or cause the management of the Domestic-funded Company to terminate any Material Agreement entered into by the Domestic-funded Company, or enter into any other agreement in conflict with the existing Material Agreements (excluding those incurred during normal operation);

6.2.5 he shall not cause or allow the Domestic-funded Company to declare the distribution of or in practice release any distributable profit, bonus or dividend;

6.2.6 he shall ensure that the Domestic-funded Company validly exists and is not terminated, liquidated or dissolved;

6.2.7 he shall not cause or allow the Domestic-funded Company to make substantive amendments to its articles of association;

6.2.8 he shall ensure that the Company will not lend or borrow any money, or provide any guaranty or engage in security activities in any other form (excluding those incurred during normal operation); and

6.2.9 he shall ensure that the Domestic-funded Company will not merge with any third party, purchase assets and equities of any third party or otherwise invest in any third party (excluding those incurred during normal operation).

The Parties agree that if the equity held by the Existing Shareholder in the Domestic-funded Company is lower than 50% (excluding 50%) for the WFOE and/or any other entity or individual designated by it purchase(s) all or part of the equity held by the Existing Shareholder in the Domestic-funded Company, the Existing Shareholder shall be no longer governed by any undertaking herein beyond his reasonable control.

6.3 Within the validity period of this Agreement, he shall use his best endeavour to develop the business of the Domestic-funded Company and ensure that the Domestic-funded Company's operations are legal and in compliance with the regulations, and he will not engage in any act or omission which may damage the Assets of the Domestic-funded Company and its goodwill or affect the validity of the Business Permits of the Domestic-funded Company.

Article 7 Undertakings of the Domestic-funded Company

7.1 If any consent, permit, waiver or authorization by any third person, or any approval, permit or exemption by any government authority, or any registration or filing formalities (if required by laws) with any government authority needs to be obtained or handled with respect to the signing and performance of this Agreement and the grant of the Equity Transfer Option hereunder, the Domestic-funded Company will endeavour to assist in satisfying the above conditions.

7.2 Without the prior written consent of the WFOE, the Domestic-funded Company shall not assist or permit the Existing Shareholder to transfer or otherwise dispose of any Option Equity or create any collateral or other third party rights on any Option Equity.

7.3 The Domestic-funded Company shall not have or permit any behaviour or action that may adversely affect the interests of the WFOE under this Agreement.

Article 8 Duration of the Agreement

This Agreement shall take effect after being duly signed by the Parties, and terminate after all the Option Equity are lawfully transferred to the WFOE and/or any other entity or individual designated by it pursuant to the provisions of this Agreement.

Article 9 Notices

9.1 Any notice, request, demand and other correspondences required by this Agreement or made in accordance with this Agreement shall be delivered in writing to the relevant Party.

9.2 If any of such notices or other correspondences is transmitted by facsimile or telex, it shall be deemed as served immediately upon transmission; if delivered in person, it shall be deemed as served at the time of delivery; if posted by mail, it shall be deemed as served five (5) days after posting.

Article 10 Defaulting Liability

10.1 The Parties agree and confirm that, if any of the Parties (hereinafter referred to as the "**Defaulting Party**") substantially violates any agreement herein or substantially fails to perform any of the obligations hereunder, such violation or failure shall constitute a default under this Agreement (hereinafter referred to as "**Default**"). The non-defaulting Party (hereinafter referred to as the "**Observant Party**") shall have the right to request the Defaulting Party to rectify such Default or take remedial actions within a reasonable period. If the Defaulting Party fails to rectify such Default or take remedial actions within the reasonable period or within ten (10) days after the Observant Party notifies the Defaulting Party in writing requesting the Default to be rectified, and if any Existing Shareholder or the Domestic-funded Company is the Defaulting Party, then the Observant Party is entitled to decide at its own discretion: (1) to terminate this Agreement, and require the Defaulting Party to give full compensation for damages or (2) to require the Defaulting Party to continue to perform its obligations hereunder and give full compensation for damages; if WFOE is the Defaulting Party, the Observant Party has the right to require it to continue to perform its obligations hereunder and give full compensation for damages.

10.2 The Parties agree and confirm that the Existing Shareholder and the Domestic-funded Company shall not, under any circumstance, require the termination of this Agreement for any reason.

10.3 The rights and remedies specified in this Agreement are cumulative, and do not exclude other rights or remedies stipulated by laws.

10.4 Notwithstanding any other provisions herein, the effect of this article shall not be affected by suspension or termination of this Agreement.

Article 11 Miscellaneous

11.1 This Agreement shall be rendered in Chinese in three (3) originals with equal legal force, with one (1) original to be retained by each Party hereto.

11.2 The execution, effectiveness, performance, amendment, interpretation and termination of this Agreement shall be governed by the PRC laws.

11.3 Any dispute arising out of and in connection with this Agreement shall be resolved through negotiations among the disputing parties. In case the disputing parties fail to reach an agreement within thirty (30) days after the dispute arises, such dispute shall be referred to the Guangzhou Arbitration Commission for arbitration. The arbitration award shall be final and binding on the disputing parties.

11.4 None of the rights, powers and remedies granted to any Party by any provision herein shall preclude any other rights, powers or remedies available to such Party at law and under the other provisions of this Agreement. In addition, a Party's exercise of any of its rights, powers and remedies shall not exclude such Party from exercising any of its other rights, powers and remedies.

11.5 No failure or delay by a Party in exercising any rights, powers and remedies available to it hereunder or at law (hereinafter referred to as **"Such Rights"**) shall result in a waiver thereof, nor shall the waiver of any single or part of Such Rights shall exclude such Party from exercising Such Rights in any other way and exercising other Such Rights.

11.6 The headings of the provisions herein are for reference only, and in no event shall such headings be used for or affect the interpretation of the provisions hereof.

11.7 Each provision contained herein shall be severable and independent from each of the other provisions. If any one or more provisions herein become(s) invalid, illegal or unenforceable at any time, the validity, legality and enforceability of the remaining provisions herein shall not be affected as a result thereof.

11.8 This Agreement, once signed, shall supersede any other legal documents previously signed by and among the Parties with respect to the subject hereof, including but not limited to the Original Equity Transfer Option Agreements. Any amendment or supplement hereto shall be made in writing and shall become effective only upon due signing by the Parties hereto.

11.9 Without the prior written consent of the WFOE, none of the Existing Shareholder or the Domestic-funded Company shall transfer any of its rights and/or obligations hereunder to any third party. WFOE has the right to transfer any of its rights and/or obligations hereunder to any third party designated by it after giving notice to the Existing Shareholder and the Domestic-funded Company.

11.10 This Agreement shall be binding on the legal successors of the Parties.

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Guangzhou Tiya Information Technology Co., Ltd. (Seal)
/s/ Seal of Guangzhou Tiya Information Technology Co., Ltd.

Signature: /s/ Ding Ning
Name: Ding Ning
Position: Legal representative

Guangzhou Huanliao Network Technology Co., Ltd. (Seal)
/s/ Seal of Guangzhou Zhiya Network Technology Co., Ltd.

Signature: /s/ Ding Ning
Name: Ding Ning
Position: Legal representative

Ding Ning

Signature: /s/ Ding Ning

Annex I:

General Information about the Domestic-funded Company

Annex II:

Form of Exercise Notice

Annex III:

Form of Power of Attorney

Exhibit 10.12

Exclusive Technical Consulting and Management Service Agreement

This Exclusive Technical Consulting and Management Service Agreement (hereinafter referred to as "**this Agreement**") was entered into by the following two parties on May 20, 2019:

(1) Guangzhou Tiya Information Technology Co., Ltd., a company with limited liability duly incorporated and validly subsisting under the laws of the People's Republic of China (hereinafter referred to as "**PRC**") (solely funded by Taiwan, Hong Kong or Macao legal person), whose registered address is B085, Room 401, No. 194 Hehui Street, Tianhe Road North, Tianhe District, Guangzhou City (hereinafter referred to as "**Party A**"); and

(2) Guangzhou Zhiya Network Technology Co., Ltd., a company with limited liability duly incorporated and validly subsisting under the PRC laws, whose registered address is self-numbered 3-10B-2B, No. 309 Huangpu Avenue Middle, Tianhe District, Guangzhou City (hereinafter referred to as "**Party B**").

Whereas:

1. Party A is a company with limited liability duly incorporated and validly subsisting in the PRC (solely funded by Taiwan, Hong Kong or Macao legal person) and engaged in information system integration services, information technology consulting services, software product development and production, data processing and storage services, research and development of network technologies, computer technology development, technical services, IoT technology research and development.

2. The two parties agree that Party A shall be the exclusive provider of technical consulting and management services to Party B, and Party B agrees to accept the technical consulting and services provided by Party A.

Therefore, Party A and Party B arrive at the following agreement upon negotiation:

1. Exclusive technical consulting and management services

1.1 Party B agrees that during the validity period of this Agreement, Party A shall provide Party B with the technical consulting and management services set out in Annex I hereto as the exclusive provider of technical consulting and relevant management services to Party B. Party B also agrees that unless with Party A's prior written consent, within the validity period of this Agreement, Party B shall not accept any technical consulting and relevant management services provided by any third party in relation to the aforesaid business.

1.2 During the validity period of this Agreement, Party B shall, after confirming the technical support required to be provided by Party A, submit the request to Party A within a reasonable period, and Party A shall, after receipt of such request, complete the required technical work within the period agreed upon by the two parties and submit the completed technical support to Party B in a manner agreed upon by the two parties.

1.3 Party A shall be exclusively and solely entitled to the intellectual property rights arising from the performance of this Agreement, including but not limited to any technology and software, regardless of whether it is independently developed by Party A or developed by Party B based on Party A's intellectual property rights or by Party A based on Party B's intellectual property rights, and Party B shall not make any claims against Party A for any rights, ownership, interests and intellectual property rights.

1.4 If Party A's development is based on Party B's intellectual property rights, Party B shall warrant that such intellectual property rights are free from any defects; otherwise, Party B shall be liable for any losses of Party A arising therefrom.

2. Calculation and payment of technical consulting and service fees

2.1 Service fees: The two parties agree that Party A shall provide Party B with the services specified herein within the validity period of this Agreement, and the service fees payable by Party B shall be determined and paid in a manner specified in Annex II *Calculation and Payment Methods for Service Fees.*

2.2 Party A shall be entitled to appoint its employees or CPAs from the PRC or any other country (hereinafter referred to as "**Party A's authorized representatives**") to verify Party B's accounts for the purpose of reviewing the calculation method and amount of the service fees, provided that it is solely liable for the audit fees. Accordingly, Party B shall provide Party A's authorized representatives with the documents, accounts, records and data, etc. required by Party A's authorized representatives to facilitate the review of Party B's accounts and determination of the amount of services fees by Party A's authorized representatives. The amount of services fees shall be subject to the amount determined by Party A's authorized representatives. Party A shall be entitled to issue a fee note to Party B at any time after its authorized representatives issue the audit report, requiring Party B to pay the outstanding service fees. Party B shall make such payment within seven workdays after receipt of the fee note.

3. Representations and warranties

3.1 Party A hereby represents and warrants as follows:

3.1.1 Party A is a company duly registered and lawfully subsisting under the PRC laws with healthy operating records.

3.1.2 Party A's services do not run counter to any governing laws, regulations or governmental policies.

3.1.3 Party A's signing and performance of this Agreement is within its corporate capacity and the scope of its business operations. Party A has taken necessary corporate actions, has been given with due powers, and will not violate any restrictions in the laws and contracts that are binding or have influence thereupon. This Agreement shall, upon signing, constitute Party A's legal, valid and binding obligations and shall be enforceable against Party A in accordance with the terms hereof.

3.2 Party B hereby represents and warrants as follows:

3.2.1 Party B is a company duly registered and lawfully subsisting under the PRC laws with healthy operating records.

3.2.2 Party B's signing and performance of this Agreement is within its corporate capacity and the scope of its business operations. Party B has taken necessary corporate actions, has been given with due powers, and will not violate any restrictions in the laws and contracts that are binding or have influence thereupon. This Agreement shall, upon signing, constitute Party B's legal, valid and binding obligations and shall be enforceable against Party B in accordance with the terms hereof.

4. Intellectual property rights and confidentiality

4.1 Party B agrees that it shall make every effort possible to keep confidential Party A's secret data and information (hereinafter referred to as "**confidential information**") by various reasonable measures; and moreover, Party B shall, upon Party A's request, return to Party A or destroy any documents, data or software containing confidential information, delete any confidential information from any relevant memory devices, and stop using such confidential information. Without Party A's written consent, Party B shall not disclose, give or transfer such confidential information to any third party.

4.2 Confidential information refers to any forms of business secrets, proprietary information and other data and information belonging to Party A or its customers, clients, consultants, sub-licensees or affiliated enterprises and held by Party A in a confidential manner. Confidential information includes but is not limited to computer software, Party A's online catalogue, business plans and ideas, product development, invention, service design, creative design, pictures, texts, audios, videos, multimedia information, customer data, market information, financial information, scientific information as well as any and all intellectual property rights or industrial property rights owned by Party A, and also includes other information deemed or taken as confidential by Party A or any of its customers, clients, consultants, sub-licensees or affiliated enterprises. Notwithstanding the above provisions, confidential information does not include the information that the associated companies disclose to the public in an unrestricted manner or that becomes widely known to the public for other reason.

4.3 The two parties agree that these terms shall survive any change to, and rescission or termination of this Agreement.

4.4 Party B promises that it shall compensate Party A for any economic losses arising from its breach of the aforesaid terms.

5. Compensations

5.1 Unless otherwise specified herein, Party B shall be deemed as having breached this Agreement if it fails to fully perform, or suspends performance of its obligations hereunder and does not take any corrective actions within 30 days after receipt of the notice from the other party, or its representations and warranties are not true.

5.2 Party B shall be completely liable for any compensation claim made by any person due to Party B's failure to follow Party A's instructions, or Party B's misuse of Party A's intellectual property rights or improper technical operations. If Party B finds any person using Party A's intellectual property rights without legal authorization, Party B shall immediately notify Party A and provide cooperation for any actions taken by Party A.

5.3 Party A shall compensate Party B for and hold Party B harmless from any resulting losses, damages, obligations and expenses from any lawsuits, claims or other requirements against Party B arising from or caused by the service contents provided by Party A.

5.4 Party B shall compensate Party A for and hold Party A harmless from any resulting losses, damages, obligations and expenses from any lawsuits, claims or other requirements against Party A arising from or caused by the request contents proposed by Party B.

5.5 If Party B fails to duly pay Party A the service fees as per the time and method agreed upon by the two parties, Party B shall pay Party A a forfeit equivalent to 0.05% of the outstanding amount set out in the Annex II *Calculation and Payment Methods for Service Fees* for each day of delay.

6. Entry into force

6.1 This Agreement shall be signed and entered into force on the date of agreement first written above. The term of this Agreement shall be 10 years, unless Party A rescinds this Agreement prematurely. If, before expiry of this Agreement, Party A proposes relevant requirement, the two parties to this Agreement shall extend the validity period of this Agreement as required by Party A to continue performing this Agreement, or sign a separate exclusive technical consulting and management service agreement upon Party A's requirement.

6.2 This Agreement and Annexes thereof and transaction documents are complete agreements concluded by respective parties for the agreed matters to supersede any oral or written exchange opinions or suggestions previously made by respective parties.

7. Termination

7.1 Within the validity period of this Agreement, Party B shall not prematurely terminate this Agreement; otherwise, Party B shall compensate Party A for all the losses arising therefrom and pay relevant service fees for the completed services. Party A shall be entitled to terminate this Agreement at any time with a 30 days' prior written notice to Party B.

7.2 Terms after termination: After termination of this Agreement, the rights and obligations of the two parties under Articles 4, 5 and 8 shall remain valid.

8. Governing laws and settlement of disputes

8.1 The execution, effectiveness, interpretation and performance of this Agreement shall be governed by the PRC laws.

8.2 Any disputes between the two parties on the interpretation and performance of terms hereunder shall be settled by the two parties through good faith negotiation. Should the negotiation fail, either party may refer such dispute to the Guangzhou Arbitration Commission for arbitration in accordance with the prevailing arbitration rules. The arbitration shall be conducted in Chinese. The arbitration award shall be final and binding on the two parties.

9. Force majeure

9.1 If the performance of this Agreement is delayed or hindered due to any "force majeure", the party affected by the force majeure is not required to bear any liability hereunder only for the part whose performance is delayed or hindered. "**Force majeure**" refers to any events which are beyond the reasonable control of either party and are still inevitable with the reasonable attention of the affected party, including but not limited to government act, natural force, fire, explosion, geographical change, windstorm, flood, earthquake, tide, lightning or war. However, inadequate credit, funds or financing shall not be deemed as events beyond the reasonable control of either party. Either party seeking exemption from performing the responsibilities under this Agreement or any terms hereof due to the impact of "force majeure" shall notify the other party of such exemption from responsibilities and the steps to be taken to complete the performance of such responsibilities as soon as possible.

9.2 Either party affected by the force majeure is not required to bear any liability hereunder in this regard, but only when the affected party makes every reasonable and practicable effort to perform this Agreement may the party seeking exemption from responsibilities be exempted from performing such responsibilities only to the extent of the performance delayed or hindered. Once the causes for such exemption from responsibilities are corrected and remedied, the parties agree to make utmost efforts to restore the performance of this Agreement.

10. Transfer of this Agreement

10.1 Party B shall not transfer its due rights and obligations hereunder to any third party, unless with Party A's prior written consent.

10.2 Party A may transfer its due rights and obligations hereunder to its affiliated enterprises. For the purpose of this Agreement, the aforesaid affiliated enterprises refer to the enterprises controlled by or controlling Party A, or simultaneously under the control of a third party together with Party A. For the purpose of this Article, control refers to the influence that an enterprise has to directly or indirectly determine and/or control the business management of another enterprise, regardless of whether such influence is formed by holding the equity in the controlled enterprise or by the agreement with the controlled enterprise. Party A shall notify Party B in writing of the aforesaid transfer at least 20 days in advance.

11. Severability of this Agreement

If any terms hereunder disagree with relevant laws and therefore become invalid or unenforceable, such terms shall be deemed as invalid within the jurisdiction of relevant laws and shall not affect the legal force of other terms hereof.

12. Amendment and supplement to this Agreement

The two parties may make amendments, supplements and extensions to this Agreement in the form of written agreement. Relevant amended and supplementary agreements of this Agreement duly signed by the two parties shall constitute an integral part of this Agreement and shall have the same legal force as this Agreement.

13. This Agreement shall be executed in two counterparts with equal legal force, with one held by either party.

In view of this, the two parties have prompted their authorized representatives to execute this Agreement on the date first written above.

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Party A

Guangzhou Tiya Information Technology Co., Ltd. (Seal)

/s/ Seal of Guangzhou Tiya Information Technology Co., Ltd.

Signature: /s/ Li Zelong
Name: Li Zelong
Position: Legal representative

Party B

Guangzhou Zhiya Network Technology Co., Ltd. (Seal)

/s/ Seal of Guangzhou Zhiya Network Technology Co., Ltd.

Signature: /s/ Ding Ning
Name: Ding Ning
Position: Legal representative

[Signature Page of Exclusive Technical Consulting and Management Service Agreement]

Annex I

Technical Consulting and Service Content Agreement

Annex II

Calculation and Payment Methods for Service Fees

Exhibit 10.13

Business Operation Agreement

This Business Operation Agreement (hereinafter referred to as "**this Agreement**") was signed by the following parties (hereinafter referred to as "**Parties to this Agreement**") on May 20, 2019:

(1) Guangzhou Tiya Information Technology Co., Ltd., a company with limited liability duly incorporated and validly subsisting under the laws of the People's Republic of China (PRC) (solely funded by Taiwan, Hong Kong or Macao legal person), whose registered address is B085, Room 401, No. 194 Hehui Street, Tianhe Road North, Tianhe District, Guangzhou City (hereinafter referred to as "**Party A**");

(2) Guangzhou Huanliao Network Technology Co., Ltd., a company with limited liability duly incorporated and validly subsisting under the PRC laws, whose registered address is self-numbered 3-10B-2B, No. 309 Huangpu Avenue, Tianhe District, Guangzhou City (hereinafter referred to as "**Party B**"); and

(3) Ding Ning, PRC citizen (hereinafter referred to as "**Party C**");

Whereas:

1. Party A and Party B have established a business relation through conclusion of the *Exclusive Technical Consulting and Management Service Agreement* and other agreements; Party B shall pay various monies to Party A under such agreements, and therefore, Party B's daily operation will have substantive impact on Party A's ability to pay corresponding monies; and

2. Party C is the sole shareholder of Party B and holds 100% equity in Party B;

the Parties to this Agreement, upon friendly negotiation and in the spirit of equality and mutual benefit, hereby arrive at the following agreement:

1. Obligations of omission

To ensure that Party B will perform the agreements signed with Party A and bear the obligations to Party A, Party C hereby confirms, agrees and undertakes that save with the prior written consent of Party A or other parties designated by Party A, Party B will not conduct any transactions which may have substantive or adverse impact on assets, businesses, employees, obligations, rights or operations of the Company, including but not limited to the following contents:

1.1 carrying out any activities exceeding normal operations of the Company;

1.2 borrowing monies from any third parties or bearing any debts;

1.3 replacing or removing any directors of the Company or changing any senior management members of the Company;

1.4 selling assets or rights to any third parties or acquiring the same from any third parties, including but not limited to any intellectual property rights;

1.5 providing guarantees to any third parties with its assets or intellectual property rights, or providing guarantees in any other form, or setting any encumbrances on assets of the Company;

1.6 amending the Articles of Association or changing the Company's business scope;

1.7 changing the Company's normal business processes or amending any important internal rules and regulations of the Company; and

1.8 transferring the rights and obligations under this Agreement to any third parties.

2. Business management and personnel arrangement

2.1 Party B and Party C hereby agree to accept and strictly implement the advice on the appointment and dismissal of the Company's employees, the daily business management of the Company and financial management system of the Company provided by Party A from time to time.

2.2 Party B and Party C hereby agree that Party C will elect the personnel designated by Party A as the directors of Party B according to the procedures stipulated by laws and regulations and the Articles of Association, and undertake that such directors elected will elect chairman of the Company based on the personnel recommended by Party A and appoint the personnel designated by Party A as the general manager, chief financial officer and other senior management members.

2.3 The above directors or senior management members designated by Party A who leave Party A (regardless of resignation or dismissal by Party A) will be disqualified for holding any positions in Party B. In this case, Party C will elect other personnel otherwise designated by Party A to hold such positions.

2.4 For the purpose of the aforesaid Article 2.3, Party C will adopt all necessary internal and external procedures of the Company to complete the aforesaid dismissal and appointment procedures pursuant to laws, the Articles of Association and this Agreement.

2.5 Party C hereby agrees to execute an irrevocable proxy form for voting when this Agreement is concluded, according to which Party C will irrevocably authorize the personnel designated by Party A to exercise the shareholders' rights by proxy and exercise all the shareholders' voting rights entitled to shareholders at the shareholders' meeting in Party B. Party C will further agree to replace the authorized personnel designated in the proxy form for voting as required by Party A at any time.

3. Other agreements

3.1 In the event of the termination or expiry of any agreement between Party A and Party B, Party A shall have the right to decide on whether to terminate all the agreements between the two parties, including but not limited to the *Exclusive Technical Consulting and Management Service Agreement*.

3.2 Given that Party A and Party B have established a business relation through conclusion of the *Exclusive Technical Consulting and Management Service Agreement* and other agreements and Party B's daily operation will have substantive impact on Party A's ability to pay corresponding monies, Party C agrees that any bonus, dividend or any other gain or interest (regardless of the specific form) it receives from Party B as Party B's shareholder shall be unconditionally paid or transferred immediately to Party A when they are realized.

4. Entire agreement and amendment to this Agreement

4.1 This Agreement and all the agreements and/or documents mentioned or explicitly included in this Agreement shall constitute the entire agreement concluded by the respective parties on the underlying issues of this Agreement, and shall supersede all the previous oral and written agreements, contracts, understandings and communications on the underlying issues of this Agreement.

4.2 Any amendment to this Agreement shall be valid upon signing by the respective parties in writing. Relevant amended and supplementary agreements of this Agreement duly signed by the respective parties shall constitute an integral part of this Agreement and shall have the same legal force as this Agreement.

5. Governing laws

The conclusion, validity, performance and interpretation of this Agreement and settlement of disputes shall be governed by and interpreted pursuant to PRC laws.

6. Settlement of disputes

6.1 Any dispute between the Parties to this Agreement about the interpretation and performance of the terms hereunder shall be settled by the respective parties through good faith negotiation. Should the negotiation fail, either party may refer such dispute to the Guangzhou Arbitration Commission for arbitration in accordance with its arbitration rules in effective at that time. The arbitration shall be conducted in Chinese. The arbitration award shall be final and binding on the respective parties.

6.2 The respective parties shall continue fulfilling their obligations hereunder in good faith, except issues under dispute.

7. Notice

Notices issued by the Parties to this Agreement for fulfilling the rights and obligations hereunder shall be made in writing and sent to the address of the other party or parties by personal delivery, registered mail, prepaid mail or other accepted express services.

8. Validity and term of this Agreement and miscellaneous

8.1 Party A's written consent, advice, designation and other decisions which have material impact on Party B's daily operation involved in this Agreement shall be made by the board of directors of Party A.

8.2 This Agreement and appendixes thereof and transaction documents are complete agreements concluded by respective parties for the agreed matters to supersede any oral or written exchange opinions or suggestions previously made by respective parties.

8.3 This Agreement shall be signed by respective parties and entered into force on the date of agreement first written above. The term of this Agreement shall be 10 years, unless Party A rescinds this Agreement prematurely. If, before expiry of this Agreement, Party A proposes relevant requirement, Parties to this Agreement shall extend the validity period of this Agreement as required by Party A to continue performing this Agreement, or sign a separate business operation agreement upon Party A's requirement.

8.4 Within the validity period of this Agreement, Party B and Party C shall not prematurely terminate this Agreement. Party A shall be entitled to terminate this Agreement at any time with a written notice to Party B and Party C.

8.5 Any term and provision of this Agreement deemed as illegal or unenforceable due to governing laws shall be deemed as deleted from this Agreement and invalid, but other terms of this Agreement shall still apply and be deemed as never containing such term as from the very beginning. The respective parties shall replace the term deemed deleted with the lawful and valid terms accepted by the respective parties upon consulting with each other.

8.6 Either party's failure to exercise any right, authority or privilege under this Agreement shall not constitute its waiver of the said right, authority or privilege, and either party's individual or partial exercising of any right, authority or privilege shall not exclude its exercising of any other right, authority or privilege.

In view of this, the authorized representatives of respective parties have signed this Agreement on the date first written above.

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Guangzhou Tiya Information Technology Co., Ltd. (Seal)

/s/ Seal of Guangzhou Tiya Information Technology Co., Ltd.

Signature: /s/ Li Zelong
Name: Li Zelong
Position: Legal representative

Guangzhou Zhiya Network Technology Co., Ltd. (Seal)

/s/ Seal of Guangzhou Zhiya Network Technology Co., Ltd.

Signature: /s/ Ding Ning
Name: Ding Ning
Position: Legal representative

Ding Ning

Signature: /s/ Ding Ning

[Signature page of the Business Operation Agreement]

Exhibit 10.14

Power of Attorney

I, Ding Ning (ID number: [ ]), shareholder of Guangzhou Huanliao Network Technology Co., Ltd. (hereinafter referred to as "**Domestic-funded Company**"), hereby irrevocably authorize Guangzhou Tiya Information Technology Co., Ltd. (hereinafter referred to as the "**Trustee**") to exercise the following rights within the validity period of this Power of Attorney:

to invest the Trustee with complete power to act, on my behalf, as shareholder of the Domestic-funded Company and to exercise all the shareholders' rights entitled to shareholders according to laws and the Articles of Associations, including but not limited to (1) proposing the convening of the shareholders' meeting, (2) receiving any notices relating to the convening of the shareholders' meeting and rules of procedures, (3) attending the shareholders' meeting and exercising the full voting right (including designating and selecting directors, general manager, chief financial officer and other senior management members of the Domestic-funded Company, deciding on the dividend distribution of the Company etc. as my authorized representative at the shareholders' meeting of the Company), (4) selling or transferring all or any part of my equity in the Domestic-funded Company, etc..

I may exercise the voting right or sign relevant documents as directed by the Trustee if the Domestic-funded Company requests me to exercise the voting right or sign relevant documents in person according to relevant laws and regulations.

Unless the *Business Operation Agreement* concluded between the Domestic-funded Company, the Trustee and me terminates prematurely for any reason, this Power of Attorney shall become effective as from the date of signing to the time when the Domestic-funded Company is dissolved under the laws.

Authorizer: Ding Ning

Signature: /s/ Ding Ning

Date: May 20, 2019