As filed with the Securities and Exchange Commission on July 5, 2024

Registration No. 333-280135

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO.1 TO

FORM F-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

NIP Group Inc.

(Exact name of Registrant as specified in its charter)

Not Applicable

(Translation of Registrant's name into English)

Cayman Islands	**7389**	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Rosenlundsgatan 31
11 863 Stockholm
Sweden
+46 8133700

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

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

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

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

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

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

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

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

† 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.

PRELIMINARY PROSPECTUS (Subject to Completion)
Dated July 5, 2024.

2,250,000 American Depositary Shares

NIP Group Inc.

Representing 4,500,000 Class A Ordinary Shares

We are selling 2,250,000 American depositary shares, or ADSs. Each ADS represents two of our Class A ordinary shares, par value US$0.0001 per share.

This is an initial public offering of ADSs of NIP Group Inc. Prior to this offering, there has been no public market for the ADSs or our Class A ordinary shares. We anticipate that the initial public offering price will be between US$9.00 and US$11.00 per ADS.

Prior to this offering, there has been no public market for the ADSs or our ordinary shares. After pricing of the offering, we expect that the ADSs will trade on the Nasdaq Stock Market under the symbol "NIPG." We believe that upon the completion of this offering, we will meet the standards for listing on the Nasdaq Stock Market, and the closing of this offering is contingent upon such listing.

Following this offering, we will have three classes of ordinary shares outstanding: Class A ordinary shares, Class B1 ordinary shares and Class B2 ordinary shares. Class B1 ordinary shares and Class B2 ordinary shares are collectively referred to as "Class B ordinary shares." The rights of the holders of our Class A ordinary shares, our Class B1 ordinary shares and our Class B2 ordinary shares are identical, except with respect to voting and conversion. Each Class A ordinary share is entitled to one vote per share and is not convertible into any other shares of our capital stock. Each Class B1 ordinary share and Class B2 ordinary shares is entitled to 20 votes per share and is convertible into one Class A ordinary share at any time at the option of the holder thereof. In addition, our Class B1 ordinary shares and Class B2 ordinary shares will automatically convert into shares of our Class A ordinary shares upon certain transfers and other events, in particular when a holder of Class B1 ordinary shares or holder of Class B2 ordinary shares holds less than 5% of our total issued shares, all of the Class B1 ordinary shares or the Class B2 ordinary shares held by the relevant holder and its Affiliates shall automatically convert into an equivalent number of Class A ordinary shares respectively. Ordinary resolutions of the Company should be passed, at a general meeting of the Company, by: (i) a simple majority of votes entitled to be exercised by the shareholders; (ii) a simple majority of votes entitled to be exercised by Class B1 Shareholders; and (iii) a simple majority of votes entitled to be exercised by Class B2 Shareholders. For special resolutions (which are required for certain important matters including mergers and changes to our governing documents), which require the vote of two-thirds of the votes cast, the voting power permitted to be exercised by the holders of the Class B ordinary shares will be weighted such that the Class B ordinary shares shall represent, in the aggregate, 67% of the voting power of all shareholders (the "Weighted Voting Right"). Where there is more than one holder of Class B ordinary shares that is subject to a Weighted Voting Right for the purposes of passing a special resolution, then the voting power entitled to be exercised in respect of such Class B ordinary shares, shall be divided equally between the Class B1 majority holder who holds the highest number of the issued Class B1 ordinary shares and the Class B2 majority holder who holds the highest number of the issued Class B2 ordinary shares, provided always that: (i) in the event that a Class B majority holder votes "against" a special resolution (the "Relevant Class B Majority Holder"), then all of the voting power entitled to be exercised in respect of such Class B ordinary shares shall be exercised by that Relevant Class B Majority Holder only, and (ii) if there is only one Class B majority holder then the voting power entitled to be exercised in respect of such Class B ordinary shares shall be exercised by that Class B majority holder alone. See "Description of Share Capital."

Following the completion of this offering, Mr. Mario Yau Kwan Ho and Mr. Liwei "xiaoT" Sun will beneficially own all of our issued Class B1 ordinary shares, and Mr. Hicham Chahine will beneficially own all of our issued Class B2 ordinary shares. Mr. Mario Ho, Mr. Liwei "xiaoT" Sun and Mr. Hicham Chahine will beneficially own 13.6%, 8.4% and 11.9% of our total ordinary shares on an as-converted basis, respectively, and 36.6%, 22.4% and 32.0% of the aggregate voting power, respectively, assuming the underwriters do not exercise their option to purchase additional ADSs and subject to the approval conditions

for ordinary resolutions, the Weighted Voting Right and certain restrictions. As a result, Mr. Mario Yau Kwan Ho, Mr. Liwei "xiaoT" Sun and Mr. Hicham Chahine will have the ability to control or exert significant influence over important corporate matters.

NIP Group Inc. is not a Chinese operating company but a Cayman Islands holding company with operations primarily conducted through its wholly-owned subsidiaries in (i) Sweden, namely Ninjas in Pyjamas Gaming AB, which is engaged in esports teams operations, and (ii) China, namely Wuhan Xingjingweiwu Culture & Sports Development Co., Ltd., which is engaged in esports teams, talent management and event production operations. Under this holding company structure, investors in the ADSs are purchasing equity interests in the Cayman Islands holding company. This holding company structure involves unique risks to investors and investors may never hold equity interests in the Swedish and Chinese operating companies. While we do not operate in an industry that is currently subject to foreign ownership limitations in China, PRC regulatory authorities could decide to limit foreign ownership in our industry or disallow our structure in the future, in which case there could be a risk that we would be unable to do business in China as we are currently structured. In such event, despite our efforts to restructure to comply with the then applicable PRC laws and regulations in order to continue our operations in China, we may experience material changes in our operations or the value of our ADSs if our attempts prove to be futile due to factors beyond our control, which could cause the value of the ADSs in which you invest to significantly decline or become worthless. See "Risk Factors — Risks Related to Doing Business in China — PRC regulatory authorities could disallow our holding company structure."

As a holding company, NIP Group Inc. may rely on dividends from its subsidiaries for cash requirements, including any payment of dividends to its shareholders. The ability of our subsidiaries to pay dividends or make distributions to NIP Group Inc. may be restricted by laws and regulations applicable to them or the debt they incur on their own behalf or the instruments governing their debt. To the extent our cash or assets in the business are in mainland China or Hong Kong or a mainland China or Hong Kong entity, the funds or assets may not be available to fund operations or for other use outside of mainland China or Hong Kong due to interventions in, or the imposition of restrictions and limitations on, the ability of NIP Group Inc. or its subsidiaries by the PRC government to transfer cash or assets. In addition, if any regulatory authorities disallow this holding company structure and limit or hinder our ability to conduct our business through, receive dividends or distributions from, or transfer funds to, the operating companies or list on a U.S. or other foreign exchange, the value of our securities could decline significantly or become worthless. See "Prospectus Summary — Our Corporate Structure." Unless otherwise stated or the context otherwise requires, references in this prospectus to (i) "NIP Group" are to NIP Group Inc., and (ii) "we," "us," "our," "the Company" and "our company" are to NIP Group and its subsidiaries (and, in the context of describing our operations and consolidated financial information for the periods ended prior to the Restructuring, also to the VIE and its subsidiaries).

Historically, we conducted our operations in China through Wuhan Muyecun Network Technology Co., Ltd. ("Wuhan Muyecun" or "the WFOE") and through Wuhan Xingjingweiwu Culture & Sports Development Co., Ltd. ("Wuhan ESVF" or "the former VIE"), with which we, the WFOE, and the nominee shareholders of Wuhan ESVF entered into certain contractual arrangements. We did not own an equity interest in the VIE or its subsidiaries and relied on the contractual arrangements to direct the business operations of the VIE. Such structure enables investors to invest in China-based companies in sectors where foreign direct investment is prohibited or restricted under PRC laws and regulations. Following a restructuring in June 2023 (the "Restructuring"), the contractual arrangements were terminated and currently we do not have any VIE in China.

Cash may be transferred within our organization in the following manners:

Under PRC laws, NIP Group Inc. may, via its intermediary Hong Kong holding company, provide funding to our WFOE through capital contributions, loans, and inter-company advances. In addition, cash may be transferred among our subsidiaries, through capital contributions, loans and settlement of transactions, subject to satisfaction of applicable government registration and approval requirements.

Our WFOE and the WFOE's subsidiaries are required to make appropriations to certain statutory reserve funds or may make appropriations to certain discretionary funds, which are not distributable as cash dividends except in the event of a solvent liquidation of the companies. The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. 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.

As of the date of this prospectus, our WFOE has not made any dividends or other distributions to our intermediary Hong Kong holding company or NIP Group Inc., and we have not declared or paid any dividends on our shares.

For 2021, there was a capital investment of US$1.24 million from NIP Group Inc. to our WFOE through the intermediary Hong Kong holding company. In January 2022, there was an entrusted loan of US$0.86 million from our WFOE to Wuhan ESVF. In September 2022, there was a loan of US$5.0 million provided by NIP Group Inc. to Wuhan ESVF. In January 2023, there was a loan of US$4.5 million provided by NIP Group Inc. to Wuhan ESVF. In February 2023, there was a loan of US$1.75 million provided by NIP Group Inc. to Wuhan ESVF. In July 2023, there was a capital investment of US$2.85 million from NIP Group Inc. to our WFOE through the intermediary Hong Kong holding company. In July 2023, there was a capital investment of US$3.05 million from our WFOE to Wuhan ESVF. In August 2023, there was a capital investment of US$5.01 million from NIP Group Inc. to our WOFE through the intermediary Hong Kong holding company. In September 2023, there was a capital investment of US$5.00 million from NIP Group Inc. to our WOFE through the intermediary Hong Kong holding company. In September 2023, there was a capital investment of US$10.07 million from our WFOE to Wuhan ESVF. In November and December 2023 and February 2024, there was a capital investment of US$1.50 million, US$3.00 million and US$1.00 million, respectively, from NIP Group Inc. to our WOFE through the intermediary Hong Kong holding company. In November and December 2023 and February 2024, there was a capital investment of US$1.50 million, US$2.94 million and US$1.05 million, respectively, from our WFOE to Wuhan ESVF. As of the date of this prospectus, no subsidiaries paid any dividends or made any distributions to their respective shareholders.

We currently do not have cash management policies in place that dictate how funds are transferred between NIP Group Inc., our subsidiaries, and the investors, including potential U.S. investors. Rather, the funds can be transferred in accordance with the applicable PRC laws and regulations. If we are considered a PRC tax resident enterprise for tax purposes, any dividends we pay to our overseas shareholders may be regarded as China-sourced income and as a result may be subject to PRC withholding tax. In addition, relevant PRC laws and regulations permit the PRC companies to pay dividends only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations. The Company's WFOE may pay dividends only out of its accumulated after-tax profits upon satisfaction of relevant statutory conditions and procedures, if any, determined in accordance with Chinese accounting standards and regulations; and the WFOE is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. Additionally, the WFOE and the WFOE's subsidiaries can only distribute dividends upon approval of the shareholders after they have met the PRC requirements for appropriation to the statutory reserves. Such laws and regulations would limit our ability to transfer cash between NIP Group Inc., our WFOE, or investors. For a detailed description of how cash is transferred through our organization, see "Prospectus Summary — Cash and Asset Flows Through Our Organization," "Prospectus Summary — Summary of Risk Factors," and "Risk Factors — Risks Related to Doing Business in China — We may rely on dividends and other distributions on equity paid by our PRC subsidiary to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiary to make payments to us could have a material and adverse effect on our ability to conduct our business."

We face various legal and operational risks and uncertainties associated with being based in China and the complex and evolving PRC laws and regulations. The PRC government has significant authority to exert influence on the ability of a China-based company, such as us, to conduct its business, accept foreign investments or list on a U.S. or other foreign exchanges. For example, we face risks associated with regulatory approvals on offerings conducted overseas by and foreign investment in China-based issuers, anti-monopoly regulatory actions, oversight on cybersecurity, data privacy and personal information. These risks could result in a material adverse change in our operations and the value of our ADSs, significantly limit or completely hinder our ability to continue to offer securities to investors, or cause the value of such securities to significantly decline or be of little or no value. Recently, the PRC government initiated a series of regulatory actions and made a number of public statements on the regulation of business operations in China with little advance notice, including cracking down on illegal activities in the securities market, enhancing supervision over China-based companies listed overseas using a variable interest entity structure, adopting new measures to extend the scope of cybersecurity reviews, and expanding efforts in anti-monopoly enforcement. On December 28, 2021, the Cyberspace Administration of China, or the CAC, together with certain other PRC governmental authorities, jointly released the Revised Cybersecurity Review Measures, which took effect on February 15, 2022. Pursuant to the Revised Cybersecurity Review Measures, (i) operators of critical information infrastructure that intend to purchase network products and services and online platform operators that conduct data processing activities, in each case that affect or may affect national security, and (ii) operators of network platforms seeking listing abroad that are in possession of more than one million users' personal information must apply for a cybersecurity review. On March 6, 2023, we received a confirmation from the China Cybersecurity Review Technology and Certification Center, or the CCRC, the institution designated by the CAC to receive application materials for cybersecurity review and

conduct examinations of such applications, which confirmed to us that we would not be required to apply for a cybersecurity review in connection with this offering and our proposed listing because we do not possess over one million users' personal information. On February 17, 2023, the China Securities Regulatory Commission, or the CSRC, issued the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies, or the Trial Measures, together with five supporting guidelines, which took effect on March 31, 2023. According to the Trial Measures, Chinese domestic companies that seek to offer or list securities overseas, either in direct or indirect means, are required to fulfill the filing procedure with the CSRC and report relevant information. Pursuant to the Trial Measures, we are required to complete the filing procedures with the CSRC in connection with this offering and the CSRC published the notification on our completion of the required filing procedures on May 30, 2024 for this offering. Furthermore, the Anti-Monopoly Law promulgated by the Standing Committee of the National People's Congress, which became effective in 2008, and the latest amendment of which took effect from August 1, 2022, requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the Anti-Monopoly Law-Enforcement Agency under the State Council before they can be completed. As of the date of this prospectus, we do not believe that we are subject to merger control review by the Anti-Monopoly Law-Enforcement Agency in China because we do not engage in monopolistic behaviors that are subject to these statements or regulatory actions. For a detailed description of risks related to doing business in China, please refer to risks disclosed under "Risk Factors — Risks Related to Doing Business in China." New regulatory actions related to data security or anti-monopoly concerns in Hong Kong may be taken in the future, and such regulatory actions may also impact our ability to conduct our business, accept foreign investments, or list on a U.S. or foreign stock exchange. In addition, the legal and operational risks associated with having operations in mainland China also apply to our presence in Hong Kong. While Hong Kong currently operates under a different set of laws from mainland China, there can be no assurance as to whether the government of Hong Kong will enact laws and regulations similar to mainland China, or whether any laws or regulations of mainland China will become applicable to our operations in Hong Kong in the future, which could be at any time and with no advance notice.

On December 16, 2021, the Public Company Accounting Oversight Board (United States), or the PCAOB, issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong. Our auditor, Marcum Asia CPAs LLP, the independent registered public accounting firm that issues the audit report included elsewhere in this prospectus, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess our auditor's compliance with the applicable professional standards. Our auditor is headquartered in Manhattan, New York, and is subject to inspection by the PCAOB on a regular basis with the latest inspection in 2023. As of the date of this prospectus, our auditor is not among the firms listed on the PCAOB Determination List issued in December 2021. The Holding Foreign Companies Accountable Act, or the HFCAA, was enacted on December 18, 2020. In accordance with the HFCAA, trading in our ADSs on a national securities exchange or in the over-the-counter trading market in the United States may be prohibited if the PCAOB determines that it cannot inspect or fully investigate our auditor for three consecutive years beginning in 2021, and, as a result, an exchange may determine to delist our ADSs. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. Accordingly, until such time as the PCAOB issues any new determination, there are no issuers at risk of having their securities subject to a trading prohibition under the HFCAA. Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in certain jurisdictions and we use an accounting firm headquartered in one of such jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. On December 29, 2022, the Consolidated Appropriations Act, 2023 was signed into law, which, among others, amended the HFCAA to reduce the number of consecutive years an issuer can be identified a Commission-Identified Issuer before the SEC must impose an initial trading prohibition on the issuer's securities from three years to two. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. See "Risk Factors — Risks Related to Doing Business in China — The Holding Foreign Companies Accountable Act, or the HFCAA, and the related regulations continue to evolve. Further implementations and interpretations of or amendments to the HFCAA or the related regulations, or a PCAOB determination of its lack of sufficient access to inspect our auditor, might pose regulatory risks to and impose restrictions on us because of our operations in mainland China."

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

Investing in the ADSs involves risks. See "Risk Factors" beginning on page 23 for factors you should consider before buying the ADSs.

PRICE US$ PER ADS

Neither the United States Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

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

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

We have granted the underwriters a 30-day option to purchase up to an additional 337,500 ADSs.

China International Capital Corporation Hong Kong Securities Limited has acted as our independent financial advisor in connection with this offering.

The underwriters expect to deliver the ADSs to purchasers on or about , 2024.

US Tiger Securities **GF Securities (Hong Kong)** **Kingswood**

CLSA

The date of this prospectus is , 2024.

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Until , 2024 (the 25th day after the date of this prospectus), all dealers that effect transactions is these ADSs, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealer' obligation to deliver a prospectus when acting as an underwriter and with respect to their unsold allotments or subscriptions.

You should rely only on the information contained in this prospectus or in any free writing prospectus that we authorize to be distributed to you. We and the underwriters have not authorized anyone to provide you with 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 have referred you, and neither we, nor the underwriters take responsibility for any other information others may give you. We are offering to sell, and seeking offers to buy the ADSs, only in jurisdictions where such offers and sales are permitted. The information in this prospectus or any free writing prospectus is accurate only as of its date, regardless of its time of delivery or the time of any sale of the ADSs. Our business, financial condition, results of operations and prospectus may have changed since that date.

Neither we nor any of the underwriters has taken any action to permit a public offering of the ADSs outside the United States or to permit the possession or distribution of this prospectus or any filed free

writing prospectus outside the United States. Persons outside the United States who come into possession of this prospectus or any filed free writing prospectus must inform themselves about and observe any restrictions relating to the offering of the ADSs and the distribution of the prospectus or any filed free writing prospectus outside the United States.

Letter From Our Co-Founders

Dear potential investors,

Sports (traditional and esports) are the great equalizer — bringing people from different backgrounds and cultures together: the camaraderie; the passion for their teams; the collective grind ever present at the professional level. There is an unshakable desire for us to entertain, inspire and connect with fans by creating transformative experiences. This is our company mission, our purpose, our origins and what keeps us going.

The roots of NIP Group are grounded in a love and passion for gaming and esports. That foundation is at the core of our aspirations and the driver of our decisions as both industries continue to develop. So, when the opportunity to make a bold move that would bring our expertise together and strengthen our ability to expand presented itself, we knew it was the right path. In January 2023, we completed the largest merger in the history of the esports industry and created a global enterprise hyper focused on competition, event production, talent management and hospitality services. These key pillars provide robustness in a maturing industry and position us at the forefront of the broader gaming entertainment ecosystem. Presented before you is the next step and, as always, we want to win.

NIP Group has nurtured a stream of esports talent whose exploits have collectively delivered 100+ tournament wins and one of the largest prize-winning sums in esports history. We've fielded teams across the biggest esports titles and demonstrated our ability to stay ahead of the esports curve by entering new titles successfully as they explode in popularity. Our competitive performance is bolstered by a massive set of macro and micro-influencers, minimizing our reliance on any one team or creator. The event production arm of NIP Group leverages our relationships with publishers and organizers to produce large-scale arena events regardless of whether our teams are participating, creating a steady flow of business unrelated to wins and (the occasional) losses.

The crucial insight at the heart of our business model is that the development of esports as an ecosystem is key to mainstream adoption. Big transfer fees and the tremendous growth in prize money are not what will break through to the mass audience. The future is game elements integrated into broadcasts, hybrid offline and online interactive experiences at arena events, and the surging embrace of gaming culture in everyday life. NIP Group is now poised to drive and capitalize on this paradigm shift.

We welcome you to join forces with us, and be instilled with the same passion and furor as our millions of fans worldwide.

Sincerely,

The NIP Group Team

Co-founders Mario Ho and Hicham Chahine

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 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 the ADSs discussed under "Risk Factors," before deciding whether to invest in the ADSs. This prospectus contains information from an industry report commissioned by us in February 2023, prepared by Frost & Sullivan to provide information regarding our industry and our market position. We refer to this report as the "Frost & Sullivan Report." Certain data in the Frost & Sullivan Report was supported by Newzoo. Both Frost & Sullivan and Newzoo are independent research firms.

Our Mission

Our mission is to create transformative esports experiences that entertain, inspire and connect fans across the globe.

Our Vision

Our vision is to become the premier esports organization in the world.

Overview

We are a leading esports organization with the most expansive global footprint by virtue of our operations across Asia, Europe and South America, according to the Frost & Sullivan Report. Among the top ten esports titles in the world in terms of prize pool, our wins in tier-1 world tournaments in CS:GO, Honor of Kings, Rainbow Six and FIFA represent more unique game titles with top-tier wins than any other esports organization as of January 31, 2023, according to the Frost & Sullivan Report. We were founded based on a passion for esports and belief that esports can create the same types of historical and legendary experiences and memories as traditional sports have for the past century.

We operate two esports brands: Ninjas in Pyjamas and eStar Gaming. Ninjas in Pyjamas, our PC/console esports brand, was founded in 2000 in Sweden, while eStar Gaming, our mobile esports brand, was founded in 2014 in China. Competing at the highest levels in multiple esports titles over two decades, Ninjas in Pyjamas has earned recognition as one of the most storied, recognized and iconic brands in the esports world. At the same time, eStar Gaming, our mobile esports brand, is the top team in the Honor of Kings King Pro League (KPL), one of the most successful teams in KPL history in terms of titles and widely considered to be the most successful mobile esports team in the world, according to the Frost & Sullivan Report. We have a comprehensive portfolio of esports teams, competing at the highest level in video game titles such as League of Legends, CS: GO, Honor of Kings, Rainbow Six, Rocket League, Fortnite and Call of Duty Mobile.

We believe that there is tremendous potential in what we refer to as the "esports+" model, with the first phase being competitive esports itself — building championship-caliber teams across the most popular esports titles. NIP Group is currently at the second phase of esports+, supplementing our competitive esports business with our talent management, event production, creative studios, and burgeoning advertising businesses to create a diverse and sustainable revenue stream driving our continued growth. Going forward, we believe that we are only limited by our imagination for the third phase of esports+, and are actively exploring opportunities in areas such as esports education and training, fan universe (B2C monetization and metaverse), digital collectibles, esports real estate and IP licensing. As of December 31, 2023, we have provided esports education related services to more than 12 educational institutions in cities including, among others, Guangzhou, Xi'an, Wuhan, Guiyang and Zhongshan, and we are aiming to bring our contents and services to 50 educational institutions across China by the end of 2025. We anticipate costs associated with our undertaking of esports education business to include staff costs as well as costs related to content development, professional training and brand building. We plan to finance our esports education business through capital contribution or shareholder loans. In addition, we have also entered into collaboration agreements with digital collectibles platforms in China, where digital collectibles featuring our IPs have been listed since November 2022. Costs associated with the collaborations consist mainly of the design, technical and operational service fees we paid to a third-party vendor for these digital collectibles. We incurred costs

associated with digital collectibles of RMB95,400 in 2023. Aiming to create a global benchmark for esports+, we are also actively creating our proprietary IPs in the fields of fashion, art and metaverse. In 2022 and 2023, we launched over 20 IP collaborations with companies spanning the telecommunication, automobile, sportswear, and various other industries, introducing co-branded vehicles, peripherals, clothing, beauty products, beverages, and gift boxes. We also license companies to use the image, including AI and virtual image of our athletes for promotion. We are exploring new ways of IP collaborations leveraging our abundant resources, and expand into the fields of entertainment, education and tourism. To build our competitive edge, we are committed to give more unique attributes to our existing IPs, and will actively develop new IPs such as esports reality shows, series and movies, esports electronic festivals, exhibitions, fan arts and virtual idols, to meet the evolving market demand. As of the date of this prospectus, in addition to our current brand partners, we are negotiating potential collaborations with more than ten companies ranging over industries such as smart devices, energy drinks and dairy products, as well as companies with tourism and entertainment businesses. We expect to further expand our IP collaborations to 40 by 2025. We have not incurred any significant cost associated with our IP collaborations, nor do we expect there being material costs for our future initiatives.

Currently, we are focused on developing talent for both our esports teams and greater roster of online entertainers. On the esports side, we have combined Ninjas in Pyjamas's 20-plus years of development experience as well as eStar Gaming's demonstrated success in the burgeoning competitive mobile games market in the past five years. Our talent management business also focuses on developing esports athletes to become successful online entertainers, extending their success in the esports world further to the entertainment world. In 2020, Jackson Wang, one of the world's most famous pop idols and one of the most followed male artists on Instagram, with approximately 33 million followers as of April 30, 2024, joined us as a partner and beneficial shareholder.

We experienced robust growth in our net revenues, which increased from US$65.8 million in 2022 to US$83.7 million in 2023. Our gross profit also increased from US$3.7 million in 2022 to US$7.2 million in 2023, representing gross profit margins of 5.7% and 8.6% for the same years, respectively.

Our Strengths

We believe the following strengths contribute to our success:

- leading esports organization with most expansive global footprint;
- largest portfolio of video game titles competed at highest level of competition;
- strong and loyal fan base;
- proven talent development system across esports and entertainment;
- diversified revenue streams driving sustainable growth;
- demonstrated success in acquisition and integration; and
- passionate management team supported by marquee shareholders.

Our Strategies

We intend to pursue the following strategies to achieve our mission and vision:

- expand esports presence across geographies and titles;
- leverage talent management capabilities to expand roster and influence;
- develop specialized content creation and advertising offerings into esports world;
- increase fan engagement and monetization;
- explore strategic acquisition and investment opportunities;
- remain cutting edge for new esports mediums; and
- continue growth along esports+ model.

Our Industry

Esports refers to a competitive and organized video gameplay in either online or offline and multi-player or single-player format, with a specific goal or prize, such as winning a championship title or prize money. According to the Frost & Sullivan Report, the market size of esports gaming industry has experienced significant increase at a CAGR of 15.2% from US$29.8 billion in 2017 to US$52.6 billion in 2021, and is expected to further increase at a CAGR of 12.1% from US$57.9 billion in 2022 to US$102.4 billion in 2027. This demonstrates the growing popularity of the esports industry as well as its vast commercialization opportunities, among which China, Europe and South America where we have operations in possess particular growth potential.

The global esports market is driven by rising popularity of video games, global policies encouraging esports development, increasing numbers of brands and sponsors engaged in the esports industry, growing revenue streams from broadcasting and media rights, and the expansion of esports into new areas such as esports education and training. These factors contribute to a dynamic and iterative esports industry, which fosters the growth and evolution of the esports business model.

According to the Frost & Sullivan Report, driven by increased tournament viewership and continuous government support, the global esports club market in terms of revenue grew at a CAGR of 26.6% from US$0.5 billion in 2017 to US$1.4 billion in 2021, and is expected to continue to grow at a CAGR of 18.8% from 2022 to 2027 to US$3.9 billion. Similarly, the global esports talent management market has grown at a CAGR of 63.2% from US$0.3 billion in 2017 to US$2.3 billion in 2021, and is expected to continue to grow at a CAGR of 23.4% from 2022 to 2027, to US$8.2 billion. The global esports event production market has grown at a CAGR of 23.4% from US$0.3 billion in 2017 to US$0.6 billion in 2021, and is expected to continue to grow at a CAGR of 27.3% from 2022 to 2027 to US$2.7 billion.

Summary of Risk Factors

Investing in our ADSs involves a high degree of risk. You should carefully consider the risks and uncertainties summarized below, the risks described under the “Risk Factors” section and the other information contained in this prospectus before you decide whether to purchase our ADSs. The legal and operational risks associated with having operations in mainland China also apply to our presence in Hong Kong. While Hong Kong currently operates under a different set of laws from mainland China, there can be no assurance as to whether the government of Hong Kong will enact laws and regulations similar to mainland China, or whether any laws or regulations of mainland China will become applicable to our operations in Hong Kong in the future, which could be at any time and with no advance notice.

Risks Related to Our Business and Industry

- The success of our business depends on the market perception and strength of our brand. If we are unable to maintain and enhance our brand, the fan base and sponsorship we attract as well as our prospective consumer engagement may decline.
- As an esports brand spanning Asia, Europe and South America and continuing to expand our global footprint, we are subject to a number of risks regarding our international operations.
- Our business in Asia is in the early stage of development with a relatively limited operating history. We are also subject to risks associated with operating in a rapidly developing industry and a relatively new market.
- We have a relatively limited history of operating as an integrated business. We may face challenges integrating our operations, services and personnel and may be unable to achieve the anticipated synergies from the combination. Our historical operating and financial results may not be indicative of future performance, which makes it difficult to predict our future business prospects and financial performance.
- Past and future investments in and acquisitions of complementary assets and businesses may expose us to potential risks, and may result in earnings dilution and significant diversion of management attention.

- The markets in which we operate are highly competitive. If we are unable to compete effectively, our business and operating results may be materially and adversely affected.
- We have incurred losses in the past and we may continue to experience losses in the future.
- Our business and financial results may be materially and adversely affected if we are unable to maintain our cooperative relationships with financing service providers.
- We may not be able to successfully execute our strategies, sustain our growth, or deal with the increasing complexity of our business.
- If we fail to anticipate the evolving game popularity or viewership preferences, we may not be able to remain competitive in the respective business segments, and our business and prospects may be materially and adversely affected.
- Misalignment with public and consumer tastes and preferences for entertainment could negatively impact demand for our entertainment offerings, which could have an adverse effect on our business, financial condition, results of operations and prospects.
- In the event that our existing and potential customers are attracted to other alternatives available within the broader esports and entertainment industry, we would be materially and adversely impacted.
- The uncertainties brought about by the prolonged COVID-19 pandemic has impacted and could in the future have a material adverse impact on our business, financial condition, results of operations and cash flow positions.

Risks Related to Doing Business in China

- Our holding company structure involves unique risks to investors and investors may never hold equity interests in our Swedish and Chinese operating companies. Chinese regulatory authorities could disallow our structure which, in turn, would likely result in a material change in our operations or the value of our ADSs. In such an event, the value of our ADSs you invest in could significantly decline or become worthless. For details, see "Risk Factors — Risks Related to Doing Business in China — PRC regulatory authorities could disallow our holding company structure."
- The PRC government has significant authority in regulating our operations and may influence or intervene in our operations at any time. Actions by the PRC government to exert more control over offerings conducted overseas by, and foreign investment in, China-based issuers could result in a material change in our operations, and significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of such securities to significantly decline or be worthless. Implementation of industry-wide regulations in this nature may also cause the value of such securities to significantly decline or become worthless. For details, see "Risk Factors — Risks Related to Doing Business in China — The PRC government has significant oversight and discretion over the conduct of our business, and it may intervene or influence our operations at any time, which could result in a material adverse change in our operations and/or the value of our ADSs."
- A large portion of our operations are located in China. Accordingly, our business, prospects, financial condition and results of operations may be affected to a significant degree by political, economic and social conditions in China generally. For details, see "Risk Factors — Risks Related to Doing Business in China — Changes in China's economic, political or social conditions or government policies could have a material adverse effect on our business, financial conditions and results of operations."
- The approval of PRC government authorities may be required in connection with this offering under PRC law, and if required, we cannot predict whether or for how long we will be able to obtain such approval.
- Risks and uncertainties arising from the legal system in China, including risks and uncertainties regarding the enforcement of laws and the fact that rules and regulations in China may evolve quickly with any public consultation and advanced notice period being relatively short in terms of the time that we may need to fully adapt to such changes, all of which could result in a material adverse change

in our operations and the value of our ADSs. For details, see "Risk Factors — Risks Related to Doing Business in China — Any failure by us to meet with the continue developing PRC legal system could adversely affect us."

- We may be adversely affected by the complexity, uncertainties and changes in PRC regulation governing esports and internet-related service businesses and companies, and any lack of requisite approvals, licenses or permits applicable to our business may have material adverse effect on our business and results of operations.
- To the extent our cash or assets in the business are in mainland China or Hong Kong or a mainland China or Hong Kong entity, the funds or assets may not be available to fund operations or for other use outside of mainland China or Hong Kong due to the imposition of restrictions and limitations on, the ability of NIP Group Inc. or its subsidiaries to transfer cash or assets. While there are currently no such restrictions on foreign exchange and our ability to transfer cash or assets between NIP Group Inc. and our Hong Kong subsidiary, if certain PRC laws and regulations, including existing laws and regulations and those enacted or promulgated in the future were to become applicable to our Hong Kong subsidiary in the future, and to the extent our cash or assets are in Hong Kong or a Hong Kong entity, such funds or assets may not be available due to the imposition of restrictions and limitations on our ability to transfer funds or assets by the PRC government. Furthermore, we cannot assure you that the PRC government will not impose restrictions on NIP Group Inc. or our subsidiaries to transfer or distribute cash within the organization, which could result in an inability of or prohibition on making transfers or distributions to entities outside of mainland China and Hong Kong. For details, see "Risk Factors — Risks Related to Doing Business in China — We may rely on dividends and other distributions on equity paid by our PRC subsidiary to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiary to make payments to us could have a material and adverse effect on our ability to conduct our business."
- On December 2, 2021, the SEC adopted final amendments implementing the disclosure and submission requirements under the HFCA Act. Under such rules, an issuer that has filed an annual report containing an audit report issued by a registered public accounting firm that the PCAOB has determined it is unable to inspect or investigate completely because of a position taken by an authority in the foreign jurisdiction will be identified by the SEC as a "Commission-Identified Issuer." The SEC will impose a trading prohibition on an issuer after it is identified as a Commission- Identified Issuer for three consecutive years. If we are identified as a Commission-Identified Issuer and has a "non-inspection" year, there is no assurance that it will be able to take remedial measures in a timely manner. Our auditor, Marcum Asia CPAs LLP, an independent registered public accounting firm headquartered in Manhattan, New York, was not included in the determinations made by the Public Company Accounting Oversight Board (United States), or the PCAOB, on December 16, 2021. Our auditor is currently subject to PCAOB inspections and has been inspected by the PCAOB on a regular basis with the latest inspection in 2023. Although we believe that the Holding Foreign Companies Accountable Act and the related regulations do not currently affect us, we cannot assure you that there will not be any further implementations and interpretations of the Holding Foreign Companies Accountable Act or the related regulations, which might pose regulatory risks to and impose restrictions on us because of our operations in mainland China. Recent developments with respect to audits of China-based companies, create uncertainty about the ability of their auditor to fully cooperate with the PCAOB's request for audit workpapers without the approval of the Chinese authorities. As a result, our investors may be deprived of the benefits of PCAOB's oversight of our auditor of through such inspections. For more details, see "Risk Factors — Risks Related to Doing Business in China — The Holding Foreign Companies Accountable Act, or the HFCAA, and the related regulations continue to evolve. Further implementations and interpretations of or amendments to the HFCAA or the related regulations, or a PCAOB determination of its lack of sufficient access to inspect our auditor, might pose regulatory risks to and impose restrictions on us because of our operations in mainland China."

Risks Related to Our ADSs and This Offering

- An active trading market for our ADSs may not develop and the trading price for our ADSs may fluctuate significantly.

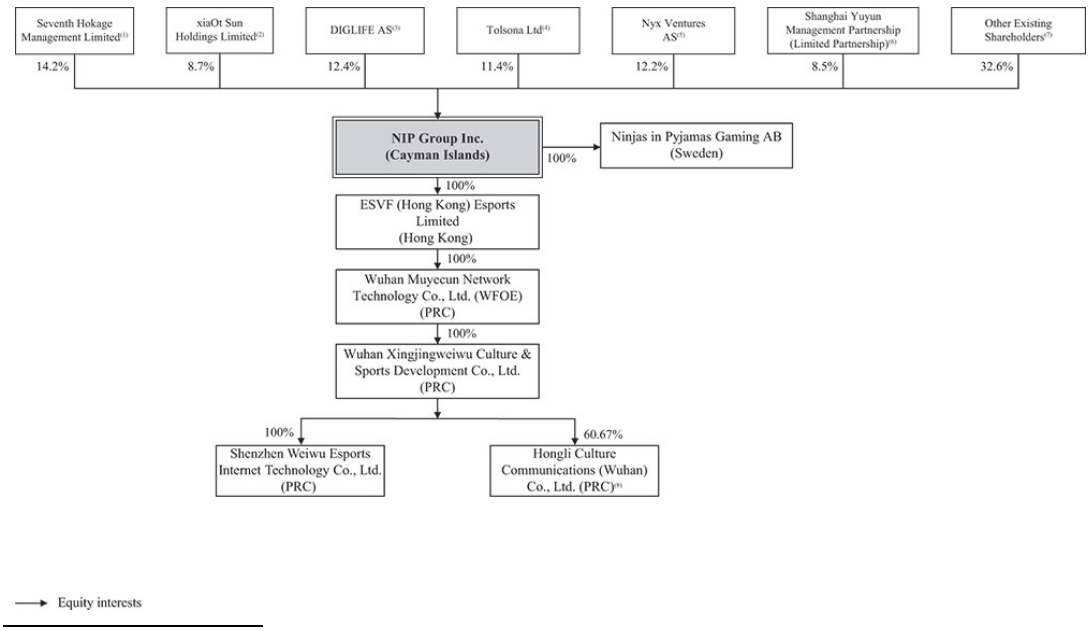
- The trading price of our ADSs is likely to be volatile, which could result in substantial losses to investors.
- If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our ADSs, the market price for our ADSs and trading volume could decline.
- Substantial future sales or perceived potential sales of the ADSs in the public market could cause the price of the 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 vote your Class A ordinary shares.
- 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 United States domestic public companies.
- Certain judgments obtained against us by our shareholders may not be enforceable.
- Our triple-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

Our Corporate Structure

NIP Group Inc. is not an operating company but a Cayman Islands holding company with operations primarily conducted through its wholly-owned subsidiaries in Sweden and China. Investors are purchasing beneficial equity interests in NIP Group Inc., the Cayman Islands holding company, and are not purchasing beneficial equity interests in any operating company. This holding company structure involves unique risks to investors. As a holding company, NIP Group Inc. may rely on dividends from its subsidiaries for cash requirements, including any payment of dividends to its shareholders. The ability of our subsidiaries to pay dividends or make distributions to NIP Group Inc. may be restricted by laws and regulations applicable to them or the debt they incur on their own behalf or the instruments governing their debt. In addition, PRC regulatory authorities could disallow this holding company structure and limit or hinder our ability to conduct our business through, receive dividends or distributions from, or transfer funds to, the operating companies or list on a U.S. or other foreign exchange, which could cause the value of our securities to significantly decline or become worthless. Unless otherwise stated or unless the context otherwise requires, references in this prospectus to (i) "NIP Group" are to NIP Group Inc., and (ii) "we," "us," "our," "the Company" and "our company" are to NIP Group and its subsidiaries (and, in the context of describing our operations and consolidated financial information for the periods ended prior to the Restructuring, also to the VIE and its subsidiaries).

Historically, we conducted our operations in China through our WFOE and through Wuhan ESVF, with which we, our WFOE, and the nominee shareholders of Wuhan ESVF entered into certain contractual arrangements. We did not own an equity interest in the VIE or its subsidiaries and relied on the contractual arrangements to direct the business operations of the VIE. Such structure enables investors to invest in China-based companies in sectors where foreign direct investment is prohibited or restricted under PRC laws and regulations. Following a restructuring in June 2023 (the "Restructuring"), the contractual arrangements were terminated and currently we do not have any VIE in China.

The following diagram illustrates our corporate structure, including the names, places of incorporation and the proportion of ownership interests in our significant subsidiaries as of the date of this prospectus.



Notes:

(1) Seventh Hokage Management Limited (formerly known as Mario Ho Holdings Limited), a limited liability company established in the British Virgin Islands, which is wholly owned by Mr. Mario Yau Kwan Ho. Each of the shares will be automatically re-designated as Class B1 ordinary shares immediately prior to the completion of this offering. Each Class B1 ordinary share is entitled to 20 votes per share, subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions. For more information on the voting rights, see ‘‘Description of Share Capital — Our Post-Offering Memorandum and Articles of Association.” Immediately after the completion of this offering, Mr. Mario Yau Kwan Ho, will beneficially own 13.6% of our total ordinary shares on an as-converted basis and 36.6% of the aggregate voting power, assuming the underwriters do not exercise their option to purchase additional ADSs and subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions. Please refer to the beneficial ownership table in the section headed “Principal Shareholders” for more information on beneficial ownership of Mr. Mario Yau Kwan Ho in our company prior to and immediately after this offering.

(2) xiaOt Sun Holdings Limited, a limited liability company established in the British Virgin Islands, which is wholly owned by Mr. Liwei “xiaOt” Sun. Each of the shares will be automatically re-designated as Class B1 ordinary shares immediately prior to the completion of this offering. Each Class B1 ordinary share is entitled to 20 votes per share, subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions. For more information on the voting rights, see ‘‘Description of Share Capital — Our Post-Offering Memorandum and Articles of Association.” Immediately after the completion of this offering, Mr. Liwei “xiaOt” Sun will beneficially own 8.4% of our total ordinary shares on an as-converted basis and 22.4% of the aggregate voting power, assuming the underwriters do not exercise their option to purchase additional ADSs and subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions. Please refer to the beneficial ownership table in the section headed “Principal Shareholders” for more information on beneficial ownership of Mr. Liwei “xiaOt” Sun in our company prior to and immediately after this offering.

(3) DIGLIFE AS, a company registered under the laws of Norway, which is 95.61% owned by Mr. Hicham Chahine. Each of the shares will be automatically re-designated as Class B2 ordinary shares immediately prior to the completion of this offering. Each Class B2 ordinary share is entitled to 20 votes per share, subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions. For more information on the voting rights, see ‘‘Description of Share Capital — Our Post-Offering Memorandum and Articles of Association.” Immediately after the completion of this offering, Mr. Hicham Chahine will beneficially own 11.9% of our total ordinary shares on an as-converted basis and 32.0% of the aggregate voting power, assuming the underwriters do not exercise their option to purchase additional ADSs and subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions. Please refer to the beneficial ownership table in the section headed “Principal Shareholders” for more information on beneficial ownership of Mr. Hicham Chahine in our company prior to and immediately after this offering.

(4) Tolsona Ltd., a company incorporated in the Republic of Cyprus, which is wholly owned by Mr. Felix Granander.

(5) Nyx Ventures AS, a company registered under the laws of Norway, which is wholly owned by Mr. Thomas Neslein.

(6) Shanghai Yuyun Management Partnership (Limited Partnership) is a PRC limited partnership. The general partner of Shanghai Yuyun Management Partnership (Limited Partnership) is Wuhan Donghu Lvxin Garden Co. Ltd., a company wholly owned by Wuhan Jinlv Construction Investment (Group) Co. Ltd., which is directly wholly owned by Wuhan Tourism and Sports Group.

Wuhan Tourism and Sports Group is indirectly wholly owned by the Wuhan State-owned Assets Supervision and Administration Commission, or Wuhan SASAC, a sub-department of Wuhan municipal government.

(7) Consisting of 21 shareholders including the Company's share incentive platform. None of the 21 shareholders is known to us to beneficially own 5% or more of our shares.

(8) Mr. Lei Zhang, our director, holds 32.67% of the equity interest in Hongli Culture Communications (Wuhan) Co., Ltd.; Wuhan Optics Valley Talent Venture Capital Partnership (limited partnership) holds 6.66% of the equity interest in Hongli Culture Communications (Wuhan) Co., Ltd.

Permissions Required from the PRC Authorities for Our Operations and Securities Offering

As of the date of this prospectus, as advised by our PRC counsel, CM Law Firm, we believe that the permissions and approvals our subsidiaries are required to obtain from Chinese authorities to operate their business include, but are not limited to, the business license, and the commercial performance license. As of the date of this prospectus, our subsidiaries have obtained requisite permissions and licenses for our operations in the PRC, and we have not received any formal inquiry, notice, warning, sanction, or any regulatory objection by any governmental authorities of any requirement to obtain necessary permissions and approvals for our business operation, nor have we been denied of any permissions or approvals. However, we cannot assure you that relevant government agencies will not impose further requirements in the future. Further, we have developed and may in the future initiate new businesses, for which we may be required to obtain new licenses and permits, which could be time-consuming and complex. If we do not receive, complete or maintain necessary permissions or approvals, or we inadvertently conclude that such permissions or approvals are not required, or there is a change in the applicable laws, regulations, or interpretations such that we need to obtain permissions or approvals in the future, we may be subject to (i) investigations by competent regulatory authorities, (ii) fines or penalties, (iii) orders to suspend our operations and to rectify any non-compliance, or (iv) prohibitions from engaging in relevant businesses. For details, see "Risk Factors — Risks Related to Our Business and Industry — If we fail to obtain and maintain the requisite licenses, permits and approvals applicable to our business, or fail to obtain additional licenses that become necessary due to new enactment or promulgation of laws and regulations or our expansion, our business, results of operations and growth prospects may be materially and adversely affected."

On December 28, 2021, the Cyberspace Administration of China, or the CAC, together with certain other PRC governmental authorities, jointly released the Revised Cybersecurity Review Measures, which took effect on February 15, 2022. Pursuant to the Revised Cybersecurity Review Measures, (i) operators of critical information infrastructure that intend to purchase network products and services and online platform operators that conduct data processing activities, in each case that affect or may affect national security, and (ii) operators of network platforms seeking listing abroad that are in possession of more than one million users' personal information must apply for a cybersecurity review. The Revised Cybersecurity Review Measures set out certain general factors which would be the focus in assessing the national security risk during a cybersecurity review, including without limitation, risks of influence, control or malicious use of critical information infrastructure, core data, important data or large amounts of personal information by foreign governments in relation to listing abroad.

On March 6, 2023, we received a confirmation from the China Cybersecurity Review Technology and Certification Center, or the CCRC, the institution designated by the CAC to receive application materials for cybersecurity review and conduct examinations of such applications, which confirmed to us that we would not be required to apply for a cybersecurity review in connection with this offering and our proposed listing because we do not possess over one million users' personal information. As a result, based on the fact that we are not in possession of more than one million users' personal information, we are not subject to cybersecurity review by the CAC for this offering and our proposed listing. Further, we have not been subject to any penalties, fines, suspensions, investigations from any competent authorities for violation of the regulations or policies that have been issued by the CAC to date.

If it is determined that we are required to undergo a cybersecurity review by the CAC or obtain permissions or approvals from the CAC for this offering for any reasons, including due to changes in applicable laws, regulations, or interpretations, we will take any and all necessary actions to be compliant with the then effective rules and regulations. In that case, if we are unable to clear the review, obtain permission or approval from the CAC, as then applicable, in a timely manner, or at all, we may be subject to government enforcement actions and investigations, fines, penalties, or suspension of our noncompliant operations,

among other sanctions, which could materially and adversely affect our business and results of operations, and our Class A ordinary shares and ADSs may decline in value or become worthless.

On February 17, 2023, the CSRC released several regulations regarding the filing requirements for overseas offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (the "Trial Measures") together with five supporting guidelines (together with the Trial Measures, the "New Regulations on Filing") and the New Regulations on Filing took effect on March 31, 2023. Pursuant to the New Regulations on Filing, we are required to complete the filing procedures with the CSRC in connection with this offering. For detailed information, see "Regulation — Regulations on M&A and Overseas Listings." Domestic companies that have submitted a valid application for an overseas offering and listing but have not received consent from the overseas regulator or overseas stock exchange before March 31, 2023, like us, is required to complete such filing with CSRC before completion of the overseas offering and listing.

Based on the foregoing and as advised by our PRC counsel, CM Law Firm, since our registration statement on Form F-1 was not declared to be effective by the SEC prior to March 31, 2023, we believe we are required to complete the filing procedures with the CSRC for this offering prior to the completion of this offering pursuant to the New Regulations on Filing. The CSRC published the notification on our completion of the required filing procedures on May 30, 2024 for this offering.

As the Trial Measures are newly issued, there remains uncertainty as to how it will be interpreted or implemented. If it is determined that any other approval, filing or other administrative procedures from the CSRC or other PRC governmental authorities is required for this offering, or any future offering, listing or any other capital raising activities, which are subject to the filings under the New Regulations on Filing, we cannot assure you that we can obtain the required approval or accomplish the required filings or other regulatory procedures in a timely manner, or at all. If we fail to timely complete the relevant filing procedures, we may face sanctions by the CSRC or other PRC regulatory agencies, which may include fines and penalties on our operations in China, limitations on our operating privileges in China, restrictions on or prohibition of the payments or remittance of dividends by our PRC subsidiary in China, delay of or restriction on the repatriation of the proceeds from this offering into China, 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 authorities also may take actions requiring us, or circumstances may become advisable for us, to halt our offerings before settlement and delivery of the shares offered. Consequently, if investors engage in market trading or other activities in anticipation of and prior to settlement and delivery, they do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that, other than the filing to CSRC, we need to complete other regulatory procedures for this offering, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any uncertainties or negative publicity regarding such approval requirement could materially and adversely affect our business, prospects, financial condition, reputation, and the trading price of our ADSs.

For detailed information, see "Risk Factors — Risks Related to Our Business and Industry — Our business is subject to a variety of laws and regulations of the PRC, the European Union member states, the Cayman Islands and other international jurisdictions, including those regarding cybersecurity, economic substance, data protection and data privacy. Any failure to comply with such current or future laws and regulations, could adversely affect our business and reputation." "Risk Factors — Risks Related to Our Business and Industry — If we fail to obtain and maintain the requisite licenses, permits and approvals applicable to our business, or fail to obtain additional licenses that become necessary due to new enactment or promulgation of laws and regulations or our expansion, our business, results of operations and growth prospects may be materially and adversely affected." and "Risk Factors — Risks Related to Doing Business in China — The approval of PRC government authorities may be required in connection with this offering under PRC law, and if required, we cannot predict whether or for how long we will be able to obtain such approval." As of the date of this prospectus, as advised by our PRC counsel, CM Law Firm, our PRC subsidiaries have obtained all requisite governmental permissions and approvals to conduct our offering and list overseas, and they have not been denied any such permissions or approvals.

Cash and Asset Flows Through Our Organization

NIP Group Inc. is not an operating company but a Cayman Islands holding company with operations primarily conducted through its wholly-owned subsidiaries in Sweden and China. As a result, although other means are available for us to obtain financing at the holding company level, NIP Group Inc.'s ability to pay dividends to the shareholders and to service any debt it may incur depends upon dividends paid by our Sweden and PRC subsidiaries. If any of our subsidiaries incurs debt on its own behalf in the future, the instruments governing such debt may restrict its ability to pay dividends to NIP Group Inc. In addition, to the extent cash or assets in our business is in the PRC or Hong Kong or a PRC or Hong Kong entity, such cash or assets may not be available to fund operations or for other use outside of the PRC or Hong Kong due to interventions in, or the imposition of restrictions and limitations on, the ability of our holding company, our WFOE, or the WFOE's subsidiaries by the PRC government to transfer cash or assets. Cash may be transferred within our organization in the following manners:

Under PRC laws, NIP Group Inc. may, via its intermediary Hong Kong holding company, provide funding to our WFOE only through capital contributions or loans. Similarly, our WFOE, may provide funding to Wuhan ESVF only through capital contributions or loans, subject to satisfaction of applicable government registration and approval requirements.

Our WFOE and the WFOE's subsidiaries are required to make appropriations to certain statutory reserve funds or may make appropriations to certain discretionary funds, which are not distributable as cash dividends except in the event of a solvent liquidation of the companies. The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. 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.

As of the date of this prospectus, our WFOE has not made any dividends or other distributions to our intermediary Hong Kong holding company or NIP Group Inc., and we have not declared or paid any dividends on our shares.

For 2021, there was a capital investment of US$1.24 million from NIP Group Inc. to our WFOE through the intermediary Hong Kong holding company. In January 2022, there was an entrusted loan of US$0.86 million from our WFOE to Wuhan ESVF. In September 2022, there was a loan of US$5.0 million provided by NIP Group Inc. to Wuhan ESVF. In January 2023, there was a loan of US$4.5 million provided by NIP Group Inc. to Wuhan ESVF. In February 2023, there was a loan of US$1.75 million provided by NIP Group Inc. to Wuhan ESVF. In July 2023, there was a capital investment of US$2.85 million from NIP Group Inc. to our WFOE through the intermediary Hong Kong holding company. In July 2023, there was a capital investment of US$3.05 million from our WFOE to Wuhan ESVF. In August 2023, there was a capital investment of US$5.01 million from NIP Group Inc. to our WOFE through the intermediary Hong Kong holding company. In September 2023, there was a capital investment of US$5.00 million from NIP Group Inc. to our WOFE through the intermediary Hong Kong holding company. In September 2023, there was a capital investment of US$10.07 million from our WFOE to Wuhan ESVF. In November and December 2023 and February 2024, there was a capital investment of US$1.50 million, US$3.00 million and US$1.00 million, respectively, from NIP Group Inc. to our WOFE through the intermediary Hong Kong holding company. In November and December 2023 and February 2024, there was a capital investment of US$1.50 million, US$2.94 million and US$1.05 million, respectively, from our WFOE to Wuhan ESVF. As of the date of this prospectus, no subsidiaries paid any dividends or made any distributions to their respective shareholders.

We currently do not have cash management policies in place that dictate how funds are transferred between NIP Group Inc., our subsidiaries and the investors, including potential U.S. investors. Rather, the funds can be transferred in accordance with the applicable PRC laws and regulations. Under PRC laws and regulations, we are subject to restrictions on foreign exchange and cross-border cash transfers, including to NIP Group Inc. and U.S. investors. Our ability to distribute earnings to NIP Group Inc., our Cayman holding company, and U.S. investors is also limited. We are a Cayman Islands holding company and rely on dividends and other distributions on equity from our PRC subsidiary for our cash requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we

may incur outside of PRC. Current PRC regulations permit our PRC subsidiary to pay dividends to us only out of their accumulated after-tax profits upon satisfaction of relevant statutory conditions and procedures, if any, determined in accordance with Chinese accounting standards and regulations. In addition, our PRC subsidiary is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. These reserves, together with the registered capital, are not distributable as cash dividends. Additionally, if our PRC subsidiary incurs debt on its own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us. In addition, the revenue and assets of our PRC subsidiary is denominated in Renminbi, which is not freely convertible into other currencies. As a result, any restriction on currency exchange may limit the ability of our PRC subsidiary to pay dividends to us. For more details, see "Risk Factors — Risks Related to Doing Business in China — We may rely on dividends and other distributions on equity paid by our PRC subsidiary to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiary to make payments to us could have a material and adverse effect on our ability to conduct our business."

VIE Consolidation Schedule

Historically, we conducted our operation in mainland China through our WFOE in mainland China as well as through Wuhan ESVF, the former VIE based in mainland China. We have completed the Restructuring in June 2023, and in connection therewith, our WFOE, Wuhan ESVF and shareholders of Wuhan ESVF entered into a VIE Termination Agreement, pursuant to which, the VIE Agreements were terminated with immediate effect.

The following tables set forth the summary consolidation schedule depicting the consolidated balance sheets as of December 31, 2022 and 2023 of (i) NIP Group Inc., our Cayman parent holding company, (ii) Wuhan Muyecun Network Technology Co., Ltd., the WFOE, (iii) ESVF (Hong Kong) Esports Limited, the Hong Kong holding company, (iv) Wuhan Xingjingweiwu Culture & Sports Development Co., Ltd., or the former VIE, and its subsidiaries and (v) the corresponding eliminating adjustments. As a result of the Restructuring, the former VIE and its subsidiaries became subsidiaries of the WFOE as of December 31, 2023. You should read the following tables 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.

	As of December 31, 2023						
	Parent	WFOE and its subsidiaries	Hong Kong holding company	Ninjas in Pyjamas	Former VIE and its subsidiaries	Eliminations	Consolidated total
	(US$ in thousands)						
Assets							
Cash and cash equivalents	1,383	66	89	1,978	4,079	—	7,595
Inter-Group balances due from the former VIE and its subsidiaries/Non-VIE	11,044	—	—	—	1,292	(12,336)	—
Other current assets	—	831	1	2,989	17,939	—	21,760
Investment in subsidiaries	234,839	17,703	18,600	—	—	(271,142)	—
Investment equity in the former VIE and its subsidiaries and Non-VIE	—	—	—	—	—	—	—
Other non-current assets	2,163	—	—	185,865	96,457	—	284,485
Total Assets	**249,429**	**18,600**	**18,690**	**190,832**	**119,767**	**(283,478)**	**313,840**
Liabilities							
Inter-Group balances due to the former VIE and its subsidiaries/Non-VIE	—	—	525	—	97	(622)	—
Other current liabilities	1,689	14	—	2,435	24,640	—	28,778
Non-current liabilities	—	131	—	15,078	28,826	(11,713)	32,322
Total liabilities	**1,689**	**145**	**525**	**17,513**	**53,563**	**(12,335)**	**61,100**
Mezzanine equity	322,543	—	—	—	—	—	322,543
Total (deficit) equity	(74,803)	18,455	18,165	173,319	66,204	(271,143)	(69,803)

	As of December 31, 2022					
	Parent	WFOE	Hong Kong holding company	VIE and its subsidiaries	Eliminations	Consolidated total
	(US$ in thousands)					
Assets						
Cash and cash equivalents	7,059	284	12	2,233	—	9,588
Inter-Group balances due from the VIE and its subsidiaries/non-VIE	5,322	855	—	475	(6,652)	—
Other current assets	3,273	—	86	20,236	—	23,595
Investment in subsidiaries	1,240	—	1,240	—	(2,480)	—
Investment equity in the VIE and its subsidiaries and non-VIE	68,427	—	—	—	(68,427)	—
Other non-current assets	—	—	9	100,744	—	100,753
Total Assets	**85,321**	**1,139**	**1,347**	**123,688**	**(77,559)**	**133,936**
Liabilities						
Inter-Group balances due to the VIE and its subsidiaries/non-VIE	—	—	405	6,247	(6,652)	—
Other current liabilities	864	—	—	27,651	—	28,515
Non-current liabilities	—	—	—	15,964	—	15,964
Total liabilities	**864**	**—**	**405**	**49,862**	**(6,652)**	**44,479**
Mezzanine equity	113,463	—	—	—	—	113,463
Total (deficit) equity	**(29,006)**	**1,139**	**942**	**73,826**	**(70,907)**	**(24,006)**

The following tables set forth the summary consolidation schedule depicting the consolidated statements of operations and comprehensive loss for the years ended December 31, 2022 and 2023.

	For the Year Ended December 31, 2023						
	Parent	WFOE	Hong Kong holding company	Ninjas in Pyjamas	VIE and its subsidiaries	Eliminations	Consolidated total
	(US$ in thousands)						
Net Revenue	—	—	37	8,489	75,142	—	83,668
Cost of revenue	—	—	—	4,455	72,015	—	76,470
Net (loss) profit	**(13,258)**	**(20)**	**(180)**	**153**	**(12,542)**	**12,589**	**(13,258)**

	For the Year Ended December 31, 2022					
	Parent	WFOE	Hong Kong holding company	VIE and its subsidiaries	Eliminations	Consolidated total
	(US$ in thousands)					
Net Revenue	—	—	—	65,835	—	65,835
Cost of revenue	—	—	—	62,093	—	62,093
Net (loss) profit	**(6,216)**	**(30)**	**(257)**	**(5,740)**	**5,937**	**(6,306)**

The following tables set forth the summary consolidation schedule depicting the consolidated statements of cash flows for the years ended December 31, 2022 and 2023.

	For the Year Ended December 31, 2023						
	Parent	WFOE	Hong Kong holding company	Ninjas in Pyjamas	VIE and its subsidiaries	Eliminations	Consolidated total
	(US$ in thousands)						
Net cash (used in)/provided by operating activities	(7,166)	(58)	77	65	1,928	—	(5,154)
Net cash (used in)/provided by investing activities	(17,400)	17,400	17,400	206	(15,435)	—	2,171
Net cash provided by/(used in) financing activities	18,891	(17,560)	(17,400)	—	17,433	—	1,364

	For the Year Ended December 31, 2022					
	Parent	WFOE	Hong Kong holding company	VIE and its subsidiaries	Eliminations	Consolidated total
	(US$ in thousands)					
Net cash (used in)/provided by operating activities	(5,271)	(956)	1	(3,408)	—	(9,634)
Net cash used in investing activities	—	—	—	(1,719)	—	(1,719)
Net cash provided by/(used in) financing activities	12,008	—	—	(2,224)	—	9,784

The Holding Foreign Companies Accountable Act

Pursuant to the HFCAA, if the SEC determines that we have filed audit reports issued by a registered public accounting firm that has not been subject to inspections by the PCAOB for two consecutive years, the SEC will prohibit our shares or ADSs from being traded on a national securities exchange or in the over-the-counter trading market in the United States.

On December 16, 2021, the PCAOB issued a report to notify the SEC of its determination that the PCAOB was unable to inspect or investigate completely registered public accounting firms headquartered in

mainland China and Hong Kong. Our auditor, Marcum Asia CPAs LLP, the independent registered public accounting firm that issues the audit report included elsewhere in this prospectus, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess our auditor's compliance with the applicable professional standards. Our auditor is headquartered in Manhattan, New York, and is subject to inspection by the PCAOB on a regular basis with the latest inspection in 2023. As of the date of this prospectus, our auditor is not among the firms listed on the PCAOB Determination List issued in December 2021. On December 15, 2022, the PCAOB removed mainland China and Hong Kong from the list of jurisdictions where it is unable to inspect or investigate completely registered public accounting firms. Accordingly, until such time as the PCAOB issues any new determination, there are no issuers at risk of having their securities subject to a trading prohibition under the HFCAA.

Each year, the PCAOB will determine whether it can inspect and investigate completely audit firms in mainland China and Hong Kong, among other jurisdictions. If the PCAOB determines in the future that it no longer has full access to inspect and investigate completely accounting firms in certain jurisdictions and we use an accounting firm headquartered in one of such jurisdictions to issue an audit report on our financial statements filed with the SEC, we would be identified as a Commission-Identified Issuer following the filing of the annual report on Form 20-F for the relevant fiscal year. There can be no assurance that we would not be identified as a Commission-Identified Issuer for any future fiscal year, and if we were so identified for two consecutive years, we would become subject to the prohibition on trading under the HFCAA. See "Risk Factors — Risks Related to Doing Business in China — The Holding Foreign Companies Accountable Act, or the HFCAA, and the related regulations continue to evolve. Further implementations and interpretations of or amendments to the HFCAA or the related regulations, or a PCAOB determination of its lack of sufficient access to inspect our auditor, might pose regulatory risks to and impose restrictions on us because of our operations in mainland China."

Corporate History

In June 2016, Mr. Liwei "xiaOt" Sun, our director and president, founded Wuhan Xingjingweiwu Culture & Sports Development Co., Ltd. (formerly known as Shanghai Xingao Culture Communications Co., Ltd.), or Wuhan ESVF, and commenced our esports team operations in China. In December 2018, Shenzhen Weiwu Esports Internet Technology Co., Ltd., or Shenzhen VF, was established by Mr. Mario Yau Kwan Ho, our co-chief executive officer, and was later merged with Wuhan ESVF in March 2021 with Shenzhen VF becoming a wholly-owned subsidiary of Wuhan ESVF.

NIP Group Inc., formerly known as ESVF Esports Group Inc., was incorporated as an exempted company with limited liability in the Cayman Islands as our holding company on February 5, 2021. We changed our name from ESVF Esports Group Inc. to our current name, NIP Group Inc., in March 2023.

In March 2021, we established a wholly-owned subsidiary in Hong Kong, namely, ESVF (Hong Kong) Esports Limited, or Hong Kong ESVF, which is our intermediary holding company in Hong Kong. In July 2021, Hong Kong ESVF established a wholly-owned subsidiary, Wuhan Muyecun Network Technology Co., Ltd., or Wuhan Muyecun, as the holding company of our business in China. Wuhan Muyecun then gained control over Wuhan ESVF by entering into a series of contractual arrangements with Wuhan ESVF and its shareholders. We have completed the Restructuring in June 2023, and in connection therewith, our WFOE, Wuhan ESVF and shareholders of Wuhan ESVF entered into a VIE Termination Agreement, pursuant to which, the VIE Agreements were terminated with immediate effect. See "— Our Corporate Structure."

In January 2023, we completed the merger between NIP Group Inc. and Ninjas in Pyjamas Gaming AB, a Swedish esports company with more than 20 years of operating history in the esports industry, through a series of share swap transactions, with Ninjas in Pyjamas Gaming AB becoming a wholly-owned subsidiary of NIP Group Inc. upon completion of the transactions, marking our global operation under the name of NIP Group.

Implication of Being an Emerging Growth Company

As a company with less than US$1.235 billion in revenue for our last fiscal year, we qualify as an "emerging growth company" pursuant to the Jumpstart Our Business Startups Act of 2012, as amended, or

the JOBS Act. An emerging growth company may take advantage of specified reduced reporting and other requirements compared to those 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. We have elected to take advantage of such exemptions. 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 an emerging growth company until the earliest of (a) the last day of the fiscal year during which we have total annual gross revenues of at least US$1.235 billion; (b) the last day of our fiscal year following the fifth anniversary of the completion of this offering; (c) the date on which we have, during the preceding three-year period, issued more than US$1.0 billion in non-convertible debt; or (d) the date on which we are deemed to be a "large accelerated filer" under the Securities Exchange Act of 1934, as amended, or the Exchange Act, which would occur if the market value of our shares 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.

Implication of Being a Foreign Private Issuer

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 of the securities rules and regulations in the United States that are applicable to U.S. domestic issuers. Moreover, 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. In addition, 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 Nasdaq Stock Market corporate governance listing standards. These practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq Stock Market corporate governance listing standards. If followed by us, these practices may afford less protection to shareholders than they would enjoy if we complied fully with the Nasdaq Global Market corporate governance listing standards. Following this offering, we will rely on home country practice to be exempted from the corporate governance requirement that we have a minimum of three members in our audit committee.

Corporate Information

Our principal executive offices are located at Rosenlundsgatan 31, 11 863, Stockholm, Sweden. Our telephone number at this address is +46 8133700. 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.

Investors should submit any inquiries to the address and telephone number of our principal executive offices. Our main websites are https://esv5.com and https://nip.gl. The information contained on our website is not a part of this prospectus. Our agent for service of process in the United States is Cogency Global Inc., located at 122 East 42nd Street, 18th Floor New York, NY 10168.

Conventions that Apply to This Prospectus

Unless otherwise indicated or the context otherwise requires, references in this prospectus to:

- "ADRs" are to the American Depositary Receipts that may evidence the ADSs;
- "ADSs" are to the American Depositary Shares, each of which represents two Class A ordinary shares;
- "CAGR" are to compound annual growth rate;

- "China" or the "PRC" are to the People's Republic of China, excluding, for the purposes of this prospectus only, Hong Kong, Macau and Taiwan;
- "Class A ordinary shares" are to the Class A ordinary shares of NIP Group Inc., par value US$0.0001 per share;
- "Class B ordinary shares" refer to Class B1 ordinary shares or Class B2 ordinary shares;
- "Class B1 ordinary shares" are to the Class B1 ordinary shares of NIP Group Inc., par value US$0.0001 per share;
- "Class B2 ordinary shares" are to the Class B2 ordinary shares of NIP Group Inc., par value US$0.0001 per share;
- "Ninjas in Pyjamas" are to Ninjas in Pyjamas Gaming AB;
- "our WFOE" are to Wuhan Muyecun Network Technology Co., Ltd.;
- "Restructuring" are to a series of restructuring transactions in June 2023 to terminate the historical contractual arrangements with the former VIE, which have become our wholly-owned subsidiary.
- "RMB" and "Renminbi" are to the legal currency of China;
- "shares" or "ordinary shares" are to our Class A, Class B1 and Class B2 ordinary shares, par value US$0.0001 per share;
- "SEK" and "Swedish Krona" are to the legal currency of Sweden;
- "the VIE" or "the former VIE" are to the former variable interest entity, namely Wuhan Xingjingweiwu Culture & Sports Development Co., Ltd., or "Wuhan ESVF";
- "US$," "U.S. dollars," "$," and "dollars" are to the legal currency of the United States; and
- "we," "us," "our company" or "our" are to NIP Group Inc., formerly known as ESVF Esports Group Inc., a Cayman Islands exempted company, and its subsidiaries and their respective subsidiaries, as the context requires (and, in the context of describing NIP Group's operations and consolidated financial information, also the VIE and the VIE's subsidiaries for the periods ended prior to the Restructuring).

Unless the context indicates otherwise, all information in this prospectus assumes no exercise by the underwriters of their option to purchase up to 337,500 additional ADSs representing 675,000 Class A ordinary shares.

Unless otherwise noted, all translations from Renminbi to U.S. dollars and from U.S. dollars to Renminbi in this prospectus are made at a rate of RMB6.8972 to US$1.00, the exchange rate in effect as of December 30, 2022, or at RMB7.0999 to US$1.00, the exchange rate in effect as of December 29, 2023 as set forth in the H.10 statistical release of The Board of Governors of the Federal Reserve System. All translations from Swedish Krona to U.S. Dollars and from U.S. dollars to Swedish Krona are made at a rate of SEK10.0506 to US$1.00, the exchange rate in effect as of December 29, 2023. 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. Due to rounding, numbers presented throughout this prospectus may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

	The Offering
Offering price	We currently estimate that the initial public offering price will be between US$9.00 and US$11.00 per ADS.
ADSs offered by us	2,250,000 ADSs (or 2,587,500 ADSs if the underwriters exercise their option to purchase additional ADSs in full).
ADSs issued and outstanding immediately after this offering	2,250,000 ADSs (or 2,587,500 ADSs if the underwriters exercise their option to purchase additional ADSs in full).
Class A ordinary shares issued and outstanding immediately after this offering	74,106,989 Class A ordinary shares (or 74,781,989 Class A ordinary shares if the underwriters exercise their option to purchase additional ADSs in full).
Class B1 ordinary shares to be outstanding immediately after this offering	24,641,937 shares
Class B2 ordinary shares to be outstanding immediately after this offering	13,362,381 shares
The ADSs	Each ADS represents two Class A ordinary shares, par value US$0.0001 per share. The depositary (or its nominee) will hold Class A ordinary shares underlying your ADSs. You will have rights as provided in the deposit agreement among us, the depositary and holders and beneficial owners of ADSs from time to time. We do not expect to pay dividends in the foreseeable future. If, however, we declare dividends on our Class A ordinary shares, the depositary will pay you the cash dividends and other distributions it receives on our Class A ordinary shares after deducting its fees and expenses in accordance with the terms set forth in the deposit agreement. You may surrender your ADSs to the depositary for cancellation in exchange for the underlying Class A ordinary shares. The depositary will charge you fees for any cancellation. 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. 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.
Voting Rights	Following this offering, we will have three classes of ordinary shares outstanding: Class A ordinary shares, Class B1 ordinary shares and Class B2 ordinary shares. Class B1 ordinary shares and Class B2 ordinary shares are collectively referred to as “Class B ordinary shares.” The rights of the holders of our

Class A ordinary shares, our Class B1 ordinary shares and our Class B2 ordinary shares are identical, except with respect to voting and conversion. Each Class A ordinary share is entitled to one vote per share and is not convertible into any other shares of our capital stock. Each Class B1 ordinary share and Class B2 ordinary shares is entitled to 20 votes per share and is convertible into one Class A ordinary share at any time. In addition, our Class B1 ordinary shares and Class B2 ordinary shares will automatically convert into shares of our Class A ordinary shares upon certain transfers and other events, in particular when a holder of Class B1 ordinary shares or holder of Class B2 ordinary shares holds less than 5% of our total issued shares, all of the Class B1 ordinary shares or the Class B2 ordinary shares held by the relevant holder and its Affiliates shall automatically convert into an equivalent number of Class A ordinary shares respectively. Ordinary resolutions of the Company should be passed, at a general meeting of the Company, by: (i) a simple majority of votes entitled to be exercised by the shareholders; (ii) a simple majority of votes entitled to be exercised by Class B1 Shareholders; and (iii) a simple majority of votes entitled to be exercised by Class B2 Shareholders. Alternatively, ordinary resolutions can be approved in writing by all shareholders entitled to vote. For special resolutions (which are required for certain important matters including mergers and changes to our governing documents), which require the vote of two-thirds of the votes cast, the voting power permitted to be exercised by the holders of the Class B ordinary shares will be weighted such that the Class B ordinary shares shall represent, in the aggregate, 67% of the voting power of all shareholders (the "Weighted Voting Right"). Where there is more than one holder of Class B ordinary shares that is subject to a Weighted Voting Right for the purposes of passing a special resolution, then the voting power entitled to be exercised in respect of such Class B ordinary shares, shall be divided equally between the Class B1 majority holder who holds the highest number of the issued Class B1 ordinary shares and the Class B2 majority holder who holds the highest number of the issued Class B2 ordinary shares, provided always that: (i) in the event that a Class B majority holder votes "against" a special resolution (the "Relevant Class B Majority Holder"), then all of the voting power entitled to be exercised in respect of such Class B ordinary shares shall be exercised by that Relevant Class B Majority Holder only, and (ii) if there is only one Class B majority holder then the voting power entitled to be exercised in respect of such Class B ordinary shares shall be exercised by that Class B majority holder alone.

The Class A ordinary shares, Class B1 ordinary shares and Class B2 ordinary shares outstanding after this offering will represent approximately 66.1%, 22.0% and 11.9%, respectively, of the total number of shares of our Class A and Class B ordinary shares outstanding after this offering and 8.9%, 59.1% and 32.0%, respectively, of the combined voting power of our Class A and Class B ordinary shares outstanding after this offering, subject to the approval conditions for ordinary

	resolutions, the Weighted Voting Right and certain restrictions. For more information on the voting rights. See ‘‘Description of Share Capital — Our Post-Offering Memorandum and Articles of Association.”
Option to purchase additional ADSs	We have granted to the underwriters an option, exercisable within 30 days from the date of this prospectus, to purchase up to an aggregate of 337,500 additional ADSs.
Use of proceeds	We estimate that we will receive net proceeds of approximately US$16.24 million from this offering, assuming an initial public offering price of US$10.00 per ADS, which is the midpoint of the estimated range of the initial public offering price, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering for (i) potential strategic acquisition and investment opportunities to supplement our organic growth, (ii) the marketing and growth of our fan base, potential strategic acquisition and investment opportunities, including marketing and promotional campaigns and events to enhance our brand gravity, grow our fan base and enhance fan engagement, and (iii) expanding the presence of our esports teams and our talent management and event production capabilities, as well as working capital and other general corporate purposes. See “Use of Proceeds” for more information.
Lock-up	We and each of our officers, directors and substantially all of our existing shareholders have agreed with the underwriters, subject to certain exceptions, not to sell, transfer or otherwise dispose of any ADSs, Class A ordinary shares or similar securities for a period of 180 days after the date of this prospectus. See “Shares Eligible for Future Sale” and “Underwriting” for more information.
Listing	We intend to apply to have the ADSs listed on the Nasdaq under the symbol “NIPG.” The ADSs and our Class A ordinary shares will not be listed on any other stock exchange or traded on any automated quotation system.
Payment and settlement	The underwriters expect to deliver the ADSs against payment therefor through the facilities of the Depository Trust Company on , 2024.
Depositary	Citibank, N.A.
Custodian	Citibank, N.A. — Hong Kong

Unless otherwise indicated, all information contained in this prospectus assumes no exercise of the option granted to the underwriters to purchase up to additional 337,500 ADSs, if any, in connection with the offering.

Summary Consolidated Financial Data

The following summary consolidated statements of operations and comprehensive loss data and summary consolidated statements of cash flow data for the years ended December 31, 2022 and 2023 summary consolidated balance sheet data as of December 31, 2022 and 2023, have been derived from our consolidated financial statements included elsewhere in this prospectus. Our consolidated financial statements are prepared and presented in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. Our historical results do not necessarily indicate results expected for any future periods. You should read this Summary 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.

The following table sets forth a summary of our consolidated statements of results of operations and comprehensive loss data, both in absolute amount and as a percentage of the total revenues, for the years indicated.

	For the Year Ended December 31,					
	2022				2023[2]	
	Actual		Pro Forma (Unaudited)[1]			
	US$	%	US$	%	US$	%
	(in thousands, except for %)					
Net revenue	65,835	100.0	73,208	100.0	83,668	100.0
Cost of revenue	(62,093)	(94.3)	(65,750)	(89.8)	(76,470)	(91.4)
Gross profit	**3,742**	**5.7**	**7,458**	**10.2**	**7,198**	**8.6**
Operating expenses:						
Selling and marketing expenses	(5,495)	(8.4)	(7,208)	(9.8)	(6,577)	(7.9)
General and administrative expenses	(6,328)	(9.6)	(7,823)	(10.7)	(15,273)	(18.3)
Total operating expenses	**(11,823)**	**(18.0)**	**(15,031)**	**(20.5)**	**(21,850)**	**(26.2)**
Operating loss	**(8,081)**	**(12.3)**	**(7,573)**	**(10.3)**	**(14,652)**	**(17.6)**
Other income/(expense):						
Other income, net	2,001	3.0	1,989	2.7	716	0.9
Interest expense, net	(365)	(0.5)	(460)	(0.6)	(523)	(0.6)
Total other income	**1,636**	**2.5**	**1,529**	**2.1**	**193**	**0.3**
Loss before income tax expenses	**(6,445)**	**(9.8)**	**(6,044)**	**(8.2)**	**(14,459)**	**(17.3)**
Income tax benefit (expense)	139	0.2	(6)	—	1,201	1.4
Net loss	**(6,306)**	**(9.6)**	**(6,050)**	**(8.2)**	**(13,258)**	**(15.9)**
Net loss attributable to non-controlling interests	(90)	(0.1)	(90)	(0.1)	0	—
Net loss attributable to NIP Group Inc	(6,216)	(9.5)	(5,960)	(8.1)	(13,258)	(15.9)
Preferred shares redemption value accretion	(25,297)	(38.4)	(25,297)	(34.6)	(43,915)	(52.5)
Net loss attributable to NIP Group Inc.'s shareholders	(31,513)	(47.9)	(31,257)	(42.7)	(57,173)	(68.4)
Other comprehensive (loss) income:						
Foreign currency translation income attributable to non-controlling interest, net of nil tax	2	—	2	—	(0)	—
Foreign currency translation loss attributable to ordinary shareholders, net of nil tax	178	0.3	(242)	(0.3)	5,253	6.3
Total comprehensive loss	**(6,126)**	**(9.3)**	**(6,290)**	**(8.5)**	**(8,005)**	**(9.6)**

Notes:

(1) The consolidated statement of comprehensive loss data for 2022 is adjusted on an unaudited pro forma basis to present the combined historical results of operations of us and Ninjas in Pyjamas as if the combination had occurred as of January 1, 2022.

(2) The consolidated statement of comprehensive loss data for 2023 reflects our acquisition of Ninjas in Pyjamas on January 10, 2023.

The consolidated statements of results of operations and comprehensive loss data for 2022 are adjusted on an unaudited pro forma basis to present the combined historical results of operations of us and Ninjas in Pyjamas as if the combination had occurred as of January 1, 2022.

The following table presents our summary consolidated balance sheet data as of the dates indicated:

	As of December 31,	
	2022	2023
	(US$ in thousands)	
Cash and cash equivalents	9,588	7,595
Accounts receivable	14,448	18,995
Advance to suppliers	427	401
Receivables related to disposal of league tournaments rights	2,627	—
Amounts due from related parties	1,136	270
Prepaid expenses and other current assets, net	4,957	2,094
Total current assets	33,183	29,355
Property and equipment, net	2,895	2,918
Intangible assets, net	65,383	133,969
Right-of-use assets	1,802	2,124
Goodwill	29,827	141,402
Deferred tax assets	6	551
Other non-current assets	840	3,521
Total assets	133,936	313,840
Total current liabilities	28,515	28,779
Total liabilities	44,479	61,100
Total mezzanine equity	113,463	322,543
Total deficit	(24,006)	(69,803)

The following table presents our summary consolidated statements of cash flow data for the years indicated:

	For the Year Ended December 31,	
	2022	2023
	(US$ in thousands)	
Net cash used in operating activities	(9,634)	(5,154)
Net cash (used in) provided by investing activities	(1,719)	2,171
Net cash provided by financing activities	9,784	1,364
Effect of exchange rate changes	(252)	(374)
Net decrease in cash and cash equivalents	(1,821)	(1,993)
Cash and cash equivalents at the beginning of the year	11,409	9,588
Cash and cash equivalents at the end of the year	9,588	7,595

Non-GAAP Financial Measure

To supplement our consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, we use the following non-GAAP financial measure to understand and evaluate our core operating performance: adjusted EBITDA, which is calculated as net loss excluding interest expense, net, income tax (benefit) expenses, depreciation and amortization and share-based compensation expense. The non-GAAP financial measure is presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP. Investors are encouraged to review the reconciliation of the historical non-GAAP financial measure to the most directly comparable GAAP financial measure. As the non-GAAP financial measure has material limitations as an analytical metric and may not be calculated in the same manner by all companies, it may not be comparable to other similarly titled measure used by other companies. In light of the foregoing limitations, you should not consider the non-GAAP financial measure as a substitute for, or superior to, such metrics prepared in accordance with GAAP. We encourage investors and others to review our financial information in its entirety and not rely on any single financial measure.

	For the Year Ended December 31,		
	2022		2023[4]
	Actual	Pro Forma (Unaudited)[3]	
	(US$ in thousands, except for %)		
Net loss	**(6,306)**	**(6,050)**	**(13,258)**
Add:			
Interest expense, net	365	460	523
Income tax (benefit) expenses	(139)	6	(1,201)
Depreciation and amortization[1]	5,266	5,694	6,083
Share-based compensation expense	166	166	6,122
Adjusted EBITDA	**(648)**	**276**	**(1,731)**
Adjusted EBITDA margin[2]	**(1.0)**	**0.4**	**(2.1)**

Notes:

(1) Primarily consists of depreciation related to property and equipment, as well as amortization related to intangible assets.

(2) Adjusted EBITDA as a percentage of net revenues.

(3) The consolidated statement of comprehensive loss data for 2022 is adjusted on an unaudited pro forma basis to present the combined historical results of operations of us and Ninjas in Pyjamas as if the combination had occurred as of January 1, 2022.

(4) The consolidated statement of comprehensive loss data for 2023 reflects our acquisition of Ninjas in Pyjamas on January 10, 2023.

RISK FACTORS

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

Risks Related to Our Business and Industry

The success of our business depends on the market perception and strength of our brand. If we are unable to maintain and enhance our brand, the fan base and sponsorship we attract as well as our prospective consumer engagement may decline.

We believe that our brand, identity and reputation contribute significantly to our success. Maintaining and enhancing the NIP brand and reputation is critical to retaining and growing our consumer and sponsor bases. Maintaining and enhancing our brand and reputation hinges largely on our continued ability to provide high-quality and entertaining content, as well as competitive esports competition results, which may require substantial investment by us and may not be successful. Further, sponsorships and advertisements and actions of sponsors and brand owners may affect our brand and reputation if our consumers respond negatively to them. Additionally, our brand, identity and reputation may be adversely affected by perceptions of our industry in general, including perceptions resulting from factors unrelated to our actions or our content.

To be successful in the future, we believe we must preserve, grow and leverage the value of our brand across all of our revenue streams. We have in the past experienced, and expect that in the future we will continue to receive, a high degree of media coverage. Any unfavorable publicity regarding the actions or professional performance of any of our esports teams, athletes, content creators, online entertainers or brand partners, or regarding our ability to attract and retain qualified professional athletes and coaching staff, could negatively affect our brand and reputation. Failure to respond effectively to negative publicity could also further erode our brand and reputation.

In addition, events in our industry, even if unrelated to us, may negatively affect our brand and reputation. As a result, the size and engagement of our fan base may decline. Damage to our brand or reputation or loss of our fans' commitment for any of these reasons could impair our ability to expand our fan base, sponsors and commercial affiliates, which could result in decreased revenue across our revenue streams and have a material adverse effect on our business, results of operations and financial condition, as well as require additional resources to rebuild our brand and reputation.

Moreover, maintaining and enhancing our brand and reputation may require us to make substantial investments, some or all of which may be unsuccessful. Failure to successfully maintain and enhance the NIP brand and reputation or excessive or unsuccessful expenses in connection with this effort could have a material adverse effect on our business, results of operations and financial condition.

As an esports brand spanning Asia, Europe and South America and continuing to expand our global footprint, we are subject to a number of risks regarding our international operations.

We currently operate esports teams in Asia and Europe with world-class rankings and performances. We also field teams in Brazil and will be expanding teams to the MENA region in 2024. We plan to continue to expand our operations into different countries or regions to enhance our global presence. Our international operations and expansion efforts have resulted, and may continue to result, in increased costs, and are subject to a variety of risks, including but not limited to:

- more restrictive or unfavorable governmental laws, regulations, policies toward esports gaming, live events and content streaming, or generally toward the entertainment industry;
- political instability, economical uncertainties, unfavorable treatment within certain of the emerging markets, exchange risks and inflations;

- violations of anti-bribery and anti-corruption laws, such as the United States Foreign Corrupt Practices Act and the United Kingdom Bribery Act of 2010;
- limitation of our enforcement of intellectual property rights as well limitations on our ability to enforce legal rights and remedies with third parties or partners;
- adverse tax consequences due to the complexity of local tax laws or the interpretation of international tax treaties, or incremental tax liabilities that are difficult to predict as a result from our acquisition of businesses;
- limitation on the ability of foreign subsidiaries to repatriate profits or otherwise remit earnings; and
- expropriation of investment in foreign countries and unfair and unequitable treatment of the host countries, such as favoring domestic companies or arbitrary termination of cooperation contract with governmental authorities.

As we expand into new markets, it is difficult for us to manage and coordinate across the subsidiaries of our company, and certain business practices and customer may vary from markets to markets. We may have to adapt our business models to local markets due to various legal requirements and market conditions. Moreover, future growth and expansion to new markets, as well as growth and expansion within existing markets, may expose our group and executive management, administration, IT systems, internal control functions and operational and financial infrastructure to several challenges. Future growth and expansion will likely lead to an increased pressure on these functions within our group, which could adversely affect our ability to effectively operate and expand our business. Our failure to successfully maintain and grow our business on a global scale could be intensified with the speed of our expansion, and impose more strain on our business, results of operations, and financial conditions.

Our business in Asia is in the early stage of development with a relatively limited operating history. We are also subject to risks associated with operating in a rapidly developing industry and a relatively new market.

We have a relatively limited operating history with our business in Asia. While our western brand was established in 2000, we only started our business in Asia in 2016. Our limited history of operating in Asia may not serve as an adequate basis for evaluating our prospects and operating results, and our past revenues and historical growth may not be indicative of our future performance. In addition, we plan to continue to grow our Asia business through strategies rooted in both organic growth opportunities and acquisition of qualified targets. The expansion increases the complexity of our business and has placed, and will continue to place, strain on our management, personnel, operations, systems, financial resources and internal control and report functions.

Further, many elements of our business are unique, evolving and relatively unproven. Our business and prospects depend on the continuing development of competitive esports, gaming and lifestyle content. The market for competitive esports, gaming and lifestyle content is relatively new and rapidly developing and is subject to significant challenges. Our business relies upon our ability to cultivate and grow an active community, and our ability to successfully monetize such community through sponsorship, retail and advertising opportunities. In addition, our continued growth depends, in part, on our ability to respond to the constant changes in our industry, including rapid technological evolution, continued shifts in gamer trends and demands, the introduction of new competitors into the market, and the emergence of new industry standards and practices. Developing and integrating new content, services and products could be expensive and time-consuming, and these efforts may not yield the benefits we expect to achieve at all. Further, if the esports sponsorship and advertising market does not continue to grow, or if we are unable to capture and retain a sufficient share of that market, our results may be materially and adversely affected. We cannot assure you that we will succeed in any of these aspects or that our industry will continue to grow as rapidly as it has in the past.

We have a relatively limited history of operating as an integrated business. We may face challenges integrating our operations, services and personnel and may be unable to achieve the anticipated synergies from the combination. Our historical operating and financial results may not be indicative of future performance, which makes it difficult to predict our future business prospects and financial performance.

The combination of our eStar Gaming and Victory 5 operations was completed in early 2021. More recently, the combination with Ninjas in Pyjamas was completed in early 2023. As a result, we have a limited

operating history and experience in our business operation as a combined company, which makes it difficult to evaluate our future prospects and ability to make profit. Our ability to realize the anticipated benefits of the combination depends, to a large extent, on our ability to integrate independent businesses, which can be a complex, costly and time-consuming process, and thus requires significant time and focus from our management team and may divert their attention from the day-to-day operations of our business. In addition, even if the operations of us and Ninjas in Pyjamas are integrated successfully, we may not realize the full benefits of the combination, including the synergies, operating efficiencies, or sales or growth opportunities as expected.

In addition, the overall integration of the businesses may result in material unanticipated problems, expenses, liabilities, competitive responses and loss of customer relationships, among other potential adverse consequences. If we cannot integrate and operate acquired properties or businesses to meet our financial expectations, our financial condition, results of operations and cash flow could be materially adversely affected.

Past and future investments in and acquisitions of complementary assets and businesses may expose us to potential risks, and may result in earnings dilution and significant diversion of management attention.

We may invest in or acquire assets and businesses that are complementary to our existing business. This may include opportunities to acquire additional businesses, services, resources, or assets that are complementary to our core esports business. Our investments or acquisitions may not yield the results we expect. In addition, investments and acquisitions could result in the use of substantial amounts of cash, significant amortization expenses related to intangible assets, significant diversion of management attention and exposure to potential unknown liabilities of the acquired business. Moreover, the costs of identifying and consummating investments and acquisitions, and integrating the acquired businesses into ours, may be significant, and the integration of acquired businesses may be difficult or even disruptive to our existing business operations. In the event that our investments and acquisitions are not successful, our results of operations and financial condition may be materially and adversely affected.

To the extent we pursue further strategic acquisitions or other investment opportunities to extend or complement our operations, we may be exposed to additional risks, including:

- an acquisition may involve the entry into geographic or business markets in which we have little or no prior experience or where competitors have stronger market positions;
- an acquisition may require us to incur charges or assume substantial debt or other liabilities, may cause adverse tax consequences or unfavorable accounting treatments, may expose us to claims and disputes by third parties, including intellectual property claims and disputes, or may not generate sufficient financial return to offset additional costs and expenses related to the acquisition;
- if we incur debt ahead of an acquisition, lenders may require that such loans are repaid either in full or in part or that financial covenants are complied with before any distributions of dividends to our shareholders may be made;
- we may encounter difficulties or unforeseen expenditures in integrating the business, technologies, products, personnel or operations of any company that we acquire, particularly if key personnel of the acquired company decide not to work for us;
- an acquisition, whether or not consummated, may disrupt our ongoing business, divert resources, increase our expenses and distract our management;
- we may not be able to successfully integrate our business and we may not be able to fully realize the anticipated strategic benefits of the acquisition;
- we may face challenges inherent to effectively managing an increased number of employees in diverse locations;
- we may be affected by potential strains on our financial and managerial controls and reporting systems and procedures;
- we may be subject to potential known and unknown liabilities associated with an acquired business;

- use of cash to pay for acquisitions could limit other potential uses for our cash;
- we may need to record impairment losses related to potential write-downs of acquired assets or goodwill in future acquisitions; and
- to the extent that we issue a significant amount of equity or convertible debt securities relating to future acquisitions, existing stockholders may be diluted.

We may not succeed in addressing these or other risks or any other problems encountered relating to the integration of any acquired business. The inability to integrate successfully the business, technologies, products, personnel or operations of any acquired business, or any significant delay in achieving integration, could have a material adverse effect on our business, results of operations, financial condition or prospects.

The markets in which we operate are highly competitive. If we are unable to compete effectively, our business and operating results may be materially and adversely affected.

While there are a limited number of competitors that cover the entire value chain of the esports ecosystem as we currently do, including the operation of esports teams, talent management agency and event production, each component of the esports industry is highly competitive.

We naturally face competitions from other esports teams. If our teams fail to achieve satisfactory results and maintain their positions in the periods to come, we may lose fans, viewership, and our brand and sponsorship resources, as well as star athletes and staff to our competitors, and our business and results of operations may be materially and adversely affected.

For our talent management business, we face competition both in engaging popular online entertainers and collaborating with distribution channels to host our online entertainers. If we are unable to do so, our ability to grow our talent management business will be limited. In addition, magnifying our influence in the industry may require us to make substantial investments or acquisitions, some or all of which may not be successful. Moreover, the popularity of our online entertainers can change rapidly and for reasons beyond our direct control.

In the case of event production business, we face direct competition from other event producers and service providers. We are a relatively new enterer in the market as compared to our competitors who are more experienced in the organization of professional esports tournaments and events. Our competitors may leverage longer history with game developers, publishers and other event sponsors, and may have more established presences in regions and games titles beyond our reach. In the event that we are not able to effectively compete and overtake businesses from other competitors, we may not be able to establish a significant presence in the event production industry.

We also face potential competition from our business partners who may expand their internal capabilities or otherwise integrate themselves vertically to operate services that we currently offer, which could result in a reduction in opportunities available to us or otherwise lead to potential new competitors.

We focus our business on our Esports professionals, influencers and content creators and consumers, and acting in their interests in the long-term may conflict with the short-term expectations of investors.

We generate revenues from our talent management business from advertising fees, sponsorship fees and live streaming service fees. As such, our revenues depend significantly on our ability to make, attract and retain online entertainers with sufficient popularity to attract advertisers and sponsorships, and live streaming views. We focus on developing our roster of esports athletes to become successful online entertainers, as well as identifying and recruiting high-potential candidates from major entertainment platforms and competitive esports games. In addition, we do not rely on star individuals, but rather to aim offer comprehensive operation and marketing services to incubate our talent to become successful online entertainers, support their career development, and empower them to grow their own audience within our ecosystem. We expect to continue making significant investments to develop our ecosystem in support of our online entertainer. Such expenditures may not result in improved business results or profitability over the long-term. If we are ultimately unable to achieve or improve profitability at the level or during the time from anticipated by securities or industry analysts, investors and our stockholders, the trading price of our ADS may decline.

We have incurred losses in the past and we may continue to experience losses in the future.

We have incurred loss from operations of US$8.1 million and US$14.7 million, and net losses of US$6.3 million and US$13.3 million in 2022 and 2023, respectively. The historical losses reflect the substantial investments we made to grow our business. We cannot assure you that we will be able to continue generating net profits in the foreseeable future.

We expect to continue to invest in the development and expansion of our business in areas including sales and marketing, and incurring costs associated with general administration, including legal, accounting and other expenses upon completion of this offering. As a result of these increased expenses, we will have to generate and sustain increased revenue to be profitable in future periods. Further, in future periods, we may not be able to generate sufficient revenue growth to offset higher costs and sustain profitability. If we fail to sustain or increase profitability, our business and operating results could be adversely affected and we may be required to raise additional equity or debt to finance our operations, which may come with dilution effects for our shareholders.

Our business and financial results may be materially and adversely affected if we are unable to maintain our cooperative relationships with financing service providers.

We rely partially on loans provided by commercial banks including, among others, China Merchants Bank and Hua Xia Bank, to fund our general operations. We entered into credit facilities and loan agreement with these commercial banks, pursuant to which we are subject to a number of restrictive covenants. Failure to meet the payment and other obligations, including financial covenants, security coverage requirement and requirements on notifying to or getting approval from banks in case of certain matters, such as restructuring, share transfer or listing, etc., could lead to defaults under these loan agreements. If we default under the loan agreement, we may have to cash the deposit of our working capital, which could have material impact on business and results of operation.

These credit facilities and loan agreements normally become mature in one to three years, and we may not be able to renew the agreement on commercially reasonable terms or at all. These commercial banks have full discretion in deciding whether or not to extend the loans to us. Furthermore, these financing service providers may decrease or eliminate the amount of credit available for us due to various reasons. In addition, if the default rates on the loans provided or arranged by these financing service providers were to increase, they may raise the interest rates on the loans, making such financing options less attractive to us. If our cooperative relationships with the financing service providers are damaged or lost, or if the financing service providers significantly increase their interest rates, our business and financial results would be adversely affected.

We will need capital to, among other things, expand to other geographic regions and titles through acquiring league seats. As we expand to additional game titles, we may also require capital to train, attract and retain our athletes and online entertainers, and such costs may be greater than what we currently anticipate. The fact that we have a limited operating history means we have limited historical financial data. As a result, our future capital requirements may be uncertain and actual capital requirements may be different from what we currently anticipate. We may seek equity or debt financing to finance a portion of our capital expenditures. Such financing might not be available to us in a timely manner or on terms that are acceptable to us, or at all. If we cannot obtain sufficient capital on acceptable terms, our business, financial condition, and prospects may be materially and adversely affected.

We may not be able to successfully execute our strategies, sustain our growth, or deal with the increasing complexity of our business.

Since our inception, we have experienced rapid growth internationally. This growth has included development in our fan base, esports performance, content pipeline, our talent, and our brand sponsorships, among other things. We have also been actively exploring new monetization opportunities. Even if our historical growth may not necessarily be indicative of future growth, we expect future growth in our international presence, mergers and acquisitions, and emerging monetization areas. This expansion increases the complexity of our business and has placed, and will continue to place, strain on our management, personnel, operations, systems, financial resources and internal financial control and reporting functions.

The industries in which we operate are rapidly evolving and may not develop as we expect. Even if our revenue continues to increase, our net revenue growth rates may vary in the future as a result of macroeconomic factors, increased competition, the maturation of our business, and other factors.

In addition, as we expand our business segments and geographic coverage, we will need to work with a larger number of partners, brands and sponsors, as well as suppliers efficiently, and will need to maintain and expand mutually beneficial relationships with the existing ones. We also need to continuously enhance and upgrade our technology, improve control over our operational, financial and management aspects, refine our reporting systems and procedures, and cultivate, attract, retain and integrate qualified esports talents. All these efforts will require significant managerial and financial resources. We cannot assure you that we will be able to effectively manage our growth, that our current infrastructure, systems, procedures and controls or any new measures to enhance them will be adequate and successful to support our expanding operations or that our strategies and new business initiatives will be executed successfully. If we are not able to manage our growth or execute our strategies effectively, our expansion may not be successful, and our business and prospects may be materially and adversely affected.

If we fail to anticipate the evolving game popularity or viewership preferences, we may not be able to remain competitive in the respective business segments, and our business and prospects may be materially and adversely affected.

The esports industry is characterized by its ever-changing and fast evolving nature, where every year different digital games are released by game developers, and various leagues and tournaments are assembled, creating vast opportunity for participants like us to extend our brand influence and generate popularity, and for brands and sponsors to invest in teams, athletes, and benefit from screen time and name placements. The continued popularity of the general esports industry affects the longevity and vibrance of our brand. We participate in popular esports titles including *League of Legends, Counter-Strike: Global Offensive (CS:GO), Honor of Kings*, *Call of Duty Mobile, FIFA, Rainbow Six, Crossfire* and *QQ Speed*. If the large viewership and prospective fan base shifts focus to different esports categories or titles, we cannot assure you that our market perceptions can continue to be upheld. Our failure to effectively cater to the constantly changing and unpredictable needs of the players and viewers could results in a failure to obtain desirable league seats and to achieve satisfactory competition results, which could have a material and adverse effect on our business and prospects.

Misalignment with public and consumer tastes and preferences for entertainment could negatively impact demand for our entertainment offerings, which could have an adverse effect on our business, financial condition, results of operations and prospects.

We create entertainment content, the success of which depends substantially on consumer interests and preferences that frequently change in unpredictable ways. The success of our business depends on our ability to consistently create digital content, and to have popular talent, that meets the changing preferences of the broad consumer market and respond to competition from an expanding array of entertainment choices facilitated by technological developments in the availability and delivery of digital content. When anticipating public and consumer tastes and preferences and other developments in our industry, and how to develop our businesses in relation thereto, our executive management teams have to make several assessments based on various facts and assumptions prevailing at the time such assessments are made, which could prove to be incorrect or incomplete. Misalignment of our content, talent and products and our failure in responding to rapidly changing public and consumer tastes and preferences could impact the demand for our offerings, and our business, financial condition, results of operations and prospects could be materially affected.

In the event that our existing and potential customers are attracted to other alternatives available within the broader esports and entertainment industry, we would be materially and adversely impacted.

The specific industries in which we operate, including esports team, content creation, as well as esports-related event production, all fall within the broader entertainment industry. Other forms of entertainment, such as television, movies and sport events, as well as other forms of digital entertainment, are more well established and may be perceived by the users to offer greater variety, affordability, interactivity, and

enjoyment. We compete with these other forms of entertainment for the discretionary time and income of consumers, and competition within the industries we operate and the broader entertainment industry is intense. If we are unable to sustain sufficient interest in our platform in comparison to other forms of entertainment, including new forms of entertainment, we could experience reduced demand for our content, live events and overall popularity, which could have an adverse effect on our business financial condition and results of operations. While esports remains unique and possesses its distinctiveness apart from the aforementioned alternatives, we cannot assure you that the esports consumers are as engaged in other entertainment categories, or would not alter their preferences to other entertainment categories that may be perceived to offer consumers with more interactivity, affordability, and variety. If the consumers in fact choose to spend their discretionary time and money into other platforms and means of entertainment, we would lose fan base that is the source of our monetization powers, and our business, financial conditions and results of operations would be negatively affected.

If we fail to obtain and maintain the requisite licenses, permits and approvals applicable to our business, or fail to obtain additional licenses that become necessary due to new enactment or promulgation of laws and regulations or our expansion, our business, results of operations and growth prospects may be materially and adversely affected.

We are required to maintain various approvals, licenses, permits and filings to operate our business. Whether such approvals, licenses, permits and filings are obtained is subject to satisfactory compliance with, among other things, the applicable laws and regulations. If we are unable to obtain any of such licenses and permits or extend, alter or renew any of its current licenses or permits upon their expirations, or if it is required to incur significant additional costs to obtain, extend, alter or renew these licenses, permits and approvals, our daily operations could be materially and adversely affected.

For instance, in China, in accordance with the Administrative Regulations on the Commercial Performance issued by the State Council of China and last amended on November 29, 2020, a company engages in the business of organizing, producing and/or promoting on-site commercial performance, including commercial performance activities held by us under our esports team operations business, is required to obtain the Commercial Performance License. In addition, the Measures for the Administration of the Internet Performance Brokerage Entities issued by Ministry of Culture and Tourisms further provides that Internet performance brokerage entities, which refers to entities that engage in the operation business of organizing, producing and marketing the internet performances and/or the brokerage business of the agency, like the talent management agencies operated by us, shall, before expiration of the rectification period by February 29, 2024 ("Rectification Period"), (i) obtain the Commercial Performance License before conducting the Internet performance brokerage business, and (ii) be staffed with sufficient qualified online performance brokers that meet its business needs. Moreover, any online performance broker who engages in performance brokerage activities shall obtain the performance brokerage qualification in accordance with the law. For details, see "Regulation — Regulations on Commercial Performance."

Our talent management agency has obtained the Commercial Performance License for conducting our business according to the applicable laws and regulations. Certain of our subsidiaries have historically engaged in commercial performance activities operation before obtaining the Commercial Performance License and all such entities have obtained such required license as of the date of this prospectus. As of the date of this prospectus, we have not been the subject of any review, enquiry, punishment or investigation by any PRC regulatory authorities in relation to such action. However, we cannot assure you that relevant government agencies will not impose requirements in the future. Further, we have developed and may in the future initiate new businesses, for which we may be required to obtain new licenses and permits, which could be time consuming and complex. Any failure in obtaining any requisite license, permit or approval, or otherwise to comply with applicable regulatory requirements may subject us to administrative actions and penalties, including fines, confiscation of our incomes, revocation of our licenses or permits, or, in severe cases, cessation of certain business. Any of these actions may have a material and adverse effect on our business, financial condition and results of operations.

Our business is subject to a variety of laws and regulations of the PRC, the European Union member states, the Cayman Islands and other international jurisdictions, including those regarding cybersecurity, economic substance, data protection and data privacy. Any failure to comply with such current or future laws and regulations, could adversely affect our business and reputation.

We have access to and store certain data of our esports professionals, brands and sponsors, business and employees in the ordinary course of business operations. We also occasionally have limited access to data concerning viewers of our content streaming and creation, whose data is collected, compiled and shared by streaming and other social media platforms. We cannot verify or assure you that such third parties have obtained sufficient authorization from viewers to share the data with us. Although we have in place systems and processes that are designed to protect the data we have access to, prevent data loss or detect security breaches, such measures may not be sufficient, particularly as techniques to gain unauthorized access to data and system, disable or degrade services, or sabotage systems are constantly evolving. In addition, we may be subject to PRC laws and laws of the EU or other jurisdictions relating to the collection, use, sharing, retention, security, and transfer of confidential and private information, such as personal information and other data. Legal requirements relating to data processing continue to evolve and may result in ever-increasing public scrutiny and escalating levels of enforcement, sanctions and increased costs of compliance. An actual or perceived failure to comply with laws and regulations governing personal information could result in government investigations and enforcement actions against us, fines, claims for damages by affected third parties, damage to our reputation and loss of goodwill, any of which could have a material adverse effect on our business, financial condition, results of operations or prospects.

The Cybersecurity Law of China, which was adopted by the National People's Congress on November 7, 2016 and came into force on June 1, 2017, and the Cybersecurity Review Measures (2020 Version), which were promulgated on April 13, 2020, provide that personal information and important data collected and generated by a critical information infrastructure operator in the course of its operations in China must be stored in China, and if a critical information infrastructure operator, or the CIIO, purchases internet products and services that affect or may affect national security, it should be subject to cybersecurity review by the Cyberspace Administrative of China ("CAC"). On December 28, 2021, the Cybersecurity Review Measures (2021 Version) was promulgated and became effective on February 15, 2022 and the Cybersecurity Review Measures (2020 Version) was repealed at the same time. The Cybersecurity Review Measures (2021 Version) iterates that the procurement of any network product or service by CIIOs or the conducting of data processing activities by online platform operators, that affects or may affect national security, shall be subject to a cybersecurity review and any online platform operators handling personal information of more than one million users which seeks to list in a foreign stock exchange should also be subject to cybersecurity review.

On June 10, 2021, the Standing Committee of the National People's Congress of the PRC promulgated the PRC Data Security Law which took effect on September 1, 2021. The Data Security Law requires that data shall not be collected by theft or other illegal means, and it also presents that a data classification and hierarchical protection system. The data classification and hierarchical protection system protects data according to its importance in economic and social development, and the damages it may cause to national security, public interests, or the legitimate rights and interests of individuals and organizations if the data is falsified, damaged, disclosed, illegally obtained or illegally used, which protection system is expected to be built by the state for data security in the near future. On November 14, 2021, the CAC published the Administrative Regulations on the Administration of Network Data Security (Draft for Comments) ("Administrative Regulations Draft"), which provides that data processing operators engaging in data processing activities that affect or may affect national security must be subject to the cybersecurity review. According to the Cybersecurity Review Measures (2021 Version) and the Administrative Regulations Draft, a cybersecurity review should be conducted by the CAC to assess potential national security risks that may be brought about certain any procurement, data processing, or overseas listing. According to the impact and importance of data on national security, public interests or the legitimate rights and interests of individuals and organizations, data are divided into general data, important data and core data, and different protection measures are taken for different levels of data. The state focuses on the protection of personal information and important data, and strictly protects core data. The Cybersecurity Review Measures (2021 Version) and the Administrative Regulations Draft further require that online platform operators and

data processing operators that process personal data of at least one million individual users must apply for a cybersecurity review, if they plan to conduct listings in foreign countries.

While the Cybersecurity Review Measures (2021 Version) was recently adopted and the Administrative Regulations Draft has been released for public comment and has not come into effect as of the date of this prospectus, and their implementation provisions and anticipated adoption or effective date remains substantially uncertain and may be subject to change. Due to the lack of further interpretations, the exact scope of what constitute a "CIIO," "online platform operators," "data processors," or "data handlers" remains unclear. Further, the PRC government authorities may have wide discretion in the interpretation and enforcement of these laws. It also remains uncertain whether any future regulatory changes would impose additional restrictions on companies like us.

We believe that neither we nor any of our PRC subsidiaries is subject to the cybersecurity review, reporting or other permission requirements by the CAC under the applicable PRC cybersecurity laws and regulations with respect to this offering or the business operations of our PRC subsidiaries, because as of the date of this prospectus, neither we nor our PRC subsidiaries has received any notice from any authorities identifying us as a CIIO or has conducted any data processing activities that affect or may affect national security or handles personal information of more than one million users; further, as of the date of this prospectus, neither we or our PRC subsidiaries has conducted business as an online platform operator or requiring us to undertake a cybersecurity review by the CAC.

On March 6, 2023, the CCRC confirmed to us that we would not be required to apply for a cybersecurity review in connection with this offering and our proposed listing because we do not possess over one million users' personal information. As a result, based on the fact that we are not in possession of more than one million users' personal information, we are not subject to cybersecurity review by the CAC for this offering and our proposed listing. Further, we have not been subject to any penalties, fines, suspensions, investigations from any competent authorities for violation of the regulations or policies that have been issued by the CAC to date.

However, as the interpretation or implementation of those rules and whether the PRC regulatory agencies, including the CAC, may adopt new laws, regulations, rules, or detailed implementation and interpretation related to the Cybersecurity Review Measures (2021 Version) and the Administrative Regulations Draft, there is no assurance that we would not be subject to the cybersecurity review or other governmental procedures under those rules. If any such new laws, regulations, rules, or implementation and interpretation come into effect, we expect to take all reasonable measures and actions to comply. We cannot assure you that we can fully or timely comply with such laws should they be deemed applicable to its operations. There is no certainty as to how such review or prescribed actions would impact our operations and we cannot assure you that any clearance can be obtained or any actions that may be required for our listing on the Nasdaq Stock Market and the offering as well can be taken in a timely manner, or at all.

EU data protection laws including the General Data Protection Regulation 2016/679 ("GDPR") which became effective in May 2018, greatly increases the European Union's jurisdictional reach of its laws and adds a broad array of requirements for handling personal data (including online identifiers and location data). EU member states are tasked under the GDPR to regulate and enforce the strict and all-encompassing data privacy rules that emanate from the GDPR, which also include additional national legislation that adds to and/or further interpret GDPR requirements and potentially extend our obligations and potential liability for failing to meet such obligations. The GDPR, together with national legislation, regulations and guidelines of the EU member states and the United Kingdom (under the UK GDPR) governing the processing of personal data, imposes strict obligations and restrictions on the ability to collect, use, retain, protect, disclose, transfer and otherwise process personal data, as well as provides information to the individuals whose personal data the processing concerns, and facilitates the exercise of these individuals' rights under, e.g., the GDPR. In particular, the GDPR generally prohibits any transfers of personal data to locations outside the EU/EEA, for instance, from the EU to China, the United States and most other foreign jurisdictions unless the parties to the transfer have implemented specific safeguards to protect the transferred personal information, or if the jurisdiction in question has been granted an adequacy decision by the European Commission. There is uncertainty regarding how to ensure that transfers of personal information from the EU comply with the GDPR. As such, any transfers of personal information by us or our business partners from the EU may not comply with EU data protection laws. In addition, this may increase our exposure to the

GDPR's heightened sanctions for violations of its cross-border data transfer restrictions and may reduce demand for our services from companies subject to EU data protection laws. In our endeavor to comply with the cross-border data transfer restrictions under the GDPR and any other applicable data privacy laws, we may experience restrictions in our ability to transfer personal information from the EU and this may also require us to increase our data processing capabilities in those relevant jurisdictions at significant expense. While we strive to publish and prominently display privacy policies that are accurate, comprehensive, and compliant with applicable laws, regulations, rules and industry standards, we cannot ensure that our privacy policies and other statements regarding our practices will be sufficient to protect us from claims, proceedings, liability or adverse publicity relating to data privacy or cybersecurity. Although we endeavor to comply with our privacy policies, we may at times fail to do so or be alleged to have failed to do so. The publication of our privacy policies and other documentation that provide promises and assurances about privacy and cybersecurity can subject us to potential actions if they are found to be deceptive, unfair, or misrepresentative of our actual practices.

The Cayman Islands has enacted the International Tax Co-operation (Economic Substance) Act (As Revised), or the "Cayman Economic Substance Act," which we are required to comply with as a Cayman Islands exempted company. Our obligations under the Cayman Economic Substance Act include filing annual notifications, which need to state whether we are carrying out any relevant activities and if so, whether we have satisfied economic substance tests to the extent required under the Cayman Economic Substance Act. The Cayman Economic Substance Act was introduced by the Cayman Islands to ensure that it meets its commitments to the European Union, as well as its obligations under the OECD's global Base Erosion and Profit Shifting initiatives. As it is a new regime, it is anticipated that the Cayman Economic Substance Act will evolve and be subject to further clarification and amendments. We may need to allocate additional resources to keep updated with these developments, and may have to make changes to our operations in order to comply with all requirements under the Cayman Economic Substance Act. Failure to satisfy these requirements may subject us to penalties under the Cayman Economic Substance Act.

The regulatory requirements with respect to economic substance, cybersecurity and data privacy are constantly evolving and can be subject to varying interpretations, and significant changes, resulting in uncertainties. Failure to comply with the economic substance, cybersecurity and data privacy requirements in a timely manner, or at all, may subject us to government enforcement actions and investigations, fines, penalties, suspension or disruption of our operations, among other things.

If we fail to retain existing brands and sponsors or attract new ones, or if we are unable to collect accounts receivable from the brands and sponsors in a timely manner, our financial condition, results of operations and prospects may be materially and adversely affected.

We derive a considerable amount of revenue from sponsorship and advertising under our businesses leveraging the extensive global fan base of our esports teams, online entertainers, as well as our event production capabilities with proprietary intellectual properties. We enter into contracts with both brands and sponsors, and the financial soundness of these customers may affect our collection of accounts receivable. We cannot assure you that we are or will be able to accurately assess the creditworthiness of each brand and sponsor, and any inability of brands and sponsors to pay us in a timely manner may adversely affect our liquidity and cash flows.

In addition, for the years ended December 31, 2022 and 2023, the top five customers in terms of overall income contribution aggregately accounted for 75.5% and 71.1% of our total revenues, respectively. Specifically, income generated from Douyu accounted for 51.1% and 12.8% of our net revenues, in 2022 and 2023, respectively. Douyu ceased to be our top customer in 2023, as we began to reallocating resources from Douyu to Huya in response to Douyu's on-going operational adjustment in 2023. For the year ended December 31, 2023, income generated from Huya accounted for 49.2% of our net revenues in the same year. Although we plan to continue to expand our customer base to generate income from a wider range of customers, we cannot assure you that we will be able to succeed, and that such customer concentration will decrease. If we fail to retain our top customers, our overall income may decrease and our financial condition and results of operations may be materially and adversely affected.

Our ability to generate and maintain our sponsorship revenue depends on a number of factors including the maintenance and enhancement of our brand as well as the scale, engagement and loyalty of

our fan base. We cannot assure you that we will be able to retain existing brands and sponsors or attract new ones. If we fail to retain and enhance our relationships with brands and sponsors, our business, results of operations and prospects may be adversely affected.

Our business could be harmed if our business relationships and arrangements with third parties were to change adversely or terminate. If our suppliers, shareholders, employees, customers or any business partner engage in, or are subject to, criminal, fraudulent, inappropriate or dangerous activities, our reputation, business, financial condition, and operating results may be adversely impacted.

We rely on relationships with a variety of parties in the esports ecosystem to conduct our businesses, such as game developers and publishers, league owners, athletes, online entertainers, distribution platforms, as well as brands and sponsors. If we fail to retain and enhance our business relationships, including any failure to sign or renew or maintain any material cooperation agreements with these parties, or if these parties choose to terminate or change the terms of our cooperation arrangements for strategic, financial or other reasons, we may suffer content loss, service interruptions, reduced revenues, which could have a material adverse effect on our business, results of operations, financial condition or prospects. For example, we are currently negotiating on the respective renewal of cooperation agreements with two governmental entities.

Further, we also cannot assure you that we will not be found to be in breach of any provisions with our existing or future business partners if any of our business partners brings claims against us for breach of such provisions. For example, as we have not settled certain payments for tournament rights to a third-party pursuant to the payment provision in the relevant contract, if a claim is brought against us and we are found to be in breach of any provision, we may be subject to potential liabilities and penalties for breach of contracts, such as termination of agreements, liquidated damages etc., which may cause us to lose revenue. As a result of such potential breach, our reputation, financial condition and results of operations may be materially and adversely affected.

The success of our business is also driven in part by the commercial success and adequate supply of our suppliers, shareholders, employees, and customers. We also have a close relationship with local authorities and government-backed business partners, who have historically provided us with funding and supports that are integral to the success of our event production. If we are unable to maintain our business relationships and arrangements with these parties, it could cause disruptions to our operations or otherwise adversely impact our relationships with the esports community. In addition, we are not able to control or predict the actions of our suppliers, shareholders, employees, customers or any business partners. If these parties engage in criminal activities, fraud or misconduct, we may receive negative press coverage or regulatory inquiries as a result of the our business relationships with such parties, which would adversely impact the our brands, reputation, and business. In addition, we may have to suspend or terminate our collaborations with these parties, and we may not be able to find alternative parties to collaborate with in a timely and cost efficient manner, or at all. Any adverse changes in or termination of any of these relationships could have a material adverse effect on our business, results of operations, financial condition or prospects.

The actions of the various esports leagues and tournaments we participated in may have a material negative effect on our business and results of operations.

The operational bodies of various esports leagues and tournaments, under certain circumstances, can take actions that they deem to be in the best interests of their respective leagues or tournaments, which may not necessarily be consistent with maximizing our results of operations and which could affect our esports teams in ways that are different than the impact on other esports teams. For example, esports leagues may rate each participating esports team using discretionary metrics that are irrelevant to our performance. If we fail to meet their standards, we might be disqualified from the leagues, which may result in significantly reduced exposures and loss of fans and sponsors, which could have a material negative effect on our results of operations. From time to time, we may disagree with or challenge actions that the leagues or tournaments take or the power and authority they assert. However, we cannot assure you that our challenge will be accepted, and they will change their final decisions they have made on us.

If we fail to keep up with industry and technology developments or implement new technologies into our offerings in a timely and cost-effective manner, we may be unable to compete effectively, and our business and prospects could suffer.

The esports industry is subject to rapid technological changes and also evolving quickly in terms of technology innovation. We need to anticipate the emergence of new technologies and assess their market

acceptance. Our ability to correctly anticipate the emergence and development of new technologies, including decisions regarding which any such new technologies that should be implemented into our offerings, will be subject to our management teams' assessments and discretion. Our anticipations and decisions relating thereto will be based on the prevailing facts and circumstances at that time, and we cannot assure you that these will be correct or that we have taken every relevant aspect into consideration in making such decisions. We also need to invest significant resources, including financial resources in research and development, to keep pace with technological advances in order to make our development capabilities and our services competitive in the market. Moreover, we are required to upgrade from time to time our internal IT systems to provide support smooth integration of these future advanced functions. However, development activities are inherently uncertain, and we might encounter practical difficulties in commercializing our development results. Our expenditures on research and development may not generate corresponding benefits. If we are unable to develop, adapt, and support the emerging and popular technologies, our revenues and market share will decline.

Our business operations could suffer if we fail to protect adequately our intellectual property rights, and unauthorized parties may infringe upon or misappropriate our intellectual property.

We regard our intellectual property, including trademarks, service marks, patents, domain names, trade secrets, proprietary technologies and similar intellectual property, as critical to our success. We rely on trademark and patent law, trade secret protection and confidentiality and license agreements with our employees and others to protect our proprietary rights.

We have invested significant resources to develop our own intellectual property and acquire licenses to use and distribute the intellectual property of others. Failure to maintain or protect these rights could harm our business. In addition, any unauthorized use of our intellectual property by third parties may adversely affect our current and future revenues and our reputation.

If we are unable to protect our intellectual property, our competitors could use our intellectual property to market offerings similar to ours and our ability to compete effectively would be impaired. Moreover, others may independently develop technologies that are competitive to ours or infringe on our intellectual property. The enforcement of our intellectual property rights depends on our legal actions against these infringers being successful, but we cannot be sure these actions will be successful, even when our rights have been infringed. In addition, defending our intellectual property rights might entail significant expense and diversion of management resources. Any of our intellectual property rights may be challenged by others or invalidated through administrative processes or litigations. We cannot provide assurance that we will prevail in such litigations, and, even if we do prevail, we may not obtain a meaningful relief. Accordingly, despite our efforts, we may be unable to prevent external parties from infringing or misappropriating our intellectual property. Any intellectual property that we own may not provide us with competitive advantages or may be successfully challenged by external parties.

Assertions by third parties of infringement or other violations by us of their intellectual property rights could result in significant costs and harm our business and results of operations.

The validity, enforceability and scope of protection of intellectual property rights in esports industry is uncertain and still evolving. We may in the future be subject to intellectual property infringement claims or other allegations by third parties for services we provide or for information or content displayed on, retrieved from or linked to, recorded, stored or make accessible through our content, or otherwise distributed to viewers, including in connection with the music, movies, video and games played, recorded, stored or make accessible though our content offerings, which may materially and adversely affect our business, financial condition and prospects. Defending these claims is costly and can impose a significant burden on our management and employees, and there can be no assurances that favorable final outcomes will be obtained in all cases. If we fail to defend these claims, we may be subject to payment of substantial damage penalties and fines, or removal of relevant content from our distribution channels. We cannot assure you that any insurance policies of ours will, wholly or partly, cover any such damage penalties or fines. Such claims, even if they do not result in liability, may harm our reputation and brand image. Any resulting liability or expenses, or changes required to reduce the risk of future liability, may have a material adverse effect on our business, financial condition and prospects.

We are subject to laws and regulations worldwide, many of which are still developing which could increase our costs or adversely affect our business.

The global nature of our business requires us to comply with a wide variety of laws and regulations in each of the jurisdictions in which we operate. Such laws and regulations vary significantly from jurisdiction to jurisdiction and accordingly, it is difficult to produce and implement cost-efficient and group uniform systems, policies and practices for our compliance with the various law and regulations that apply to our businesses across the jurisdictions in which we operate or may come to operate. Moreover, the emerging nature of our industry may lead to that laws and regulations to which we must adhere change with short notice, and accordingly, activities historically undertaken by us may become restricted or banned. Our efforts to comply with a wide array of laws and regulations across several jurisdictions may come with significant costs for e.g., seeking appropriate professional advice in relation to the activities we wish to undertake. If we fail to comply with the laws and regulations of a particular jurisdiction, we may be prohibited from or restricted in conducting our business in that jurisdiction or suffer other adverse consequences which, over an extended period of time or in a number of jurisdictions, could lead to a decline in the revenue streams. In particular, our talent management business can be adversely affected by laws and regulations in certain jurisdictions that restrict the advertising of specified products and services. In China, in particular, governmental authorities promulgate and enforce laws and regulations that cover many aspects of our operations, including the organization of events, the scope of permitted business activities, licenses and permits for various activities, and foreign investments. Operators in China are required to obtain various government approvals, licenses and permits to operate. If we fail to obtain and maintain approvals, licenses or permits required for our business, we could be subject to liabilities, penalties and operational disruption and our business could be materially adversely affected. Such failures in China or elsewhere could adversely affect our ability to grow our business in China and other jurisdictions in which we operate. For details, see "— If we fail to obtain and maintain the requisite licenses, permits and approvals applicable to our business, or fail to obtain additional licenses that become necessary due to new enactment or promulgation of laws and regulations or our expansion, our business, results of operations and growth prospects may be materially and adversely affected."

Local government has substantial influence on our business operation. It may influence or intervene in our operations at any time as part of its efforts to enforce applicable laws, which could result in a material adverse change in our operations and the value of our ADSs.

Governments in the regions where we operate may, from time to time, publish new policies that substantially affect certain industries. We cannot rule out the possibility that future regulations or policies could directly or indirectly affect our industry or require us to obtain additional permissions to continue our operations. Such changes could materially and adversely affect our operation and/or the value of the ADSs. We may incur increased costs necessary to comply with existing and newly adopted laws and regulations or penalties for any failure to comply. Our operations could be adversely affected, directly or indirectly, by existing or future laws and regulations relating to our business or industry.

Our content monitoring system may not be effective in preventing misconduct by athletes and online entertainers, and such misconduct may materially and adversely impact our brand image, business and operating results.

We produce livestreaming and other esports-centric content, however as it is difficult to control all content in real time, our content monitor measures may not be adequate and our content may involve individuals or groups of individuals to engage in, among other things, immoral, inappropriate, disrespectful, fraudulent or illegal activities. We have implemented control procedures to detect and block illegal or inappropriate content and illegal or fraudulent activities that may appear in our livestream content, but such procedures may not prevent all such content from being streamed or posted or activities from being carried out. Moreover, as we have limited control over real-time and offline behavior of athletes, online entertainers, to the extent such behavior is associated with us, although we have indemnity clauses in most of our contracts with our athletes and online entertainers, our ability to protect our brand image and reputation may be limited and our reputation may be adversely affected. Our business and the public perception of our brand may therefore be materially and adversely affected.

In addition, if any of our viewers suffers or alleges to have suffered physical, financial or emotional harm following contact initiated through our content or after watching unsettling or inappropriate content

that our content monitoring system failed to filter out, we may face civil lawsuits or other liabilities initiated by the affected viewer, live streaming platforms or governmental or regulatory actions against us. We endeavor to ensure that all livestream content displayed by athletes and online entertainers is in compliance with relevant regulations, but we cannot assure you that individuals involved in such livestream content will comply with all the laws and regulations. Therefore, our talent management, event production and other business may be subject to investigations or subsequent penalties if content live broadcasted through our services is deemed to be illegal or inappropriate under applicable laws and regulations. As a result, our business may suffer, and our revenues and profitability may be materially and adversely affected.

The PRC government has taken steps to limit online game playing time for all minors and to otherwise restrict and control the content and operation of online games. Such restrictions on online games may materially and adversely impact our business and results of operations.

As part of its anti-addiction online game policy, the PRC regulators have been implementing regulations designed to reduce the amount of time that youth under the age of 18 spend playing online games.

On October 25, 2019, the National Administration of Press and Publication, or the NAPP, issued the Notice on Preventing Minor's Addiction to Online Games, or the Anti-Addiction Notice, which requires all online gamers to register accounts with their valid identity information and all game companies to stop providing game services to users who fail to do so. Furthermore, minors are prohibited from playing games exceeding a certain period of time per day or putting money into their accounts exceeding a certain amount. Online game operators are required to explore the manner to notify users of different ages about the online games based on various criteria, such as the games' content and the amount of money anticipated to be used in the games, on download, registration and log-in pages in a prominent way.

On August 30, 2021, the NAPP issued Notice on Furthering Tightening Management on Preventing Minor's Addiction to Online Games, or the Anti-Addiction Further Notice, which further provides that online game operators are only allowed to offer online game services to minors under the age of 18 from 8 pm to 9 pm on Fridays, Saturdays, Sundays and holidays and stresses that all online game users shall register accounts with their valid identity information and online game operators are prohibited from providing online game services to users who have not done so.

The implementation of the Anti-Addiction Notice and the Anti-Addiction Further Notice may lead to a decrease in the number of minors in our viewer base and in general the popularity of the game industry and esports industry among minors, which may materially and adversely affect our results of operations and prospects.

Regulatory developments on virtual gifting in the live streaming industry may adversely impact our talent incubation and management business.

The regulatory environment of virtual gifting in live streaming service is tightening. The Online Performance Brokerage Agencies Measures set forth restrictions on conducts of inducing users to consume by means of such as false consumption, taking the lead in virtual gifting, or promoting their online performers by encouraging virtual gifting with rankings and fake advertising, or inducing minor's tipping with fake identity information. In the past, certain of our subsidiaries engaged in marketing activities to enhance the exposure of our online entertainers on live streaming platforms and to encourage users to spend on virtual gifting during live streaming sessions. We required all our subsidiaries to scrutinize their related business and enhance their internal control procedures to comply with the above regulation requirement. Since the promulgation of the Online Performance Brokerage Agencies Measures, we have taken steps to monitor and refrain from any business practices that may be subject to it. The Online Performance Brokerage Agencies Measures are relatively new, and the interpretation and enforcement of these regulations involve uncertainties. As a result, we cannot assure you that we will not be penalized because of our future business practices in this regard. In addition, on March 25, 2022, the CAC and other PRC regulatory agencies issued Opinions on Further Standardizing the Profit Behavior of Online Live Streaming to Promote the Healthy Development of the Industry, which regulates that the online live streaming publishers and online live streaming service institutions shall not attract traffic and hype through rumors, false marketing propaganda, self-reward and other means to induce consumers to reward and buy goods. We cannot assure you that new rules or regulations promulgated in the future will not impose any additional restrictions on

virtual gifting. Any limits or restrictions on the spending on virtual gifting ultimately imposed may negatively impact activities of virtual gifting conducted by viewers of our online entertainers as well as certain of our marketing activities, which may in turn negatively impact our revenues from community engagement. Our business, financial conditions and results of operations may be adversely affected.

We could be adversely affected by negative publicity of misconduct of participants in the esports ecosystem or other negative developments affecting individual esports or individual events.

We could be subject to, or otherwise affected by, negative publicity about us or our business, shareholders, affiliates, managements, athletes, online entertainers, or other employees, as well as our partners, including governing bodies that oversee esports or athletes in esports with which we are involved or, more broadly, home cities, our competitors or other participants in the esports ecosystem. For example, negative publicity regarding the celebrities we are associated with, such as our co-founder Mario Yau Kwan Ho and his family, or our partner Jackson Wang, regardless of merits, could create corresponding negative publicity for us, harm our brand image and, as a result, adversely impact our results of operations.

In addition, Douyu, a live streaming platform which is one of our shareholders and customers, has recently announced that its chief executive officer and the chairman of the board was arrested. Despite that Douyu confirmed it will continue to maintain its normal operations, this could still have negative impacts on the general perception of the live streaming and talent management industry.

The impact of negative publicity can be exacerbated by the increasing popularity of instant messaging applications and social media platforms, which provide individuals with access to a broad audience. The availability of information through these applications and platforms is virtually immediate as is its impact, without affording us an opportunity for redress or correction. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. The effect of instant communications on social media can be exacerbated by the increasing prevalence on social media. Such publicity, even if unfounded, expose us to reputational risk not only in relation to our brand, shareholders, affiliates, managements or other employees, but also in relation to our partners and the governmental bodies with whom we interact, and we may be required to spend significant time and money to address such allegations. Negative publicity of the types described above, even in circumstances where the connection with us is remote, could have a material adverse effect on our reputation, business, results of operations, financial condition or prospects.

We rely on certain key operating metrics to estimate and assess our performance, and the inaccuracies of which may cause deviations in our business focuses and in turn negatively affect our business, results of operations, and financial conditions.

As a newly developed industry, the esports industry lacks unified metrics to accurately measures its popularity, engagement, and potential investment opportunities. For instance, while certain of the distribution platforms employ viewership count to calculate the number of people watching such livestream, it cannot be used to compare livestreams on different platforms, as the metrics and measurement are completely different. The discrepancies in the metrics used by esports participants make it difficult to compare events and estimate the value of broadcast in terms of interest returns or investment.

We keep track on certain key operating metrics, such as views and subscriptions using our internal data, based on certain assumptions and methodologies that might differ from those deployed by other esports companies. In addition, we also receive data from our partners, including streaming and other social media platforms on which our online entertainers have an active presence. However, our ability to verify the authenticity and accuracy of such data is limited. Fraudulent activities on the streaming platforms including automated streaming and robots might cause the underlying data to deviate from what is presented to us. If we underestimate or overestimate performance due to the data we collected or presented, or we miscomprehend the industry trend reflected in those data, our business strategies might differ from the normal course of conducts. If brands or sponsors make decisions based on the data we presented to them and incur losses, we might be considered of less value to them and result in unexpected impacts in our financial conditions and results of operations.

Our failure to successfully cultivate, attract, manage or retain qualified esports talents would cause our business and growth prospect to suffer.

Our ability to attract, retain and motivate esports talents, particularly professional athletes, online entertainers, are critical to the success of our business. We face significant competition for both fans, athletes and online entertainers. Our competitors may offer equally or more lucrative compensation programs, greater exposures in the media sphere, and more diverse promotional channels. If any of our key professional athletes, or any of our star online entertainers becomes unable or unwilling to contribute their services to us, we may not be able to replace them easily or at all, and their departure may impact our existing corporate culture. Furthermore, we cannot assure you that our athletes or online entertainers will not breach the contracts with us or other live streaming or social media platforms we partner with or will continue to cooperate with us once the term of their respective contracts expires. If we, our professional athletes, or any of our online entertainers is found to be in breach of any contract with the platforms, we may be subject to claims and liabilities arising out of such breaches, including material damages and termination of our existing contracts.

Our professional athletes and online entertainers are considered valuable assets and are critical to the success of our business. In the event that our top performing professional athletes and online entertainers select to cooperate with our competitors, we may experience a significant decline in viewer traffic and viewer engagement, which may jeopardize our perceived commercial value toward brand owners, sponsors and end consumers, and may also deter our platform partners from collaborating with us, any of which may have material and adverse impact on our results of operations and financial conditions. In addition, injuries to, and illness of our athletes and online entertainers may limit or undermine their performance in competition or live performances, which may also lead to dissatisfactions from leagues, fans and sponsors. Chronical diseases may shorten the career span of our professional athletes and online entertainers, which may impede our investment returns in attracting, cultivating and retaining these talents.

In order to attract and retain professional athletes and online entertainers, we may need to offer higher compensation, better trainings, more attractive career trajectory and other benefits to our employees, which may be costly and burdensome. If we are unable to generate sufficient revenues to outpace the increase in such compensation, we may lose opportunities to retain these professional esports athletes, online entertainers and thus incur more losses. In addition, the compensation we pay to these talents could significantly increase our cost of revenues and materially and adversely affect our margins, financial condition and results of operations. We cannot assure you that we will be able to attract or retain qualified professional athletes, influencers or personnel necessary to support our future growth. We may fail to manage our relationship with our professional athletes, online entertainers or employees, and any disputes between us and our professional athletes, influencers or employees, or any labor-related regulatory or legal proceedings may divert managerial and financial resources, negatively impact staff morale, harm our reputation and future recruiting efforts. Furthermore, as our business has grown rapidly, our ability to train and integrate new employees into our operations may not meet the increasing demands of our business. Any of the above issues related to our personnel may materially and adversely affect our results of operations and future growth.

The success of our business depends partially on the insights, skills and experience of our senior management team and key personnel, the loss of which could have a material adverse impact on our business, financial conditions, and results of operations.

We believe that our future success depends significantly on our continuing ability to attract, develop, motivate and retain our senior management and a sufficient number of esports specialists and other experienced and skilled employees. We benefit from the track record of our senior management team in successfully growing our operations. Our combined team offers deep industry experience throughout the esports ecosystem, as well as in-depth knowledge of the global esports market.

Qualified individuals are in high demand, particularly in the esports ecosystem, and we may have to incur significant costs to attract and retain them. The loss of any member of the senior management team or such specialists could be highly disruptive and adversely affect our business or more broadly impact our future growth. Moreover, if any of these individuals joins a competitor or undertakes a competing business,

we may lose crucial business secrets, technological know-how and other valuable resources, notwithstanding our contractual arrangements designed to mitigate this loss.

Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter during the ordinary course of operation.

We do not maintain business liability or disruption insurance coverage for our operations, except for certain tournaments in which we purchase insurance for our esports professional athletes, or where the game developer or publisher or event sponsor so requires. Any material or extended business disruption may result in substantial costs and expenses and the diversion of our resources, financial, managerial, or otherwise, which could have an adverse effect on our business, results of operations, financial condition, and prospects.

We have granted, and expect to continue to grant, options and other types of awards under our share incentive plan, which may result in increased share-based compensation expenses.

We have adopted a share option plan in July 2021, or the 2021 Plan, to provide additional incentives to employees. As of the date of this prospectus, the maximum aggregate number of shares which may be issued under the 2021 Plan is 4,360,799 following the Restructuring. See "Management — Share Incentive Plan." As of the date of this prospectus, options to purchase a total of 4,360,799 ordinary shares of the Company have been granted under the 2021 Plan, excluding awards that were forfeited or cancelled after the relevant grant dates. We recognized substantial share-based compensation expenses in our consolidated financial statements in connection with these grants, and may continue to incur such expenses in the future.

In June 2024, we adopted the 2024 Share Incentive Plan, or the 2024 Plan, effective upon the SEC's declaration of effectiveness of our registration statement on Form F-1 of which this prospectus is a part, for the purpose of granting share-based compensation awards to employees, directors and consultants to incentivize their performance and align their interests with ours. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees, and we will continue to grant share-based compensation to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations. We may re-evaluate the vesting schedules, lock-up period, exercise price or other key terms applicable to the grants under our currently effective share incentive plans from time to time. If we choose to do so, our expenses associated with share-based compensation may increase, which may have an adverse effect on our results of operations.

Pending or future litigations, arbitrations, governmental investigations and other legal proceedings could have a material and adverse impact on our financial condition and operating results.

We have been, and may continue to be, subject to lawsuits, arbitrations and other legal proceedings brought by our competitors, individuals, or other entities against us. In addition, we may institute legal actions from time to time which may not lead to successful or favorable outcome to us. For any pending or future litigation or arbitration where we can make a reasonable estimate of the liability relating to pending litigation or arbitration against us and can determine that an adverse liability resulting from such litigation or arbitration is probable, we will record a related contingent liability. As additional information becomes available, we will assess the potential liability and revise estimates as appropriate. However, due to the inherent uncertainties relating to litigation and arbitration, the amount of our estimates may be inaccurate, in which case our financial condition and results of operations may be adversely affected.

Lawsuits involving us may also generate negative publicity that significantly harms our reputation, which in turn may adversely affect our user base and adverting customer base. In addition to the related cost, managing and defending litigation and related indemnity obligations can significantly divert our management's attention from operating our daily business. We may also need to pay damages or settle lawsuits with substantial amounts of cash, which may adversely affect our cash flow and financial conditions. In addition, any insurance or indemnification rights that we may have with respect to such matters may be insufficient or unavailable to protect us against potential loss exposures. While we do not believe that any currently pending proceedings are likely to have a material adverse effect on our business, financial condition, and results of operations, if there were adverse determinations in legal proceedings against us, we could be

required to pay substantial monetary damages or to materially alter our business practices, which could have an adverse effect on our financial condition and results of operations, and business prospects.

We may become subject to formal and informal inquiries, investigations and inspections from government authorities and regulators regarding our compliance with laws and regulations, many of which are evolving and subject to interpretation. Most of these administrative actions may be routine in nature and carried out as part of the market monitoring and supervision functions of the regulatory authorities, but some of them may be triggered by our industry position or by complaints from third parties or customers.

The inquiries, inspections, investigations, claims and complaints can be initiated or asserted under or on the basis of a variety of laws in different jurisdictions, including esports-related laws, commercial performance laws, intellectual property laws, unfair competition laws, anti-monopoly laws, data protection and privacy laws, labor and employment laws, securities laws, cybersecurity laws, finance services laws, tort laws, contract laws and property laws. There is no guarantee that we will be successful in defending ourselves in legal and administrative actions or in asserting our rights under various laws. If we fail to defend ourselves in these actions, we may be subject to restrictions, fines or penalties that will materially and adversely affect our operations. Even if we are successful in our attempt to defend ourselves in legal and regulatory actions or to assert our rights under various laws and regulations, the process of communicating with relevant regulators, defending ourselves and enforcing our rights against the various parties involved may be expensive, time-consuming and ultimately futile. These actions could expose us to negative publicity, substantial monetary damages and legal defense costs, injunctive relief and criminal and civil fines and penalties, including but not limited to suspension or revocation of licenses to conduct business. Upon completion of this offering, we may face additional exposure to claims and lawsuits. These claims could divert management time and attention away from our business and result in significant costs to investigate and defend, regardless of the merits of the claims. In some instances, we may elect or be forced to pay substantial damages if we are unsuccessful in our efforts to defend against these claims, which could harm our business, financial condition and results of operations.

If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud, and investor confidence and the market price of our ADSs may be adversely impacted.

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. Our management has not completed an assessment of the effectiveness of our internal control over financial reporting, and our independent registered public accounting firm has not conducted an audit of our internal control over financial reporting. In the course of management's preparation and our independent registered public accounting firm's auditing our consolidated financial statements for the fiscal years ended December 31, 2022 and 2023, we identified one material weakness in our internal control over financial reporting as of December 31, 2022 and 2023, in accordance with the standards established by the Public Company Accounting Oversight Board of the United States (PCAOB).

The material weakness identified related to our lack of sufficient and competent accounting and financial reporting personnel with appropriate knowledge of U.S. GAAP and financial reporting requirements set forth by the SEC to design and implement period-end financial reporting policies and procedures for the preparation of our consolidated financial statements and related disclosures in accordance with U.S. GAAP and the SEC reporting requirements. The material weakness resulted in a number of significant management adjustments and amendments to our consolidated financial statements and related disclosures under U.S. GAAP. The material weakness, if not timely remedied, may lead to material misstatements in our consolidated financial statements in the future.

Neither we nor our independent registered public accounting firm undertook a comprehensive assessment of our internal control for purposes of identifying and reporting material weakness in our internal control over financial reporting. Had we performed an assessment of our internal control over financial reporting or had our independent registered public accounting firm performed an audit of our internal control over financial reporting, additional material weaknesses may have been identified.

Following the identification of the material weakness, we have taken measures and plan to continue to take measures to remedy the material weakness. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Internal Control Over Financial Reporting." However, the implementation of these measures may not fully address the material weakness in our internal control over financial reporting, and we cannot conclude that they have been fully remediated. Our failure to remediate the material weakness or our failure to discover and address any other material weakness could result in inaccuracies in our consolidated financial statements and impair our ability to comply with applicable financial reporting requirements and related regulatory filings on a timely basis. Moreover, ineffective internal control over financial reporting could significantly hinder our ability to prevent fraud.

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, or Section 404, will require that we include a report from management on the effectiveness of our internal control over financial reporting in our annual report on Form 20-F beginning with our annual report for the fiscal year ending December 31, 2024. 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 with adverse opinion 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 material weakness 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 in accordance with Section 404. If we fail to achieve and maintain an effective internal control environment, we could suffer material misstatements in our consolidated 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 ADSs. 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 consolidated financial statements for prior periods.

Our operations may be adversely impacted by the effects of natural disasters such as blizzard, forest fires and earthquakes, public health emergencies and health pandemics, acts of terrorism and other criminal activities.

Natural disasters, acts of war or terrorism or other factors beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the countries or regions where we conduct our business. We have operations and management presence primarily in Wuhan and Shenzhen, China and Stockholm, Sweden. Consequently, we are highly susceptible to factors adversely affecting such places. Serious natural disasters may result in loss of lives, injury, destruction of assets and disruption of our business and operations. Acts of war or terrorism may also injure our employees, cause loss of lives, disrupt our business network and destroy our markets. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the countries or regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely impact our business, financial conditions and results of operations.

The uncertainties brought about by the prolonged COVID-19 pandemic has impacted and could in the future have a material adverse impact on our business, financial condition, results of operations and cash flow positions.

The COVID-19 pandemic has negatively impacted the global economy, disrupted consumer spending and global supply chains, and created significant volatility and disruption of financial markets. The extent

of the impact of the COVID-19 pandemic on our business and financial performance, including our ability to execute our near-term and long-term business strategies and initiatives in the expected time frame, will depend on future developments, including the duration and severity of the pandemic, which brings uncertainty to our business operations.

The unpredictability in the COVID-19 situation would cast shadows over our business operations, in particular to the event production segment. As a result of the COVID-19 pandemic and the corresponding policies imposed by many countries' government authorities, including remote work arrangements, travel restrictions, mandatory quarantining requirements or strict lockdowns, many esports tournaments and relevant event originally scheduled had to be cancelled.

Although recently, China has substantially lifted COVID-19 restrictions, the resurgence of virus within China remains strong. We expect that our operations will continue to be adversely impacted by COVID-19 and its repercussions, including but not limited to governmental regulations on capacity limitations of certain enclosed venues, suggested quarantining or social distancing policies, as well as temporary lockdowns in certain areas due to COVID-19 outbreak. In addition, the difficulty in international travels, and the reduced number of international dialogues between companies or markets across the world due to imposed travel restrictions, lockdowns, quarantines might temporarily slow us in the speed of global expansion and commercialization. The economy downturn partially induced by COVID-19 may also substantially reduce the will of spending of our viewers and consumer, and thereby restrict our monetization abilities, and therefore result in unsatisfactory performance of our business, financial conditions and results of operations.

Our management of the impact of the COVID-19 pandemic has required, and may continue to require, significant investment of time by our management and employees. The rapid development and fluidity of this situation precludes any prediction as to the ultimate adverse impact of the COVID-19 pandemic and the resulting governmental and other measures. The foregoing and other impacts of the COVID-19 pandemic could have the effect of heightening many of the other risks described in this prospectus, and any of these impacts could materially adversely affect our business, financial condition and results of operations.

Our business is sensitive to economic conditions. Negative global economic conditions and other macroeconomic challenges could materially and adversely affect our business, financial condition and results of operations.

Our business is subject to global economic conditions and their impact on consumer spending. Some of the factors that may negatively influence consumer spending include high levels of unemployment, higher consumer debt levels, reductions in net worth, declines in asset values and related market uncertainty, home foreclosures and reductions in home values, fluctuating interest rates and credit availability, fluctuating fuel and other energy costs, fluctuating commodity prices and general uncertainty regarding the overall future political and economic environment. Consumer spending on discretionary items, including esports game tickets and purchases of the merchandise that we offer, generally decline during periods of economic uncertainty or downturn, when disposable income is reduced or when there is a reduction in consumer confidence. Adverse economic changes could reduce consumer confidence, and thereby could negatively affect our business. These economic difficulties and other macroeconomic challenges change rapidly and are difficult to predict, and if we are unable to adequately address them, our business may be harmed.

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

Changes in the value of Renminbi, Euro, Swedish Krona and other foreign currencies against U.S. dollars are affected by, among other things, changes in local political and economic conditions. Any significant revaluation of the Renminbi, Euro or Swedish Krona may have a material adverse effect on our revenues and financial condition, and the value of, and any dividends payable on our shares in U.S. dollar terms. For example, to the extent that we need to convert U.S. dollars we receive from our initial public offering into Renminbi, Euro or Swedish Krona for our operations, appreciation of these currencies against the U.S. dollar would have an adverse effect on the amount we would receive from the conversion. Conversely, if we decide to convert our Renminbi, Euro or Swedish Krona into U.S. dollars for the purpose of paying dividends or for other business purposes, appreciation of the U.S. dollar against these currencies would have a negative effect on the U.S. dollar amount available to us. In addition, fluctuations of the Renminbi, Euro or Swedish Krona against other currencies may increase or decrease the cost of imports

and exports, and thus affect the price-competitiveness of our products against products of foreign manufacturers or products relying on foreign inputs. Very limited hedging options are available to reduce our exposure to exchange rate fluctuations. Although from time to time, we may use hedging transactions in an effort to reduce our exposure to foreign currency exchange risk, these hedges may not be effective.

Risks Related to Doing Business in China

PRC regulatory authorities could disallow our holding company structure.

NIP Group Inc. is not a Chinese operating company but a Cayman Islands holding company with operations primarily conducted through its wholly-owned subsidiaries in (i) Sweden, namely Ninjas in Pyjamas Gaming AB, which is engaged in esports teams operations, and (ii) China, namely Wuhan Xingjingweiwu Culture & Sports Development Co., Ltd., which is engaged in esports teams, talent management and event production operations. Under this holding company structure, investors in the ADSs are purchasing equity interests in the Cayman Islands holding company. This holding company structure involves unique risks to investors and investors may never hold equity interests in the Swedish and Chinese operating companies. Chinese regulatory authorities could disallow our structure which, in turn, would likely result in a material change in our operations or the value of our ADSs. In such an event, the value of our ADSs you invest in could significantly decline or become worthless.

Laws regulating foreign investment in China include the PRC Foreign Investment Law effective from January 1, 2020, and the Regulation on Implementing the PRC Foreign Investment Law, or the Implementation Regulations, effective from January 1, 2020. The PRC Foreign Investment Law specifies that foreign investments shall be conducted in line with the "negative list" to be issued or approved to be issued by the State Council. While we do not operate in an industry that is currently subject to foreign investment restrictions or prohibition in China, it is uncertain whether our industry will be named in an updated "negative list" to be issued in the future. If our industry is added to the "negative list" or if the PRC regulatory authorities otherwise decide to limit foreign ownership in our industry, there could be a risk that we would be unable to do business in China as we are currently structured. If any new laws and/or regulations on foreign investments in China are promulgated and implemented, such changes could have a significant impact on our current corporate structure, which in turn could have a material adverse impact on our business and operations, our ability to raise capital and the market price of our ADSs. In such event, despite our efforts to restructure to comply with the then applicable PRC laws and regulations in order to continue our operations in China, we may experience material changes in our business and results of operations, our attempts may prove to be futile due to factors beyond our control, and the value of the ADSs you invest in may significantly decline or become worthless.

The PRC government has significant oversight and discretion over the conduct of our business, and it may intervene or influence our operations at any time, which could result in a material adverse change in our operations and/or the value of our ADSs.

We conduct our business primarily in China. Our operations in China are governed by PRC laws and regulations. The PRC government has significant oversight and discretion over the conduct of our business, and may intervene or influence our operations at any time, which could result in a material adverse change in our operations and/or the value of our ADSs. The PRC government has recently published new policies that significantly affected certain industries and we cannot rule out the possibility that it will in the future release regulations or policies that directly or indirectly affect our industry or require us to seek additional permission to continue our operations. Therefore, investors of our company and our business face potential uncertainty from actions taken by the PRC government affecting our business. In addition, the Chinese government has exerted more oversight and control over offerings that are conducted overseas and foreign investment in China-based issuers. Such actions could significantly limit or completely hinder our ability to offer or continue to offer securities to investors and cause the value of our ADSs to significantly decline or be worthless. For more details, see "— The approval of PRC government authorities may be required in connection with this offering under PRC law, and if required, we cannot predict whether or for how long we will be able to obtain such approval." and "— Any failure by us to meet with the continue developing PRC legal system could adversely affect us."

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

A large portion of our operations are located in China. Accordingly, our business, prospects, financial condition and results of operations may be affected to a significant degree by political, economic and social conditions in China generally.

The PRC government has implemented measures emphasizing the utilization of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of improved corporate governance in business enterprises, and such measures and policies relating to such measures are evolving and subject to change. The PRC government has significant authority to exert influence on the ability of a China-based company, such as us, to conduct its business. Therefore, investors of our company and our business face potential uncertainty from the PRC government.

While the Chinese economy has experienced significant growth over the past decades, growth has been uneven, both geographically and among various sectors of the economy. 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.

The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the PRC government has implemented certain measures, including interest rate adjustment, to control the pace of economic growth, and the growth rate of the Chinese economy has gradually slowed since 2010, and the impact of COVID-19 on the global and Chinese economy since 2020 is severe. Any prolonged slowdown in the Chinese economy may reduce the demand for our offerings of products and services and materially and adversely affect our business and results of operations. Furthermore, the increased global focus on social, ethical and environmental issues may lead to China's adoption of more stringent standards in these areas, which may adversely impact the operations of China-based companies including us.

The approval of PRC government authorities may be required in connection with this offering under PRC law, and if required, we cannot predict whether or for how long we will be able to obtain such approval.

Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors, or the M&A Rules, adopted by six PRC regulatory agencies in 2006 and amended in 2009, requires overseas special purpose vehicles that are controlled by PRC companies or individuals formed for the purpose of seeking a public listing on an overseas stock exchange through acquisitions of PRC domestic companies using shares of such special purpose vehicles or held by its shareholders as considerations to obtain the approval of the CSRC, prior to the listing and trading of such special purpose vehicle's securities on an overseas stock exchange. However, the interpretation and application of the M&A Rules remain unclear. If CSRC approval is required, it is uncertain whether it would be possible for us or how long it will take us to obtain the approval, and even if we obtain such CSRC approval, such CSRC approval could be rescinded. Any failure to obtain or delay in obtaining CSRC approval for this offering, or a rescission of such CSRC approval if obtained by us, would subject us to sanctions imposed by the CSRC and other PRC regulatory agencies, which could include fines and penalties on our operations in China, restrictions or limitations on our ability to pay dividends outside of China, and other forms of sanctions that may materially and adversely affect our business, financial condition and results of operations.

Our PRC counsel has advised us that based on their understanding of the current PRC laws, rules and regulations that we will not be required to submit an application to the CSRC for the approval under the M&A Rules for this offering or the listing and trading of the ADSs on the Nasdaq Stock Market, primarily because (i) 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 (ii) we did not acquire any equity interests or assets of a "PRC domestic company" as such terms are defined under the M&A Rules.

However, our PRC 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 government 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.

Any failure by us to meet with the continue developing PRC legal system could adversely affect us.

The PRC legal system is a civil law system based on written statutes, where prior court decisions have limited precedential value. The PRC legal system is evolving rapidly, and the interpretations of many laws, regulations and rules may contain inconsistencies and enforcement of these laws, regulations and rules involves uncertainties.

In particular, PRC laws and regulations concerning the internet-related industries are developing and evolving. Although we have taken measures to comply with the laws and regulations applicable to our business operations and to avoid conducting any non-compliant activities under these laws and regulations, the PRC governmental authorities may promulgate new laws and regulations regulating internet-related industries. We cannot assure you that our business operations will meet the requirements of governmental authorities in China in a timely manner, or that our business operations would not be deemed to violate any such new PRC laws or regulations. Moreover, developments in the internet-related industries may lead to changes in PRC laws, regulations and policies or in the interpretation and application of existing laws, regulations and policies, which in turn may limit or restrict us, and could materially and adversely affect our business and operations.

Further, we are also subject to a variety of laws and regulations in the PRC regarding our capital raising activities, which may be continuously evolving and under development. For instance, on February 17, 2023, the CSRC released the New Regulations on Filing, which was formally implemented on March 31, 2023. Under New Regulations on Filing, a filing-based regulatory system will also be applied to "indirect overseas offering and listing" of PRC domestic companies, and those PRC domestic companies that have submitted a valid application for an overseas offering and listing but have not received consent from the overseas regulator or overseas stock exchange before March 31, 2023, such as shall complete the filing with CSRC before the completion of this offering. The CSRC published the notification on our completion of the required filing procedures on May 30, 2024 for this offering.

From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC judicial and administrative authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be difficult to predict the outcome of a judicial or administrative proceeding. These uncertainties may impede our ability to enforce the contracts we have entered into and could materially and adversely affect our business and results of operations.

We may not always be aware of any potential violation of government policies and rules that may not be made available to us in a timely manner. Such unpredictability towards our contractual, property (including intellectual property) and procedural rights could adversely affect our business and impede our ability to continue our operations.

We may be adversely affected by the complexity, uncertainties and changes in PRC regulation governing esports related service businesses and companies, and any lack of requisite approvals, licenses or permits applicable to our business may have material adverse effect on our business and results of operations.

Our business is subject to a variety of laws and regulations in the PRC governing the esports related service industry. The application and interpretation as to certain of these laws and regulations involve uncertainties, and may be interpreted and administered inconsistently among different governmental authorities and local bureaus. As a result, in certain circumstances it may be difficult to determine what actions or omissions may be deemed to be in violation of applicable laws and regulations. We have obtained commercial performance permits, and other relevant permits required for operating our business.

However, we cannot assure you that we have obtained all the permits or licenses required for conducting our business in China or will be able to maintain our existing licenses or obtain new ones. If the PRC government considers that we were operating without the proper approvals, licenses or permits or promulgates new laws and regulations that require additional approvals or licenses or imposes additional restrictions on the operation of any part of our business, it may levy fines, confiscate our income, revoke our business licenses, and require us to discontinue our business or impose restrictions on the affected portion of our business. Any of these actions may have a material adverse effect on our business and results of operations. For details on PRC regulations which may affect our business, see "Regulation."

You may experience difficulties in effecting service of legal process, enforcing foreign judgments or bringing actions in China against us or our management named in the prospectus based on foreign laws.

We are an exempted company incorporated under the laws of the Cayman Islands. However, we conduct a large portion of our operations in China and a large portion of our assets are located in China. In addition, most of our senior executive officers reside within China for a significant portion of the time and many of them are PRC nationals. As a result, it may be difficult for you to effect service of process upon us or our management named in the prospectus inside mainland China. It may also be difficult for you to enforce in U.S. courts of the judgments obtained in U.S. courts based on the civil liability provisions of the U.S. federal securities laws against us and our officers and directors as none of them currently resides in the United States or has substantial assets located in the United States. In addition, there is uncertainty as to whether the courts of the Cayman Islands or the PRC would recognize or enforce judgments of U.S. courts against us or such persons predicated upon the civil liability provisions of the securities laws of the United States or any state.

The recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law and other applicable laws, regulations and interpretations based either on treaties between China and the country where the judgment is made or on principles of reciprocity between jurisdictions. In addition, according to the PRC Civil Procedures Law, the PRC courts 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 laws 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. Furthermore, class action lawsuits, which are available in the United States for investors to seek remedies, are generally uncommon in China.

It may be difficult for overseas regulators to conduct investigations or collect evidence within China.

Shareholder claims or regulatory investigation that are common in the United States generally are difficult to pursue as a matter of law or practicality in China. For example, in China, there are significant legal and other obstacles to providing information needed for regulatory investigations or litigation initiated outside China. Although the authorities in China may establish a regulatory cooperation mechanism with the securities regulatory authorities of another country or region to implement cross- border supervision and administration, such cooperation with the securities regulatory authorities in the Unities States may not be efficient in the absence of a mutual and practical cooperation mechanism. Furthermore, according to Article 177 of the PRC Securities Law, which became effective in March 2020, no overseas securities regulator is allowed to directly conduct investigation or evidence collection activities within the territory of the PRC. In addition, entities or individuals are prohibited from providing documents and information in connection with any securities business activities to any organizations and/or persons abroad without the prior consent of the securities regulatory authority of the State Council and the competent departments of the State Council. While detailed interpretation of or implementation rules under Article 177 have yet to be promulgated, the inability for an overseas securities regulator to directly conduct investigation or evidence collection activities within China may further increase difficulties faced by you in protecting your interests. See also "— Risks Related to Our ADSs and This Offering — 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" for risks associated with investing in us as a Cayman Islands company.

If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with "de facto management body" within China is considered a "resident enterprise" and will be subject to the enterprise income tax on its global income at the rate of 25%. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control and overall management over the business, productions, personnel, accounts and properties of an enterprise. The Notice Regarding the Determination of Chinese-Controlled Offshore- Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies, which was amended by the State Administration of Taxation on December 29, 2017, or 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. Although Circular 82 only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "de facto management body" text should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, the tax resident status of an enterprise is subject to determination by the PRC tax authorities and uncertainties remain with respect to the interpretation of the term "de facto management body." If the PRC tax authorities determine that we are a PRC resident enterprise for enterprise income tax purposes, we could be subject to PRC tax at a rate of 25% on our worldwide income, which could materially reduce our net income, and we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders (including our ADS holders) that are non-resident enterprises, subject to any reduction set forth in applicable tax treaties. In addition, non-resident enterprise shareholders (including our ADS holders) may be subject to PRC tax at a rate of 10% on gains realized on the sale or other disposition of ADSs or Class A ordinary shares, if such income is treated as sourced from within the PRC. Furthermore, if we are deemed a PRC resident enterprise, dividends payable to our non-PRC individual shareholders (including our ADS holders) and any gain realized on the transfer of ADSs or Class A ordinary shares by such shareholders may be subject to PRC tax at a rate of 10% in the case of non-PRC enterprises or a rate of 20% in the case of non-PRC individuals unless a reduced rate is available under an applicable tax treaty. It is unclear whether non-PRC shareholders of our company would be able to claim the benefits of any tax treaties between their country or area of tax residence and the PRC in the event that we are treated as a PRC resident enterprise. Any such tax may reduce the returns on your investment in the ADSs or Class A ordinary shares.

We face uncertainties with respect to indirect transfer of equity interests in PRC resident enterprises by their non-PRC holding companies.

We face uncertainties regarding the reporting on and consequences of previous private equity financing transactions involving the transfer and exchange of shares in our company by non-resident investors. In February 2015, the State Administration of Taxation issued the Bulletin on Issues of Enterprise Income Tax on Indirect Transfers of Assets by Non-PRC Resident Enterprises or Bulletin 7. Pursuant to Bulletin 7, an "indirect transfer" of PRC assets, including a transfer of equity interests in an unlisted 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 the underlying PRC assets, if such arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC enterprise income tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the

transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise.

On October 17, 2017, the State Administration of Taxation issued the Announcement of the State Administration of Taxation on Issues Concerning the Withholding of Non-resident Enterprise Income Tax at Source, or Bulletin 37, which came into effect on December 1, 2017. Bulletin 37 further clarifies the practice and procedure of the withholding of nonresident enterprise income tax.

We face uncertainties on the reporting and consequences of past or future private equity financing transactions, share exchanges or other transactions involving the transfer of shares in our company by investors that are non-PRC resident enterprises. The PRC tax authorities may pursue such non- resident enterprises with respect to a filing or the transferees with respect to withholding obligation, and request our PRC subsidiaries to assist in the filing. As a result, we and non-resident enterprises in such transactions may become at risk of being subject to filing obligations or being taxed under Bulletin 7 and Bulletin 37, and may be required to expend valuable resources to comply with them or to establish that we and our non-resident enterprises should not be taxed under these regulations, which may have a material adverse effect on our financial condition and results of operations.

The PRC tax authorities have the discretion under Bulletin 7 to make adjustments to the taxable capital gains based on the difference between the fair value of the taxable assets transferred and the cost of investment. If the PRC tax authorities make adjustments to the taxable income of the transactions under Bulletin 7, our income tax costs associated with such transactions will be increased, which may have an adverse effect on our financial condition and results of operations. We cannot assure you that the PRC tax authorities will not, at their discretion, adjust any capital gains and impose tax return filing obligations on us or require us to provide assistance to them for the investigation of any transactions we were involved in. Heightened scrutiny over acquisition transactions by the PRC tax authorities may have a negative impact on potential acquisitions we may pursue in the future.

If our preferential tax treatments and government subsidies are revoked or become unavailable or if the calculation of our tax liability is successfully challenged by the PRC tax authorities, we may be required to pay tax, interest and penalties in excess of our tax provisions. Discontinuation of any preferential tax treatments or imposition of any additional taxes could adversely affect our financial condition and results of operations.

The Chinese government has provided tax incentives to our PRC subsidiaries, primarily in the form of reduced enterprise income tax rates. For example, under the Enterprise Income Tax Law and its implementation rules, the statutory enterprise income tax rate is 25%. However, the income tax of an enterprise that has been determined to be a high and new technology enterprise can be reduced to a preferential rate of 15%. In addition, certain of our PRC subsidiaries enjoy local government subsidies. Any increase in the enterprise income tax rate applicable to our PRC subsidiaries in China, or any discontinuation, retroactive or future reduction or refund of any of the preferential tax treatments and local government subsidies currently enjoyed by our PRC subsidiaries in China, could adversely affect our business, financial condition and results of operations.

Further, in the ordinary course of our business, we are subject to complex income tax and other tax regulations, and significant judgment is required in the determination of a provision for income taxes. Although we believe our tax provisions are reasonable, including in the agreements we sign with online entertainers, influencers or distribution platforms, under which the parties thereto shall respectively bear the tax obligations, we cannot guarantee whether these third parties strictly comply with these provisions or relevant tax laws. If our online entertainers, influencers or distribution platforms fail to comply with PRC tax laws and other related laws and regulations, it may lead to negative news, investigation, administrative penalties or legal disputes or proceedings, which may affect their cooperation with us, and thus may adversely affect our reputation. And if the PRC tax authorities successfully challenge our position or our cooperate manner with our online entertainers, influencers or distribution platforms and we are required to pay tax, interest and penalties in excess of our tax provisions, our financial condition and results of operations would be materially and adversely affected. In addition, as certain of our cooperation agreements with live streaming or other distribution platforms prescribe our obligations to supervise the tax compliance of our

online entertainers and influencers, failure of our online entertainers and influencers to comply with PRC tax laws may lead to disputes between the distribution platforms and us, which may adversely affect our business and reputation.

Government subsidies and preferential tax treatments are subject to discretions of the relevant governmental authorities and our eligibility for them are therefore out of our control. Discontinuation of any preferential tax treatments or imposition of any additional taxes could adversely affect our financial condition and results of operations.

Failure to make adequate contributions to various employee benefit plans and withhold individual income tax on employees' salaries as required by PRC regulations or comply with laws and regulations on other employment practices may subject us to penalties.

Companies operating in China are required to participate in various government sponsored employee benefit plans, including certain social insurance, housing funds and other welfare-oriented payment obligations, and contribute to the plans in amounts equal to certain percentages of salaries, including bonuses and allowances, of our employees up to a maximum amount specified by the local government from time to time at locations where we operate our businesses. Companies operating in China are also required to withhold individual income tax on employees' salaries based on the actual salary of each employee upon payment. With respect to the underpaid employee benefits, we may be required to complete registrations, make up the contributions for these plans as well as to pay late fees and fines. With respect to the under-withheld individual income tax, we may be required to make up sufficient withholding and pay late fees and fines. If we are subject to late fees or fines in relation to the underpaid employee benefits and under-withheld individual income tax, our financial condition and results of operations may be adversely affected. We may also be subject to regulatory investigations and other penalties if our other employment practices (e.g., engaging third-party human resource service providers to pay social insurance and housing funds for our employees on our behalf) are deemed to be in violation of relevant PRC laws and regulations.

The enforcement of the PRC Labor Contract Law and other labor-related regulations in China may subject us to penalties or liabilities.

The PRC Labor Contract Law, which was amended in 2012, introduced specific provisions related to fixed-term employment contracts, part-time employment, probationary periods, consultation with labor unions and employee assemblies, employment without a written contract, dismissal of employees, severance, and collective bargaining to enhance previous PRC labor laws. Under the Labor Contract Law, an employer is obligated to sign a non-fixed term labor contract with any employee who has worked for the employer for ten consecutive years. Further, if an employee requests or agrees to renew a fixed- term labor contract that has already been entered into twice consecutively, the resulting contract, with certain exceptions, must have a non-fixed term, subject to certain exceptions. With certain exceptions, an employer must pay severance to an employee where a labor contract is terminated or expires. In addition, the PRC governmental authorities have continued to introduce various new labor- related regulations since the effectiveness of the Labor Contract Law.

These laws and regulations designed to enhance labor protection tend to increase our labor costs. In addition, as the interpretation and implementation of these regulations are still evolving, our employment practices may not be at all times deemed to be in compliance with the regulations. As a result, we could be subject to penalties or incur significant liabilities in connection with labor disputes or investigations.

Failure to comply with PRC property laws and relevant regulations regarding certain of our leased properties may adversely affect our business, results of operations and financial condition.

Under the applicable PRC laws and regulations, the parties to a lease agreement are required to register and file such lease agreement with the relevant government authorities. As of the date of this prospectus, none of our leased properties had been registered or filed. While as confirmed by our PRC legal counsel, the lack of registration will not affect the validity of the lease agreements nor our rights to use or occupy the leased properties under PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which may subject us to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease. However, we cannot assure you that

our lessors will cooperate with us to register such leases due to factors beyond our control or our use of the relevant properties will not be further challenged in the future. Any of these may have an adverse effect on our business, financial condition, results of operation and prospects. As of the date of this prospectus, lessors of some of our leased properties had not provided us with their authorization from the legal owners of the relevant properties to sublease such properties to us. If any of the lessors is not the legal owner or has not been duly authorized by the legal owner, the relevant lease agreements may be deemed invalid and, as a result, we may be challenged by the legal owners of the properties or other third parties and may be forced to vacate the relevant properties and relocate our offices. Additionally, we may face administration penalties because the registered addresses of some of our PRC subsidiaries are not consistent with their actual operating offices.

The M&A Rules and certain other PRC regulations may make it more difficult for us to pursue growth through acquisitions, and regulatory uncertainties relating to, or failure to comply with anti-monopoly and competition laws could adversely affect our business, financial condition, or operating result.

The M&A Rules and some other regulations and rules concerning mergers and acquisitions established complex procedures and requirements for acquisition of Chinese companies by foreign investors, including requirements in some instances that the PRC Ministry of Commerce be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. Moreover, the Anti-Monopoly Law promulgated by the Standing Committee of the National People's Congress, which became effective in 2008, and the latest amendment of which took effect from August 1, 2022, requires that transactions which are deemed concentrations and involve parties with specified turnover thresholds must be cleared by the Anti- Monopoly Law-Enforcement Agency under the State Council before they can be completed. Pursuant to the latest Anti-Monopoly Law, the State Council's anti-monopoly enforcement agency may order business operators to cease illegal concentration, to dispose of shares, assets or businesses within a defined period of time, or to take other necessary measures to restore to the state before the concentration. For details, see "Regulation — Regulations on Anti-Monopoly." Furthermore, if we failed to report to or get approved by the anti-monopoly law enforcement agency in China on any of our future acquisitions (whether by ourselves or our subsidiaries) or financings that meet the thresholds for clearance in a timely manner or at all, or any of our historical transactions or financings were investigated for failure to make filings in connection with concentration of undertakings by regulatory, we may be subject to penalty including but not limited to a fine of no more than RMB500,000 if we fail to comply with such requirement. In addition, the security review rules issued by the Ministry of Commerce which became effective in September 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the Ministry of Commerce, and the rules prohibit any activities attempting to bypass a security review, including by structuring the transaction through a proxy or contractual control arrangement. On December 19, 2020, the Measures for the Security Review for Foreign Investment was jointly issued by the NDRC and the Ministry of Commerce and took effect from January 18, 2021. The Measures for the Security Review for Foreign Investment specified provisions concerning the security review mechanism on foreign investment, including the types of investments subject to review, review scopes and procedures, among others.

In the future, we may pursue potential strategic acquisitions that are complementary to our business and operations. Complying with the requirements of the above-mentioned regulations and other rules to complete such transactions could be time-consuming, and any required approval processes, including obtaining approval or clearance from the Ministry of Commerce, may delay or inhibit our ability to complete such transactions, which could affect our ability to expand our business or maintain our market share.

PRC regulations relating to offshore investment activities by PRC residents may limit our PRC subsidiary's ability to change their registered capital or distribute profits to us or otherwise expose us or our PRC resident beneficial owners to liability and penalties under PRC laws. In addition, any failure to comply with PRC regulations with respect to registration requirements for offshore financing may subject us to legal or administrative sanctions.

In July 2014, the State Administration of Foreign Exchange, or SAFE, promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Special Purpose Vehicles, or SAFE Circular 37. SAFE Circular

37 requires PRC residents (including PRC individuals and PRC corporate entities as well as foreign individuals that are deemed as PRC residents for foreign exchange administration purpose) to register with SAFE or its local branches in connection with their direct or indirect offshore investment activities. SAFE Circular 37 further requires amendment to the SAFE registrations in the event of any changes with respect to the basic information of the offshore special purpose vehicle, such as change of a PRC individual shareholder, name and operation term, or any significant changes with respect to the offshore special purpose vehicle, such as increase or decrease of capital contribution, share transfer or exchange, or mergers or divisions. SAFE Circular 37 is applicable to our shareholders who are PRC residents and may be applicable to any offshore acquisitions that we make in the future.

Under these foreign exchange regulations, PRC residents who make, or have previously made, prior to the implementation of these foreign exchange regulations, direct or indirect investments in offshore companies are required to register those investments. In addition, any PRC resident who is a direct or indirect shareholder of an offshore company is required to update its previously filed SAFE registration, to reflect any material change involving its round-trip investment. If any PRC shareholder fails to make the required registration or update the previously filed registration, the PRC subsidiary of that offshore parent company may be restricted from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation to their offshore parent company, and the offshore parent company may also be restricted from injecting additional capital into its PRC subsidiary. Moreover, failure to comply with the various foreign exchange registration requirements described above could result in liability under the PRC laws for evasion of applicable foreign exchange restrictions, including (i)the requirement by SAFE to return the foreign exchange remitted overseas or into the PRC within a period of time specified by SAFE, with a fine of up to 30% of the total amount of foreign exchange remitted overseas or into the PRC and deemed to have been evasive or illegal and (ii) in circumstances involving serious violations, a fine of no less than 30% of and up to the total amount of remitted foreign exchange deemed evasive or illegal.

We are committed to complying with and to ensuring that our shareholders who are subject to these regulations will comply with the SAFE rules and regulations. However, due to the inherent uncertainty in the implementation of the regulatory requirements by the PRC authorities, such registration might not be always practically available in all circumstances as prescribed in those regulations. In addition, we may not always be able to compel them to comply with SAFE Circular 37 or other related regulations. We cannot assure you that SAFE or its local branches will not release explicit requirements or interpret the PRC laws and regulations otherwise. We may not be fully informed of the identities of all of our shareholders or beneficial owners who are PRC residents, and we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC residents will comply with our request to make, obtain or update any applicable registrations or comply with other requirements under SAFE Circular 37 or other related rules in a timely manner.

Because there is uncertainty concerning the reconciliation of these foreign exchange regulations with other approval requirements, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the governmental authorities. We cannot predict how these regulations will affect our business operations or future strategy. For example, we may be subject to a more stringent review and approval process with respect to our foreign exchange activities, such as remittance of dividends and foreign-currency- denominated borrowings, which may adversely affect our results of operations and financial condition. This may restrict our ability to implement our acquisition strategy and could adversely affect our business and prospects.

In addition, our offshore financing activities, such as the issuance of foreign debt, are also subject to PRC laws and regulations. In accordance with such laws and regulations, we may be required to complete filing and registration with the NDRC prior to such activities. Failure to comply with the requirements may result in administrative meeting, warning, notification and other regulatory penalties and sanctions.

We may be materially adversely affected if our shareholders and beneficial owners who are PRC entities fail to comply with the PRC overseas investment regulations.

On December 26, 2017, the NDRC promulgated the Administrative Measures on Overseas Investments, which took effect as of March 1, 2018. According to this regulation, non-sensitive overseas investment projects are subject to record-filing requirements with the local branch of the NDRC. On September 6, 2014,

the Ministry of Commerce promulgated the Administrative Measures on Overseas Investments, which took effect as of October 6, 2014. According to this regulation, overseas investments of PRC enterprises that involve non-sensitive countries and regions and non-sensitive industries are subject to record-filing requirements with a local branch of Ministry of Commerce. According to the Circular of the State Administration of Foreign Exchange on Issuing the Regulations on Foreign Exchange Administration of the Overseas Direct Investment of Domestic Institutions, which was promulgated by SAFE on July 13, 2009, and took effect on August 1, 2009, PRC enterprises must register for overseas direct investment with a local SAFE branch.

We may not be fully informed of the identities of all of our shareholders or beneficial owners who are PRC entities, and we cannot provide any assurance that all of our shareholders and beneficial owners who are PRC entities will comply with our request to complete the overseas direct investment procedures under the aforementioned regulations or other related rules in a timely manner, or at all. If they fail to complete the filings or registrations required by the overseas direct investment regulations, the authorities may order them to suspend or cease the implementation of such investment and make corrections within a specified time, which may adversely affect our business, financial condition and results of operations.

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

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company, replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non- PRC citizens who reside in China for a continuous period of not less than one year and 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 China 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 SAFE registrations may subject them to fines and legal sanctions, and may also limit our ability to contribute additional capital into our PRC subsidiary and limit our PRC subsidiary's 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 the PRC laws.

In addition, the State Administration of Taxation has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options and/or are granted restricted shares will be subject to PRC individual income tax. Our PRC subsidiaries have obligations to file documents related to employee share options and/or restricted shares with tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to laws and regulations, we may face sanctions imposed by the tax authorities or other PRC government authorities.

We may rely on dividends and other distributions on equity paid by our PRC subsidiary to fund any cash and financing requirements we may have, and any limitation on the ability of our PRC subsidiary to make payments to us could have a material and adverse effect on our ability to conduct our business.

NIP Group Inc. is not an operating company but a Cayman Islands holding company with operations primarily conducted through its wholly-owned subsidiaries in Sweden and China. We rely on dividends and other distributions on equity paid by our WFOE for our cash and financing requirements, including the funds necessary to pay dividends and other cash distributions to our shareholders and service any debt we may incur. To the extent our cash or assets in the business are in mainland China or Hong Kong or a mainland China or Hong Kong entity, the funds or assets may not be available to fund operations or for other use outside of mainland China or Hong Kong due to the imposition of restrictions and limitations on, the ability of NIP Group Inc. or its subsidiaries to transfer cash or assets. Current PRC regulations permit our

WFOE to pay dividends to us only out of their accumulated after-tax profits upon satisfaction of relevant statutory conditions and procedures, if any, determined in accordance with Chinese accounting standards and regulations. In addition, our WFOE is required to set aside at least 10% of its accumulated profits each year, after making up previous years' accumulated losses, if any, to fund certain reserve funds until the total amount set aside reaches 50% of its registered capital. As a result of these laws, rules and regulations, our WFOE is restricted in their ability to transfer a portion of their respective net assets to their shareholders as dividends.

While there are currently no such restrictions on foreign exchange and our ability to transfer cash or assets between NIP Group Inc. and our Hong Kong subsidiary, we cannot dismiss the possibility that future developments in PRC laws and regulations may impose new restrictions and limitations on our ability to transfer funds or assets. Should such regulations affect our operations, our cash or assets in Hong Kong might become inaccessible. Furthermore, should new restrictions be imposed on NIP Group Inc. or its subsidiaries regarding the transfer or distribution of cash within the organization, we may encounter limitations or prohibition on making transfers or distributions to entities outside of mainlandChina and Hong Kong.

Furthermore, if our WFOE incurs debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends or make other distributions to us. Any limitation on the ability of our WFOE 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.

The Enterprise Income Tax Law enacted by the National People's Congress, which became effective on January 1, 2008, and its implementation rules provide that a withholding tax at a rate of 10% will be applicable to dividends payable by Chinese companies to non-PRC-resident enterprises unless reduced under treaties or arrangements between the PRC central government and governments of other countries or regions where the non-PRC resident enterprises are tax resident. See "— If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

Any restriction on currency exchange may limit the ability of our WFOE to use their Renminbi revenues to pay dividends to us. The PRC government may continue to strengthen its capital controls and our WFOE's dividends and other distributions may be subject to tightened scrutiny in the future. Any limitation on the ability of our WFOE 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.

You may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our ADSs.

Under the Enterprise Income Tax Law and its implementation rules, PRC withholding tax at a rate of 10% is generally applicable to dividends from PRC sources paid to investors that are resident enterprises outside of China and that do not have an establishment or place of business in China, or that have an establishment or place of business in China if the income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% PRC income tax if this gain is regarded as income derived from sources within China. Under the PRC Individual Income Tax Law and its implementation rules, dividends from sources within China paid to foreign individual investors who are not PRC residents are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by these investors on the transfer of shares are generally subject to 20% PRC income tax. Any such PRC tax liability may be reduced by the provisions of an applicable tax treaty.

Although a large portion of our business operations are in China, it is unclear whether the dividends NIP Group Inc. pays with respect to the shares or ADSs of NIP Group Inc., or the gains realized from the transfer of the shares or ADSs of NIP Group Inc., would be treated as income derived from sources within China and as a result be subject to PRC income tax if we are considered a PRC resident enterprise. If PRC income tax is imposed on gains realized through the transfer of the ADSs of NIP Group Inc. or on

dividends paid to our non-resident investors, the value of your investment in the ADSs of NIP Group Inc. may be materially and adversely affected. Furthermore, NIP Group Inc.'s shareholders whose jurisdictions of residence have tax treaties or arrangements with China may not qualify for benefits under these tax treaties or arrangements.

In addition, pursuant to the Double Tax Avoidance Arrangement between Hong Kong and China, if a Hong Kong resident enterprise owns more than 25% of the equity interest of a PRC company at all times during the twelve-month period immediately prior to obtaining a dividend from such company, the 10% withholding tax on the dividend is reduced to 5%, provided that certain other conditions and requirements are satisfied at the discretion of the PRC tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, issued in 2009 by the State Administration of Taxation, if the PRC tax authorities determine, in their discretion, that a company benefits from the reduced income tax rate due to a structure or arrangement that is primarily tax- driven, the PRC tax authorities may adjust the preferential tax treatment. If our Hong Kong subsidiary is determined by PRC government authorities as receiving benefits from reduced income tax rates due to a structure or arrangement that is primarily tax-driven, the dividends paid by our PRC subsidiary to our Hong Kong subsidiary will be taxed at a higher rate, which will have a material adverse effect on our financial performance.

PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiary in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

NIP Group Inc. is an offshore holding company conducting its operations in China through our PRC subsidiaries. NIP Group Inc. may make loans to our PRC subsidiaries, it may make additional capital contributions to our PRC subsidiary, it may establish new PRC subsidiaries and make capital contributions to these new PRC subsidiaries, or it may acquire offshore entities with business operations in China in an offshore transaction.

Most of these ways are subject to PRC regulations and approvals or registration. For example, loans by us to our wholly-owned PRC subsidiaries to finance their activities cannot exceed statutory limits and must be registered with the local counterpart of SAFE. If we decide to finance our wholly-owned PRC subsidiary by means of capital contributions, these capital contributions are subject to registration with the State Administration for Market Regulation (the "SAMR") or its local branch, reporting of foreign investment information with the PRC Ministry of Commerce, or registration with other governmental authorities in China. Due to the restrictions imposed on loans in foreign currencies extended to PRC domestic companies, we are not likely to make such loans to our PRC domestic subsidiaries. Further, we are not likely to finance the activities of our PRC domestic subsidiaries by means of capital contributions due to regulatory restrictions relating to foreign investment in PRC domestic enterprises engaged in certain businesses.

SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or SAFE Circular 19, effective June 2015, in replacement of the Circular on the Relevant Operating Issues Concerning the Improvement of the Administration of the Payment and Settlement of Foreign Currency Capital of Foreign-Invested Enterprises, the Notice from the State Administration of Foreign Exchange on Relevant Issues Concerning Strengthening the Administration of Foreign Exchange Businesses, and the Circular on Further Clarification and Regulation of the Issues Concerning the Administration of Certain Capital Account Foreign Exchange Businesses. According to SAFE Circular 19, the flow and use of the RMB capital converted from foreign currency-denominated registered capital of a foreign- invested company is regulated such that RMB capital may not be used for the issuance of RMB entrusted loans, the repayment of inter-enterprise loans or the repayment of banks loans that have been transferred to a third party. Although SAFE Circular 19 allows RMB capital converted from foreign currency-denominated registered capital of a foreign-invested enterprise to be used for equity investments within China, it also reiterates the principle that RMB converted from the foreign currency- denominated capital of a foreign-invested company may not be directly or indirectly used for purposes beyond its business scope. Thus, it is unclear whether SAFE will permit such capital to be used for equity investments in China in actual practice. SAFE promulgated the Notice of the State Administration of Foreign Exchange on Reforming and Standardizing the Foreign Exchange

Settlement Management Policy of Capital Account, or SAFE Circular 16, effective on June 9, 2016, which reiterates some of the rules set forth in SAFE Circular 19, but changes the prohibition against using RMB capital converted from foreign currency-denominated registered capital of a foreign-invested company to issue RMB entrusted loans to a prohibition against using such capital to issue loans to non-associated enterprises. Violations of SAFE Circular 19 and SAFE Circular 16 could result in administrative penalties. SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer any foreign currency we hold, including the net proceeds from this offering, to our PRC subsidiary, which may adversely affect our liquidity and our ability to fund and expand our business in China. On October 25, 2019, SAFE promulgated the Notice for Further Advancing the Facilitation of Cross-border Trade and Investment, or SAFE Circular 28, which, among other things, allows all foreign-invested companies to use Renminbi converted from foreign currency-denominated capital for equity investments in China, as long as the equity investment is genuine, does not violate applicable laws, and complies with the negative list on foreign investment. However, since SAFE Circular 28 is newly promulgated, it is unclear how SAFE and competent banks will carry this out in practice.

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

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

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. We receive a large portion of our income in Renminbi. Under our current corporate structure, our Cayman Islands holding company may rely on dividend payments from our PRC subsidiary to fund any cash and financing requirements payable outside of China. 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 approval of SAFE by complying with certain procedural requirements. Specifically, under the existing exchange restrictions, cash generated from the operations of our PRC subsidiaries in China may be used to pay dividends to our company without prior approval of SAFE. However, approval from or registration with appropriate government authorities is required where Renminbi 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. As a result, we need to obtain SAFE approval to use cash generated from the operations of our PRC subsidiaries to pay any debts they may incur in a currency other than Renminbi owed to entities outside China, or to make other capital expenditure payments outside China in a currency other than Renminbi. In addition, the PRC government may also at its discretion to restrict our access in the future to foreign currencies for current account transactions. If we are prevented from obtaining sufficient foreign currency to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders, including holders of the ADSs.

Recent litigation and negative publicity surrounding China-based companies listed in the United States may negatively impact the trading price of our ADSs.

We believe that recent litigation and negative publicity surrounding companies with operations in China that are listed in the United States have negatively impacted the stock prices of these companies. Certain politicians in the United States have publicly warned investors to avoid China-based companies listed in the United States. The SEC and the PCAOB also issued a joint statement on April 21, 2020, reiterating the disclosure, financial reporting and other risks involved in the investments in companies that are based in emerging markets as well as the limited remedies available to investors who might take legal action against such companies. Furthermore, various equity-based research organizations have recently published reports

on China-based companies after examining their corporate governance practices, related party transactions, sales practices and financial statements, and these reports have led to special investigations and listing suspensions on U.S. national exchanges. Any similar scrutiny on us, regardless of its lack of merit, could cause the market price of our ADSs to fall, divert management resources and energy, cause us to incur expenses in defending ourselves against rumors, and increase the premiums we pay for director and officer insurance.

The Holding Foreign Companies Accountable Act, or the HFCAA, and the related regulations continue to evolve. Further implementations and interpretations of or amendments to the HFCAA or the related regulations, or a PCAOB determination of its lack of sufficient access to inspect our auditor, might pose regulatory risks to and impose restrictions on us because of our operations in mainland China.

On December 18, 2020, the HFCAA was signed into law. The HFCAA has since then been subject to amendments by the U.S. Congress and interpretations and rulemaking by the SEC. On June 22, 2021, the U.S. Senate passed the Accelerating Holding Foreign Companies Accountable Act (the "AHFCAA"), which proposes to reduce the period of time for foreign companies to comply with PCAOB audits from three to two consecutive years, thus reducing the time period before the securities of such foreign companies may be prohibited from trading or delisted. On December 29, 2022, the AHFCAA was signed into law.

On December 16, 2021, PCAOB announced the PCAOB HFCAA determinations relating to the PCAOB's inability to inspect or investigate completely registered public accounting firms headquartered in mainland China and Hong Kong, because of a position taken by one or more authorities in mainland China or Hong Kong. The inability of the PCAOB to conduct inspections of auditors in China made it more difficult to evaluate the effectiveness of these accounting firms' audit procedures or quality control procedures as compared to auditors outside of China that are subject to the PCAOB inspections, which could cause existing and potential investors in issuers operating in China to lose confidence in such issuers' procedures and reported financial information and the quality of financial statements.

Our auditor, Marcum Asia CPAs LLP, the independent registered public accounting firm that issues the audit report included elsewhere in this prospectus, as an auditor of companies that are traded publicly in the United States and a firm registered with the PCAOB, is subject to laws in the United States pursuant to which the PCAOB conducts regular inspections to assess our auditor's compliance with the applicable professional standards. Our auditor is headquartered in Manhattan, New York, and is subject to inspection by the PCAOB on a regular basis with the latest inspection in 2023. As of the date of this prospectus, our auditor is not among the firms listed on the PCAOB Determination List issued in December 2021.

On August 26, 2022, the PCAOB announced and signed a Statement of Protocol (the "Protocol") with the China Securities Regulatory Commission and the Ministry of Finance of the People's Republic of China (together, the "PRC Authorities"). The Protocol provides the PCAOB with: (1) sole discretion to select the firms, audit engagements and potential violations it inspects and investigates, without any involvement of Chinese authorities; (2) procedures for PCAOB inspectors and investigators to view complete audit work papers with all information included and for the PCAOB to retain information as needed; (3) direct access to interview and take testimony from all personnel associated with the audits the PCAOB inspects or investigates.

On December 15, 2022, the PCAOB announced in its 2022 HFCAA Determination Report (the "2022 Report") its determination that the PCAOB was able to secure complete access to inspect and investigate audit firms headquartered in mainland China and Hong Kong in 2022, and the PCAOB Board voted to vacate previous determinations to the contrary. According to the 2022 Report, this determination was reached after the PCAOB had thoroughly tested compliance with every aspect of the Protocol necessary to determine complete access, including on-site inspections and investigations in a manner fully consistent with the PCAOB's methodology and approach in the U.S. and globally. According to the 2022 Report, the PRC authorities had fully assisted and cooperated with the PCAOB in carrying out the inspections and investigations according to the Protocol, and have agreed to continue to assist the PCAOB's investigations and inspections in the future. The PCAOB may reassess its determinations and issue new determinations consistent with the HFCAA at any time.

Further developments related to the HFCAA could add uncertainties to our offering. We cannot assure you what further actions the SEC, the PCAOB or the stock exchanges will take to address these issues and what impact such actions will have on U.S. companies that have significant operations in the PRC and have securities listed on a U.S. stock exchange (including a national securities exchange or over-the-counter stock market). In addition, any additional actions, proceedings, or new rules resulting from these efforts to increase U.S. regulatory access to audit information could create uncertainty for investors, the market price of our Class A ordinary shares could be adversely affected, and we could be delisted if we and our auditor are unable to meet the PCAOB inspection requirement. Such a delisting would substantially impair your ability to sell or purchase Class A our ordinary shares when you wish to do so, and would have a negative impact on the price of our shares and ADSs.

Risks Related to Our ADSs and This Offering

An active trading market for our ADSs may not develop and the trading price for our ADSs may fluctuate significantly.

We intend to apply to list the ADSs on the Nasdaq Stock Market. We have no current intention to seek a listing for our Class A ordinary shares on any stock exchange. Prior to the completion of this offering, there has been no public market for our ADSs or our Class A ordinary shares, and we cannot assure you that a liquid public market for our ADSs will develop or remain sustainable over time. 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 is 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 trading price of our ADSs is likely to be volatile, which could result in substantial losses to investors.

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, like 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. A number of Chinese companies have listed or are in the process of listing their securities on U.S. stock markets. The securities of some of these companies have experienced significant volatility, including price declines in connection with their initial public offerings. The trading performances of these Chinese companies' securities after their offerings may affect the attitudes of investors toward Chinese companies listed in the United States in general and consequently may impact the trading performance of our ADSs, regardless of our actual operating performance.

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 and cash flow;
- announcements of new investments, acquisitions, strategic partnerships or joint ventures by us or our competitors;
- announcements of new services and expansions by us or our competitors;
- changes in financial estimates by securities analysts;
- detrimental adverse publicity about us, our 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 financial condition and results of operations.

Our triple-class voting structure will limit your ability to influence corporate matters and could discourage others from pursuing any change of control transactions that holders of our Class A ordinary shares and ADSs may view as beneficial.

Our authorized share capital will be divided into Class A ordinary shares, Class B1 ordinary shares and Class B2 ordinary shares effective immediately prior to the completion of this offering (with certain shares remaining unissued, with power for our directors to issue such classes of shares as they think fit). Holders of Class A ordinary shares will be entitled to one vote per share, while holders of Class B1 ordinary shares and Class B2 ordinary shares will be entitled to 20 votes per share, subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions. For more information on the voting rights, see ‘‘Description of Share Capital — Our Post-Offering Memorandum and Articles of Association.” We will issue Class A ordinary shares represented by our ADSs in this offering. Each Class B1 ordinary share and Class B2 ordinary share is convertible into one Class A ordinary share at any time at the option of the holder thereof, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. Any future issuances of Class B1 ordinary shares and Class B2 ordinary shares may be dilutive to the voting power of holders of Class A ordinary shares. Any conversions of Class B1 ordinary shares or Class B2 ordinary shares into Class A ordinary shares may dilute the percentage ownership of the existing holders of Class A ordinary shares within their class of ordinary shares. Such conversion may increase the aggregate voting power of the existing holders of Class A ordinary shares. In the event that we have multiple holders of Class B1 ordinary shares or Class B2 ordinary shares and certain of them convert their Class B1 ordinary shares or Class B2 ordinary shares into Class A ordinary shares, the remaining holders who retain their Class B1 ordinary shares or Class B2 ordinary shares may experience increases in their relative voting power when Weighted Voting Rights applies.

Following the completion of this offering, Mr. Mario Yau Kwan Ho and Mr. Liwei “xiaoT” Sun will beneficially own all of our issued Class B1 ordinary shares, and Mr. Hicham Chahine will beneficially own all of our issued Class B2 ordinary shares. Mr. Mario Ho, Mr. Liwei “xiaoT” Sun and Mr. Hicham Chahine will beneficially own 13.6%, 8.4% and 11.9% of our total ordinary shares on an as-converted basis, respectively, and 36.6%, 22.4% and 32.0% of the aggregate voting power, respectively, assuming the underwriters do not exercise their option to purchase additional ADSs and subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions.

As a result of the triple-class share structure and the concentration of ownership, Mr. Mario Yau Kwan Ho, Mr. Liwei “xiaoT” Sun and Mr. Hicham Chahine will have considerable influence over matters such as decisions regarding mergers and consolidations, election of directors and other significant corporate actions. Such holders may take actions that are not in the best interest of us or our other shareholders. This concentration of ownership may discourage, delay or prevent a change in control of our company, which could have the effect of depriving our other shareholders of the opportunity to receive a premium for their shares as part of a sale of our company and may reduce the price of our ADSs. This concentrated control will significantly limit your ability to influence corporate matters and could discourage others from pursuing any potential merger, takeover or other change of control transactions that holders of Class A ordinary shares and ADSs may view as beneficial.

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

Certain shareholder advisory firms have announced changes to their eligibility criteria for inclusion of shares of public companies on certain indices, including the S&P 500, to exclude companies with multiple classes of shares and companies whose public shareholders hold no more than 5% of total voting power from

being added to such indices. In addition, several shareholder advisory firms have announced their opposition to the use of multiple class structures. As a result, the triple-class structure of our ordinary shares may prevent the inclusion of our ADSs representing Class A ordinary shares in such indices and may cause shareholder advisory firms to publish negative commentary about our corporate governance practices or otherwise seek to cause us to change our capital structure. Any such exclusion from indices could result in a less active trading market for our ADSs. Any actions or publications by shareholder advisory firms critical of our corporate governance practices or capital structure could also adversely affect the value of our ADSs.

If securities or industry analysts do not publish research or reports about our business, or if they adversely change their recommendations regarding our ADSs, the market price for our ADSs and trading volume could decline.

The trading market for the 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 the ADSs, the market price for the 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 the ADSs to decline.

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

Sales of the ADSs in the public market after this offering, or the perception that these sales could occur, could cause the market price of the ADSs to decline. All ADSs sold in this offering will be freely transferable without restriction or additional registration under the Securities Act. The remaining ordinary shares issued and outstanding after this offering will be available for sale, upon the expiration of the 180-day lock-up period beginning from the date of the final prospectus, subject to volume and other restrictions as applicable provided in 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 the sale of their shares under the Securities Act, 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 such registration. Sales of these registered shares in the form of ADSs in the public market could cause the price of our ADSs to decline.

There can be no assurance that we will not be a passive foreign investment company, or PFIC, for United States federal income tax purposes for any taxable year, which could subject United States investors in our ADSs or ordinary shares to significant adverse United States income tax consequences.

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income (the "income test") or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held to produce passive income (the "asset test"). For purposes of the asset test, any cash and assets readily convertible into cash are categorized as passive assets, and the company's goodwill and other unbooked intangibles should be treated as an active asset to the extent associated with activities that produce or intended to produce active income. In determining the average percentage value of our gross assets, the aggregate value of our assets will generally be deemed to be equal to our market capitalization (determined by the sum of the aggregate value of our outstanding equity) plus our liabilities. Based on our historical, current and projected income and assets, including the expected cash proceeds from this offering, and projections as to the value of our assets, taking into account the projected market value of our ADSs following this offering, we do not expect to be a PFIC for the current taxable year. However, no assurance can be given in this regard because the determination of whether we will be or become a PFIC for any taxable year is a fact intensive

determination made annually after the close of each taxable year that depends, in part, upon the composition and classification of our income and assets.

If we were treated as a PFIC for any taxable year, then U.S. investors could be subject to adverse U.S. federal income tax consequences (regardless of whether we continue to be a PFIC), including increased tax liability on disposition gains and certain "excess distributions" and additional reporting requirements. See "Taxation — United States Federal Income Tax Considerations — Passive Foreign Investment Company Rules" for further information. U.S. investors should consult their tax advisers regarding our PFIC status for any taxable year and the potential application of the PFIC rules to an investment in our ADSs or Class A ordinary shares including the availability and the advisability of making certain elections under the PFIC rules.

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 incorporated under the laws of the Cayman Islands. Our corporate affairs are governed by, among other things, our memorandum and articles of association, the Companies Act (as revised) of the Cayman Islands (the "Companies Act") and the common law of the Cayman Islands. The rights of shareholders to take action against our directors, actions by our minority shareholders and the fiduciary duties of our directors to us under the Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from the common law of England, the decisions of whose courts are of persuasive authority, but are not binding, on a court in the Cayman Islands. The rights of our shareholders and the fiduciary duties of our directors under Cayman Islands law are not as clearly established as they would be under statutes or judicial precedent in some jurisdictions in the United States. In particular, the Cayman Islands 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, the 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 the Cayman Islands laws to inspect corporate records (other than the memorandum and articles of association and any special resolutions passed by such companies, and the registers of mortgages and charges of such companies) or to obtain copies of lists of shareholders of these companies. Under Cayman Islands law, the names of our current directors (without any other information on their directorships) can be obtained from a search conducted at the Registrar of Companies. Our directors have discretion under our post-offering memorandum and articles of association 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 motion or to solicit proxies from other shareholders in connection with a proxy contest.

Certain corporate governance practices in the Cayman Islands, which is our home country, differ significantly from requirements for companies incorporated in other jurisdictions such as the United States. We may in the future rely on home country practice with respect to our corporate governance after we complete this offering. If we choose to follow home country practice in the future, our shareholders may be afforded less protection than they otherwise would under rules and regulations applicable to U.S. domestic issuers.

As a result of all of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by our management, members of our board of directors or our 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 Act and the laws applicable to companies incorporated in the United States and their shareholders, see "Description of Share Capital — Differences in Corporate Law."

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

We are a Cayman Islands exempted company and substantially all of our assets are located outside of the United States. A large portion of our current operations are conducted through our PRC subsidiaries in

China. In addition, Mr. Mario Yau Kwan Ho is a Hong Kong resident, while Mr. Liwei Sun, Mr. Heng Tang, Ms. Yanjun Xu, Mr. Zhang Lei, Mr. Zhiyong Li, Mr. Heng Zhang, Mr. Hang Sui, and Mr. Haoming Yu reside in mainland China. Except for Mr. Carter Jack Feldman, one of our independent director, the rest of our current directors and officers listed in "Management" are also nationals and residents of countries other than the United States. Substantially all of the assets of these persons are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States in the event that you believe that your rights have been infringed under the U.S. federal securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Cayman Islands, China and Sweden 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, China and Sweden, see "Enforceability of Civil Liabilities."

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 United States domestic public companies.

Because we are 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 of quarterly reports on Form 10-Q or current reports on Form 8-K with the SEC;
- 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;
- the selective disclosure rules by issuers of material nonpublic information under Regulation FD; and
- the corporate governance requirement that we have a minimum of three members in our audit committee and certain audit committee independence requirements in Rule 10A-3 of the Exchange Act.

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 through press releases, distributed pursuant to the rules and regulations of the Nasdaq Stock Market. Press releases relating to financial results and material events will also be furnished to the SEC on Form 6-K. However, the information we are required to file with or furnish to the SEC will be less extensive and less timely than 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.

We may face securities class action lawsuits.

Class actions are not recognized in the Cayman Islands, but groups of shareholders with identical interests may bring representative proceedings, which are similar. However, a class action suit could nonetheless be brought in a U.S. court pursuant to an alleged violation of U.S. securities laws and regulations. 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 financial condition and results of operations.

We will incur increased costs as a result of being public.

After consummation of this offering, we expect to incur significant legal, accounting and other expenses that we would not incur as a private company. The Sarbanes-Oxley Act of 2002, as well as rules

subsequently implemented by the SEC and the Nasdaq Stock Market, impose various requirements on the corporate governance practices of public companies. As a company with less than US$1.235 billion in revenues 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 and permission to delay adopting new or revised accounting standards until such time as those standards apply to private 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. After we become no longer an "emerging growth company," 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 in the United States, we 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 in the United States 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.

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

As a Cayman Islands exempted company listed on the Nasdaq Stock Market, we are subject to the Nasdaq corporate governance listing standards. However, the 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 Nasdaq corporate governance listing standards.

We are permitted to elect to rely on home country practice to be exempted from the corporate governance requirements. If we choose to follow home country practices in the future, our shareholders may be afforded less protection than they would otherwise enjoy under the Nasdaq corporate governance listing standards applicable to U.S. domestic issuers.

We currently do not expect to pay dividends in the foreseeable future after this offering and 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 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 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. You may not realize a return on your investment in our ADSs and you may even lose your entire investment in our ADSs.

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 the ADSs in this offering, you will pay more on the underlying Class A ordinary shares than the amount paid by our existing shareholders for their Class A ordinary shares on a per share basis. As a result, you will experience immediate and substantial dilution, representing the difference between the initial public offering price of per underlying Class A ordinary share, and our adjusted net tangible book value per Class A ordinary share, after giving effect to our sale of the ADSs and the underlying Class A ordinary shares offered in this offering. In addition, you may experience further dilution to the extent that our underlying Class A ordinary shares are issued upon the exercise of share options. See "Dilution" for a more complete description of how the value of your investment in the underlying Class A ordinary shares will be diluted upon completion of this offering.

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

We have not determined a specific use for a portion of the net proceeds of this offering, and our management will have considerable discretion in deciding how to apply these proceeds. You will not have the opportunity to assess whether the proceeds are being used appropriately before you make your investment decision. You must rely on the judgment of our management regarding the application of the net proceeds of this offering. Our management has discretion over the use of proceeds we receive from this offering, and we could spend the proceeds we receive from this offering in ways that do not yield a favorable return, or no return at all. Our actual use of these proceeds may differ substantially from our plans, if any, in the future. We cannot assure you that the net proceeds will be used in a manner that would improve our results of operations or increase our share price, nor that these net proceeds will be placed only in investments that generate income or appreciate in value.

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 vote the underlying Class A ordinary shares.

Except as described in this prospectus and in the deposit agreement, holders of our ADSs are not able to exercise voting rights attaching to the Class A ordinary shares evidenced by our ADSs on an individual basis.

Holders of our ADSs will appoint the depositary or its nominee as their representative to exercise the voting rights attaching to the underlying Class A ordinary shares represented by the ADSs. Otherwise, you will not be able to exercise your right to vote unless you withdraw the underlying Class A ordinary shares represented by the ADSs. However, you may not know of the meeting sufficiently in advance to withdraw the Class A ordinary shares. If we ask for instructions from ADS holders, the depositary will notify you of the upcoming vote and arrange to deliver our voting materials to you. We cannot assure you that you will receive voting materials in time to instruct the depositary to vote, and it is possible that you, including persons who hold their ADSs through brokers, dealers or other third parties, will not have the opportunity to exercise a right to vote. The deposit agreement provides that if the depositary does not timely receive valid voting instructions from the ADS holders, then the depositary will, with certain limited exceptions, give a discretionary proxy to a person designated by us to vote such 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. Furthermore, as a Cayman Islands exempted company, we are not obliged by the Companies Act (As Revised) of the Cayman Islands to call shareholders' annual general meetings, and in your capacity as an ADS holder, you will not have any rights to call or requisition a shareholders' meeting.

We are an emerging growth company within the meaning of the Securities Act and may take advantage of certain reduced reporting requirements.

As a company with less than US$1.235 billion in revenues for our last fiscal year, we qualify as an "emerging growth company" pursuant to the JOBS Act. Therefore, we have elected to take advantage of specified reduced reporting and other requirements that are otherwise applicable generally to public companies and acknowledge such election is irrevocable pursuant to Section 107 of the JOBS Act. 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 and permission to delay adopting new or revised accounting standards until such time as those standards apply to private companies. As a result, if we elect not to comply with such reporting and other requirements, in particular the 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. We have elected to take advantage of the extended transition period for complying with new or revised accounting standards until those standards would otherwise apply to private companies. As a result, our results of operations and financial statements may not be comparable to the results of operations and financial statements of other companies that have adopted the new or revised accounting standards. If we cease to be an emerging growth company, we will no longer be able to take advantage of these exemptions or the extended transition period for complying with new or revised accounting standards.

The depositary for our ADSs will give us a discretionary proxy to vote our Class A ordinary shares underlying your ADSs if you do not timely provide voting instructions to the depositary in accordance with the deposit agreement, except in limited circumstances, which could adversely affect your interests.

Under the deposit agreement for our ADSs, the depositary will give us (or our nominee) a discretionary proxy to vote the underlying Class A ordinary shares represented by the ADSs at shareholders' meetings if the holders of ADSs do not give voting instructions to the depositary as to how to vote the underlying Class A ordinary shares represented by their ADSs at a meeting and as to a matter, if:

- we gave the depositary timely notice of the meeting and related voting materials;
- we confirmed to the depositary that we wish a discretionary proxy to be given;
- we confirmed to the depositary that we reasonably do not know of any substantial opposition as to a matter to be voted on at the meeting; and
- we have confirmed to the depositary that the matter voted will not have material adverse impact on shareholders.

The effect of this discretionary proxy is that, if the holders of ADSs fail to give voting instructions to the depositary as to how to vote the underlying Class A ordinary shares represented by their ADSs at any particular shareholders' meeting, they cannot prevent such underlying Class A ordinary shares represented by their ADSs from being voted at that meeting, provided the other conditions described above are satisfied, and it may make it more difficult for shareholders to influence our management. Holders of our Class A ordinary shares are not subject to this discretionary proxy.

ADS 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 Class A ordinary shares provides that, to the fullest extent permitted by law, ADS holders waive the right to a jury trial of 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 opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable based on the facts and circumstances of that case in accordance with

the 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, by a federal or state court in the City of New York, which has nonexclusive jurisdiction over matters arising under the deposit agreement. In determining whether to enforce a contractual pre-dispute jury trial waiver provision, courts will generally consider whether a party knowingly, intelligently and voluntarily waived the right to a jury trial. We believe that this is the case with respect to the deposit agreement and the ADSs. It is advisable that holders of ADSs consult legal counsel regarding the jury waiver provision before entering into the deposit agreement.

If any 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, such 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 had, including results that could be less favorable to the plaintiff(s) in any such action.

Nevertheless, if this jury trial waiver provision 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 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.

You may not receive dividends or other distributions on our Class A 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 has agreed to pay to ADS holders the cash dividends or other distributions it or the custodian receives on our Class A ordinary shares or other deposited securities underlying our ADSs, after deducting its fees and expenses. ADS holders will receive these distributions in proportion to the number of Class A ordinary shares the 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. 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, Class A 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, Class A ordinary shares, rights or anything else to holders of ADSs. This means that ADS holders may not receive distributions we make on our Class A ordinary shares or any value for them if it is illegal or impractical for us to make them available to them. These restrictions may cause a material decline in the value of our ADSs.

Our post-offering memorandum and articles of association and the deposit agreement provide that the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) is the exclusive judicial forum within the U.S. for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States and any suit, action or proceeding arising out of or relating in any way to the ADSs or the deposit agreement, which could limit the ability of holders of our ordinary shares, the ADSs or other securities to obtain a favorable judicial forum for disputes with us, our directors and officers, the depositary, and potentially others.

Our post-offering memorandum and articles of association provide that, unless we consent in writing to the selection of an alterative forum, the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter

jurisdiction over a particular dispute, the state courts in New York County, New York) is the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, including the Securities Act and the Exchange Act, regardless of whether such legal suit, action, or proceeding also involves parties other than our company. The enforceability of similar federal court choice of forum provisions in other companies' organizational documents has been challenged in legal proceedings in the United States, and it is possible that a court could find this type of provision to be inapplicable or unenforceable. If a court were to find the federal choice of forum provision contained in our post-offering memorandum and articles of association or the deposit agreement to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions. If upheld, the forum selection clause in our post-offering memorandum and articles of association, as well as the forum selection provision in the deposit agreement, may limit a security-holder's ability to bring a claim against us, our directors and officers, the depositary, and potentially others in his or her preferred judicial forum, and this limitation may discourage such lawsuits. Holders of our shares or the ADSs will not be deemed to have waived our compliance with the federal securities laws and the regulations promulgated thereunder pursuant to the exclusive forum provision in the post-offering memorandum and articles of association and deposit agreement.

The post-offering memorandum and articles of association that will become effective immediately prior to the completion of this offering will contain anti-takeover provisions that could discourage a third party from acquiring us and adversely affect the rights of holders of our Class A ordinary shares and the ADSs.

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

You may experience dilution of your holdings due to inability to participate in rights offerings.

We may, from time to time, distribute rights to our shareholders, including rights to acquire securities. Under the deposit agreement, the depositary will not distribute rights to holders of ADSs unless we indicate that we wish such rights to be made available to holders of ADSs and the distribution and sale of rights and the securities to which these rights relate are either exempt from registration under the Securities Act with respect to all holders of ADSs or are registered under the provisions of the Securities Act. The depositary may, but is not required to, attempt to sell these undistributed rights to third parties, and may allow the rights to lapse. We may be unable to establish an exemption from registration under the Securities Act, and we are under no obligation to file a registration statement with respect to these rights or underlying securities or to endeavor to have a registration statement declared effective. Accordingly, holders of ADSs may be unable to participate in our rights offerings and may experience dilution of their holdings as a result.

You may be subject to limitations on transfer of your ADSs.

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

Special Note Regarding Forward-Looking Statements

This prospectus contains forward-looking statements that reflect our current expectations and views of future events. The forward-looking statements are contained principally in the sections entitled "Prospectus Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." Known and unknown risks, uncertainties and other factors, including those listed under "Risk Factors," 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 some of these forward-looking statements by words or phrases such as "may," "will," "expect," "anticipate," "aim," "estimate," "intend," "plan," "believe," "is/are likely to," "potential," "continue" or other similar expressions. We have based these forward-looking statements largely on our current expectations and projections about future events that we believe may affect our financial condition, results of operations, business strategy and financial needs. These forward-looking statements include statements relating to:

- our mission, goals and strategies;
- our future business development, financial condition and results of operations;
- the expected growth of the esports industry in China;
- our expectations regarding the prospects of our business model and the demand for and market acceptance of our products and services;
- our expectations regarding maintaining and strengthening our relationships with game developers and publishers, esports viewers, esports athletes, brands and sponsors, online entertainers, live streaming and other distribution platforms as well as other stakeholders;
- competition in our industry;
- our proposed use of proceeds from this offering;
- relevant government policies and regulations relating to our industry;
- general economic and business conditions in the regions where we operate, and globally; and
- assumptions underlying or related to any of the foregoing.

These forward-looking statements involve various risks and uncertainties. Although we believe that our expectations expressed in these forward-looking statements are reasonable, our expectations may later be found to be incorrect. Our actual results could be materially different from our expectations. Important risks and factors that could cause our actual results to be materially different from our expectations are generally set forth in "Prospectus Summary — Our Strategies," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business," "Regulation" and other sections in this prospectus. You should read thoroughly this prospectus and the documents that we refer to with the understanding that our actual future results may be materially different from and worse than what we expect. We qualify all of our forward-looking statements by these cautionary statements.

This prospectus contains certain data and information that we obtained from various government and private publications. Statistical data in these publications also include projections based on a number of assumptions. Our industry may not grow at the rate projected by market data, or at all. Failure of this market to grow at the projected rate may have a material and adverse effect on our business and the market price of the ADSs. In addition, the rapidly evolving nature of this industry results in significant uncertainties for any projections or estimates relating to the growth prospects or future condition of our market. Furthermore, if any one or more of the assumptions underlying the market data are later found to be incorrect, actual results may differ from the projections based on these assumptions. You should not place undue reliance on these forward-looking statements.

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

Use of Proceeds

We estimate that we will receive net proceeds from this offering of approximately US$16.24 million, or approximately US$19.38 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. These estimates are based upon an assumed initial public offering price of US$10.00 per ADS, which is the midpoint of the price range shown on the front page of this prospectus. A US$1.00 increase (decrease) in the assumed initial public offering price of US$10.00 per ADS would increase (decrease) the net proceeds to us from this offering by US$2.09 million, assuming the number of ADSs offered by us, as set forth on the front cover of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated expenses payable by us.

The primary purposes of this offering are to create a public market for our shares for the benefit of all shareholders, retain talented employees by providing them with equity incentives, and obtain additional capital. We plan to use the net proceeds of this offering as follows:

- approximately 50% for potential strategic acquisition and investment opportunities to supplement our organic growth;
- approximately 30% for the marketing and growth of our fan base, potential strategic acquisition and investment opportunities, including marketing and promotional campaigns and events to enhance our brand gravity, grow our fan base and enhance fan engagement;
- approximately 20% for expanding the presence of our esports teams and our talent management and event production capabilities; and
- the balance for working capital and other 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, however, will have significant flexibility and discretion to apply the net proceeds of this 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. See "Risk Factors — Risks Related to Our ADSs and This Offering — We have not determined a specific use for a portion of the net proceeds from this offering and we may use these proceeds in ways with which you may not agree."

Pending any use described above, we plan to invest the net proceeds in short-term, interest-bearing, debt instruments or demand deposits.

In using the proceeds of this offering, we are permitted under PRC laws and regulations as an offshore holding company to provide funding to our PRC subsidiaries only through loans or capital contributions, subject to satisfaction of applicable government registration and approval requirements. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, or at all. See "Risk Factors — Risks Related to Doing Business in China — PRC regulation of loans to and direct investment in PRC entities by offshore holding companies and governmental control of currency conversion may delay or prevent us from using the proceeds of this offering to make loans or additional capital contributions to our PRC subsidiary in China, which could materially and adversely affect our liquidity and our ability to fund and expand our business."

Dividend Policy

Our board of directors has discretion on 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. In either case, all dividends are subject to certain restrictions under Cayman Islands law, namely that our company may only pay dividends out of profits or share premium, and provided always that in no circumstances may a dividend be paid if this would result in our company being unable to pay its debts as they fall due in the ordinary course of business. Even if we decide 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.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future after this offering. 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 may rely on dividends from our subsidiaries in China for our cash requirements, including any payment of dividends to our shareholders. PRC regulations may restrict the ability of our PRC subsidiary to pay dividends to us.

If we pay any dividends on our ordinary shares, we will pay those dividends which are payable in respect of the underlying Class A ordinary shares represented by the ADSs to the depositary, as the registered holder of such Class A ordinary shares, and the depositary then will pay such amounts to the ADS holders in proportion to the underlying Class A ordinary shares represented by 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.” Cash dividends on our ordinary shares, if any, will be paid in U.S. dollars.

CAPITALIZATION

The following table sets forth our capitalization as of December 31, 2023:

- on an actual basis;
- On a pro forma basis to reflect (i) the re-classification and re-designation of all the existing shares in the authorized and issued share capital of the Company (comprising Ordinary Shares of a par value of US$0.0001 each, Class A Preferred Shares of a par value of US$0.0001, Class B Preferred Shares of a par value of US$0.0001 each and Class B-1 Preferred Shares of a par value of US$0.0001 each) other than the Excluded Shares (defined below)) as Class A ordinary shares each having a par value US$0.0001 per share on a 1:1 basis, each such Class A ordinary shares having the rights and being subject to the restrictions set out in the post-offering memorandum and articles of association; (ii) the re-classification and re-designation of the 15,278,950 and 9,362,987 ordinary shares of a par value of US$0.0001 each held by Seventh Hokage Management Limited and XiaOt Sun Holdings Limited, respectively (the "B1 Excluded Shares") as Class B1 ordinary shares each having a par value US$0.0001 per share on a 1:1 basis, each such Class B1 ordinary shares having the rights and being subject to the restrictions set out in the post-offering memorandum and articles of association; and (iii) the re-classification and re-designation of the 13,362,381 Class B-1 Preferred Shares of a par value of US$0.0001 each held by DIGLIFE AS (the "B2 Excluded Shares" and together with the B1 Excluded Shares are the "Excluded Shares") be and are re-classified and re-designated as Class B2 ordinary shares each having a par value US$0.0001 per share on a 1:1 basis, each such Class B2 ordinary shares having the rights and being subject to the restrictions set out in the post-offering memorandum and articles of association; and
- on a pro forma as adjusted basis to reflect (i) the re-classification and re-designation of all the existing shares in the authorized and issued share capital of the Company (comprising Ordinary Shares of a par value of US$0.0001 each, Class A Preferred Shares of a par value of US$0.0001, Class B Preferred Shares of a par value of US$0.0001 each and Class B-1 Preferred Shares of a par value of US$0.0001 each) other than the Excluded Shares (defined below)) as Class A ordinary shares each having a par value US$0.0001 per share on a 1:1 basis, each such Class A ordinary shares having the rights and being subject to the restrictions set out in the post-offering memorandum and articles of association; (ii) the re-classification and re-designation of the 15,278,950 and 9,362,987 ordinary shares of a par value of US$0.0001 each held by Seventh Hokage Management Limited and XiaOt Sun Holdings Limited, respectively (the "B1 Excluded Shares") as Class B1 ordinary shares each having a par value US$0.0001 per share on a 1:1 basis, each such Class B1 ordinary shares having the rights and being subject to the restrictions set out in the post-offering memorandum and articles of association; (iii) the re-classification and re-designation of the 13,362,381 Class B-1 Preferred Shares of a par value of US$0.0001 each held by DIGLIFE AS (the "B2 Excluded Shares" and together with the B1 Excluded Shares are the "Excluded Shares") be and are re-classified and re-designated as Class B2 ordinary shares each having a par value US$0.0001 per share on a 1:1 basis, each such Class B2 ordinary shares having the rights and being subject to the restrictions set out in the post-offering memorandum and articles of association; and (iv) the issuance and sale of 4,500,000 Class A ordinary shares in the form of ADSs by us in this offering at an assumed initial public offering price of US$10.00 per ADS, the midpoint of the estimated range of the initial public offering price shown on the front cover of this prospectus, 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, 2023		
	Actual	Pro Forma (unaudited)	Pro Forma As Adjusted[1] (unaudited)
	(in thousands, except for share and per share data)		
	US$		US$
Short-term borrowings	5,324	5,324	5,324
Long-term borrowings, current portion	282	282	282
Long-term borrowings	3,713	3,713	3,713
Mezzanine equity:			
Class A redeemable preferred shares (US$0.0001 par value; 24,709,527 shares authorized as of December 31, 2023, and 24,709,527 shares issued and outstanding as of December 31, 2023)	114,893	—	—
Class B redeemable preferred shares (US$0.0001 par value; 2,693,877 shares authorized as of December 31, 2023, and 2,693,877 shares issued and outstanding as of December 31, 2023)	16,767	—	—
Class B-1 redeemable preferred shares (US$0.0001 par value; 43,044,524 shares authorized as of December 31, 2023, and 43,044,524 shares issued and outstanding as of December 31, 2023)	190,882	—	—
Equity (deficit):			
Ordinary shares (US$0.0001 par value; 429,552,072 shares authorized as of December 31, 2023, and 37,163,379 shares issued and outstanding as of December 31, 2023)	4	—	—
Class A ordinary shares (US$0.0001 par value; 461,995,682 shares authorized; 69,606,989 shares issued and outstanding on a pro forma basis; 74,406,989 shares issued and outstanding on a pro forma as adjusted basis)	—	7	7
Class B1 ordinary shares (US$0.0001 par value; 24,641,937 shares authorized, issued and outstanding on a pro forma basis, or issued and outstanding on a pro forma as adjusted basis)	—	2	2
Class B2 ordinary shares (US$0.0001 par value; 13,362,381 shares authorized, issued and outstanding on a pro forma basis, or issued and outstanding on a pro forma as adjusted basis)	—	1	1
Subscription receivable	(4)	(4)	(4)
Additional paid-in capital[2]	—	322,535	338,775
Statutory reserve	72	72	72
Accumulated deficit	(80,301)	(80,301)	(80,301)
Accumulated other comprehensive income	5,426	5,426	5,426
Non-controlling interest	5,000	5,000	5,000
Total deficit[2]	**(69,803)**	**252,739**	**268,980**
Total capitalization[2]	**262,058**	**262,058**	**278,299**

(1) The as adjusted information discussed above is illustrative only. Our additional paid-in capital, accumulative deficit, accumulative other comprehensive income, total shareholder's deficit 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) Total capitalization equals the sum of borrowings, mezzanine equity and equity (deficit).

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, 2023 was approximately negative US$22.6 million, or negative US$0.61 per ordinary share as of that date and negative US$1.22 per ADS. Net tangible book value represents the amount of our total consolidated tangible assets, less the amount of our total consolidated liabilities. Dilution is determined by subtracting net tangible book value per ordinary share, after giving effect to the additional proceeds we will receive from this offering, from the assumed initial public offering price of US$5.00 per ordinary share, which is the midpoint of the estimated initial public offering price range set forth on the front cover of this prospectus adjusted to reflect the ADS-to-ordinary share ratio, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

Without taking into account any other changes in pro forma net tangible book value after December 31, 2023, other than to give effect to our sale of the ADSs offered in this offering at the assumed initial public offering price of US$10.00 per ADS, which is the midpoint of the estimated initial public offering price range, 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, 2023 would have been negative US$6.39 million, or US$(0.06) per ordinary share and US$(0.11) per ADS. This represents an immediate increase in net tangible book value of US$0.55 per ordinary share and US$1.10 per ADS to the existing shareholders and an immediate dilution in net tangible book value of US$5.06 per ordinary share and US$10.11 per ADS to investors purchasing ADSs in this offering. The following table illustrates such dilution:

	Per Ordinary Share	Per ADS
Assumed initial public offering price	US$ 5.00	US$ 10.00
Net tangible book value as of December 31, 2023	US$(0.61)	US$(1.22)
Pro forma net tangible book value after giving effect to the conversion of our preferred shares	US$(0.21)	US$(0.42)
Pro forma as adjusted net tangible book value after giving effect to the conversion of our preferred shares and this offering	US$(0.06)	US$(0.11)
Amount of dilution in net tangible book value to new investors in this offering	US$5.06	US$10.11

A US$1.00 increase (decrease) in the assumed initial public offering price of US$10.00 per ADS would increase (decrease) our pro forma as adjusted net tangible book value after giving effect to this offering by US$4.5 million, the pro forma as adjusted net tangible book value per ordinary share and per ADS after giving effect to this offering by US$(0.017) per ordinary share and US$(0.034) per ADS, and the dilution in pro forma as adjusted net tangible book value per ordinary share and per ADS to new investors in this offering by US$5.02 per ordinary share and US$10.03 per ADS, assuming no change to the number of ADSs offered by us as set forth on the front cover of this prospectus, and after deducting underwriting discounts and commissions and estimated offering expenses payable by us.

The following table summarizes, on a pro forma as adjusted basis as of December 31, 2023, the differences between existing shareholders and the new investors with respect to the number of ordinary shares (in the form of ADSs or shares) purchased from us, the total consideration paid and the average price per ordinary share and per ADS paid before deducting the underwriting discounts and commissions and estimated offering expenses payable by us. The total number of ordinary shares does not include ordinary shares underlying the ADSs issuable upon the exercise of the option to purchase additional ADSs granted to the underwriters.

	Ordinary Shares Purchased		Total Consideration		Average Price Per Ordinary Share	Average Price Per ADS
	Number	Percent	Amount (in US$ thousands)	Percent		
Existing shareholders	107,611,307	96.0%	US$316,669	93.4%	US$2.94	US$5.89
New investors	4,500,000	4.0%	US$22,500	6.6%	US$5.00	US$10.00
Total	112,111,307	100.0%	US$339,169	100.0%		

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

The discussion and tables above assume no exercise of options outstanding as of the date of this prospectus. As of the date of this prospectus, we do not have any outstanding options.

Enforceability of Civil Liabilities

We are incorporated under the laws of the Cayman Islands as an exempted company with limited liability. We are incorporated in the Cayman Islands to take advantage of certain benefits associated with being a Cayman Islands exempted company, such as:

- 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 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 constituent 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.

Most of our operations are conducted in Sweden and China, and substantially all of our assets are located in Sweden and China. In addition, except for Mr. Carter Jack Feldman, one of our independent director, the rest of our current directors and officers listed in "Management" are also nationals and residents of countries other than the United States. Substantially all of the assets of these persons are located outside the United States. For example, Mr. Mario Yau Kwan Ho is a Hong Kong resident, while Mr. Liwei Sun, Mr. Heng Tang, Ms. Yanjun Xu, Mr. Zhang Lei, Mr. Zhiyong Li, Mr. Heng Zhang, Mr. Hang Sui, and Mr. Haoming Yu reside in mainland China. As a result, it may be difficult for a shareholder to effect service of process within the United States upon these individuals, or to bring an action against us or these individuals in the United States, 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.

We have been informed by Carey Olsen Singapore LLP, our counsel as to Cayman Islands law, that there is uncertainty as to whether the courts of the Cayman Islands would (i) recognize or enforce judgments of U.S. courts obtained against us or our directors or officers that are predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States, or (ii) entertain original actions brought in the Cayman Islands against us or our directors or officers that are predicated upon the securities laws of the United States or any state in the United States. We have also been advised by Carey Olsen Singapore LLP that although there is no statutory enforcement in the Cayman Islands of judgments obtained in a U.S. court (and the Cayman Islands are not a party to any treaties for the reciprocal enforcement or recognition of such judgments), the courts of the Cayman Islands will, at common law, recognize and enforce a foreign money judgment of a foreign court of competent jurisdiction without any re-examination of the merits of the underlying dispute based on the principle that a judgment of a competent foreign court imposes upon the judgment debtor an obligation to pay the liquidated sum for which such judgment has been given, provided such judgment, provided such judgment (i) is given by a foreign court of competent jurisdiction, (ii) imposes on the judgment debtor a liability to pay a liquidated sum for which the judgment has been given, (iii) is final and conclusive, (iv) is not in respect of taxes, a fine or a penalty, and (v) 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.

However, the Cayman Islands courts are unlikely to enforce a judgment obtained from the United States courts under the civil liability provisions of the securities laws if such judgment is determined by the courts of the Cayman Islands to give rise to obligations to make payments that are penal or punitive in nature. A Cayman Islands court may stay enforcement proceedings if concurrent proceedings are being brought elsewhere.

CM Law Firm, our counsel as to PRC law, has advised us that there is uncertainty as to whether the courts of China 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; or
- entertain original actions brought in each respective jurisdiction against us or our directors or officers predicated upon the securities laws of the United States or any state in the United States.

CM Law Firm has further advised us that the recognition and enforcement of foreign judgments are provided for under the PRC Civil Procedures Law. PRC courts may recognize and enforce foreign judgments in accordance with the requirements of the PRC Civil Procedures Law and other applicable laws and regulations based either on treaties between China and the country where the judgment is made or on principles of reciprocity arrangement 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. Under the PRC Civil Procedures Law, foreign shareholders may originate actions based on PRC law against a company in China for disputes if they can establish sufficient nexus to the PRC for a PRC court to have jurisdiction, and meet other procedural requirements, including, among others, the plaintiff must have a direct interest in the case, and there must be a concrete claim, a factual basis and a cause for the suit. It will be, however, difficult for U.S. shareholders to originate actions against us in the PRC in accordance with PRC laws because we are incorporated under the laws of the Cayman Islands and it will be difficult for U.S. shareholders, by virtue only of holding the ADSs or ordinary shares, to establish a connection to the PRC for a PRC court to have jurisdiction as required under the PRC Civil Procedures Law.

We have been informed by Baker & McKenzie Advokatbyrå KB, our counsel as to Swedish law, that the issue of enforcement and recognition of foreign judgments is exhaustively governed in statutory law and that Swedish courts and judicial agencies may not enforce a foreign judgment without statutory provisions allowing them to. As of the date of this prospectus, judgments of courts in the United States cannot be recognized or enforced in Sweden. This means that the obligations concerned in any such judgments would have to be re-litigated before a Swedish court, which includes the Swedish court ruling on the merits. In such case the judgment from the United States is based on a choice of law agreement, Swedish courts will generally give deference to it, as per Swedish case law. Such deference is contingent on the judgment being the result of proceedings that meet minimum legal certainty and due process requirements.

Baker & McKenzie Advokatbyrå KB has further informed us that Sweden is a contracting state to, and has incorporated, the Convention of June 30, 2005 on Choice of Court Agreements. The convention allows Swedish courts to recognize and enforce foreign judgments where the foreign court was designated as the proper venue by virtue of a choice of court agreement between the parties and also is a court of another contracting state. In such case the United States, that is a signatory to the aforementioned convention, would ratify it, Swedish courts would recognize and enforce judgments from courts in the United States that have been chosen as proper venue by the parties. The same applies for the Convention of July 2, 2019 on the Recognition and Enforcement of Foreign Judgments in Civil or Commercial Matters, which Sweden has acceded to and adopted through the European Union. Under said convention, money judgments are generally eligible for recognition and enforcement, but with some exceptions such as judgments concerning intellectual property.

Judgment of United States courts will not be directly enforced in Hong Kong. There are currently no treaties or other arrangements providing for reciprocal enforcement of foreign judgments between Hong Kong and the United States. However, subject to certain conditions, including but not limited to when the judgment is for a liquidated amount in a civil matter and not in respect of taxes, fines, penalties or similar charges, the judgment is final and conclusive and has not been stayed or satisfied in full, the proceedings in which the judgment was obtained were not contrary to natural justice and the enforcement of the judgment is not contrary to public policy of Hong Kong, Hong Kong courts may accept such judgment obtained from a United States court as a debt due under the rules of common law enforcement. However, a separate legal action for debt must be commenced in Hong Kong in order to recover such debt from the judgment debtor.

Corporate History

In June 2016, Mr. Liwei "xiaOt" Sun, our director and president, founded Wuhan Xingjingweiwu Culture & Sports Development Co., Ltd. (formerly known as Shanghai Xingao Culture Communications Co., Ltd.), or Wuhan ESVF, and commenced our esports team operations in China. In December 2018, Shenzhen Weiwu Esports Internet Technology Co., Ltd., or Shenzhen VF, was established by Mr. Mario Yau Kwan Ho, our co-chief executive officer, and was later merged with Wuhan ESVF in March 2021 with Shenzhen VF becoming a wholly-owned subsidiary of Wuhan ESVF.

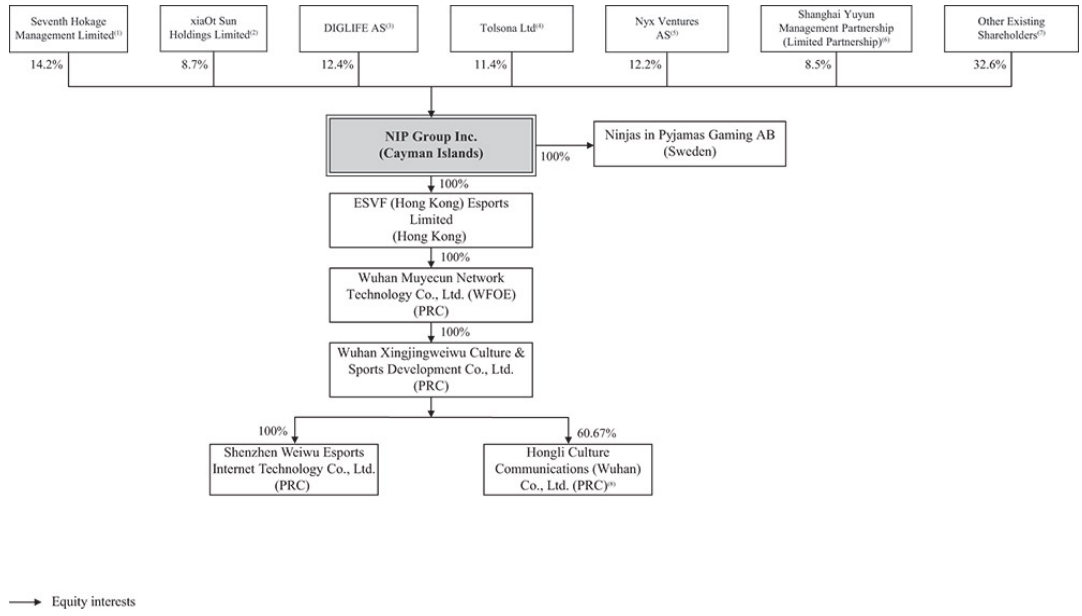
NIP Group Inc., formerly known as ESVF Esports Group Inc., was incorporated as an exempted company with limited liability in the Cayman Islands as our holding company on February 5, 2021. We changed our name from ESVF Esports Inc. to our current name, NIP Group Inc., in March 2023.

In March 2021, we established a wholly-owned subsidiary in Hong Kong, namely, ESVF (Hong Kong) Esports Limited, or Hong Kong ESVF, which is our intermediary holding company in Hong Kong. In July 2021, Hong Kong ESVF established a wholly-owned subsidiary, Wuhan Muyecun Network Technology Co., Ltd., or Wuhan Muyecun, as the holding company of our business in China. Wuhan Muyecun then gained control over Wuhan ESVF by entering into a series of contractual arrangements with Wuhan ESVF and its shareholders. We have completed the Restructuring in June 2023, and in connection therewith, our WFOE, Wuhan ESVF and shareholders of Wuhan ESVF entered into a VIE Termination Agreement, pursuant to which, the VIE Agreements were terminated with immediate effect. See "Prospectus Summary — Our Corporate Structure."

In January 2023, we completed the merger between NIP Group Inc. and Ninjas in Pyjamas Gaming AB, a Swedish public limited liability company incorporated in January 2014 with a brand history of more than 20 years since 2000 in the esports industry. The merger was completed through a series of share swap transactions, with Ninjas in Pyjamas Gaming AB becoming a wholly-owned subsidiary of NIP Group Inc. upon completion of the transactions, marking our global operation under the name of NIP Group Inc.

Our Corporate Structure

The following diagram illustrates our corporate structure, including the names, places of incorporation and the proportion of ownership interests in our significant subsidiaries as of the date of this prospectus.



Notes:

(1) Seventh Hokage Management Limited (formerly known as Mario Ho Holdings Limited), a limited liability company established in the British Virgin Islands, which is wholly owned by Mr. Mario Yau Kwan Ho. Each of the shares will be automatically re-designated as Class B1 ordinary shares immediately prior to the completion of this offering. Each Class B1 ordinary share is entitled to 20 votes per share, subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions. For more information on the voting rights, see "Description of Share Capital — Our Post-Offering Memorandum and Articles of Association." Immediately after the completion of this offering, Mr. Mario Yau Kwan Ho, will beneficially own 13.6% of our total ordinary shares on an as-converted basis and 36.6% of the aggregate voting power, assuming the underwriters do not exercise their option to purchase additional ADSs and subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions. Please refer to the beneficial ownership table in the section headed "Principal Shareholders" for more information on beneficial ownership of Mr. Mario Yau Kwan Ho in our company prior to and immediately after this offering.

(2) xiaOt Sun Holdings Limited, a limited liability company established in the British Virgin Islands, which is wholly owned by Mr. Liwei "xiaOt" Sun. Each of the shares will be automatically redesignated as Class B1 ordinary shares immediately prior to the completion of this offering. Each Class B1 ordinary share is entitled to 20 votes per share, subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions. For more information on the voting rights, see "Description of Share Capital — Our Post-Offering Memorandum and Articles of Association." Immediately after the completion of this offering, Mr. Liwei "xiaOt" Sun will beneficially own 8.4% of our total ordinary shares on an as-converted basis and 22.4% of the aggregate voting power, assuming the underwriters do not exercise their option to purchase additional ADSs and subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions. Please refer to the beneficial ownership table in the section headed "Principal Shareholders" for more information on beneficial ownership of Mr. Liwei "xiaOt" Sun in our company prior to and immediately after this offering.

(3) DIGLIFE AS, a company registered under the laws of Norway, which is 95.61% owned by Mr. Hicham Chahine. Each of the shares will be automatically re-designated as Class B1 ordinary shares immediately prior to the completion of this offering. Each Class B1 ordinary share is entitled to 20 votes per share, subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions. For more information on the voting rights, see "Description of Share Capital — Our Post-Offering Memorandum and Articles of Association." Immediately after the completion of this offering, Mr. Hicham Chahine will beneficially own 11.9% of our total ordinary shares on an as-converted basis and 32.0% of the aggregate voting power, assuming the underwriters do not exercise their option to purchase additional ADSs and subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions. Please refer to the beneficial ownership table in the section headed "Principal Shareholders" for more information on beneficial ownership of Mr. Hicham Chahine in our company prior to and immediately after this offering.

(4) Tolsona Ltd., a company incorporated in the Republic of Cyprus, which is wholly owned by Mr. Felix Granander.

(5) Nyx Ventures AS, a company registered under the laws of Norway, which is wholly owned by Mr. Thomas Neslein.

(6) Shanghai Yuyun Management Partnership (Limited Partnership) is a PRC limited partnership. The general partner of Shanghai Yuyun Management Partnership (Limited Partnership) is Wuhan Donghu Lvxin Garden Co. Ltd., a company wholly owned by Wuhan Jinlv Construction Investment (Group) Co. Ltd., which is directly wholly owned by Wuhan Tourism and Sports Group. Wuhan Tourism and Sports Group is indirectly wholly owned by the Wuhan State-owned Assets Supervision and Administration Commission, or Wuhan SASAC, a sub-department of Wuhan municipal government.

(7) Consisting of 21 shareholders including the Company's share incentive platform. None of the 21 shareholders is known to us to beneficially own 5% or more of our shares.

(8) Mr. Lei Zhang, our director, holds 32.67% of the equity interest in Hongli Culture Communications (Wuhan) Co., Ltd.; Wuhan Optics Valley Talent Venture Capital Partnership (limited partnership) holds 6.66% of the equity interest in Hongli Culture Communications (Wuhan) Co., Ltd.

Unaudited Pro Forma Condensed Combined Financial Information

Introduction

The following unaudited pro forma condensed combined statement of comprehensive loss for the year ended December 31, 2022 is based on the Company's consolidated statement of operations and comprehensive loss and Ninjas in Pyjamas' statement of income and comprehensive loss as adjusted to give effect to the completion of the acquisition of Ninjas in Pyjamas on January 10, 2023. The unaudited pro forma condensed combined statement of comprehensive loss for the year ended December 31, 2022 gives effect to the acquisition of Ninjas in Pyjamas as if it had occurred on January 1, 2022.

The unaudited pro forma condensed combined statement of comprehensive loss present the combination of certain financial information of NIP Group Inc. and Ninjas in Pyjamas, adjusted to give effect to the Business Combination. The following unaudited pro forma condensed combined financial information has been prepared in accordance with Article 11 of Regulation S-X as amended by the final rule, Release No. 33-10786 "Amendments to Financial Disclosures about Acquired and Disposed Businesses."

The unaudited pro forma condensed combined statement of comprehensive loss for the year ended December 31, 2022 combines the statement of income and comprehensive loss of Ninjas in Pyjamas and NIP Group Inc. for such periods on a pro forma basis as if the Business Combination had been consummated on January 1, 2022.

The unaudited pro forma condensed combined financial information does not necessarily reflect what the combined company's results of operations would have been had the acquisition occurred on the date indicated. It also may not be useful in predicting the future financial condition and results of operations of the combined company. The actual results of operations may differ significantly from the pro forma amounts reflected herein due to a variety of factors.

The unaudited pro forma adjustments represent the Company's management's estimates based on information available as of the date of the unaudited pro forma condensed combined financial information and is subject to, and may differ materially from, the information presented as additional information becomes available and analyses are performed. The Company's management believes that its assumptions and methodologies provide a reasonable basis for presenting all of the significant effects of the Business Combination based on information available to our management at this time and that the pro forma adjustments give appropriate effect to those assumptions and are properly applied in the unaudited pro forma condensed combined financial information. Our historical financial statements and the historical financial statements of Ninjas in Pyjamas are included elsewhere in this prospectus and the unaudited pro forma condensed combined statement of comprehensive loss should be read in conjunction with those financial statements and notes.

Unaudited Pro Forma Combined Statement of Comprehensive Loss

	For the Year Ended December 31, 2022			
	NIP Group Inc. Historical	Ninjas in Pyjamas Historical	Pro Forma Adjustments	Pro Forma Combined
	US$ in thousands, except per share data in US$			
Net revenue	65,835	7,373	—	73,208
Cost of revenue	(62,093)	(3,657)	—	(65,750)
Gross profit	**3,742**	**3,716**	—	**7,458**
Operating expenses:				
Selling and marketing expenses	(5,495)	(1,713)	—	(7,208)
General and administrative expenses	(6,328)	(1,495)	—	(7,823)
Total operating expenses	**(11,823)**	**(3,208)**	—	**(15,031)**
Operating (loss) income	**(8,081)**	**508**	—	**(7,573)**
Other income (loss):				
Other income, net	2,001	(12)	—	1,989
Interest expense, net	(365)	(95)	—	(460)
Total other income (loss), net	**1,636**	**(107)**	—	**1,529**
Income (loss) before income tax benefit	**(6,445)**	**401**	—	**(6,044)**
Income tax benefit (expenses)	139	(145)	—	(6)
Net (loss) income	**(6,306)**	**256**	—	**(6,050)**
Net loss attributable to non-controlling interests	(90)	—	—	(90)
Net (loss) income attributable to NIP Group Inc.'s shareholders	(6,216)	256	—	(5,960)
Preferred shares redemption value accretion	(25,297)	—	—	(25,297)
Net (loss) income attributable to NIP Group Inc.'s shareholders	(31,513)	256	—	(31,257)
Other comprehensive income (loss):				
Foreign currency translation income attributable to non-controlling interest, net of nil tax	2	—	—	2
Foreign currency translation income (loss) attributable to ordinary shareholders, net of nil tax	178	(420)	—	(242)
Total comprehensive loss	**(6,126)**	**(164)**	—	**(6,290)**
Net income per share-basic and diluted	(0.90)	—	—	(0.89)
Weighted average shares outstanding-basic and diluted	34,988	—	—	34,988

Notes to Unaudited Pro Forma Condensed Combined Financial Information

Note 1 — Basis of Presentation

The unaudited pro forma condensed combined statement of comprehensive loss for the year ended December 31, 2022 is based on the Company's historical consolidated statement of comprehensive loss and Ninjas in Pyjamas' historical statement of comprehensive income as adjusted to give effect to the acquisition of Ninjas in Pyjamas as if it had occurred on January 1, 2022.

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting in accordance with Accounting Standards Codification Topic 805, Business Combinations, ("ASC 805"). The purchase price allocation and related adjustments reflected in the unaudited pro forma condensed combined financial information are incomplete as acquisition-date fair value analyses are ongoing. The purchase price consideration, as well as the estimated fair values of the assets acquired and liabilities assumed, will be finalized as soon as practicable, but no later than one year from the closing of the Business Combinations.

Note 2 — Estimated Purchase Price Allocation

The total estimated purchase price has been allocated to Ninjas in Pyjamas' tangible and intangible assets and liabilities in the unaudited pro forma condensed combined financial information on the basis of their estimated fair values as of the closing date of the acquisition. Goodwill is calculated as the difference between the estimate of fair value of the consideration transferred and the estimates of fair value assigned to the assets acquired and liabilities assumed.

As if acquisition of Ninjas in Pyjamas had occurred on January 1, 2022, the total preliminary estimated purchase price was allocated as follows:

	Amount (US$ in thousands)
Fair value of consideration transferred	$168,000
Fair value of the assets acquired and the liabilities assumed	
Net working capital	2,491
Property and equipment, net	99
Intangible assets – esports tournament seats[(1)]	45,985
Intangible assets – Brand name[(1)]	24,053
Intangible assets – Talent acquisition costs	557
Deferred tax liability[(2)]	(14,428)
Total identifiable assets	**58,757**
Goodwill	**$109,243**

Notes:

(1) The useful life of acquired intangible assets from Business Combination were considered to be indefinite, as we expect that the league tournaments right and brand name of Ninjas in Pyjamas are unlikely to be terminated based on industry experience and will continue to contribute revenue in the future.

(2) Deferred tax liabilities were calculated based on appreciation fair value of all intangible assets multiplied by income tax rate.

Note 3 — Pro Forma Adjustment

The unaudited pro forma statement of comprehensive loss was prepared in accordance with Article 11 of Regulation S-X. The unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the Business Combination and has been prepared for informational purposes only.

Basic and diluted pro forma net loss per share is based on the weighted average number of shares of NIP's ordinary shares outstanding for the period presented.

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 "Summary 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 about our business and operations. Our actual results and the timing of selected events may differ materially from those anticipated in these forward-looking statements as a result of various factors, including those we describe under "Risk Factors" and elsewhere in this prospectus. See "Special Note Regarding Forward-Looking Statements."

Overview

We are a leading esports organization with the most expansive global footprint by virtue of our operations across Asia, Europe and South America, according to the Frost & Sullivan Report. Among the top ten esports titles in the world in terms of prize pool, our wins in tier-1 world tournaments in CS:GO, Honor of Kings, Rainbow Six and FIFA represent more unique game titles with top-tier wins than any other esports organization as of January 31, 2023, according to the Frost & Sullivan Report. We were founded based on a passion for esports and belief that esports can create the same types of historical and legendary experiences and memories as traditional sports have for the past century.

We operate two esports brands: Ninjas in Pyjamas and eStar Gaming. Ninjas in Pyjamas, our PC/ console esports brand, was founded in 2000 in Sweden, while eStar Gaming, our mobile esports brand, was founded in 2014 in China. We have an expansive portfolio of esports teams, competing at the highest level in video game titles such as League of Legends, CS: GO, Honor of Kings, Rainbow Six, Rocket League, Fortnite and Call of Duty Mobile.

We believe that there is tremendous potential in what we refer to as the "esports+" model, with the first phase being competitive esports itself — building championship-caliber teams across the most popular esports titles. NIP Group is currently at the second phase of esports+, supplementing our competitive esports business with our talent management, event production, creative studios, and burgeoning advertising businesses to create a diverse and sustainable revenue stream driving our continued growth. Currently, we primarily generate revenues from our esports teams, talent management and event production businesses.

We experienced robust growth in our net revenues, which increased from US$65.8 million in 2022 to US$83.7 million in 2023. Our gross profit also increased from US$3.7 million in 2022 to US$7.2 million in 2023, representing gross profit margin of 5.7% and 8.6% for the same years, respectively.

Key Factors Affecting Our Results of Operations

The following are the principal factors that have affected and will continue to affect our business, financial condition, results of operations and prospects.

The quality of our athletes and our competitive results, as well as our ability to obtain more league seats

For our esports teams business, we derive revenues from league revenue sharing, prize money, athlete transfer and rental fees, as well as sponsorship and advertising fees, all of which are largely dependent on the quality of our athletes, our competitive results, and the number of league seats we hold. We earn prize money based on tournament performance across various game titles and leagues, and league revenue shares based on factors such as team performance and popularity. Athlete transfer and rental fees for popular game titles can also be a significant source of revenues, especially for those with top tournament performance. As we have grown our roster of talent, we have also established a solid talent development system designed for growth, longevity and performance. At the same time, we will also continue to identify popular esports titles with a visible path to sustainability to expand into, which will also affect our revenues.

Our ability to make, attract and retain star online entertainers

We generate revenues from our talent management business from advertising fees, sponsorship fees and live streaming service fees. As such, our revenues depend significantly on our ability to make, attract and

retain online entertainers with sufficient popularity to attract advertisers and sponsorships, and live streaming views. We focus on developing our roster of esports athletes to become successful online entertainers, as well as identifying and recruiting high-potential candidates from major entertainment platforms and competitive esports games. In addition, we do not rely on star individuals, but rather to aim offer comprehensive operation and marketing services to incubate our talent to become successful online entertainers, support their career development, and empower them to grow their own audience within our ecosystem.

Our ability to produce more esports events

We operate a broad range of local and nationwide esports events and generate revenues from service fees, sponsorship and advertising fees. The number of events have been and will continue to be key drivers of our revenue growth. We are always looking to produce a more diverse range of esports events across titles, organizers and geographies to grow our revenues and expand our business.

Our ability to innovate and diversify our revenue streams

Our continued, sustainable growth is dependent on our ability to engage the growing esports community and develop new avenues for monetization. With our continuous development of talent management and event production businesses since 2022, we enhanced our ability to engage directly with our fans, and empowered upstream game developers, promoters and brands with our proprietary IPs and resources. In 2023, net revenues from our esports teams operation, talent management and events production businesses accounted for 25.9%, 62.9% and 11.2% of our net revenues, respectively. We will continue to extend revenue realization opportunities as we grow along the esports+ model, and expect to have increasing revenue contribution from new areas such as our specialized content creation and advertising offerings.

Our ability to effectively execute strategic acquisitions and investments

We will invest in mergers and acquisitions through a targeted strategy that focuses on targets that fit well with our target audience and support the strength of our brand. We anticipate that the acquisition of new companies will drive our long-term growth while potentially exerting short-term pressure on our financial results. For example, acquisitions of targets can present short-term challenges, such as the addition of employees and associated integration costs and expenses, which may not necessarily result in a proportional revenue increase, thereby affecting our margin profile.

In January 2023, we merged with Ninjas in Pyjamas Gaming AB, a Swedish public limited liability company incorporated in January 2014 with a brand history of more than 20 years since 2000 in the esports industry. The merger was completed through a series of share swap transactions, with Ninjas in Pyjamas becoming a wholly-owned subsidiary of NIP Group Inc. We anticipate that our merger with Ninjas in Pyjamas may enhance our ability to be profitable in the future. In 2022, Ninjas in Pyjamas recorded gross profit margin of 50.4%, and our pro forma unaudited gross profit margin has therefore reached 10.2% for 2022. Ninjas in Pyjamas has been included in our consolidated results of operations since January 2023, and our gross profit increased from US$3.7 million in 2022 to US$7.2 million in 2023, with gross profit margin increasing from 5.7% in 2022 to 8.6% in 2023.

Impact of COVID-19 on Our Operation

Our results of operations and financial condition have been, and will continue to be affected by the COVID-19 pandemic, including outbreaks due to any existing or new variants. The extent to which COVID-19 impacts our results of operations will depend on future developments of the pandemic, including new information concerning its global severity, actions taken to contain the pandemic and the efficacy of vaccine or treatment, all of which are highly uncertain and unpredictable. In addition, our results of operations could be adversely affected to the extent that COVID-19 impacts the global economy in general.

The unpredictability in the COVID-19 situation casted shadows over our business operations, in particular to our event production business. From 2021 to 2022, we had to cancel 11 of our esports tournaments and relevant event originally scheduled, as a result of the pandemic and the policies imposed by government authorities, including travel and gathering restrictions, mandatory quarantining requirements or strict lockdowns.

Although recently, China has substantially lifted COVID-19 restrictions, the resurgence of virus within China remains strong. We expect that our operations will continue to be adversely impacted by COVID-19 and its repercussions, including but not limited to governmental regulations on capacity limitations of certain enclosed venues, suggested quarantining or social distancing policies, as well as temporary lockdowns in certain areas due to COVID-19 outbreak. In addition, the economy downturn partially induced by COVID-19 may also substantially reduce the will of spending of our viewers and sponsors, and thereby restrict our monetization abilities, and therefore result in unsatisfactory performance of our business, financial conditions and results of operations.

Key Components of Results of Operations

Net Revenues

We derive net revenues primarily from: (i) esports teams operation, (ii) talent management service, and (iii) event production. For the years ended December 31, 2022 and 2023, our net revenues were US$65.8 million and US$83.7 million, respectively. Net revenues of Ninjas in Pyjamas were US$9.4 million and US$7.4 million in 2021 and 2022, respectively, which were all derived from esports teams operation.

The following table sets forth a breakdown of net revenues of us and Ninjas in Pyjamas by business segments for the years indicated.

	NIP Group Inc.						Ninjas in Pyjamas			
	For the Year Ended December 31,						For the Year Ended December 31,			
	2022				2023[2]		2021		2022	
	Actual		Pro Forma (Unaudited)[1]							
	US$	%	US$	%	US$	%	US$	%	US$	%
	(US$ in thousands, except for %)									
Net revenues:										
Esports teams operation	21,717	33.0	29,090	39.7	21,656	25.9	9,398	100.0	7,373	100.0
Talent management service	38,556	58.6	38,556	52.7	52,611	62.9	—	—	—	—
Event production	5,562	8.4	5,562	7.6	9,401	11.2	—	—	—	—
Total	**65,835**	**100.0**	**73,208**	**100.0**	**83,668**	**100.0**	**9,398**	**100.0**	**7,373**	**100.0**

Notes:

(1) The consolidated statement of comprehensive loss data for 2022 is adjusted on an unaudited pro forma basis to present the combined historical results of operations of us and Ninjas in Pyjamas as if the combination had occurred as of January 1, 2022.

(2) The consolidated statement of comprehensive loss data for 2023 reflects our acquisition of Ninjas in Pyjamas on January 10, 2023.

Esports teams operation. For the years ended December 31, 2022 and 2023, the revenues we generated from our esports teams primarily consisted of: (i) tournament participation reward and league revenue shares, (ii) athlete transfer and rental fees, (iii) sponsorship and advertising fees, (iv) IP licensing for the sales of game props, skins and athlete cards, (v) sales of branded merchandise, (vi) talent management service of esports and (vii) revenues from reality show service fees.

For 2021 and 2022, the revenues of Ninjas in Pyjamas primarily consisted of: (i) tournament participation reward and league revenue shares, (ii) sponsorship and advertising fees, (iii) IP licensing fees for the sales of game props, skins and athlete cards, (iv) athlete transfer and rental fees, and (v) sales of branded merchandise.

Talent management service. We expanded into our talent management business through acquiring agency contract rights to online entertainers in August 2021, and derived revenues mainly through live streaming service fees. In 2022, the majority of our net revenues under talent management business were generated from our services provided to a related party, namely Wuhan Ouyue, representing 83.7% of our

net revenues generated from talent management services. Through the reassessment of the dilution of equity interest after acquisition of Ninjas in Pyjamas on January 10, 2023, Wuhan Ouyue is no longer accounted as our related party. In 2023, net revenues from Wuhan Ouyue in our talent management business decreased to 20.4% of our total net revenues generated from talent management services.

Event production. We merged with Wuhan ESVF in March 2021, after which its event production business has been included in our consolidated results of operation. We produced a series of esports related events and receive our revenues primarily through event organization and execution fees.

Cost of Revenues

Our cost of revenues consists primarily of: (i) salaries and bonus paid to professional esports athletes, (ii) live streaming service fees paid to online entertainers, (iii) cost of venue set-up and service fee paid to other parties for event production, (iv) depreciation of property and equipment and amortization of intangible asset related to our esports teams and talent management service, (v) cost of merchandise sold, and (vi) other costs attributable to our principal operations. For the years ended December 31, 2022 and 2023, our cost of revenues was US$62.1 million and US$76.5 million, respectively.

Cost of revenues of Ninjas in Pyjamas was US$4.0 million and US$3.7 million in 2021 and 2022, respectively, which consisted primarily of: (i) salaries and bonus paid to professional esports athletes, (ii) IP licensing fees paid to professional esports athletes, (iii) cost of merchandise sold, and (iv) other costs attributable to its principal operations.

The following table sets forth a breakdown of cost of revenues of us and Ninjas in Pyjamas by business segments for the years indicated.

	NIP Group Inc.						Ninjas in Pyjamas			
	For the Year Ended December 31,						For the Year Ended December 31,			
	2022				2023[2]		2021		2022	
	Actual		Pro Forma (Unaudited)[1]							
	US$	%	US$	%	US$	%	US$	%	US$	%
	(US$ in thousands, except for %)									
Cost of revenues:										
Esports teams operation	17,776	28.6	21,433	32.6	15,037	19.7	3,963	100.0	3,657	100.0
Talent management service	39,457	63.5	39,457	60.0	53,438	69.8	—	—	—	—
Event production	4,860	7.9	4,860	7.4	7,995	10.5	—	—	—	—
Total	**62,093**	**100.0**	**65,750**	**100.0**	**76,470**	**100.0**	**3,963**	**100.0**	**3,657**	**100.0**

Notes:

(1) The consolidated statement of comprehensive loss data for 2022 is adjusted on an unaudited pro forma basis to present the combined historical results of operations of us and Ninjas in Pyjamas as if the combination had occurred as of January 1, 2022.

(2) The consolidated statement of comprehensive loss data for 2023 reflects our acquisition of Ninjas in Pyjamas on January 10, 2023.

Operating Expenses

Our operating expenses consist of: (i) selling and marketing expenses and (ii) general and administrative expenses. For the years ended December 31, 2022 and 2023, our operating expenses were US$11.8 million and US$21.9 million, respectively.

Operating expenses of Ninjas in Pyjamas were US$3.4 million and US$3.2 million in 2021 and 2022, respectively.

The following table sets forth a breakdown of operating expenses of us and Ninjas in Pyjamas for the years indicated.

	NIP Group Inc.						Ninjas in Pyjamas			
	For the Year Ended December 31,						For the Year Ended December 31,			
	2022				2023[2]		2021		2022	
	Actual		Pro Forma (Unaudited)[1]							
	US$	%	US$	%	US$	%	US$	%	US$	%
	(US$ in thousands, except for %)									
Operating expenses:										
Selling and marketing expenses	5,495	46.5	7,208	48.0	6,577	30.1	1,822	54.2	1,713	53.4
General and administrative expenses	6,328	53.5	7,823	52.0	15,273	69.9	1,541	45.8	1,495	46.6
Total	**11,823**	**100.0**	**15,031**	**100.0**	**21,850**	**100.0**	**3,363**	**100.0**	**3,208**	**100.0**

Notes:

(1) The consolidated statement of comprehensive loss data for 2022 is adjusted on an unaudited pro forma basis to present the combined historical results of operations of us and Ninjas in Pyjamas as if the combination had occurred as of January 1, 2022.

(2) The consolidated statement of comprehensive loss data for 2023 reflects our acquisition of Ninjas in Pyjamas on January 10, 2023.

Selling and Marketing Expenses. Our selling and marketing expenses mainly consist of: (i) staff costs, and (ii) advertising costs and market promotion expenses.

The selling and marketing expenses of Ninjas in Pyjamas primarily consist of: (i) staff costs, (ii) advertising costs and market promotion expenses, (iii) rent and amortization expenses, and (iv) professional service fees.

General and Administrative Expenses. Our general and administrative expenses mainly consist of: (i) professional service fees, (ii) staff costs, (iii) rental and depreciation expenses related to general and administrative functions, (iv) share-based compensation for our management and administrative employees, and (v) other corporate expenses.

The general and administrative expenses of Ninjas in Pyjamas primarily consist of: (i) staff costs, (ii) professional service fees, and (iii) other corporate expenses.

Taxation

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 or its subsidiaries in the Cayman Islands to their shareholders, no withholding tax in the Cayman Islands will be imposed.

Hong Kong

Our subsidiary in Hong Kong is subject to a two-tiered income tax rate for taxable income. The first HK$2 million of profits earned by a company is subject to be taxed at an income tax rate of 8.25%, while the remaining profits will continue to be taxed at the existing tax rate, 16.5%. Under the Hong Kong tax law, our subsidiary in Hong Kong is exempted from income tax on their foreign derived income and there are no withholding taxes in Hong Kong on remittance of dividends.

China

Effective from January 1, 2008, the PRC's statutory, Enterprise Income Tax ("EIT") rate is 25%.

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 — If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

Sweden

Swedish companies are subject to a corporate tax at a rate of 20.6% on the worldwide income, reduced by allowable deductions. All income, profits and taxable gains are treated as derived from a single source, the business of the company, and are taxed at the applicable corporate tax rate of 20.6%. Tax losses that cannot be offset during the years they are incurred are carried forward indefinitely. There are certain restrictions on tax losses carried forward in case of change of ownership. There is a general limitation of interest deduction amounting to 30% of EBITDA. In addition, there are strict limitations on interest on intra-group loans. The limitation implies that interest on intra-group loans is deductible only if the beneficial owner of the interest income is domiciled within the EEA, or in a country with which Sweden has concluded a full scope double tax treaty or if the beneficial owner is subject to a corporate tax of at least 10%. However, no tax deduction should be granted if the underlying purpose of the loan is exclusively or as good as exclusively, to obtain a substantial tax benefit. There are anti-hybrid mismatch rules in place covering situations leading to double deduction, double non-taxation or imported mismatches due to hybrid financial instruments and hybrid entities. Sweden does not levy withholding tax on interest payments or royalties.

Under the main rule, dividend distribution to a foreign shareholder is subject to Swedish withholding tax at a rate of 30%. There are several exemptions for corporate shareholders whereby withholding tax is not levied or levied at a lower rate. There is also an anti-abuse rule in place implying that the full rate of 30% applies if the recipient acts as a nominee or intermediary, and holds shares under such circumstances that the rightful (beneficial) owner unwarrantedly gains relief from withholding tax.

Dividend distributions to NIP Group Inc. would be subject to a 30% withholding tax on the dividend amount. Sweden and the Cayman Islands do not have a double tax treaty for legal persons and there are no other mechanisms to reduce the withholding tax rate.

Results of Operations of Our Group

The following table sets forth a summary of our consolidated results of operations for the years indicated, both in absolute amounts and as percentages of our net revenues. This information should be read together with our consolidated financial statements and related notes included elsewhere in this prospectus. The operating results in any period are not necessarily indicative of the results that may be expected for any future period. For the operating results of Ninjas in Pyjamas, see "— Results of Operations of Ninjas in Pyjamas Prior to Consolidation."

	For the Year Ended December 31,					
	2022				2023[2]	
	Actual		Pro Forma (Unaudited)[1]			
	US$	%	US$	%	US$	%
	(in thousands, except for %)					
Net revenue	65,835	100.0	73,208	100.0	83,668	100.0
Cost of revenue	(62,093)	(94.3)	(65,750)	(89.8)	(76,470)	(91.4)
Gross profit	**3,742**	**5.7**	**7,458**	**10.2**	**7,198**	**8.6**
Operating expenses:						
Selling and marketing expenses	(5,495)	(8.4)	(7,208)	(9.8)	(6,577)	(7.9)
General and administrative expenses	(6,328)	(9.6)	(7,823)	(10.7)	(15,273)	(18.3)
Total operating expenses	**(11,823)**	**(18.0)**	**(15,031)**	**(20.5)**	**(21,850)**	**(26.2)**
Operating loss	**(8,081)**	**(12.3)**	**(7,573)**	**(10.3)**	**(14,652)**	**(17.6)**
Other income (expense):						
Other income, net	2,001	3.0	1,989	2.7	716	0.9
Interest expense, net	(365)	(0.5)	(460)	(0.6)	(523)	(0.6)
Total other income	**1,636**	**2.5**	**1,529**	**2.1**	**193**	**0.3**
Loss before income tax expenses	**(6,445)**	**(9.8)**	**(6,044)**	**(8.2)**	**(14,459)**	**(17.3)**
Income tax benefit (expense)	139	0.2	(6)	—	1,201	1.4
Net loss	**(6,306)**	**(9.6)**	**(6,050)**	**(8.2)**	**(13,258)**	**(15.9)**
Net loss attributable to non-controlling interests	(90)	(0.1)	(90)	(0.1)	0	—
Net loss attributable to NIP Group Inc	(6,216)	(9.5)	(5,960)	(8.1)	(13,258)	(15.9)
Preferred shares redemption value accretion	(25,297)	(38.4)	(25,297)	(34.6)	(43,915)	(52.5)
Net loss attributable to NIP Group Inc.'s shareholders	(31,513)	(47.9)	(31,257)	(42.7)	(57,173)	(68.4)
Other comprehensive (loss) income:						
Foreign currency translation income attributable to non-controlling interest, net of nil tax	2	—	2	—	(0)	—
Foreign currency translation loss attributable to ordinary shareholders, net of nil tax	178	0.3	(242)	(0.3)	5,253	6.3
Total comprehensive loss	**(6,126)**	**(9.3)**	**(6,290)**	**(8.5)**	**(8,005)**	**(9.6)**

Notes:

(1) The consolidated statement of comprehensive loss data for 2022 is adjusted on an unaudited pro forma basis to present the combined historical results of operations of us and Ninjas in Pyjamas as if the combination had occurred as of January 1, 2022.

(2) The consolidated statement of comprehensive loss data for 2023 reflects our acquisition of Ninjas in Pyjamas on January 10, 2023.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Net Revenues

Our net revenues increased from US$65.8 million in 2022 to US$83.7 million in 2023, as we recorded increase in revenues generated from our talent management service and event production, while revenues generated from our esports teams operation remained relatively stable.

- *Esports teams operation*. Net revenues from esports teams operation remained relatively stable at US$21.7 million in 2022 and 2023, and in particular, (i) revenues generated from IP licensing increased from US$0.4 million in 2022 to US$3.5 million in 2023, primarily driven by revenues generated from IP licensing of Ninjas in Pyjamas, which were not included in our consolidated results of operations until after the business combination in January 2023, and (ii) the sponsorship and advertising fees increased from US$5.7 million in 2022 to US$8.1 million in 2023, which mainly included those of Ninjas in Pyjamas following the business combination in January 2023. The

increases were primarily offset by (i) the decrease in league revenue share and prize money from US$11.1 million in 2022 to US$7.7 million in 2023, mainly attributable to the decrease in the prize money because eStar did not achieve the same level of top performance in 2023 KPL tournaments as it did in 2022, and (ii) the decrease in athlete transfer and rental fees from US$2.9 million in 2022 to US$0.9 million in 2023, primarily because we generated less revenues from KPL athletes transfer in 2023 to prepare for the Hangzhou 2023 Asian Games.

- *Talent management*. Net revenues from talent management service increased from US$38.6 million in 2022 to US$52.6 million in 2023, primarily driven by the deepened collaboration we formed with Huya in 2023.
- *Event production.* Net revenues from events production increased from US$5.6 million in 2022 to US$9.4 million in 2023, primarily because we managed to host more events in 2023 driven by the successful integration of internal and external resources in 2023 and the gradual lifting of COVID-19 restrictions in China since December 2022.

Cost of Revenues

Our cost of revenues increased from US$62.1 million in 2022 to US$76.5 million in 2023, primarily due to the increase in cost of revenues of our talent management and event production businesses, partially offset by the decrease in that of our esports teams operation business.

- *Esports teams operation*. Cost of revenues from esports teams operation decreased from US$17.8 million in 2022 to US$15.0 million in 2023, primarily due to (i) the decrease in salaries of professional esports athletes from US$9.0 million in 2022 to US$7.0 million in 2023, which mainly represented the corresponding salary decrease among LPL athletes that partially offset by the increase in employee salaries of Ninjas in Pyjamas following the business combination in January 2023, and (ii) the decrease in prize money paid to professional esports athletes from US$4.2 million in 2022 to US$0.9 million in 2023, mainly attributable to the decrease in the prize money because eStar did not achieve the same level of top performance in 2023 KPL tournaments as it did in 2022. The decrease in cost of revenues was partially offset by the increase in other cost of revenues from US$4.6 million in 2022 to US$7.1 million in 2023, which mainly consisted of IP licensing fees paid to athletes under Ninjas in Pyjamas.
- *Talent management*. Cost of revenues from talent management service increased from US$39.5 million in 2022 to US$53.4 million in 2023, primarily due to the increase in live streaming service fee paid to online entertainers, which was in line with the increase in revenues generated from live streaming activities in 2023.
- *Event production.* Cost of revenues from events production increased from US$4.9 million in 2022 to US$8.0 million in 2023, which was in line with the increase in revenues recognized from event production business.

Gross Profit/Loss and Gross Profit Margin

As a result of the foregoing, we recorded gross profit of US$3.7 million and US$7.2 million in 2022 and 2023, respectively. Our gross profit margin increased from 5.7% in 2022 to 8.6% in 2023.

- *Esports teams operation.* Gross profit from esports teams operation increased from US$3.9 million in 2022 to US$6.6 million in 2023, and the gross profit margin increased from 18.1% in 2022 to 30.6% in 2023, primarily due to (i) the business combination with Ninjas in Pyjamas in January 2023, as Ninjas in Pyjamas had a higher margin that contributed to the overall gross margin increase, and (ii) a decrease in salaries paid to our LPL athletes in 2023.
- *Talent management.* Gross loss from talent management service slightly decreased from US$0.9 million in 2022 to US$0.8 million in 2023, with the gross margin improving from negative 2.3% in 2022 to negative 1.6% in 2023, primarily due to the increased economies of scale in 2023.
- *Event production.* Gross profit from event production increased from US$0.7 million in 2022 to US$1.4 million in 2023, and the gross profit margin increased from 12.6% in 2022 to 15.0% in 2023,

mainly as a result of new large-scale esports events with higher average margin we hosted in 2023, and the increased economies of scale and higher operating efficiency in the same year.

Operating Expenses

Our operating expenses increased from US$11.8 million in 2022 to US$21.9 million in 2023.

Selling and Marketing Expenses

Our selling and marketing expenses increased from US$5.5 million in 2022 to US$6.6 million in 2023, primarily because the expenses incurred by Ninjas in Pyjamas were not included in our consolidated results of operations until after the business combination in January 2023. The increase in our selling and marketing expenses was primarily attributable to the increase in staff costs from US$2.7 million in 2022 to US$3.6 million in 2023. Our selling and marketing expenses as percentage of our net revenues decreased from 8.4% in 2022 to 7.9% in 2023, as a result of the improvement in our operating efficiency.

General and Administrative Expenses

Our general and administrative expenses increased from US$6.3 million in 2022 to US$15.3 million in 2023, mainly due to (i) the increase in share-based compensation for our management and administrative employees from US$0.2 million in 2022 to US$6.1 million in 2023, as we granted share-based compensation to a management member in January 2023, (ii) the increase in professional service fees from US$1.6 million in 2022 to US$2.4 million, mainly representing the professional service fees in relation to this offering, and (iii) the increase in staff costs from US$2.4 million in 2022 to US$3.8 million in 2023, with the latter including those paid to employees of Ninjas in Pyjamas. Our general and administrative expenses excluding share-based compensation for our management and administrative employees as percentage of our net revenues increased slightly from 9.4% in 2022 to 10.9% in 2023.

Other Income

Other income decreased from US$1.6 million in 2022 to US$0.2 million in 2023, primarily because (i) there was one-off waiver of US$0.9 million of tournament league seat fee occurred in 2022, while we did not have such wavier in 2023, and (ii) we incurred an overdue fine of US$0.3 million in 2023 mainly due to the delayed payment of the LPL league seat fee.

Net Loss

As a result of the foregoing, our net loss increased from US$6.3 million in 2022 to US$13.3 million in 2023.

Results of Operations of Ninjas in Pyjamas Prior to Consolidation

The following table sets forth a summary of the consolidated results of operations of Ninjas in Pyjamas for the years presented, both in absolute amount and as a percentage of the total revenues for the years presented. This information should be read together with the consolidated financial statements of Ninjas in Pyjamas and related notes included elsewhere in this prospectus. The results of operations in any year are not necessarily indicative of our future trends.

	For the Year Ended December 31,			
	2021		2022	
	US$	%	US$	%
	(US$ in thousands, except for %)			
Net revenue	9,398	100.0	7,373	100.0
Cost of revenue	(3,963)	(42.2)	(3,657)	(49.6)
Gross profit	**5,435**	**57.8**	**3,716**	**50.4**
Operating expenses:				
Selling and marketing expenses	(1,822)	(19.4)	(1,713)	(23.2)
General and administrative expenses	(1,541)	(16.4)	(1,495)	(20.3)
Total operating expenses	**(3,363)**	**(35.8)**	**(3,208)**	**(43.5)**
Operating income	**2,072**	**22.0**	**508**	**6.9**
Other income/(expenses), net:				
Other income/(expenses), net	23	0.2	(12)	(0.2)
Financial income/(expenses), net	48	0.5	(95)	(1.3)
Total other income/(expenses), net	**70**	**0.7**	**(107)**	**(1.5)**
Income before income tax expense	**2,142**	**22.7**	**401**	**5.4**
Income tax expenses	(466)	(5.0)	(145)	(2.0)
Net income	**1,676**	**17.7**	**256**	**3.4**

Non-GAAP Financial Measure

To supplement our consolidated financial statements, which are prepared and presented in accordance with U.S. GAAP, we use the following non-GAAP financial measure to understand and evaluate our core operating performance: adjusted EBITDA, which is calculated as net loss excluding interest expense, net, income tax (benefit) expense, depreciation and amortization and share-based compensation expense. The non-GAAP financial measure is presented to enhance investors' overall understanding of our financial performance and should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP. Investors are encouraged to review the reconciliation of the historical non-GAAP financial measure to the most directly comparable GAAP financial measure. As non-GAAP financial measure his material limitations as an analytical metric and may not be calculated in the same manner by all companies, it may not be comparable to other similarly titled measures used by other companies. In light of the foregoing limitations, you should not consider non-GAAP financial measure as a substitute for, or superior to, such metrics prepared in accordance with GAAP. We encourage investors and others to review our financial information in its entirety and not rely on any single financial measure.

	For the Year Ended December 31,		
	2022		2023[4]
	Actual	Pro Forma (Unaudited)[3]	
	(US$ in thousands, except for %)		
Net loss	**(6,306)**	**(6,050)**	**(13,258)**
Add:			
Interest expense, net	365	460	523
Income tax (benefit) expense	(139)	6	(1,201)
Depreciation and amortization[1]	5,266	5,694	6,083
Share-based compensation expense	166	166	6,122
Adjusted EBITDA	**(648)**	**276**	**(1,731)**
Adjusted EBITDA margin[2]	**(1.0)**	**0.4**	**(2.1)**

Notes:

(1) Depreciation and amortization primarily consists of depreciation related to property and equipment, as well as amortization related to intangible assets.

(2) Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by net revenues.

(3) The consolidated statement of comprehensive loss data for 2022 is adjusted on an unaudited pro forma basis to present the combined historical results of operations of us and Ninjas in Pyjamas as if the combination had occurred as of January 1, 2022.

(4) The consolidated statement of comprehensive loss data for 2023 reflects our acquisition of Ninjas in Pyjamas on January 10, 2023.

Liquidity and Capital Resources

Cash Flows and Working Capital

Our principal sources of liquidity have been cash from financing activities. As of December 31, 2022 and 2023, our cash and cash equivalents were US$9.6 million and US$7.6 million, respectively. Cash and cash equivalents consisted of cash on hand placed with banks or other financial institutions and highly liquid investment which are unrestricted as to withdrawal and use and have original maturities of three months or less when purchased. Our cash and cash equivalents are primarily denominated in Renminbi.

Based on our current level of operations and available cash, we believe our available cash, committed funding from bank and credit facilities will provide sufficient liquidity to fund our current obligations, projected working capital requirements, debt service requirements and capital spending requirements at least for the next 12 months. We may, however, require additional cash resources due to changing business conditions or other future developments, including any investments or acquisitions we may decide to selectively pursue. If our existing cash resources are insufficient to meet our requirements, we may seek to sell equity or equity-linked securities, sell debt securities or borrow from banks. We cannot assure you that financing will be available in the amounts we need or on terms acceptable to us, if at all. The sale of additional equity securities would result in additional dilution to our shareholders. The incurrence of indebtedness and issuance of debt securities would result in debt service obligations and could result in operating and financial covenants that restrict our operations and our ability to pay dividends to our shareholders.

We do not have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future after this offering. We currently intend to retain most, if not all, of our available funds and any future earnings to operate and expand our business.

As a holding company with no material operations of our own, we are a corporation separate and apart from our subsidiaries and, therefore, must provide for our own liquidity. We conduct a substantial majority of our operations in China through our PRC subsidiaries. We are permitted under applicable laws and regulations to provide funding to our PRC subsidiaries through loans or capital contributions, subject to applicable regulatory approvals. We cannot assure you that we will be able to obtain these regulatory approvals on a timely basis, if at all. 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 — If we are classified as a PRC resident enterprise for PRC income tax purposes, such classification could result in unfavorable tax consequences to us and our non-PRC shareholders or ADS holders."

The following table sets forth a summary of our cash flows for the years presented:

	For the Year Ended December 31,	
	2022	2023
	(US$ in thousands)	
Net cash used in operating activities	(9,634)	(5,154)
Net cash (used in) provided by investing activities	(1,719)	2,171
Net cash provided by financing activities	9,784	1,364
Effect of exchange rate changes	(252)	(374)
Net decrease in cash and cash equivalents	(1,821)	(1,993)
Cash and cash equivalents at the beginning of the year	11,409	9,588
Cash and cash equivalents at the end of the year	9,588	7,595

Net cash used in operating activities

Net cash used in operating activities was US$5.2 million in 2023, primarily attributable to (i) our net loss of US$13.3 million, as adjusted by the reconciliation of net loss to net cash used in operating activities, which primarily comprised (a) share-based compensation expense of US$6.1 million, and (b) depreciation and amortization of US$6.1 million, partially offset by deferred tax benefits of US$1.4 million, and (ii) a net decrease in operating assets and liabilities, which was primarily the result of (a) an increase in accounts receivable of US$3.3 million, (b) an increase in prepaid expenses and other current assets of US$1.1 million, and (c) a decrease in amount due to related parties of US$1.0 million, partially offset by an increase in accounts payable of US$2.9 million.

Net cash used in operating activities was US$9.6 million in 2022, primarily attributable to (i) our net loss of US$6.3 million, as adjusted by the reconciliation of net loss to net cash used in operating activities, which primarily comprised depreciation and amortization of US$5.3 million, and (ii) a net decrease in operating assets and liabilities, which was primarily the result of (a) an increase in accounts receivable of US$7.0 million, (b) a decrease in deferred revenue of US$3.0 million, (c) a decrease in amount due to related parties of US$1.8 million, and (d) an increase in prepaid expenses and other current assets of US$1.1 million, partially offset by an increase in accounts payable of US$4.1 million.

Net cash provided by (used in) investing activities

Net cash provided by investing activities was US$2.2 million in 2023, which was primarily attributable to (i) disposal of intangible asset of US$4.2 million, and (ii) cash acquired from acquisition of Ninjas in Pyjamas of US$1.7 million, partially offset by purchase of intangible asset of US$3.5 million.

Net cash used in investing activities was US$1.7 million in 2022, which was primarily attributable to (i) purchase of intangible asset of US$5.8 million, and (ii) purchase of property and equipment of US$0.8 million, partially offset by (i) disposal of intangible asset of US$4.3 million, and (ii) collection of loan to related party of US$0.5 million.

Net cash provided by financing activities

Net cash provided by financing activities was US$1.4 million in 2023, which primarily comprised (i) proceeds from borrowings of US$9.5 million, and (ii) collection of shareholder investment fund receivable of US$3.0 million, partially offset by (i) repayments of borrowings of US$6.4 million, (ii) repayment of loans from related parties of US$3.6 million, and (iii) payment of deferred offering cost of US$0.9 million.

Net cash provided by financing activities was US$9.8 million in 2022, which primarily comprised (i) issuance of preferred shares of US$12.0 million, (ii) loans from related parties of US$7.5 million, and (iii) proceeds from borrowings of US$6.7 million, partially offset by (i) repayment of loans from related parties of US$11.7 million, (ii) repayment of borrowings of US$2.6 million, and (iii) repayment of capital injection of US$1.5 million.

Material Cash Requirements

Our material cash requirements as of December 31, 2023 and any subsequent period primarily include our capital expenditures.

Capital Expenditures

Our capital expenditures are incurred primarily in connection with the acquisition of professional athletes and league seats. Our capital expenditures were US$6.5 million and US$3.6 million in 2022 and 2023, respectively. We intend to fund our future capital expenditures with our existing cash balance. We will continue to make capital expenditures to meet the expected growth of our business.

Critical Accounting Estimates

We prepare our consolidated financial statements in accordance with U.S. GAAP. The preparation of financial statements in conformity with U.S. GAAP requires management to make judgments, estimates

and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. We continually evaluate these judgments and estimates based on our own experience, knowledge and assessment of current business and other conditions, and our expectations regarding the future based on available information and assumptions that we believe to be reasonable. Since the use of estimates is an integral component of the financial reporting process, our actual results could differ from those estimates. Some of our accounting policies require a higher degree of judgment than others in their application.

When reading our consolidated financial statements, you should consider our selection of critical accounting policies, the judgment and other uncertainties affecting the application of such policies and the sensitivity of reported results to changes in conditions and assumptions. Our critical accounting policies and practices include the following: (i) revenue recognition; (ii) business combination; and (iii) income taxes. See "Note 2 — Summary of Significant Accounting Policies" to our consolidated financial statements for the disclosure of these accounting policies. We believe the following accounting estimates involve the most significant judgments used in the preparation of our financial statements.

Valuation of ordinary shares and preferred shares

The fair value of our ordinary shares and preferred shares were determined with the assistance of an independent third-party valuation firm, by applying discounted cash flow method under income approach and equity allocation model based on option pricing model with probability-weighted scenario analysis using management's estimates and assumptions.

The estimation involves significant assumptions that might not be observable in the market, and a number of complex and subjective variables, revenue growth rate, discount rate, risk-free interest rate and subjective judgments regarding our projected financial and operating results, its unique business risks, the probabilities of each scenario of possible future outcomes and its operating history and prospects at each of the valuation dates.

Valuation in the purchase price allocation associated with business combination

We used the following valuation methodologies to value assets acquired, liabilities assumed and intangible assets identified:

- League tournaments rights were valued using the multi-period excess earning method under income approach, which represents the excessive earnings generated by the asset that remains after a deduction for a return on other contributory assets;
- Brand names were valued using the relief from royalty method under income approach, which represents the benefits of owning the intangible asset rather than paying royalties for its right of use;
- Other assets and liabilities carrying value approximated fair value at the time of acquisition.

The estimation involves significant assumptions that might not be observable in the market, and a number of complex and subjective variables, revenue growth rate, discount rate, risk-free interest rate, royalty rates and subjective judgments regarding our projected financial and operating results, its unique business risks.

Income taxes

Deferred tax assets and liabilities are recognized for expected future tax consequences of temporary differences between the financial reporting and tax bases of assets and liabilities, and for operating losses and tax credit carry forwards. A valuation allowance is recorded when it is more likely than not that some of the deferred tax assets will not be realized. When we determine and quantify the valuation allowances, we consider such factors as projected future taxable income, the availability of tax planning strategies, the historical taxable income/losses in prior years, and future reversals of existing taxable temporary differences. The assumptions used in determining projected future taxable income require significant judgment. Actual operating results in future years could differ from our current assumptions, judgements and estimates. Changes in these estimates and judgements may result in material increase or decrease in our provision for income

tax expenses, which could be material to our financial position and results of operations. The amounts of allowance over deferred tax assets were US$1,372,267 and US$1,703,274 as of December 31, 2022 and 2023, respectively.

Internal Control Over Financial Reporting

Prior to this offering, we have been a private company with limited accounting and financial reporting personnel and other resources to address our internal controls and procedures. In connection with the audits of our consolidated financial statements as of December 31, 2022 and 2023 for each of the two years in the period ended December 31, 2022 and 2023, we identified a material weakness in our internal control over financial reporting. As defined in the standards established by the Public Company Accounting Oversight Board of the United States, 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 annual or interim financial statements will not be prevented or detected on a timely basis.

The material weakness identified is our lack of sufficient and competent accounting and financial reporting personnel with appropriate knowledge of U.S. GAAP and financial reporting requirements set forth by the SEC to design and implement period-end financial reporting policies and procedures for the preparation of our consolidated financial statements and related disclosures in accordance with U.S. GAAP and the SEC reporting requirements.

We are in the process of implementing a number of measures to address this material weakness identified, including: (i) hiring additional accounting and financial reporting personnel with U.S. GAAP and SEC reporting experience, (ii) expanding the capabilities of existing accounting and financial reporting personnel through continuous training and education in the accounting and reporting requirements under U.S. GAAP, and SEC rules and regulations, (iii) developing, communicating and implementing an accounting policy manual for our accounting and financial reporting personnel for recurring transactions and period-end closing processes, and (iv) establishing effective monitoring and oversight controls for non-recurring and complex transactions to ensure the accuracy and completeness of our company's consolidated financial statements and related disclosures.

The process of designing and implementing an effective financial reporting system is a continuous effort that requires us to anticipate and react to changes in our business and the economic and regulatory environments and to expend significant resources to maintain a financial reporting system that is adequate to satisfy our reporting obligation. See "Risk Factors — Risks Related to Our Business and Industry — If we fail to develop and maintain an effective system of internal control over financial reporting, we may be unable to accurately report our financial results or prevent fraud, and investor confidence and the market price of our ADSs may be adversely impacted."

As a company with less than US$1.235 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. 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. We have elected to take advantage of such exemptions. However, pursuant to Section 404 and the related rules adopted by the SEC, we, as a public company after being listed, are required to maintain adequate internal control over financial reporting and include our management's assessment of the effectiveness of our company's internal control over financial reporting in our annual report.

Holding Company Structure

NIP Group Inc. is a holding company with no material operations of its own. We conduct our China business primarily through our PRC subsidiaries and, prior to the Restructuring, also through our former VIE, Wuhan ESVF. As a result, our ability to pay dividends depends upon dividends paid by our PRC subsidiaries. We expect that the amounts of such dividends will increase in the foreseeable future as our China

business continues to grow. If our existing subsidiaries or any newly formed subsidiaries incur debt on their own behalf in the future, the instruments governing their debt may restrict their ability to pay dividends to us.

In addition, our 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 PRC GAAP. In accordance with PRC company laws, our subsidiaries in China must make appropriations from their after-tax profit 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 our PRC subsidiaries. Appropriation to discretionary surplus fund is made at the discretion of our PRC subsidiaries.

As an offshore holding company, we are permitted under PRC laws and regulations to provide funding to our PRC subsidiaries through loans or capital contributions, subject to applicable regulatory approvals. We cannot assure you that we will be able to obtain these regulatory approvals on a timely basis, if at all. As a result, there is uncertainty with respect to our ability to provide prompt financial support to our PRC subsidiaries when needed.

Quantitative and Qualitative Disclosures About Market Risk

Foreign Currency Exchange Rate Risk

From July 21, 2005, RMB is permitted to fluctuate within a narrow and managed band against a basket of certain foreign currencies. For RMB against the U.S. dollar, there was depreciation of approximately 8.2% in 2022 and depreciation of approximately 2.9% in 2023. For SEK against U.S. dollar, there was appreciation of approximately 3.5% in 2023. It is difficult to predict how market forces or PRC, European Union or U.S. government policy may impact the exchange rate between RMB and the U.S. dollar, and between SEK and the U.S. dollar in the future. To the extent that we need to convert the U.S. dollar into RMB and SEK for capital expenditures and working capital and other business purposes, appreciation of RMB and SEK against U.S. dollar would have an adverse effect on the RMB and SEK amount we would receive from the conversion. Conversely, if we decide to convert RMB and SEK into the U.S. dollar for the purpose of making payments for dividends on ordinary shares, strategic acquisitions or investments or other business purposes, appreciation of the U.S. dollar against RMB and SEK would have a negative effect on the U.S. dollar amount available to us. In addition, a significant depreciation of RMB and SEK against the U.S. dollar may significantly reduce the U.S. dollar equivalent of our earnings or losses.

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 and wealth management products. Interest-earning instruments carry a degree of interest rate risk. We have not been exposed to material risks due to changes in market interest rates, and we have not used any derivative financial instruments to manage our interest risk exposure.

INDUSTRY

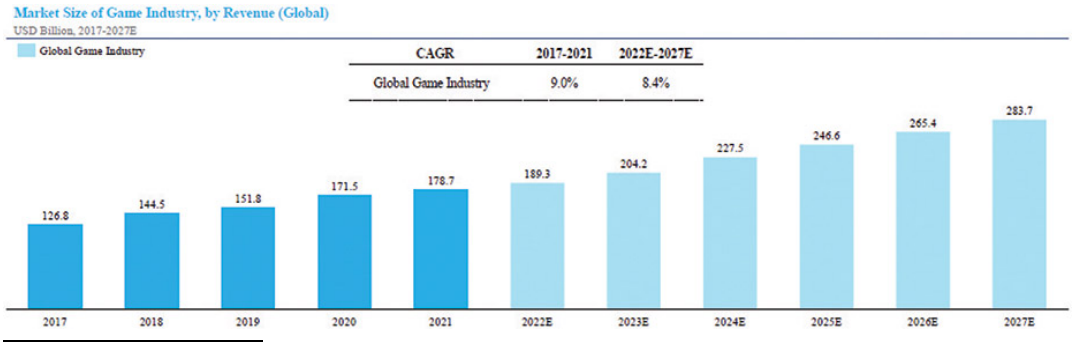
The information presented in this section has been derived from an industry report commissioned by us, prepared by Frost & Sullivan to provide information regarding our industry and our market position. Certain data in the Frost & Sullivan Report was supported by Newzoo. Both Frost & Sullivan and Newzoo are independent research firms. Neither we nor any other party involved in this offering has independently verified such information, and neither we nor any other party involved in this offering makes any representation as to the accuracy or completeness of such information. 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.

Overview of the Global Gaming and Esports Market

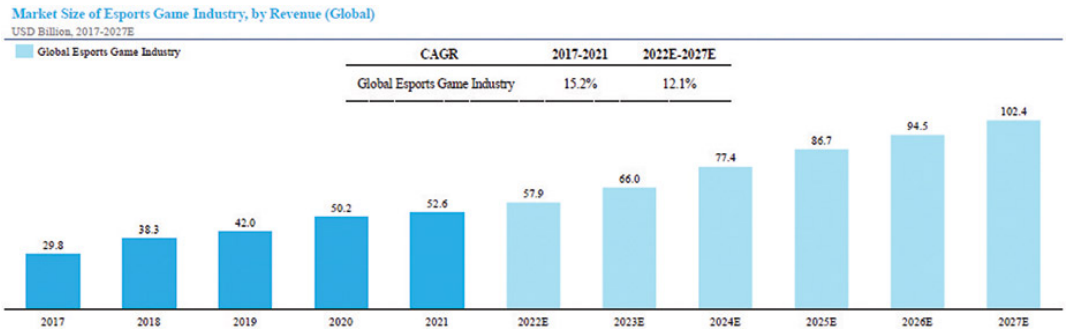
According to the Frost & Sullivan Report, the number of gamers globally has experienced significant increase at a CAGR of 7.1% from 2.3 billion in 2017 to 3.1 billion in 2021, and is expected to further increase at a CAGR of 5.5% from 3.3 billion in 2022 to 4.3 billion in 2027. In line with the growth of the gamer population and various gaming platforms, the esports industry has experienced substantial growth as well. Esports refers to competitive and organized video gameplay in either online or offline and multi-player or single-player format, with a specific goal or prize, such as winning a championship title or prize money. Esports games can be further categorized into PC/console esports games such as League of Legends, Dota 2, CS:GO and Rainbow Six, and mobile esports games such as Honor of Kings and PUBG Mobile.

Traditionally, esports has been predominantly PC/console-based. However, mobile esports games have gained popularity in recent years with the proliferation of smartphones, the development of mobile internet and the increasingly fragmented entertainment time span of contemporary life. With the same immersive experience as PC/console esports games but less niche technical requirements both in terms of skills and hardware requirements, mobile esports games have become mainstream esports titles in Asian countries. According to the Frost & Sullivan Report, in 2021, mobile gamers accounted for 92.4% of the total gamers in China, compared to 83.6% of that of the total gamer base globally.

The following diagrams illustrate market size of the overall gaming and esports industry by revenue for the periods presented.



Source: Frost & Sullivan



Source: Frost & Sullivan

China

The market size of esports industry in China has grown rapidly, driven by favorable government policies combined with the large population base. The PRC government has in recent years launched a series of esports competitions and events and supporting policies in terms of funding, talent growth, taxation, visas and broadcasting, providing an ideal macro backdrop for the development of the industry. As a result, gaming is exceedingly prevalent in Chinese pop culture, young people have increasingly viewed esports as a viable career option.

Europe

The European Parliament has recognized the huge potential of gaming and esports in EU education policy and learning. Gaming has encouraged students to pursue careers in science, technology, engineering, arts and mathematics, and esports can aid in the development of digital society. The European Parliament insists that gaming and esports can be valuable pedagogical tools to keep students actively engaged in the curriculum and to develop digital literacy, soft skills and creative thinking. As a result, esports has grown into an important part of the mainstream culture in Europe as compared to the rest of the world. For example, many European cities have begun to integrate esports culture into urban development planning, actively establish esports venues and clubs, establish esports management-related majors on campus and support the development of esports game-related enterprises.

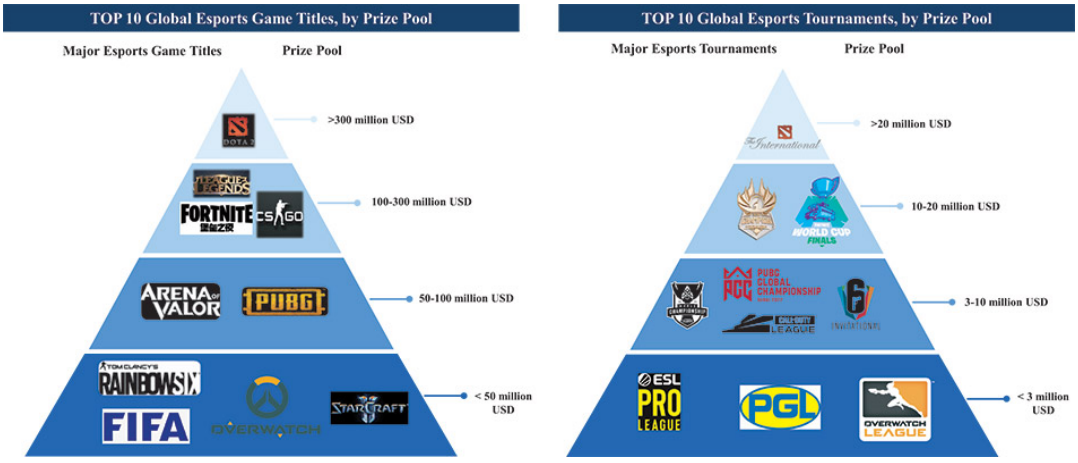
South America

According to the Frost & Sullivan Report, South America is one of the highest growth regions for esports in the world. The esports industry in South America has benefited from a relatively young population where millennials and Gen Z'ers are more in tune with digital media and technology, including gaming and esports. Investment in esports is also increasing in the region, leading to the emergence of new tournaments, leagues and teams.

Overview of Global Esports Tournament Market

Esports tournaments are generally held for one or more game titles in various formats, with incentives such as prize money or championships. Similar to the development of professional sports-based businesses, the esports industry has gradually expanded its vertical and horizontal reach and grown its revenue potential. Like traditional sports, esports is highly competitive and provides a dynamic and engaging viewing experience, attracting massive viewership and attention.

The following diagram shows the top ten global esports game titles and top ten world tournaments by prize pool in 2022.



Source: Frost & Sullivan

Esports has achieved large scale and wide reach despite its short history. As illustrated by the table following this paragraph, according to the Frost & Sullivan Report, compared with traditional sports, esports has achieved larger viewership and has a more diverse audience base. For example, as shown in the table following this paragraph, according to the Frost & Sullivan Report, in 2021 and on a peak viewership basis, 350.0 million viewers watched League of Legends Worlds, 92.4 million viewers watched the Kings Pro League (KPL) Spring Finals, and over 200.0 million viewers watched The International Dota II (Ti), whereas 16.5 million viewers watched the National Basketball Association (NBA) Finals, 120.0 million viewers watched the National Football League (NFL) Superbowl, and 11.4 million viewers watched the English Premier League (EPL) Liverpool vs Manchester United. However, as illustrated by the table following this paragraph, according to the Frost & Sullivan Report, total annual revenue generated from the top esports leagues is considerably lower than that from traditional sports leagues, indicating ample growth potential. For example, as shown in the table following this paragraph, according to the Frost & Sullivan Report, annual revenue generated through LOL, KPL, Ti, NBA, NFL and EPL in 2021 was approximately US$0.2 billion, US$0.1 billion, US$0.5 billion, US$10.0 billion, US$15.2 billion and US$6.9 billion, respectively. Traditional sports tournaments have been in existence developed for an extended period of time. While esports tournaments come later in time, esports fans generally spend more on in-game purchases. In addition, the average age of esports fans is significantly younger than that of traditional sports, largely consisting of millennials and Gen Z.

The following table presents viewership demographics and annual revenue for certain major esports and traditional sports leagues in the world.

	Esports Tournament			Traditional Sports Tournament		
	LOL	KPL	Ti	NBA	NFL	EPL
Annual Revenue	Approximately USD 0.2 billion	Approximately USD 0.1 billion	Approximately USD 0.5 billion	Approximately USD 10.0 billion	Approximately USD 15.2 billion	Approximately USD 6.9 billion
Average Age	24	23	25	32	40	38
Tournament Finals Viewers	350.0 Million (League of Legends Worlds 2021)	92.4 Million (2021 KPL Spring Finals)	Over 200.0 Million (The International 11)	16.5 million (NBA Finals)	120.0 Million (Superbowl)	11.4 Million (Liverpool vs Manchester United)

Source: Frost & Sullivan

Notes:

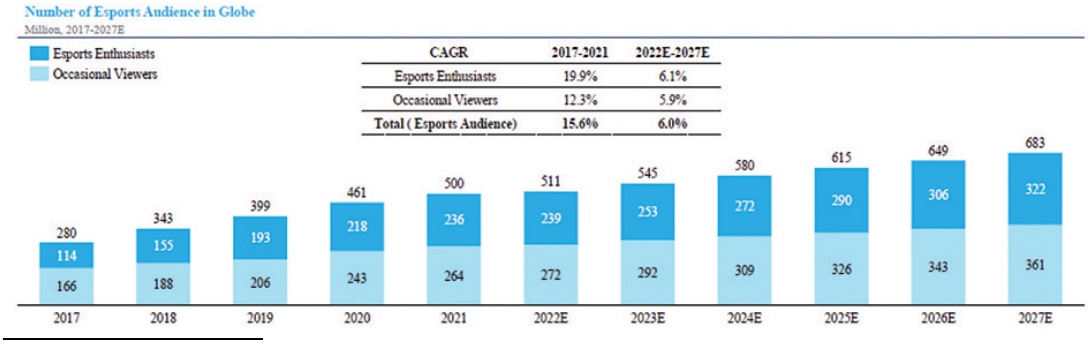
(1) The viewership numbers are based on peak viewership during the respective tournament finals period in its own primary coverage regions as stated above. The respective tournament finals are the 2021 LOL World Championship Finals held on November 6, 2021, the 2021 King Pro League Spring Finals held on June 26, 2021, The International Dota 2 held on May 22, 2022, NBA Finals held on July 20, 2021, NFL Superbowl held on February 7, 2021, and EPL match — Liverpool vs Manchester United held on May 13, 2021.

Esports Audience

By providing a competitive and dynamic viewing experience and with strong social elements, esports represents a dominant form of entertainment globally and in particular for younger generations. According to the Frost & Sullivan Report, esports gamers aged below 34 made up 73.0% of all esports gamers globally in 2021, and will continue to drive the growth of esports and make up the largest proportion of esports gamers and audience in the foreseeable future. Driven by common interests and shifting spending habits among young generations, the esports industry is expected to have tremendous commercialization potential.

Esports tournaments are constantly innovating to make esports more entertaining and mainstream. According to the Frost & Sullivan Report, 500 million viewers tuned in to watch esports in 2021 globally, among which esports enthusiasts, which are people who watch esports content at least once a month, accounted for 236 million, or 47.2%, and occasional viewers, which are people who watch esports content

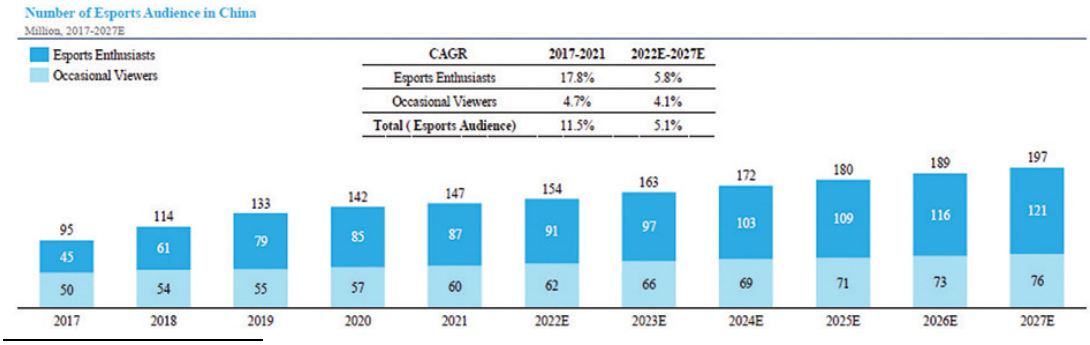
fewer than once a month, accounted for 264 million, or 52.8%. According to the Frost & Sullivan Report, the number of esports enthusiasts is expected to reach 322 million in 2027 globally at a CAGR of 6.1% from 2022 to 2027, and the number of occasional viewers is expected to reach 361 million in 2027 at a CAGR of 5.9% from 2022 to 2027.



Source: Newzoo (for data from 2017 to 2021), Frost & Sullivan (for data from 2022 to 2027E)

China plays a key role in shaping esports into the sensational phenomena it is today and continues to lead and drive the growth in esports globally. The popularity and demand for esports in China is evidenced by an increased number of esports audience and specifically, esports enthusiasts, with the penetration rate increased from 47.4% in 2017 to 59.2% in 2021, and is expected to further increase to 61.4% in 2027.

The following diagram illustrates number of esports audience in China by audience type for the periods presented.



Source: Newzoo (for data from 2017 to 2021), Frost & Sullivan (for data from 2022 to 2027E)

Industry Participants

Game Developers and Publishers

Game developers and publishers own the IP to the esports games and can make authorization for esports tournaments, with the aim of promoting their games and increasing their user base, user engagement and gross billings.

League Managers

League managers are individuals or organizations responsible for overseeing the administration and operation of a esports league. They are typically responsible for ensuring that the league operates fairly, smoothly, and in compliance with its governing rules and regulations.

Tournament Operators

Tournament operators are generally companies that organize and operate esports tournaments, produce and commercialize esports tournaments, and enhance engagement amongst gamers and audience.

Esports Gamers

People who play esports games on a PC, a console, a mobile device, or through cloud service in the past six months.

Esports Audience

People who watch and consume esports tournaments and esports-related content.

Distribution Channels

Platforms that distribute esports content. These channels include online live-streaming and other online entertainment platforms, and traditional broadcasting, networks and transmissions.

Esports Online Entertainers

Social media celebrities who provide real-time commentary on esports games and tournaments, or who play and narrate esports games themselves, or narrate on the gameplay of other gamers. They are typically managed by talent managers.

Brands and Sponsors

Companies that seek to advertise their brands and products through esports.

Key Drivers of the Global Esports Market

Rising Popularity of Video Games

Video games have gained massive popularity over the years, especially due to the advent of novel products from video game console developers including Microsoft, Sony Interactive Entertainment and Nintendo Video. As a result, the gaming sector is changing rapidly from being a casual hobby for entertainment to a profession with meaningful career opportunities. In fact, esports has gained similar traction and fixation to conventional sports. Massive esports tournaments are being organized across the globe with lucrative sponsors and significant investments from international brands. Furthermore, many celebrities endorse such tournaments with live streaming being the major source of viewing. Esports has matured with the millennial generation, become a cultural touchstone, and extended their relevance way beyond the early years into Gen Z and every generation that follows who grew up as digital natives with an intrinsic relationship with digital gaming. As a result of this, the demand for esports and relevant products is increasing rapidly. Therefore, these factors are expected to drive growth of the global esports market during the forecast period.

Global Policies Encouraging Esports Development

The growth of esports in China is supported by regulatory policies and secular industry tailwinds. In China, the government has implemented policies that support esports both on the national and local levels. In 2021, Ministry of Culture and Tourism of China published "The Culture and Tourism Development Plan during the '14th 5-year Plan' Period" to "promote the integration and development of esports, game and amusement industry." In addition, the Olympic Council of Asia has approved esports to be an official medal event at the 19th Asian Games 2022 to be hosted in Hangzhou, China.

On November 10, 2022, the European Parliament adopted a resolution on esports and video games. In this resolution the European Parliament calls on the Commission and the Council to acknowledge the value of the video game ecosystem as a major cultural and creative industry ("CCI") with strong potential for further growth and innovation.

The Saudi gaming and esports sectors are keeping pace with the rapid growth under Vision 2030's diversification goals. The Ministry of Communications and Information Technology (MCIT) has also contributed to private-public partnerships and infrastructure investments. In October 2021, the Saudi

government announced plans to invest another US$37.8 billion in esports-related businesses in the Middle East. This investment, along with others, drives the industry's explosive rise.

The rapid growth of the esports industry and the accelerating pace of the digital revolution have also garnered recognition from the highest authorities in global sports. The executive board of the International Olympic Committee (IOC) has proposed the establishment of the "Olympic Esports Games," which will be presented for approval to the 142nd IOC session, where the IOC members will vote on this proposal. As of the date of this prospectus, the IOC is finalizing the formalities and is already engaged in advanced discussions with a potential host.

Increasing Numbers of Brands and Sponsors

Increasing numbers of brands and sponsors from various industries are recognizing the value and reach of esports and are actively participating in commercialization of the esports industry. The commercial cooperation field of esports has been broadened, and the partners have become more and more diversified. In addition to traditional hardware manufacturers, enterprises in the fields of automobile, FMCG and finance have also started to sponsor KPL and LPL events.

Broadcasting and Media Rights

In esports, broadcasting and media rights is a key growth driver as the worlds of media and gaming continue to converge. As publishers in esports own the intellectual property for each game they've created, they have the ultimate authority to set the terms by which other parties can utilize their software. However, the industry is now reaching a turning point where the adoption of games and of esports has exploded. Consequently, publishers are looking to capitalize on this audience and momentum by monetizing broadcasting and signing exclusive content deals. Additionally, since gamers and organizations draw in these fans, they are seeking revenue share agreements with publishers. These new developments are catalysts for the emerging franchise models explained above, whereby teams, gamers, and publishers yield similar revenue splits.

Esports Education and Training

Although gaming was considered a casual hobby in the past, it has grown into a professional career option for many aspiring gamers. Many universities and colleges have started enrollment for professional gaming courses or esports degrees. Furthermore, many institutions offer scholarship for aspiring gamers, which is expected to boost esports popularity. Therefore, these factors are expected to propel the global esports market growth over the forecast period. And the leading players in the game industry represented by Tencent continue to strengthen the market education, and invest a lot of funds and resources to promote the development of the industrial chain, thus making the penetration rate of esports increase year by year.

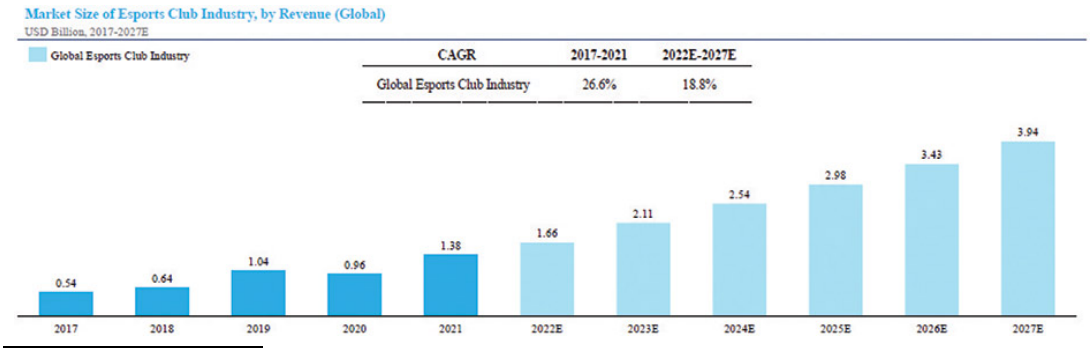
Iterative Upgrades of Esports Business Model

The increasingly professional sports-based operation is expanding a bigger business map for esports. The business model has been improved day by day. After borrowing the business model of traditional sports, esports leagues have gradually developed the commercial value of multiple modules such as media rights, derivatives, tickets and advertisements.

Global Esports Club, Talent Management and Event Production Markets

Esports Club Market

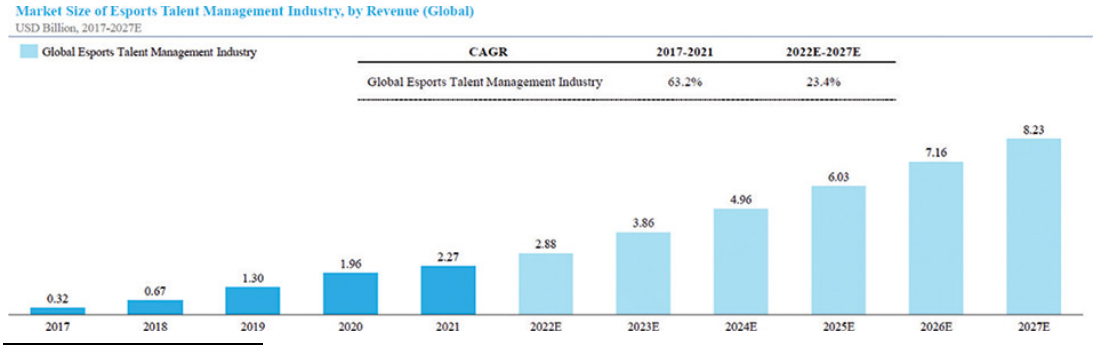
According to the Frost & Sullivan Report, driven by increased tournament viewership and continuous government support, the global esports club market in terms of revenue grew at a CAGR of 26.6% from US$0.5 billion in 2017 to US$1.4 billion in 2021 and is expected to continue to grow at a CAGR of 18.8% from 2022 to 2027, eventually reaching US$3.9 billion in 2027.



Source: Frost & Sullivan

Esports Talent Management Market

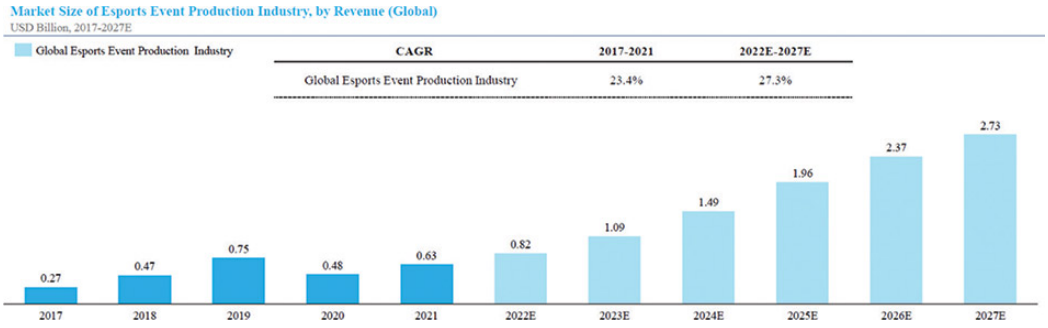
The advent of streaming has increased demand for, and spend on, video content. As the esports gaming space continues to draw the interest of the world, content rooted in it become more important across the media landscape. According to the Frost & Sullivan Report, the global talent management market has increased drastically at a CAGR of 63.2% from US$0.3 billion in 2017 to US$2.3 billion in 2021 and is expected to continue to grow at a CAGR of 23.4% from 2022 to 2027, reaching US$8.2 billion in 2027.



Source: Frost & Sullivan

Esports Event Production Market

The continuously increasing popularity of esports supports events with mass appeal. According to the Frost & Sullivan Report, the global esports event production market has increased at a CAGR of 23.4% from US$0.3 billion in 2017 to US$0.6 billion in 2021 and is expected to continue to grow at a CAGR of 27.3% from 2022 to 2027, reaching US$2.7 billion in 2027. The market size decreased from US$0.8 billion in 2019 to US$0.5 billion in 2020, primarily because a large number of events were either cancelled or postponed due to the global COVID-19 outbreak and the series of measures imposed by governments to contain its spread, which include restrictions on public gathering and travel bans.



Source: Frost & Sullivan

Competitive Landscape of Esports Companies

NIP Group Inc. has won 19 championships in global top 10 esports titles in the world measured by prize pool in their world tournaments, including in CS:GO, Honor of Kings, Rainbow Six and FIFA, representing more in unique game titles with top tier wins than any other esports organization as of January 31, 2023, according to the Frost & Sullivan Report. The following diagram illustrates the comparison of championship wins across leading esports teams as of January 31, 2023.

	The Group	Company A	Company B	Company C	Company D	Company E	Company F
Company Profile	• The company is a global comprehensive digital sports group with esports club business as its core and developed diversified business such as esports event production and esports talent management	• The company is a professional esports organization mainly focusing on esports club business and video producing business.	• The company is an North American professional esports and entertainment organization.	• As one of the most well-known esports club in North America, the company also has expanded the field of esports education business.	• The company is an comprehensive esports entertainment organization which possess esports club business, record and peripheral product producing business.	• The company is a digital-native lifestyle and media platform rooted in gaming and youth culture, reimagining traditional entertainment for the next generation.	• The company is a North American Esports organization with esports club, clothing design and platform live-streaming as its main business.
Specialized Field*	ARENA OF VALOR, CS:GO, ROCKET LEAGUE, TRUE LEGENDS, RAINBOW SIX, CALL OF DUTY BLACK OPS, FIFA	CS:GO, PUBG, VALORANT, TRUE LEGENDS	CS:GO, RAINBOW SIX	TRUE LEGENDS, VALORANT, FORTNITE BR	CS:GO, TRUE LEGENDS	FORTNITE BR, TRUE LEGENDS, PUBG, CALL OF DUTY BLACK OPS, VALORANT	FORTNITE BR, TRUE LEGENDS, VALORANT, CALL OF DUTY BLACK OPS
No. of Championships in Global Top League	19	11	1	3	7	7	0
Game Title of Championships in Global Top League	4	2	1	1	3	2	0

Note:

(1) Among the top-tier world tournaments in top ten global esports game titles by prize pool.

Source: Frost & Sullivan

Entry Barriers to the Esports Industry

Collaborative Resources with Industry Stakeholders

In the esports industry, it takes time and effort to build relationships and trust with stakeholders such as game developers and promoters, esports leagues and content distribution platforms. For instance, fixed number of seats in top tier leagues cuts off vast majority of small esports clubs. Therefore, earlier entry into the esports industry and longer-term cooperative relationship with relevant stakeholders would generate first-mover advantage as there are often limited league seats available within the designated game title.

Talent Reserve and Training Management System

There is a talent shortage in esports industry. It is difficult for small esports team to attract top-tier athletes and online entertainers due to limited track record and a lack of popularity. In addition, small esports teams normally do not have a mature and systematic talent training and management system, or incubation of influencers. Therefore, it would be hard for these small esports club to cultivate and retain quality athletes.

Esports Equipment and Technology

Significant capital outlay, such as best gaming peripherals, is required to ensure top performance of the athletes. The ability to apply AI, data analytics and the latest technology, such as VR and AR, to the daily training of athletes largely helps to enhance and stabilize their performance.

Capital Reserves and Commercialization Ability

The operation of an esports team is capital centric. A large amount of capital is required for athlete training, daily operations, and management of fans. Therefore, whether an esports team could reserve

enough funds in the early stage to sustain the capital outflows would become one of the most important factors that hinders new entrants.

In addition, the commercial value of an esports team is measured by the number of brands, sponsors and advertisers behind it. Global top esports teams are relatively concentrated and it is difficult for newcomers to earn sponsorships or advertisement.

BUSINESS

Our Mission

Our mission is to create transformative esports experiences that entertain, inspire and connect fans across the globe.

Our Vision

Our vision is to become the premier esports organization in the world.

Overview

We are a leading esports organization with the most expansive global footprint by virtue of our operations across Asia, Europe and South America, according to the Frost & Sullivan Report. Among the top ten esports titles in the world in terms of prize pool, our wins in tier-1 world tournaments in CS:GO, Honor of Kings, Rainbow Six and FIFA represent more unique game titles with top-tier wins than any other esports organization as of January 31, 2023, according to the Frost & Sullivan Report. We were founded based on a passion for esports and belief that esports can create the same types of historical and legendary experiences and memories as traditional sports have for the past century.

We operate two esports brands: Ninjas in Pyjamas and eStar Gaming. Ninjas in Pyjamas, our PC/console esports brand, was founded in 2000 in Sweden, while eStar Gaming, our mobile esports brand, was founded in 2014 in China. Competing at the highest levels in multiple esports titles over two decades, Ninjas in Pyjamas has earned recognition as one of the most storied, recognized and iconic brands in the esports world. At the same time, eStar Gaming, our mobile esports brand, is the top team in the Honor of Kings King Pro League (KPL), one of the most successful teams in KPL history in terms of titles and widely considered to be the most successful mobile esports team in the world, according to the Frost & Sullivan Report. We have a comprehensive portfolio of esports teams, competing at the highest level in video game titles such as League of Legends, CS: GO, Honor of Kings, Rainbow Six, Rocket League, Fortnite and Call of Duty Mobile.

We believe that there is tremendous potential in what we refer to as the "esports+" model, with the first phase being competitive esports itself — building championship-caliber teams across the most popular esports titles. NIP Group is currently at the second phase of esports+, supplementing our competitive esports business with our talent management, event production, creative studios, and burgeoning advertising businesses to create a diverse and sustainable revenue stream driving our continued growth. Going forward, we believe that we are only limited by our imagination for the third phase of esports+, and are actively exploring opportunities in areas such as esports education and training, fan universe (B2C monetization and metaverse), digital collectibles, esports real estate and IP licensing. As of December 31, 2023, we have provided esports education related services to more than 12 educational institutions in cities including, among others, Guangzhou, Xi'an, Wuhan, Guiyang and Zhongshan, and we are aiming to bring our contents and services to 50 educational institutions across China by the end of 2025. We anticipate costs associated with our undertaking of esports education business to include staff costs as well as costs related to content development, professional training and brand building. We plan to finance our esports education business through capital contribution or shareholder loans. In addition, we have also entered into collaboration agreements with digital collectibles platforms in China, where digital collectibles featuring our IPs have been listed since November 2022. Costs associated with the collaborations consist mainly of the design, technical and operational service fees we paid to a third-party vendor for these digital collectibles. We incurred costs associated with digital collectibles of RMB95,400 in 2023. Aiming to create a global benchmark for esports+, we are also actively creating our proprietary IPs in the fields of fashion, art and metaverse. In 2022 and 2023, we launched over 20 IP collaborations with companies spanning the telecommunication, automobile, sportswear, and various other industries, introducing co-branded vehicles, peripherals, clothing, beauty products, beverages, and gift boxes. We also license companies to use the image, including AI and virtual image of our athletes for promotion. We are exploring new ways of IP collaborations leveraging our abundant resources, and expand into the fields of entertainment, education and tourism. To build our competitive edge, we are committed to give more unique attributes to our existing IPs, and will actively develop new IPs such as esports reality shows, series and movies, esports electronic festivals, exhibitions, fan

arts and virtual idols, to meet the evolving market demand. As of the date of this prospectus, in addition to our current brand partners, we are negotiating potential collaborations with more than ten companies ranging over industries such as smart devices, energy drinks and dairy products, as well as companies with tourism and entertainment businesses. We expect to further expand our IP collaborations to 40 by 2025. We have not incurred any significant cost associated with our IP collaborations, nor do we expect there being material costs for our future initiatives.

Currently, we are focused on developing talent for both our esports teams and greater roster of online entertainers. On the esports side, we have combined Ninjas in Pyjamas's 20-plus years of development experience as well as eStar Gaming's demonstrated success in the burgeoning competitive mobile games market in the past five years. Our talent management business also focuses on developing esports athletes to become successful online entertainers, extending their success in the esports world further to the entertainment world. In 2020, Jackson Wang, one of the world's most famous pop idols and one of the most followed male artists on Instagram, with approximately 33 million followers as of April 30, 2024, joined us as a partner and beneficial shareholder.

We experienced robust growth in our net revenues, which increased from US$65.8 million in 2022 to US$83.7 million in 2023. Our gross profit also increased from US$3.7 million in 2022 to US$7.2 million in 2023, representing gross profit margin of 5.7% and 8.6% for the same years, respectively.

Our Strengths

We believe the following strengths contribute to our success:

Leading esports organization with most expansive global footprint

We are a leading esports organization with the most expansive global footprint by virtue of our operations across Asia, Europe and South America, according to the Frost & Sullivan Report. Among the top ten esports titles in the world in terms of prize pool, our wins in tier-1 world tournaments in CS:GO, Honor of Kings, Rainbow Six and FIFA represent more unique game titles with top-tier wins than any other esports organization as of January 31, 2023, according to the Frost & Sullivan Report.

Ninjas in Pyjamas, our PC/console esports brand, was founded in 2000 in Sweden and has pioneered the esports industry over two decades — driving the scene from its grassroots nascency and fielding competitive teams at the highest levels earning 57 championship wins in tier one competition as of December 31, 2023, including wins in CS:GO ESL One: Cologne in 2014, Rainbow Six Invitational in 2021 and FIFA EA Sports Cup in 2023. eStar Gaming, our mobile esports brand, is the top team in the Honor of Kings King Pro League (KPL), one of the most successful teams in KPL history in terms of titles and widely considered to be the most successful mobile esports team in the world according to the Frost & Sullivan Report, having won the inaugural Honor of Kings International Championship in 2019 and 2022 and securing first place in the 2022 KPL spring. We are also the only esports organization in China with home courts in two cities, with our Ninjas in Pyjamas League of Legends team in Shenzhen and eStar Gaming Honor of Kings team in Wuhan. We also field teams in Brazil and will be expanding teams to the MENA region in 2024.

Largest portfolio of video game titles competed at highest level of competition

As of the date of this prospectus, we fielded teams in 14 esports titles, which was the most for all esports organizations in the world, according to the Frost & Sullivan Report. Our esports teams compete in leagues at the highest level across a broad portfolio of video game titles, including:

- Ninjas in Pyjamas (formerly as Victory 5) in the LPL, League of Legends professional league. China is widely considered to be one of the most competitive regions in League of Legends, the most popular esports title in the world. As a result, according to the Frost & Sullivan Report, the LPL is the most viewed in League of Legends league, and has the most amount of investment into it.
- eStar Gaming, the 2022 world champions in Honor of Kings, one of the most played mobile games in the world, according to the Frost & Sullivan Report, and one of the teams having won eight championships at the highest level of competitions in Honor of Kings, including two world championships.

- Ninjas in Pyjamas, winners of ESL One: Cologne in 2014 and Weplay Academy League 2022 in CS:GO.
- Ninjas in Pyjamas, winner of the 2021 Six Invitational in Rainbow Six.
- Ninjas in Pyjamas, winner of the EA Sports Cup in 2023 in FIFA.

We also field strong teams in popular PC/console titles such as FIFA, Fortnite, and Rocket League, as well as mobile titles such as Call of Duty Mobile, QQ Speed and Crossfire. As of December 31, 2023, our eStar Gaming team won 60 tournaments and approximately RMB77.2 million (US$10.9 million) in prize money from tournaments and our Ninjas in Pyjamas team won 57 tier-one tournaments and approximately US$8.2 million in prize money from tournaments. This track record of success demonstrates that we are able to continuously grow teams organically or through acquisition for top esports titles along with the evolution of the esports scene, and maintain our long-standing position as a top esports organization without relying on any single team for any particular title.

We have also started assembling all-female rosters for various game titles to promote diversity and inclusivity, break gender barriers and reduce gender-based discrimination in the gaming industry. We launched our first all-female teams in CS:GO in September 2022. We believe our continuous investment and effort in creating opportunities for women to participate in esports can inspire more female players to pursue careers in gaming and technology.

Strong and loyal fan base

We have a strong and loyal fan base supporting both NIP Group and its Ninjas in Pyjamas and eStar Gaming brands, as well as our athletes and online entertainers. As of December 31, 2023, our official social media accounts on Weibo, Twitter, Instagram and other platforms had combined followers of approximately 16 million. At the same time, our athletes and online entertainers signed with our talent management agency business had total social media followers of approximately 99 million, showing the robustness of our reach and the influence of our talent.

Proven talent development system across esports and entertainment

We continue to hone and improve our talent development system for success in both high-level esports competition and online entertainment as a whole. On the esports side, we have combined the best facets of western and eastern theory for competitive esports development and training to create a system designed for growth, longevity and performance. Ninjas in Pyjamas's 20-plus years of development experience since the infancy stages of competitive esports has established a performance management structure focused on balancing performance with well-being, leveraging not only esports performance coaches but also psychologists, nutritionists and physical therapists. It aims to empower individual teams as much as possible in their daily work to make their own choices, while still leaving strategic decisions to core management individuals with industry expertise. This system works in tandem with eStar Gaming's experience and demonstrated success in the burgeoning competitive mobile games market in the past five years. Our president, Mr. Liwei "xiaOt" Sun, was one of China's most famous esports competitors, and applied his personal success in titles such as Warcraft III, Starcraft II and Heroes of the Storm to create a set of coaching and development philosophies that has culminated in high-level performance and KPL championships. The results of our proven development system has set new highs for KPL transfer fees, including a record-breaking transfer fee of RMB12 million for Zhejie "Zimo" Wu, a Honor of Kings player we developed.

We have also substantially invested into our esports training and development facilities. Our facilities in Stockholm and Wuhan were built from the ground up and are what we believe to be among the largest, most premium and most expensive esports facilities in the world.

Our talent management business also focuses on developing of roster of esports athletes to become successful online entertainers. By teaching our athletes to leverage their success in the esports world to expand their overall influence and reach, we provide them with a career beyond esports. The success of our athletes in turn attracts talent from both the esports and greater entertainment world to our organization. In 2020, Jackson Wang, one of the world's most famous pop idols and one of the most followed male artists

on Instagram, with approximately 33 million followers as of April 30, 2024, joined us as a partner and beneficial shareholder.

Diversified revenue streams driving sustainable growth

We generate revenue through our competitive esports, talent management, event production and creative studio businesses. Although we are deeply focused on securing the best competitive results for our esports teams across geographies and titles, we recognize the need for sustainable organic growth and that profitability lies beyond championships. We believe that the path lies in what we refer to as "esports+." We believe that while most esports organizations are currently at phase 1.0 of the esports+ model, which is focusing on competitive results, as well as permanent league spots for revenue share and diversified revenue stream, we have moved beyond to phase 2.0, which is successfully discovering new value propositions along the esports industry value chain, such as our talent management, event production, creative studios and burgeoning advertising businesses. This stage of the esports+ model drives us to focus on bringing value to participants in the esports ecosystem such as game developers, esports teams, advertisers and esports leagues, together with fans and other end consumers. By staying at the forefront of the evolving esports+ model, we are able to secure strong and sustainable revenue streams that help us achieve and maintain profitability. For the year ended December 31, 2023, net revenues from our esports teams operation, talent management and events production businesses accounted for 25.9%, 62.9% and 11.2% of our net revenues, respectively, evidencing the diversity in our revenues.

Demonstrated success in acquisition and integration

NIP Group was created through the successful merger of two prominent esports organizations, Ninjas in Pyjamas and eStar Gaming, with very different histories, which was the largest M&A esports transaction ever. Since the merger, we have integrated the two organizations across geographies and cultures and developed a cohesive identity, strategy and vision for what NIP wants to achieve in the esports world. This demonstrated ability by our management to identify synergies and execute transactions provides us with a greater universe of opportunities for acquisitions and investments fit into our vision for esports+ and the NIP ecosystem.

Passionate management team supported by marquee shareholders

Our co-chief executive officers, Mario Ho and Hicham Chahine, work together seamlessly to bring their expertise, know-how and most importantly, love for esports, to managing our Asia and western businesses.

Mario currently serves as the CEO of our Asia business. He was previously the chief marketing officer of iDreamsky, a leading game publisher listed on the Hong Kong Stock Exchange, founded Victory 5 Esports, one of our predecessors, and is the current chairman of the Macau Esports Federation. Hicham currently serves as the CEO of our Western business. He was recruited straight out of high school to Formuesforvaltning, the largest privately owned wealth management firm in the Nordics, where he spent eight years managing the firm's hedge fund investments. In 2016, he decided to pursue esports out of passion and joined Ninjas in Pyjamas as its CEO and began scaling the brand to what it is today. Hicham is currently an executive board member of the World Esports Association and serves on the Executive Council of BLAST Premier. Their passion for esports is the impetus behind everything that we do for our fans and our industry.

We are also supported by our marquee shareholders, including prominent institutional investors such as SIG, ZhenFund, Nyx Ventures, DIGLIFE, and strategic investment partners from leading Internet platforms such as Douyu and 360.

Our Strategies

We intend to pursue the following strategies to achieve our mission and vision:

Expand esports presence across geographies and titles

We plan to expand our esports presence through entering new geographies such as Southeast Asia, North America, the Middle East, Japan and Korea. Regarding our expansion in the Middle East, we plan

to deepen our roots in Abu Dhabi, fostering the development of a robust ecosystem for the gaming community in the region. As of the date of this prospectus, we have entered into a gaming subsidy agreement with the department of culture and tourism of Abu Dhabi, with a term of five years. Pursuant to this agreement, we will actively expand our operations in Abu Dhabi, integrating into the local gaming ecosystem and benefiting from financial support in the form of lease and staff subsidies. This strategic move is poised to elevate our presence in the region and drive significant growth.

We will also continue to identify popular esports titles with a visible path to sustainability to expand into, such as Overwatch, Call of Duty, Mobile Legends and Street Fighter. Ultimately, our goal is to have a highly competitive flagship team in every relevant esports title in its largest global market, such as LPL in China, CS:GO in Europe and Rainbow Six in Brazil. In addition, we will continue to leverage our partnership with the Esports World Cup Foundation, which has created significant new opportunities for us. To date, we have fielded teams in 10 of the 22 titles featured at this year's Esports World Cup, and our teams are actively competing in the qualifiers on the road to the Esports World Cup.

Leverage talent management capabilities to expand roster and influence

We will continue to leverage our strengths in talent management and development to attract the best esports athletes and online entertainers to the NIP brand. In particular, we plan to sign free agents in the China region as their original contracts expire. We will also expand our talent management business to other markets suitable for our brand, with the aim to become one of the world's leading esports and online entertainment agencies.

Develop specialized content creation and advertising offerings into esports world

We will build out our in-house creative studios and acquire relevant businesses to serve our esports brands, online entertainers, event productions, external brands, publishers in their strategy, content creation and production needs. Ultimately, our goal is to build award-winning creative studios, anchored in esports and gaming and operating in the largest markets we are present in. Our true global footprint and influence in the global esports industry also allows us to execute our strategy to become a one-stop shop offering specialized content creation and advertising services to help sponsors and advertisers capture views throughout the esports value chain.

Increase fan engagement and monetization

Our fans form the foundation of our success, and we aim to drive sustainable and resilient growth by increasing engagement with our fans and in turn achieving greater lifetime value from each of our fans. We are currently exploring new consumption scenarios for our fans, such as digital and physical NIP gaming merchandise, as well as creating a fan universe that keeps fans meaningfully engaged with our organization and talent. For example, in January 2024, we launched The Dojo, a fully-fledged and scalable fan engagement platform.

Explore strategic acquisition and investment opportunities

We will selectively pursue acquisition and investment opportunities to supplement the organic growth of our core businesses, including purchasing esports league seats and strategic acquisitions of game publishing, talent agencies and event production companies, as well as opportunities along the esports+ growth model. Our core focus for these acquisitions and investments will be profitability, as we believe in bringing the most value to our shareholders. We believe that becoming a U.S. public company through this offering will greatly bolster our ability to capture these opportunities.

Remain cutting edge for new esports mediums

The esports industry is still at a nascent stage of growth, and we expect that it will evolve together with advances in gaming media and technology. As such, we are dedicated to remaining on the cutting edge of the gaming and esports world, and continue to be prepared for new gaming and competitive media in virtual reality, augmented reality, Web 3.0 and artificial intelligence. In addition, we are also diving into the expansion of esports into the metaverse and the use of digital collectibles to achieve new esports opportunities.

Continue growth along esports+ model

We plan to continue our growth along the esports+ model to reach its Phase 3.0 and the extend revenue realization opportunities it provides in areas such as esports education and training, team app subscriptions, digital collectibles, esports real estates and IP licensing. We believe that the sky is the limit for what we can achieve in the esports world.

In the dynamic and rapidly evolving digital entertainment industry, we have undertaken a transformative journey that underscores our strategic foresight and adaptability. Beginning with humble roots in the gaming services ecosystem, we initially flourished by offering a comprehensive suite of services that catered to a broad spectrum of the gaming community, from developers to players. As we deepened our engagement within the gaming sector, we became increasingly apparent that the realm of game distribution presented significant untapped potential. Recognizing this, our leadership made a strategic decision to pivot towards this burgeoning field. This shift was not made lightly; it was the culmination of thorough market analysis and a nuanced understanding of evolving consumer preferences and industry trends.

The strategic pivot to game distribution involved a realignment of our core competencies. Leveraging our extensive network and robust technological infrastructure, we plan to forge strategic partnerships with game developers, curating a diverse and engaging portfolio of titles. This transition was driven by a clear vision: to become a key player in the game distribution landscape, facilitating the connection between innovative developers and a global audience. By focusing on innovation and maintaining an unwavering commitment to quality, we aim to position ourselves as a vital conduit for creativity in the digital entertainment industry. This strategic evolution underscores our ability to adapt and thrive, setting the stage for continued growth and success in the competitive world of game distribution.

Esports Teams

We operate two brands: Ninjas in Pyjamas and eStar Gaming, both competing in leagues at the highest level across a broad portfolio of video game titles. As of December 31, 2023, our eStar Gaming team won 60 tournaments and approximately RMB77.2 million (US$10.9 million) in prize money from tournaments and our Ninjas in Pyjamas team won 57 tier-one tournaments and approximately US$8.2 million in prize money from tournaments. Among the top ten esports titles in the world in terms of prize pool, our wins in tier-1 world tournaments in CS:GO, Honor of Kings, Rainbow Six and FIFA represent more unique game titles with top-tier wins than any other esports organization as of January 31, 2023, according to the Frost & Sullivan Report.

The core asset of our esports teams is our talent pool. As of December 31, 2023, we had 125 athletes on our roster, with 97 based in Greater China, 19 based in Europe and 9 in Brazil, competing globally across 13 leagues in 12 esports titles. We are also the only esports organization in China with home courts in two cities, with our Ninjas in Pyjamas League of Legends team in Shenzhen and eStar Gaming Honor of Kings team in Wuhan.

Ninjas in Pyjamas

Ninjas in Pyjamas, our core PC/console esports brand, was founded in 2000 in Sweden and has pioneered the esports industry over two decades — driving the scene from its grassroots nascency and fielding competitive teams at the highest levels, earning 57 championship wins in tier one competition as of December 31, 2023. As of December 31, 2023, we had 43 athletes on the Ninjas in Pyjamas roster, competing globally across nine leagues in seven esports titles.

Our esports teams under Ninjas in Pyjamas compete in leagues across a broad portfolio of PC/console game titles, including:

- The LPL, League of Legends professional league. China is widely considered to be one of the most competitive regions in League of Legends, the most popular esports title in the world. As a result, according to the Frost & Sullivan Report, the LPL is the most viewed in League of Legends league in the world. We previously competed in the LPL as Victory 5, until Victory 5 was rebranded to Ninjas in Pyjamas starting from the 2023 LPL season following the merger between ESV5 and Ninjas in

Pyjamas in January 2023. Victory 5 secured the first and third place in the 2022 LPL spring and summer splits, respectively.

- winners of ESL One: Cologne in 2014 and Weplay Academy League 2022 in CS:GO.
- winner of 2021 Six Invitational in Rainbow Six.
- winner of EA Sports Cup in 2023 in FIFA.

Ninjas in Pyjamas is incredibly active in driving development of the esports ecosystem. It is one of the founding members of World Esports Association, or the WESA, an industry association founded in 2016 by esports industry leaders to professionalize esports through promoting collaboration among esports organizations, increased player representation, standardizing regulations, and creating revenue shares for teams. It is also founding member of BLAST Pro League and Louvre, the equivalent of ESL, and a key member of the FGS EA Sport FIFA franchise structure, as well as the R6 Share, a revenue sharing program franchise structure that governs Rainbow Six.

Shinobi Studios

In 2021, Ninjas in Pyjamas established Shinobi Sports together with traditional sports investment platform Aser Ventures. Shinobi was created as a vehicle to provide traditional sports organizations with Ninjas in Pyjamas' expertise in building esports teams, allowing them to establish a presence in esports without having to develop that industry knowledge in-house. An initial pilot project was run with UK football club Leeds United FC, culminating in the establishment of Leeds Fury, the club's online gaming community.

As part of the collaboration, NIP's professional FIFA player Olle "Ollelito" Arbin has participated in the past three years' seasons of the ePremier League as a representative of LUFC, making it to the grand final in 2021, semi finals in 2022, and winning the grand final in 2023. Besides lending Ollelito to LUFC, the NIP creative and commercial teams advised on various business decisions leading up to the establishment of Leeds Fury, while LUFC simultaneously developed the in-house expertise to run the project indefinitely.

In 2022, the project was incorporated fully into Ninjas in Pyjamas. Shinobi now constitutes part of NIP's offering to partners, including content creation, brand building and esports team building and advisory. The traditional sports-to-esports pipeline is an under-explored high-potential business opportunity; as more traditional sports clubs open up to existing esports titles and new esports titles are created from existing sports, the ability to quickly set up a competitive squad and gain first-mover advantage will become increasingly valuable.

eStar Gaming

eStar Gaming is our mobile esports brand. eStar Gaming was founded in 2014 in China. Currently, eStar Gaming is the top ranked team in the KPL, the Honor of Kings league in China, one of the most successful teams in KPL history in terms of number of titles and widely considered to be the most successful mobile esports team in the world, according to the Frost & Sullivan Report. As of December 31, 2023, the eStar Gaming brand had 82 athletes, competing globally across four leagues in five esports titles.

Our esports teams under eStar Gaming have been top-level contenders in leagues across a broad portfolio of mobile titles, including:

- Our athletes, Siyuan "Huahai" Luo, and Linwei "Tanran" Sun, were selected to represent China in the Honor of Kings Asian Games 2023, and China eventually won the gold medal, which marks the first-ever gold medal in esports at the Asian Games; first place in the inaugural Honor of Kings International Championship in 2022; first place in the 2019 Honor of Kings World Champion Cup; first place in Honor of Kings International Championship 2016 summer; first place in the KPL 2022 spring, 2021 fall and 2019 spring splits; first place in the Honor of Kings Challenger Cup 2022 and 2021.
- Call of Duty Mobile — 2021 Call of Duty Mobile (CODM) Season 2, top four team in China.
- QQ Speed — 2018 Wechat Game Championship Cyber Games (WGC) tournament — Prop Group, champion.

- Crossfire (PC) — 2022 China CrossFire Pro League (CFPL) Season 19, second place in China.
- Crossfire (mobile) — 2022 CrossFire Mobile League (CFML) Season 12 Fall, second place in China.

Talent Development System for Esports Teams

We have combined the best facets of western and eastern theory for competitive esports development and training to create a system designed for growth, longevity and performance. We consistently implement this system in selecting, cultivating and training our athletes and continue to refine it through the course of our participation in various leagues and game titles.

Ninjas in Pyjamas has over twenty years of esports development experience since the nascent stages of competitive esports, evolving from a group of enthusiastic gamers into professional esports athletes and having developed and adjusted its talent development strategies through a series of trials and errors through time. eStar Gaming has also demonstrated great success in the burgeoning competitive mobile games market in the past five years. Today, our esports talent development system is characterized by its deep roots in traditional professional training, well-established youth and academy training program, pro-team training mechanisms and comprehensive support system, all of which provide tremendous support to our athletes to achieve and maintain high-level performance. Ultimately, we are committed to building a sustainable competitive environment for our players.

Recruitment of Prospective Esports Athletes

Our president and the founder of eStar Gaming, Mr. Liwei "xiaOt" Sun, debuted and won in his first international match in Starcraft at the age of 14. His personal experience as a wildly successful esports athlete brings him unique insight into the development and training of young players, which has guided eStar Gaming's youth training program and our considerable effort and resources in recruiting new and development promising prospects. Leveraging the influence of eStar Gaming across popular social media such as Wechat, Douyin, Weibo and Douyu, we post information on eStar Gaming's annual tryouts, contact top-tier players for different game titles, and cooperate with online esports coaching platforms that have already accumulated considerable active users.

In addition, Ninjas in Pyjamas's two decades of esports experience has resulted in carefully designed talent development programs. In December 2020, we introduced *Path of a Ninja*, a talent program for the future CS:GO players of Sweden. Together with Area Academy, creators of the successful Swedish Elitserien (Elite League) in CS:GO, we scout and support new generations of esports athletes through selecting grassroots players and providing with them the necessary guidance to turn professional. These players can attend NIP workshops and bootcamps in Stockholm, and earn opportunities to be signed to our official competition rosters.

Selection Process for Young Esports Participants

Participants in our youth training program operated by our Ninjas in Pyjamas brand typically range from ages 15 – 18, while participants in our youth training program operated by the eStar Gaming brand are over 18 years of age. Participants who have passed our initial screening process are invited to attend tryouts for various game titles, which consist of in-game demonstrations, training sessions and tryout matches. Participants are evaluated on their general performance, reflexes, game knowledge, agility, endurance and teamwork.

Once participants are selected into our youth training program, they will be provided with 24/7 on-site support and boarding, dining and traveling benefits on par with our pro teams. We also deploy proven coaching methods and reasonable training schedules for these young players to balance the growth in their gaming skills with quality of life and a sustainable, long-term esports career. For instance, for CS:GO's five man rosters, our pro teams typically consist of a constant four-man core and an extra rotating slot filled by top athletes from our youth training program. This gives our participants an edge in engaging in the highest level of competitions without the pressure of having to deliver the highest level of performance instantly. Participants in our youth training program have demonstrated strong growth potential and success, as evidenced by the fact that four of our participants in CS:GO have gone on to play successfully for other top-tier esports organizations.

As of December 31, 2023, we retain a pool of 48 participants in our youth training program across four different game titles in CS:GO, Honor of Kings, CODM, and CrossFire. Historically, participants who have successfully transitioned into pro teams had training time ranging from approximately 6 to 24 months at our youth training programs. Further, joining our team at a relatively young age has created a strong bond among our esports team members and coaches, thereby strengthening the attachment and loyalty of our athletes to our brand in the longer term.

Dedicated Coaching Method and Strong Player Performance

We recruit top performing athletes from our youth training programs as well as athletes from outside our ecosystem with strong track record of gaming performance for our pro teams, often, leveraging the synergies with our other businesses.

We are known for maintaining a robust coaching approach, attracting prominent coaches with extensive training and team management skills and substantial tournament participation experience. We currently have professional coaches under contract, with an average of over six years' experience in esports gaming.

With decades of experience in professional athlete development, we are also well-versed in bringing out the fullest potential of our star athletes. In 2012, Christopher "GeT_RiGhT" Alesund, now widely considered the best CS:GO player in history, joined Ninjas in Pyjamas and served under our brand for seven consecutive years. During that time he formed an integral part of a dominant Ninjas in Pyjamas team, and had won 87 matches without a single loss from the 2012 to 2013 splits. One of our Honor of Kings players, Linwei "Tanran" Sun, joined eStar Gaming's youth training program in 2020 and was promoted to our pro team in 2021, and subsequently won five KPL championships since his KPL debut. In addition, in May 2023, a coach and three athletes from eStar Gaming were enlisted in the National Training Team for Asian Games in the Honor of Kings competition. The success of these star athletes demonstrate our strong ability in attracting, training and retaining top-tier esports talent, and offering them the best platforms for competition.

We do not restrict our athletes from transferring to other teams. Our proven development system has broken records for KPL transfer fees multiple times, including a one-time transfer fee of RMB12 million for Zhejie "Zimo" Wu, who was trained by eStar Gaming.

Comprehensive Support System for Our Athletes

We maintain the growth and longevity of our athletes through a series of scientifically tailored training programs and a comprehensive support system to fulfill their maximum potential and prolong their career cycles. Our coaches not only formulate gaming strategies by monitoring game version and meta changes and general trends in the industry, but also focus on details that benefit the long-term development of individual athletes and their specific tactics in a particular game. Furthermore, we provide comfortable accommodations at the training facilities for athletes and hire professionals for nutrition, relaxation and mental health.

We are also committed to balancing performance with well-being. Ninjas in Pyjamas was the pioneer in introducing not only esports performance coaches but also psychologists, nutritionists and physical therapists in 2017. The support of our coaches goes beyond the gaming performance of our athletes and extends to their personal development. We believe this helps secure a more sustainable competitive environment for our athletes.

Sources of Revenue of Our Esports Teams

Our esports teams currently generate revenue through a combination of sources, including:

- *Prize money*. Our esports teams compete in tournaments across a broad portfolio of video game titles and earn tournament winnings based on performance.
- *Revenue sharing with leagues*. While the specifics of the revenue sharing model vary depending on the specific league and teams involved, we typically share league revenue generated from various channels, such as sponsorships, advertisements, media rights, game props, and ticket sales. The

revenue is split between the league and teams within the league, with the league taking a portion for their costs and expenses and the rest distributed to teams generally based on factors such as team performance, popularity, and event location. We also sell season tickets to matches held in our home courts.

- *Athlete transfer and rental fees*. We derive revenue from the transfer and rental of our athletes. The athlete transfer and rental fees can be significant sources of revenue for us, especially for top-level players. Certain transfer or rental agreements may also include performance-related bonuses, such as bonuses for various in-game stat goals or games played, which can generate additional revenue for us.
- *Sponsorship and advertising fees*. Our esports teams partner with brands and advertisers to promote their products and services to our highly engaged and tech-savvy fan base. This includes traditional sponsorships, such as having the brand's logo displayed on our player's jerseys, our websites and social media platforms, as well as more innovative advertising campaigns, such as in-game sponsorships. For example, brands can sponsor our athletes' in-game characters by having such characters wear clothing or use equipment featuring the brand's logo.
- *Sales of branded merchandise*. We offer a wide range of esports branded merchandise featuring our esports teams and athletes to fans.
- *Live streaming revenue*. Our esports teams collaborate with live streaming platforms from time to time to provide live streaming services featuring our athletes and more. Our esports teams thus receive live streaming revenue from the platforms which primarily includes signing fees and a share of the revenue generated from virtual gifts given to our athletes during live streaming.
- *IP licensing*. We grant a third-party licensee permission to use the Ninjas in Pyjamas brand and related intellectual property to sell digital goods such as game props, skins or stickers in exchange for an agreed IP licensing fee.

In addition, as the revenue model for an esports organization is constantly evolving along with the overall industry, we will continue to find new and innovative ways to monetize our fan base and generate revenues.

Talent Management Business

We launched our talent management business in 2021 under the eStar Entertainment brand. We incubate and represent online entertainers and help them create and distribute diversified, engaging esports- and gaming-related content for live streaming and other online entertainment platforms, as well as engage in other commercialization activities. We also provide entertainment marketing and consulting services to global corporate brands.

We have a proven track record of connecting our online entertainers with global brands to create revenue opportunities and successful, sustained partnerships, including endorsements, appearances, peripherals, and digital and equity partnerships. We will continue to leverage and build momentum to further grow our advertising business, offering one-stop shop services to help sponsors and advertisers capture views throughout the esports value chain.

Our Online Entertainers

Our talent management business provides athletes with a career beyond esports. While the average playing career length of esports athletes is typically five to eight years, according to the Frost & Sullivan Report, a career as online entertainer can be substantially longer. The loyalty and strong bond we create with our athletes through their esports careers contribute to their continued cooperation with us as online entertainers. Many of our athletes who choose to sign with our talent management agency have expanded their footprints into the broader entertainment industry. For example, Guixin "Nuoyan" Guo, one of the most renowned players in KPL history who helped us win the 2019 Honor of Kings International Championship, is now signed with us as an entertainer. He has become a popular reality show star and was one of the contestants on *Produce Camp 2021*, one of the most popular shows produced by Tencent Video in 2021 with a reportedly record-breaking 5.5 billion views.

Our talent management business focuses on developing our roster of esports athletes to become successful online entertainers. At the same time, we also identify and recruit high-potential candidates outside of our ecosystem through a variety of avenues, such as retired athletes from other esports organizations, popular amateur players and non-esports online entertainers, by closely tracking competitive esports games and all major entertainment platforms. Our deep roots in the esports ecosystem and our strong brand reputation give us competitive advantages to attract top online entertainers and secure long-term partnership with them. For instance, we have signed Yilong "Sao Yi" Zhou, who is among the most popular streamers on streaming platform Douyu with subscribers of over 1.7 million as of April 30, 2024. Our portfolio of influential entertainers also includes Yang "Liu Taiyang" Liu, who produces diverse content relating to lifestyle, workout and daily routines and had over 6.8 million followers across all platforms as of April 30, 2024.

We have also attracted celebrities from the greater entertainment world to our organization. In 2020, Jackson Wang, one of the world's most famous pop idols and one of the most followed male artists on Instagram with approximately 33 million followers as of April 30, 2024, joined us as a partner and beneficial shareholder.

We collaborate with our signed entertainers both on exclusive and non-exclusive bases. Our agreements typically set forth the terms and conditions under which we will represent the entertainers and monetize their social media channels, outlining the revenue sharing arrangement, ownership of the content created by the entertainers, our right to use and distribute the content, etc. The terms of talent management agreements we enter into with our entertainers typically varies from three to five years. As of December 31, 2023, we had over 36,000 signed online entertainers, enabling us to connect with more than 33 million audience members and 66 million social media followers across platforms.

Cross-Platform Reach

Our online entertainers generate a full range of content from live streaming to short videos, covering popular game titles such as Honor of Kings, League of Legends, Crossfire, DNF, Naraka: Bladepoint, and Game for Peace. We have long-term cooperative relationships with major live streaming and other online entertainment platforms, such as Youtube, Douyu, Huya, Douyin and Kuaishou, helping them build vibrant communities where viewers can interact with each other and entertainers. Through the diverse and engaging content they generate, our entertainers help promote the platforms they use by attracting new viewers and create a sense of belonging and foster an appealing environment for viewers, leading to increased user engagement and growth for the platform. In 2022, Xiaocheng "Xiaochenya" Zhi and "Sao Yi" Zhou, both our signed streamers, were among the top 10 streamers on Douyu (based on their Douyu streaming revenue), demonstrating their popularity and commercial value.

Our brand gravity has attracted social media and other platforms to collaborate with our top-performing online entertainers. Moreover, our online entertainers benefit from the expertise and vast resources of our esports teams and event production business to secure partnerships with a broad spectrum of brands and advertisers. Our expansive presence across platforms and synergistic effect with our other business segments provide our online entertainers immense commercial opportunities and offer brands and advertisers valuable exposure to meet their marketing objectives.

Talent Development System

We offer comprehensive operation and marketing services to create successful online entertainers and support their career development. For online entertainers with limited experience, we provide basic courses to explain typical live streaming norms and coach them on basic skills needed for content creation. When such emerging online entertainers are able to create content independently, our operational focus would shifts to helping them attract and retain a fan base. In addition, once entertainers reach a sufficient fan base and stable content creation, we connect them with brands that suit their personalities and traits and assist our online entertainers in securing and implementing sustained partnerships with such brands.

We have built a dedicated talent development team of 23 members specialized in providing operations and marketing services to our online entertainers as of December 31, 2023. We have guidance on how online entertainers should appropriately behave in public and on social media to help them build a positive public

image to support their career progression. Our talent development team is critical in creating a contact point between our online entertainers and the audience. For example, we help online entertainers increase their exposure by reviewing and publishing publicity materials, such as photographs and press releases, and keep the audience updated on the latest news about the online entertainers on various social media platforms. On the occasions where our entertainers face potential negative publicity, our talent development team will react promptly to formulate an appropriate response.

Sources of Revenue of Our Talent Management Business

Our talent management business currently generates revenue from a variety of sources, including:

- *Live streaming revenue.* Live streaming has been one of most popular ways for online entertainers, and in particular esports athletes, to connect with fans. We help our entertainers manage and monetize their streams and share live streaming revenue from platforms with them.
- *Advertising revenue*. Our entertainers can incorporate advertisements or product placement into their videos and other content. We receive a share of the advertising revenue generated from such content.
- *Sponsorship deals.* We help our signed entertainers negotiate and manage sponsorship deals, including brand partnerships, product placements, and sponsored content.

Event Production Business

Our eStar Event business is our event production arm based in Wuhan, China, offering industry-leading event production services to game developers and publishers, live streaming platforms and other institutions. We operate a broad range of local and nationwide esports events, including esports matches, professional tournaments, and esports-inspired digital art exhibitions, all leveraging state-of-the-art gaming media and technology.

We have hosted around 400 events in over 70 cities in China since 2020, including:

- ***Home court games.*** We engage in professional esports tournament operations and content marketing with different brands. We recently hosted LPL 2021 summer split and KPL 2021 spring split matches in the Shenzhen NIP home court and Wuhan eStarPro home courts, respectively, which were live streamed across popular platforms such as Douyu, Huya and Tencent Video, achieving tens of millions in peak concurrent viewers per match.
- ***Tencent-related events.*** We work extensively and closely with Tencent to promote their games to bring the best esports experience to their audience. We were recognized by Tencent as one of its best regional event service providers in 2020 and 2021, demonstrating our strong ability to provide superior event production solutions. We organize matches, tournaments and other events for a variety of game titles, including Honor of Kings, League of Legends and CrossFire. In 2022, we were commissioned to organize the regional and provincial selection matches for the Fifth Honor of Kings China-wide Competition, which is the highest level of non-pro league competition approved by Tencent. By attracting more recreational players to participate in competitions for various Tencent-backed games, we have helped Tencent shape their competitive gaming landscape, drive player engagement and promote the popularity of their games.
- ***Digital Ice & Snow Games series***. We also help partners outside of the esports ecosystem in China to produce their online and offline events, including games, exhibitions and promotional initiatives for local tourism and traditional sports. For instance, we co-hosted the nationwide *Digital Ice and Snow Games* series in both 2021 and 2022, focused on promoting traditional winter sports through a ski simulator game. As a part of this series, we introduced unique esports elements such as ice and snow themed Honor of Kings characters. The event consisted of online and offline regional competitions, with the finale held offline in Beijing in July 2021 and Wuhan in July 2022, respectively. Our event production helps attract traffic, rejuvenate local tourism and enhance the popularity of esports.
- ***Partnership with brands***. We collaborate with commercial brands and sponsors to increase brand awareness through a variety of esports-related events. For instance, in 2022, we hosted nationwide

Honor of Kings matches for BYD Auto, a world-leading automobile manufacturer, with a target audience of younger generations, such as university students across China. A large number of these events were held in busy business districts across various major cities in China, and attracted over 5,000 participants from over 280 universities across China.

Our event production services include event planning and management, live content capturing and production, and a comprehensive portfolio of support services. We offer customized solutions for each esports event, with a focus on optimizing the viewing experience of online and offline audiences.

Event Planning and Management

We provide game developers and promoters with solutions to promote their games and increase player engagement through methods such as organizing tournaments or maintaining leaderboards. These methods help foster a thriving competitive environment, which can drive player engagement and creating a more dynamic ecosystem for the game.

We plan, execute and manage all aspects of each event, including advising on the overall theme, picking appropriate venues, engaging quality referees and commentators, designing schedules, and coordinating logistics and managing all participating teams. We operate both online and offline events which are broadcasted through live streaming platforms and other distribution channels either on a live or on recorded basis.

Live Content Capturing and Production

We have a dedicated team of experienced content production professionals who capture, produce and present exciting esports gameplay and entertainment at each esports match, with an aim to bring viewers both online and offline closer to the action. Leveraging their extensive experience in producing esports events and deep understanding of esports games, our content production professionals are able to capture the most exciting actions of athletes, such as their hand and finger movements and facial expressions, and present game datapoints and statistics on live content screen instantaneously, to deliver memorable, engaging esports content to viewers. We also plan and design special effects to improve viewer experience. Shortly after live content is captured, we add in appropriate special effects, game statistics and/or commentary voiceover, after which the produced content is broadcasted to the offline arena as well as to various online distribution channels.

We also handle all technical aspects of event operations, including setting up and testing audio, lighting, video and staging gear at the live event venue, along with the highly skilled technicians who make sure the systems run smoothly to capture all of the excitement and drama of any event. We have a full range of equipment available in-house, including premier audio, lighting and video equipment, allowing us to deliver comprehensive, close-up coverage for an immersive spectator experience.

Event Production Support Services

We offer a comprehensive range of event production support services, including venue preparation, stage designs, technical engineering, audio/ visual support and logistics. Our team of creative design technicians are capable of providing bespoke solutions for each individual event from large-scale stage and seating design to the crafting and integration of customized scenic elements, whether physical or virtual. We also use special effects during live events to elevate the drama and excitement.

Sources of Revenue of Our Event Production Business

Our event production business currently generates revenue primarily from service fees for planning, creating, operating and managing a broad spectrum of events. We also generate revenues from brands and advertisers who pay us to sponsor events or advertise during events. This can include product placement, signage, advertising on event websites or social medial channels, and other marketing opportunities associated with an event.

Other Business Lines

We are also actively exploring additional opportunities to supplement the organic growth of our core businesses, with a particular focus on expanding our business lines within the esports+ model. In line with this strategy, we are endeavoring to enter the esports real estate sector. To this end, we have entered into a joint venture agreement with a leading hotel chain in China to develop and operate esports hotels. Under this agreement, we have been granted an exclusive right to collaborate with this partner in the esports hotel sector for seven years. We view this partnership as the beginning of our expansion into the esports real estate market.

Our Fans

We have a strong and loyal global fan base. Our fans include fans who support NIP Group and its Ninjas in Pyjamas and eStar Gaming brands. As of December 31, 2023, our official social media accounts on Weibo, Twitter, Instagram and other platforms had combined followers of approximately 16 million. Our fans also include those support our athletes and online entertainers. Our athletes and online entertainers signed with our talent management agency business had total social media followers of approximately 99 million as of December 31, 2023, showing the robustness of our reach and the influence of our talent.

We have a global, young fan base primarily consisting of millennials, typically considered to be born between 1981 and 1996, and Gen Z'ers, typically considered to be born between 1997 and 2012. According to our analysis of data across major social media platforms, more than 80% of our fans were younger than 40, as of December 31, 2023. Millennials and Gen Z'ers are known to have significant purchasing power, according to the Frost & Sullivan Report, and are often considered a key demographic for many businesses, including esports related businesses. Millennials have a strong interest in technology and digital media, as they are early adopters of new technologies. This includes gaming and esports, as they are open to new forms of entertainment and are willing to spend money on experiences they enjoy.

At the same time, the spending power of Gen Z'ers continue to grow as they reach working age and start to advance their careers. Gen Z'ers have grown up in a digital world and is tech-savvy, which has led to distinct spending habits and preferences compared to previous generations. When it comes to entertainment, Gen Z'ers are more interested in digital and interactive experiences, which includes gaming and esports. According to the Frost & Sullivan Report, Gen Z'ers have a higher interest in esports than any other age group, and they are more likely to participate in and watch esports events. They are more likely to be engaged in live streaming and other forms of interactive media, which creates opportunities for brands to reach and connect with this generation through sponsorship and advertising in the esports industry.

We engage our fans across the most popular digital platforms, such as Weibo, Kuaishou, Douyin, Bilibili, Twitter, Instagram, TikTok, Facebook and YouTube. We track various metrics across platforms where we have presence to evaluate fan engagement and growth, including views, subscriptions, follower growth, level of interaction with post or content, areas of interest and time spent. During the three years ended December 31, 2023, followers of our main "Ninjas in Pyjamas" accounts on Facebook, Twitter, Instagram, Youtube and other platforms grew by 16% to reach approximately 3.0 million. During this time, these accounts accumulated over 730 million impressions, approximately 76 million views and approximately 40 million engagements. At the end of 2023, our main "eStarPro" account on Weibo had more than 4.8 million followers.

We plan to implement a variety of strategies to grow our fan base and increase fan engagement. We will continue to maintain our strong brand identity and foster a sense of community among fans, by creating social media presence that appeals to fans, hosting events and providing quality experiences to fans, encouraging fan engagement through contests and other interactive activities, and offering exclusive content, such as behind-the-scene videos, player interviews, and live streams, to give fans a unique perspective on our esports teams and players.

Our Sponsors and Advertisers

We provide our marketing partners truly global sponsorship opportunities, allowing them to cultivate fans across the world without being limited by geography. Our sponsorship portfolio includes premier brands

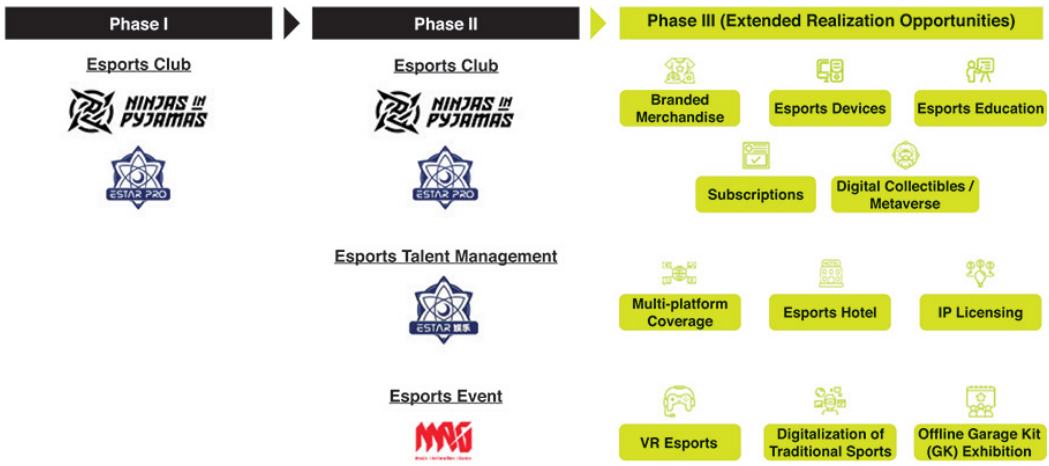
such as Razer, FILA, Red Bull and Samsung. Our established global presence across Sweden, Brazil and China serves as a strong foothold to provide internationalized marketing solutions in the esports ecosystem in which we operate and beyond. Leveraging our esports competition and event production capabilities and network of game developers and promoters and online entertainers, we can create and execute innovative and diverse solutions to achieve the marketing goals of the brands and sponsors we partner with.

The brand power of Ninjas in Pyjamas and eStar Gaming is particularly important to our marketing initiatives and our ability to gain traction in the industry and engage marketing partners. As we have grown our fan base and brand recognition and expanded our global footprint, we have become an attractive marketing partner for companies around the world. Over the years, we have broadened our sponsorship portfolio from primarily gaming-centric brands to mass-market sponsors spanning across the tech, computer hardware, retail and consumer, and finance industries.

Esports+ Model

The esports industry is still at a stage of rapid growth and evolution with tremendous potential. Although we are deeply focused on securing the best competitive results for our esports teams across geographies and titles, we recognize the need for sustainable organic growth and that profitability lies beyond championships. We believe that the path lies in what we refer to as the "esports+" model.

The following diagram illustrates the three phases of the esports+ model:



Phase 1.0 of the esports+ model primarily consists of the operation of esports clubs focusing on competitive results, as well as permanent league spots for revenue sharing and diversified revenue streams. We believe that most esports organizations are currently at phase 1.0 of the esports model, generating revenue primarily from prize money, league revenue sharing, athlete transfer and loan fees, and sponsorship and advertising fees.

NIP Group has moved to phase 2.0 of the esports+ model by successfully discovering new value proposition along the esports industry value chain and generating revenue through our talent management, events production, creative studio and burgeoning advertising businesses. In our talent management business, we represent online entertainers including many of the most accomplished esports- and game-related influencers and streamers and support them with our strong brand partnerships and social media and digital operation capabilities. We primarily generate talent management revenue from advertising, sponsorship deals, live streaming, and events and tours. In the meantime, we provide entertainment marketing and consulting services to global corporate brands. In our event production business, we primarily generate revenues from event operation service fees, sponsorship and advertising. For the year ended December 31, 2023, net revenues from our esports teams operation, talent management and events production businesses accounted for 25.9%, 62.9% and 11.2% of our net revenues, respectively, evidencing the diversity in our revenues.

This stage of the esports+ model drives us to focus on bringing value to participants in the esports ecosystem such as game developers, esports teams, advertisers and esports leagues, together with fans and other end consumers. By staying at the forefront of the evolving esports+ model, we are able to secure strong and sustainable revenue streams that help us achieve and maintain profitability.

We are actively exploring esports education related opportunities. In particular, we have entered into cooperation agreements with various education companies on esports education in the hope of alleviating the shortage of talent in the industry. For example, we collaborate with a long-established vocational education institution in China that started to formally offer an "Esports and Management" program in 2022, to help it create a comprehensive, professional esports education curriculum. We provide digital esports education solutions and professional coaches to deliver lessons and training on game strategy, team work, communication, mental preparation, and physical fitness, to help students develop the skills they need to succeed not only in competitive gaming but also in vocational development, both as individuals and as members of a team. Graduates of such programs can become popular candidates for internship and job opportunities on core teams of reputable game developers such as Tencent. In addition, we are planning to roll out esports hotels in China and around the world which can extend the attractiveness of esports experience to more offline space beyond traditional game venues. We had signed a joint venture agreement with a China's leading hotel management group as of the date of this prospectus.

More recently, we entered into a strategic collaboration framework agreement with Wuhan Optics Valley New Culture Investment Development Co., Ltd., or Optics Valley, an affiliate of Wuhan Culture Tourism Group Co., Ltd., in February 2023, aiming to promote the local esports scene to make Wuhan the top esports center in China. Under the framework agreement, Optics Valley will provide us with the venue, equipment and facilities as the new home court of eStar Gaming, or the Wuhan Arena, and we will host, on an annual basis, no less than 30 national and 20 provincial tournaments, as well as 12 large-scale esports-related events such as fan meetups and Digital Ice & Snow Games. In addition, in the coming years we will open new offices, youth training center and esports talent school at the venue provided by Optics Valley to foster and grow the esports community around our Wuhan Arena, and will also license our IPs for building esports parks, fan clubs and hotels in the future.

Going forward, we plan to continue our growth along the esports+ model to reach its phase 3.0 and the extended revenue opportunities it provides in areas such as team app subscriptions, digital collectibles and IP licensing. We have entered into collaboration agreements with a number of digital collection platforms and have launched our digital collectibles in November 2022. Aiming to create a global benchmark for esports+, we are also actively building our proprietary IPs around the world in the fields of fashion, art and metaverse. In 2022 and 2023, we launched over 20 IP collaborations with companies spanning the telecommunication, automobile, sportswear, and various other industries, introducing co-branded vehicles, peripherals, clothing, beauty products, beverages, and gift boxes. We also license companies to use the image, including AI and virtual image of our athletes for promotion. We expect to further expand our IP collaborations to 40 by 2025.

Marketing

We promote our esports-centric services and content and enhance our brand awareness through our website and social media accounts, and by sponsoring and participating in esports events. We also display our logos and play promotional videos for our business at esports tournaments we participate in. Our online entertainers also promote our brand and the esports events we participate in through their own live streams and social media accounts. We also engaged in online marketing and brand promotion activities such as collaborating with other popular brands, search engines, social media platforms and short-form video platforms. In addition, we also participate in various gaming expos and conferences, such as the Tencent esports annual conference and ChinaJoy, or China Digital Entertainment Expo & Conference, the largest gaming and digital entertainment exhibition held in Asia.

Data Security and Privacy

We have access to and store certain data concerning our players, business partners and employees in the ordinary course of business. We also occasionally have access to limited data concerning online and offline viewers of our esports events, which is shared to us by third parties who collected and compiled the

data. We have developed an internal policy to govern data security and how we may use and share data, to preserve individual personal information and privacy. We have a team of professionals who are dedicated to the ongoing review and monitoring of data security practices. We encrypt and store any personal data we collect on third-party cloud servers, which are protected by advanced anti-hacking measures and firewalls. We collect personal information in accordance with applicable laws and regulations as well as our own privacy policies, which are amended from time to time. To minimize the risk of data loss, we conduct regular data backup and data recovery tests. We have data disaster recovery procedures in place.

We utilize a variety of technology solutions to detect risks and vulnerabilities in user privacy and data security, such as encryption, firewall, vulnerability scanning and log audits. We have established stringent internal protocols under which we grant classified access to encrypted personal data only to limited number of employees with strictly defined and layered access right, to ensure that data will not be accessed or disclosed improperly. In addition, we conduct regular stress tests performed by our information security department as well as third-party testing agencies. For a discussion of risks relating to data security and privacy, see "Risk Factors — Risks Related to Our Business and Industry — Our business is subject to a variety of laws and regulations of the PRC, the European Union member states, the Cayman Islands and other international jurisdictions, including those regarding cybersecurity, economic substance, data protection and data privacy. Any failure to comply with such current or future laws and regulations, could adversely affect our business and reputation."

Intellectual Property

We rely on a combination of copyright, trademark, domain name, and trade secret laws and restrictions on disclosure to protect our intellectual property rights. As of December 31, 2023, we had 291 registered trademarks, registered copyrights to one piece of creative work and 16 pieces of software, and three domain names.

Competition

Esports is an emerging industry globally. Our business is rapidly evolving and we compete against a vast variety of fragmented firms across multiple industries, including well-established esports clubs, players in the talent management agency industry, traditional sports leagues, providers of event production services, and new entrants challenging our position in the esports and gaming industry. We compete to attract and retain participants in the esports and gaming industry, such as game developers and publishers, brands and sponsors, talented online entertainers, and esports gamers and audience.

Our competitors may compete with us in a variety of ways, including by providing better and more innovative esports services, offering more monetization opportunities, creating high-quality and more diverse content, fulfilling the evolving preferences of our target consumers, as well as conducting brand promotions and other marketing activities. While we believe that we compete favorably across these factors taken as a whole, new competitors will likely continue to emerge, and these competitors may have greater financial resources or brand awareness than we do.

Employees

We had 253 full-time employees as of December 31, 2023. The following tables set forth the breakdown of our full-time employees as of December 31, 2023 by function and location, respectively:

Function	Number of Employees
Esports teams	30
Talent management	23
Event production	75
Sales and marketing	63
General administrative and others	62
Total	**253**

Location	Number of Employees
China	225
Sweden	26
Brazil	2
Total	**253**

Our employees and our culture are critical to our success. We strive to maintain a collegial and creative corporate culture. We have various recruiting channels and do our best to provide our recruits with great career development possibilities. In addition to on-the-job training, we also have established various onsite and online training programs to keep our employees abreast of industry trends. Our training program topics cover professional and leadership skills, technology, and regulatory developments, focusing on both our daily business operations and each employee's individual career development. We believe that our compensation and benefits packages are competitive within our industry. We have not experienced any significant labor disputes. We believe that we maintain good relationships with our employees. None of our employees in China are represented by labor unions.

We generally enter into standard confidentiality and employment agreements with our employees to cover matters such as salaries, benefits and grounds for termination. The contracts with our key personnel typically include a non-solicitation covenant, as well as a standard non-compete covenant that prohibits the employee from competing with us, directly or indirectly, during his or her employment and for two years, or such other period agreed between the employee and us, after the termination of his or her employment, provided that we pay a certain amount of compensation during the restriction period.

As required by local regulations in the country where we operate, we participate in various employee social security plans that are administered by municipal and provincial governments for our full-time employees. In China, such required social security plans include housing, pension, medical insurance, unemployment insurance, injury insurance and maternity insurance. We are required under PRC law to make contributions to employee benefit plans for our PRC-based full-time employees at specified percentages of the total salaries, bonuses and certain allowance of our employees, up to a maximum amount specified by the relevant local governments in China from time to time. We are also required to make contributions to mandated employee provident fund schemes required by local laws for our employees in other jurisdictions.

Facilities and Properties

Our principal business operations are located in Stockholm, Sweden, Sao Paolo, Brazil, and both Shenzhen and Wuhan, China. We also have office facilities in Shanghai, China. As of December 31, 2023, we leased 21 properties mainly in Wuhan, Shenzhen, Shanghai and Chengdu in China and Stockholm in Sweden with an aggregate gross floor area of over 47,000 square meters. These leases vary in duration from four months to ten years. We intend to acquire additional space as we add employees and expand geographically.

Insurance

We maintain standard benefit plans required by PRC laws and regulations, including pension insurance, medical insurance, workplace injury insurance, unemployment insurance, and maternity insurance. We believe our insurance coverage for our Swedish subsidiary and its representatives to be adequate, taking its business and risks of operations into account. For a discussion of risks relating to our insurance coverage, see "Risk Factors — Risks Related to Our Business and Industry — Our insurance may not sufficiently cover, or may not cover at all, losses and liabilities we may encounter during the ordinary course of operation."

We consider our insurance coverage to be sufficient for our business operations and is consistent with customary industry practice in Sweden and China. We periodically review our insurance coverage to ensure that it remains to be sufficient.

Corporate Social Responsibility

We prioritize corporate social responsibility as an important aspect of our business. Since our inception, we have implemented several initiatives to create a positive impact on society, including supporting causes

such as environmental sustainability and conservation, education, poverty alleviation, and youth empowerment through various partnerships and programs. Additionally, we prioritize diversity and inclusion as an integral part of our organization. We have been actively supporting and participating in socially responsible programs that align with our core values and mission, to contribute to the betterment of the global esports community and our broader society.

Environmental sustainability. In line with our commitment to sustainable development, we actively collaborate with the World Wide Fund for Nature (WWF) to support the global Earth Hour campaigns. Earth Hour is a significant global initiative that encourages people around the world to power down their electronics as a symbolic gesture of support for nature and the planet. As part of our environmental efforts, our esports players have taken initiatives on Weibo, promoting environmental protection practices. These initiatives include advocating for the use of durable alternatives to single-use products, encouraging walking or cycling instead of relying on cars, and promoting upcycling as a creative way to repurpose unused or unwanted items. In Europe, Ninjas in Pyjamas attended the 27th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, also known as "COP27", and signed the Sustainable Web Manifesto, declaring its commitment to creating a sustainable internet. In particular, Ninjas in Pyjamas is committed to reducing its carbon dioxide emissions by 30% through initiatives such as relocating the data centers it uses to the north of Sweden where the net carbon production is of zero gas emissions. As part of the effort, Ninjas in Pyjamas will also be moving from Chrome to a sustainable web browser to reduce the usage of fossil fuels for websites. In addition, Ninjas in Pyjamas is in the progress of launching a variety of sustainably-made home and office products, including phone cases made of linseed and water bottles made with recycled steel from containers and shipwrecks, through the partnership with a Swedish climate-positive lifestyle brand.

COVID-19 outbreak relief efforts. During the challenging times of the COVID-19 outbreak, we stepped up our efforts to support those affected. Leveraging our experience in operating online events, we collaborated with a renowned psychologist to conduct live streaming courses on Huya, aiming to help individuals in managing emotional stress during the pandemic. The courses garnered significant attention, with peak viewership exceeding 500,000. Additionally, we made a donation of RMB500,000 in 2020 to contribute to the containment and prevention of the spread of COVID-19. In Europe, Ninjas in Pyjamas participated in Gamers Without Borders, an event that features a number of different esports tournaments, including games such as CS:GO, FIFA and Rainbow Six, with a goal to use the power of gaming to make a positive impact on the world. The event is known for its large prize pools, with millions of dollars donated each year to support charitable organizations that are working to improve the lives of people in need. Gamers Without Borders in 2021 raised funds to support global COVID-19 relief efforts, with a prize pool of US$10 million. Ninjas in Pyjamas competed in the CS:GO tournament and finished in 5th-6th place.

Henan floods relief efforts. In July 2021, Zhengzhou, the capital city of Henan province in China experienced catastrophic flooding due to heavy rainfall. The extreme weather conditions led to an unprecedented volume of water accumulation, overwhelming the city's drainage system and causing significant damage to infrastructure. Tragically, the flooding resulted in the loss of many lives. We made a donation of RMB1 million aimed to provide swift assistance to those affected by the floods and aid in the overall recovery and rebuilding process.

Animal protection. We collaborate with non-profit organizations devoted to protecting endangered species. In partnership with the Wuhan Baiji Conservation Foundation, an esteemed charitable organization established in 1996, we strive to raise public awareness about the protection of Yangtze finless porpoise — an adorable and highly intelligent dolphin species that is critically endangered. Through financial contributions and participation in fundraising events, we support efforts to prevent the extinction of this remarkable cetacean, the last remaining species of its kind in the Yangtze river. In line with our dedication, we have chosen the Yangtze finless porpoise as our cherished mascot.

Poverty alleviation initiatives. We participate in initiatives that aim to provide support for children in economically underdeveloped areas in China. For example, in May 2022, our esports teams participated in a charity initiative by the China Siyuan Project Poverty Alleviation Foundation and established the "eStar Love Art Classroom" at an elementary school located in rural Yichang, Hubei. We aim to provide resources and facilities for art education to children in that area, hoping to nurture their imagination, self-expression, and culture appreciation, enhancing their overall development. In September 2022, one of our

esports players donated drone teaching kits to an elementary school in Zhengzhou, Henan. Working with drones can provide students with hands-on and captivating learning experience in science experiments that can inspire their curiosity and passion for science and technology.

Diversity and inclusion. We emphasize diversity and inclusion, promoting equal opportunities and diverse representation within our organization. We launched our first all-female teams in CS:GO in September 2022 and plan to assemble all-female rosters for more game titles. We believe our continuous investment and effort in creating opportunities for women to participate in esports can inspire more female players to pursue careers in gaming and technology.

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising in the ordinary course of our business. We are currently not a party to any material legal or administrative proceedings.

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. For potential impact of legal or administrative proceedings on us, see "Risk Factors — Risks Related to Our Business and Industry — Pending or future litigations, arbitrations, governmental investigations and other legal proceedings could have a material and adverse impact on our financial condition and operating results."

REGULATION

This section sets forth a summary of the most significant rules and regulations that affect our business activities or the rights of our shareholders to receive dividends and other distributions from us.

Regulations on Esports

The Provisional Regulations on Esports Management, which was promulgated by General Administration of Sport of China and came into effect on July 24, 2015, provided that any international and national esports events that are not organized by the Sports Information Center of the General Administration of Sport of China, including commercial, mass, non-profit esports events, do not need approval or permit, and any legal entity can host such esports events.

Regulations on Commercial Performance

China

In accordance with the Regulations for the Administration of Commercial Performances (Revised in 2020), which was promulgated by State Council on July 7, 2005, and thereafter amended on July 22, 2008, July 18, 2013, February 6, 2016, and November 29, 2020, respectively, foreign investors may legally establish performance brokerage agencies within the territory of the PRC. To engage in commercial performance business activities, a performance brokerage agency shall have three or more full-time performance brokers and funds for the relevant business and shall file an application with the culture administrative department of the people's government of a province, autonomous region or centrally administered municipality. The culture administrative department shall make a decision within 20 days from the receipt of the application; where an approval is given, a commercial performance permit shall be issued. No entity or individual may counterfeit, alter, rent, lend, buy or sell any commercial performance permit, approval document or business license. Furthermore, if a performance brokerage agency engaged in any commercial performance business activity without such permit, the culture administrative department of the people's government at county level shall ban the agency, confiscate its performance equipment and illegal proceeds, and impose a fine in the range of eight to ten times of its illegal proceeds. Where there are no illegal proceeds or the illegal proceeds are less than RMB10,000, a fine from RMB50,000 to RMB100,000 shall be imposed.

On August 28, 2009, the Ministry of Culture promulgated the Implementation Rules to the Administrative Regulations on the Commercial Performance, which was last amended on May 13, 2022 with immediate effect, further provides that the commercial performance provided in the Administrative Regulations on the Commercial Performance refers to the on-site cultural and artistic performances to the public for the purpose of making profits with methods including selling tickets or getting sponsors, paying or remunerating performing entities or individuals, using the performances as a medium for promotions or for promoting sale of products and in other profitable forms.

On August 30, 2021, the MCT published the Internet Performance Brokerage Agencies Measures, according to which an internet performance brokerage agency shall obtain a commercial performance license, not promote their hosts by encouraging virtual gifting with rankings and fake advertisements, and not falsely induce users to consume user tokens or provide virtual gifting. A fine within the range of eight to ten times of the illegal proceeds and confiscation of illegal proceeds might be imposed on agencies engaged in commercial performance activities without approval. The MCT gives a grace period of 18 months, or until February 28, 2023, for online performance talent management agencies to obtain the license. On October 10, 2022, such grace period was further extended to February 29, 2024, according to an announcement by the MCT.

On December 13, 2021, the MCT issued Measures for the Administration of Performance Brokers, which came into effect on March 1, 2022, and provides that performance brokers activities include performance organization, production, marketing, performance intermediary, agency, commission trade, actors' signing, promotion, agency and other activities. Persons engaged in performance brokerage activities within the territory of the PRC shall pass the performance brokerage qualification examination and obtain the performance brokerage qualification certificate.

Sweden

Sweden has enacted the Public Order Act (1993:1617), which contains provisions on public gatherings and events and the conditions for organizing such gatherings or events. The Public Order Act thus imposes restrictions on the fundamental right to organize meetings and to conduct demonstrations guaranteed in the Swedish constitution, with the purpose to ensure the gathering is peaceful and safe for the participants, and to ensure the maintenance of law and order.

Competitions and sports shows are considered to be public events, to the extent such events are held in a public place or a place accessible to the public. The fact that an entrance fee must be paid in order to enter the area where the event is held, does not affect the assessment of whether the place is considered to be accessible to the public. However, if the event is limited to certain invited guests or members of a certain association, such an event would typically not be considered to be a public gathering or assembly.

A license is only required to host public events held in public places. Arenas are typically not considered to be public spaces, and thus do not require any license. Nevertheless, when a public event is held in an area covered by a zoning plan, the police authority must be notified of the event. This notification obligation also applies where a public event is held outside, and where there, due to the high number of expected participants, are risks that public order is disrupted, that safety is jeopardized or that the nearby area or traffic is disturbed. Notifications shall be made orally or in writing no later than five days prior to the public event.

Regulations on Hosting Large-Scale Mass Activities

China

On September 14, 2007, the State Council promulgated the Regulations for the Security Administration of Large-Scale Mass Activities, which became effective from October 1, 2007, regulates that organizers of large-scale mass activities like sports events, concerts and performances are responsible for such activities' security and should apply for security permits in advance if such activities with more than 1,000 participants, a violation of which will cause fine and confiscation of illegal gains by the authorities.

Sweden

There is no legislation in Sweden specifically regulating hosting of large-scale mass activities. With regard to legislations covering public gatherings and events, please refer to the section on "Regulations on Commercial Performance" above.

Regulations on Production and Operation of Radio and Television Programs

China

On August 8, 2022, the National Radio and Television Administration promulgated a draft of Regulations on the Administration of Production and Operation of Radio, Television and Internet Programs for public consultations, which expanded the application scope of the license to include brokerage agencies organizing actors, streamers, etc. to engage in program productions. Any foregoing entities that engage in the production of radio and television programs are required to apply for a license from the SARFT or its local level counterparts. Since the Regulations on the Administration of Production and Operation of Radio, Television and Internet Programs has not been formally adopted as of the date of this prospectus, the revised draft (especially its operative provisions) and its anticipated adoption or effective date are subject to further changes with substantial uncertainty.

Sweden

The Swedish Press and Broadcasting Authority distinguishes between five different types of internet media: websites and databases, web television and web radio, video on demand, podcast radio, and newsletters. Every type of media comes with its own set of rights and obligations, of which some require registration with the Swedish Press and Broadcasting Authority. Failure to fulfill the registration obligation

can result in an injunction subject to penalties. In some cases, when registering, as a provider of any of the categories of internet media, it is also necessary to register a publisher. Failure to comply can result in a fine or, in the most extreme cases, constitute criminal conduct for which monetary fines and imprisonment may be imposed. Additionally, online entertainers and on-demand video providers must ensure that recipients of their services always have easy access to identifying information, such as the name of the organization, geographical as well as e-mail addresses, and information on the competent supervisory authority. Failure to provide the information may result in an injunction possibly combined with penalties.

Streaming and on-demand video services might also fall under the Swedish Radio and Television Act (2010:696), regulating radio and television broadcasts and on-demand television in Sweden, based on where the media service will be considered established. The Swedish Radio and Television Act contains rules on the content of broadcasts, advertising, sponsorships and product placement, as well as rules regarding accessibility for individuals with disabilities. Failure to comply with these rules may result in penalties, ranging from SEK 5,000 to SEK 5,000,000, however, never greater than 10% of the relevant undertaking's annual turnover based on the previous financial year.

Regulations on Internet Security and Data Security

China

On July 30, 2021, the State Council issued the Security Protection Regulations of Critical Information Infrastructure (the "CII Regulations"), which came into effect on September 1, 2021. Pursuant to the CII Regulations, "critical information infrastructures" refers to important network facilities and information systems of important industries and sectors such as public communications and information services, energy, transport, water conservation, finance, public services, e-government, and science and technology industry for national defense, as well as other important network facilities and information systems that may seriously endanger national security, national economy and citizen's livelihood and public interests if they are damaged or suffer from malfunctions, or if any leakage of data in relation thereto occurs. Competent authorities as well as the supervision and administrative authorities of the above-mentioned important industries and sectors are responsible for the security protection of critical information infrastructures (the "Protection Authorities"). The Protection Authorities will establish the rules for the identification of critical information infrastructures based on the situations of the industry and report such rules to the public security department of the State Council for record. The following factors must be considered when establishing identification rules: (i) the importance of network facilities and information systems to the core businesses of the industry and the sector; (ii) the harm that may be brought by the damage, malfunction or data leakage of, the network facilities and information systems; and (iii) the associated impact on other industries and sectors. The Protection Authorities are responsible for organizing the identification of critical information infrastructures in their own industries and sectors in accordance with the identification rules, promptly notifying the operators of the identification results and reporting to the public security department of the State Council. These provisions were newly issued, and detailed rules or explanations may be further enacted with respect to the interpretation and implementation of such provisions, including rules on identifying critical information infrastructures in different industries and sectors.

On November 7, 2016, the Standing committee of the NPC, or the SCNPC, promulgated the Cyber Security Law of the PRC, or the Cyber Security Law, which became effective on June 1, 2017. The Cyber Security Law requires network operators to comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. The Cyber Security Law further requires network operators to take all necessary measures in accordance with applicable laws, regulations, and compulsory national requirements to safeguard the safe and stable operation of the networks, respond to cyber security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data.

On December 28, 2021, the CAC published the Revised Measures for Cybersecurity Review (the "Revised CAC Measures"), which became effective on February 15, 2022, and superseded the Measures for Cybersecurity Review promulgated on April 13, 2020. The Revised CAC Measures provides that a critical information infrastructure operator purchasing network products and services, and platform operators carrying out data processing activities which affect or may affect national security, must apply for cybersecurity

review. The Revised CAC Measures also provides that a platform operator with more than one million users' personal information aiming to list abroad must apply for cybersecurity review.

On June 10, 2021, the SCNPC promulgated the PRC Data Security Law, which has taken effect in September 2021. The Data Security Law introduces a data classification and hierarchical protection system based on the materiality of data in economic and social development, as well as the degree of harm it will cause to national security, public interests, or legitimate rights and interests of persons or entities when such data is tampered with, destroyed, divulged, or illegally acquired or used. It also provides for a security review procedure for the data activities which may affect national security. On November 14, 2021, the CAC published the Administrative Regulations on Internet Data Security (Draft for Comments) (the "Draft Regulations on Internet Data Security") for public comments. The Draft Regulations on Internet Data Security covers a wide range of internet data security issues, including the supervision and management of data security in the PRC, and applies to situations using networks to carry out data processing activities. The Draft Regulations on Internet Data Security specified that data processors who process the personal information of more than one million individuals and seek to go public overseas shall apply for cybersecurity review. In addition, the Draft Regulations on Cyber Data Security Management also regulates other specific requirements in respect of the data processing activities conducted by data processors through the internet in view of personal data protection, important data safety, cross-broader data safety management and obligations of network platform operators. As of the date of this prospectus, the Draft Regulations on Internet Data Security was released for public comment only, and the provisions and the anticipated adoption or effective date may be subject to change with substantial uncertainty.

On July 7, 2022, the CAC has promulgated the Measures for the Security Assessment of Cross-border Data Transfer, which takes effect on September 1, 2022, and requires that any data processor providing important data collected and generated during operations within the territory of the PRC or personal information that should be subject to security assessment according to the relevant law to an overseas recipient shall conduct security assessment. The Measures for the Security Assessment of Cross-border Data Transfer provides four circumstances, under any of which data processors shall, through the local cyberspace administration at the provincial level, apply to the national cyberspace administration for security assessment of cross-border data transfer. These circumstances include: (i) where the important data are transferred to an overseas recipient; (ii) where the personal information is transferred to an overseas recipient by an operator of critical information infrastructure or a data processor that has processed personal information of more than one million people; (iii) where a data processor provides personal information to an overseas recipient if such data processor has already provided overseas the personal information of 100,000 people or sensitive personal information of 10,000 people since January 1 of the preceding year; or (iv) other circumstances under which security assessment of outbound data transfer is required as prescribed by the national cyberspace administration.

On July 6, 2021, the General Office of the CPC Central Committee, and the General Office of the State Council jointly promulgated the Opinions on Strictly Combatting Illegal Securities Activities in Accordance with the Law (the "6 July Opinion"), which called for the enhanced administration and supervision of overseas-listed China-based companies, proposed to revise the relevant regulation governing the overseas issuance and listing of shares by such companies and clarified the responsibilities of competent domestic industry regulators and government authorities. Furthermore, along with the promulgation of the 6 July Opinion, overseas-listed China-based companies are experiencing a heightened scrutiny over their compliance with laws and regulations regarding data security, cross-border data flow and management of confidential information from PRC regulatory authorities. Such laws and regulations are expected to undergo further changes, which may require increased information security responsibilities and stronger cross-border information management mechanism and process. As of the date of this prospectus, we have not received any inquiry, notice, warning, or sanctions regarding this offering from the CSRC or any other PRC government authorities in such respect.

On August 20, 2021, the Standing Committee of the National People's Congress issued the PRC Personal Information Protection Law (the "Personal Information Protection Law"), which became effective on November 1, 2021, and sets forth detailed rules on handling personal information and legal responsibilities, including but not limited to the scope of personal information and the ways of processing personal information, the establishment of rules for processing personal information, and the individual's

rights and the processor's obligations in the processing of personal information. The Personal Information Protection Law also strengthens the punishment for those who illegally process personal information.

The Law of the PRC on the Protection of Minors (2020 Revision), which took effect on June 1, 2021, added a new section entitled "Online Protections," which stipulates a series of provisions to further protect minors' interests on the internet, and together with the Opinions of the General Office of the MCT on Strengthening the Protection of Minors in the Online Cultural Market, provide, among others, live streaming service providers are prohibited from providing minors under age 16 with online live streaming publisher account registration services, and that they must obtain the consent from the minors' parents or guardians and verify the identity of the minors before allowing minors aged between 16 and 18 to register a live streaming publisher account, and online service providers for products and services such as video or audio live streaming and social networking are required to establish management systems to manage viewing time, and monitor access authority and consumption for minors. Furthermore, on October 16, 2023, the State Council published the Regulations on the Online Protection of Minors, pursuant to which, cyber service providers that provide minors with information release, instant messaging and other services shall require the minors or their guardians to provide the real identity information of the minors. If the minors or their guardians refuse to provide the real identity information of the minors, cyber service providers shall not provide relevant services for the minors.

Sweden

On May 25, 2018, Regulation 2016/679 of the European Parliament and of the Council on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, otherwise known as the General Data Protection Regulation, or the GDPR, entered into force. The GDPR concerns the protection of personal data of natural persons with respect to its processing, imposing obligations on controllers and processors processing such personal data. The GDPR has a particularly wide scope of application, impacting any controller or processor with an establishment in the European Union, or the EU, and the European Economic Area, or the EEA, as well as controllers and processors outside the EU/EEA offering goods or services or monitoring the behavior of individuals in the EU/EEA. The obligations imposed on controllers and processors pursuant to the GDPR include that processing must be carried out on the basis of specified purposes and an applicable legal basis, implementing technical and organizational measures, providing transparent information on the processing activities to the individuals whose personal data is processed, facilitating these individuals' rights as data subjects pursuant to the GDPR, ensuring that any outsourcing of personal data is held to an equivalent standard of data protection as provided by the GDPR, and to adhere to specific requirements for transmitting personal data to destinations outside the EU/EEA. Non-compliance with the GDPR may incur administrative penalties up to EUR 20,000,000 or 4% of the total worldwide annual turnover of the preceding financial year, whichever is higher. The Swedish Authority for Privacy Protection is the regulatory authority tasked with enforcing the GDPR within Swedish jurisdiction. On May 19 2022, the Swedish Electronic Communications Act, or the ECA, was updated in accordance with Directive 2018/1972 of the European Parliament and of the Council establishing the European Electronic Communications Code, a legislative update of the previously applicable EU directive and the implemented Swedish act. The ECA imposes, amongst other things, privacy-related obligations on organizations placing cookies, pixels and other similar files on websites. The ECA, in combination with the GDPR, thus impacts digital direct marketing to customers and/or presumptive customers, as digital direct marketing activities must be carried out in compliance with both the ECA and the GDPR, as well as the Swedish Marketing Act which contains general rules for marketing practices. The Swedish Post and Telecom Authority is the regulator for the ECA. Penalties for non-compliance with the relevant sections of the ECA may incur monetary fines, in addition to administrative sanctions pursuant to the GDPR.

Regulations on M&A and Overseas Listings

China

In 2006, six PRC regulatory agencies, including the CSRC, jointly adopted the Regulations on Mergers of Domestic Enterprises by Foreign Investors, or the M&A Rules, amended in 2009. The M&A Rules purport, among other things, to require an offshore special purpose vehicle controlled by PRC companies

or individuals and formed for overseas listing purposes through acquisitions of PRC domestic interest held by such PRC companies or individuals, to obtain the approval from the CSRC prior to publicly listing their securities on an overseas stock exchange. In 2006, the CSRC published a notice on its official website specifying documents and materials required to be submitted to it by the offshore special purpose vehicle seeking CSRC approval of its overseas listing. If the CSRC or other PRC regulatory agencies subsequently determine that prior CSRC approval was required, we may face regulatory actions or other sanctions from the CSRC or other PRC regulatory agencies.

The M&A Rules also establish procedures and requirements that could make some acquisitions of PRC companies by foreign investors more time-consuming and complex, including requirements in some instances that the anti-monopoly law enforcement agency be notified in advance of any change-of-control transaction in which a foreign investor takes control of a PRC domestic enterprise. In addition, the Rules on Implementation of Security Review System for the Merger and Acquisition of Domestic Enterprises by Foreign Investors issued by the MOFCOM in 2011 specify that mergers and acquisitions by foreign investors that raise "national defense and security" concerns and mergers and acquisitions through which foreign investors may acquire de facto control over domestic enterprises that raise "national security" concerns are subject to strict review by the MOFCOM, and prohibit any activities attempting to bypass such security review, including by structuring the transaction through a proxy or contractual control arrangement.

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies together with 5 supporting guidelines (together with the Trial Measures, collectively referred to as the "New Regulations on Filing"). The New Regulations on Filing was formally implemented on March 31, 2023. Under New Regulations on Filing, a filing-based regulatory system has been applied to "indirect overseas offering and listing" of PRC domestic companies, which refers to such securities offering and listing in an overseas market made in the name of an offshore entity, but based on the underlying equity, assets, earnings or other similar rights of a domestic company which operates its main business domestically. According to the New Regulations on Filing, if the issuer meets the following conditions at the same time, its offering and listing shall be deemed as an "indirect overseas offering and listing by a domestic company": (i) the revenues, total profits, total assets or net assets of the Chinese operating entities in the most recent financial year accounts and any index accounts for more than 50% of the corresponding data in the issuer's audited consolidated financial statements for the same period; (ii) the main parts of business activities are conducted in PRC or its principal place of business is located in PRC, or the majority of senior management in charge of business operation are Chinese citizens or have domicile in PRC. In case of an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for issuance and listing abroad. Domestic companies that have submitted a valid application for an overseas offering and listing but have not received consent from the overseas regulator or overseas stock exchange before implementation date of the New Regulations on Filing, the filing with CSRC shall be completed before the overseas offering and listing.

On February 24, 2023, four PRC regulatory agencies, including the CSRC, jointly promulgated the Provisions on Strengthening the Management of Confidentiality and Archives Related to the Overseas Issuance of Securities and Overseas Listing by Domestic Companies, or the Confidentiality and Archives Management Provisions relating to Overseas Listing, which has taken effect on March 31, 2023. In the overseas listing activities of domestic companies, as well as securities companies and securities service institutions providing relevant securities services hereof, should establish a sound system of confidentiality and archival work, shall not disclose state secrets, or harm the state and public interests.

Sweden

Sweden does not currently have a foreign investment review regime in place. However, the Swedish Protective Security Act (2018:585), implemented on April 1, 2019, contains a specific regulation concerning the protection of infrastructure of potentially sensitive nature for security in Sweden. The Swedish Protective Security Act applies to all transfer of ownership and covers entities conducting security-sensitive activities. The Swedish Protective Security Act includes an explicit obligation on selling companies to

examine if the transfer is suitable and thus assess and decide whether the business falls within the scope of the act. Entities falling within the scope of the act are required to proceed with a mandatory consultation process (i.e., filing).

Regulations on Corporation

The SCNPC on December 29, 1993, came into effect on July 1, 1994 and was last revised on October 26, 2018. Under the PRC Company Law, companies are generally classified into two categories, i.e. limited liability companies and companies limited by shares. Each a limited liability company or a company limited by shares is an enterprise legal person, and liable for its debts with all its assets. PRC Company Law is also applicable to foreign-invested companies, except otherwise set out in any other regulations.

Regulations on Anti-Monopoly

China

The Anti-Monopoly Law of the PRC promulgated by the Standing Committee of the National People's Congress, or the Anti-Monopoly Law, which became effective on August 1, 2008 and thereafter amended on June 24, 2022 and came into effective on August 1, 2022, prohibits undertakings from monopolistic conducts such as:

- Entering into monopolistic agreements, which means agreements or concerted practices to eliminate or restrict competition. For example, agreements for fixing or altering prices of goods, limiting the output or sales volume of goods, fixing the price of goods for resale to third parties, among others, unless such agreements satisfy the specific exemptions prescribed therein, such as improving technologies or increasing the efficiency and competitiveness of small and medium-sized undertakings. Sanctions against such violations include an order to cease the relevant activities, and confiscation of illegal gains and fines (from 1% to 10% of sales revenue in the preceding year, or a fine up to RMB500,000 if the intended monopolistic agreement has not been performed);
- Abuse of dominant market position. For example, selling goods at unfairly high prices or purchasing goods at unfairly low prices, selling goods at prices below cost or refusing to trade with a trading party without any justifiable cause. Sanctions for such violations include an order to cease the relevant activities, confiscation of the illegal gains and fines (from 1% to 10% of sales revenue in the preceding year); and
- Concentration of undertakings which has or may have an effect of eliminating or restricting competition. Pursuant to the Anti-Monopoly Law and the Rules of the State Council on Declaration Threshold for Concentration of Undertakings as amended on September 18, 2018, require that the anti-monopoly agency (i.e., the State Administration for Market Regulation) shall be notified in advance of any concentration of undertaking if certain filing thresholds (i.e., during the previous fiscal year, (i) the total global turnover of all operators participating in the transaction exceeded RMB10 billion in the preceding fiscal year and at least two of these operators each had a turnover of more than RMB400 million within China in the preceding fiscal year, or (ii) the total turnover within China of all the operators participating in the concentration exceeded RMB2 billion in the preceding fiscal year, and at least two of these operators each had a turnover of more than RMB400 million within China in the preceding fiscal year) are triggered, and no concentration shall be implemented until the anti-monopoly enforcement agency clears the anti-monopoly filing.

On June 24, 2022, the Decision of the Standing Committee of the National People's Congress to Amend the Anti-Monopoly Law of the People's Republic of China, or the Decision to Amend the Anti-Monopoly Law, was adopted and became effective on August 1, 2022. The Decision to Amend the Anti-Monopoly Law strengthens the regulation on the internet platforms, requiring that undertakings shall not use data and algorithms, technologies, capital advantages, platform rules, and other means to engage in monopolistic conduct; and also escalates in full scale the administrative penalties for monopolistic conducts, for the failure to notify the anti-monopoly agencies on the proposed concentration of undertakings, the State Council Anti-Monopoly Enforcement Agency may order to reinstate the original status prior to the concentration and impose a fine up to ten percent of the operator's last year's sales revenue, provided that the

concentration of undertakings has or may have an effect on excluding or limiting competition; if the concentration does not have the effect on excluding or limiting competition, a fine up to RMB5,000,000 may be imposed on operators. Since such provisions are relatively new, uncertain remains as to the interpretation and implementation of such laws and regulations.

Pursuant to the Anti-unfair Competition Law of the People's Republic of China which was promulgated by the Standing Committee of the National People's Congress of China on September 2, 1993 and most recently amended on April 23, 2019, unfair competition refers to that in its production and operating activities, the operator disrupts the market competition order and damages the legitimate rights and interests of other operators or consumers in violation of the provisions of the Anti-unfair Competition Law. Pursuant to the Anti-unfair Competition Law, operators shall abide by the principle of voluntariness, equality, impartiality, integrity, and adhere to laws and business ethics during market transactions. Operators shall not conduct misleading behaviors which may confuse consumers to take their commodities as the commodities of others or lead consumers to believe that there is a connection between their commodities and other persons. Operators shall not conduct any false or misleading commercial publicity in respect of the performance, functions, quality, sales, user reviews, and honors received of its commodities, in order to defraud or mislead consumers. Operators shall not help other operators to conduct false or misleading commercial publicity by organizing false transactions. Operators shall not infringe on trade secrets. Operators shall not fabricate or disseminate false or misleading information or damage the business reputation of the competitors or their goods. Operators engaging in production or operating activities online shall also abide by the provisions of the Anti-unfair Competition Law. No operator may, by technical means to affect users' options, among others, commit the acts of interfering with or sabotaging the normal operation of online products or services legally provided by another operator. Operators in violation of the Anti-unfair Competition Law shall bear corresponding civil, administrative or criminal responsibilities depending on the specific circumstances.

On August 17, 2021, the SAMR issued a discussion draft of Provisions on the Prohibition of Unfair Competition on the Internet, under which business operators shall not use data or algorithms to hijack traffic or influence users' choices, or use technical means to illegally capture or use other business operators' data. Furthermore, business operators are not allowed to (i) fabricate or spread misleading information to damage the reputation of competitors, or (ii) make false or misleading commercial propaganda about the sales status, transaction information, business data, user evaluation, etc. in respect of the operators or their commodities, to deceive or mislead consumers or the relevant public. On November 22, 2022, the SAMR promulgated a draft of amendment to the Anti-unfair Competition Law for public consultations, which prohibits business operators to use data and algorithms, technologies, capital advantages, and platform rules to conduct unfair competitions.

Sweden

The Swedish Competition Act (2008:579) (Sw. *Konkurrenslagen*) is the legal framework prohibiting anticompetitive conduct through unlawful cooperation between undertakings and unlawful exploitation of market power by undertakings in a dominant position. Further, the Swedish Competition Act contains rules on the acquisition of undertakings as well as anticompetitive public sales activities. The Swedish Competition Act incorporates the substantive European competition rules into Swedish national law.

The Swedish Competition Authority (Sw. *Konkurrensverket*) applies Articles 101 and 102 of the Treaty on the Functioning of the European Union (Lisbon Treaty) in accordance with the Council Regulation (EC) No 1/2003 of 16 December 2002 on the implementation of the rules on competition laid down in Articles 81 and 82 of the Treaty, and subsequent amending acts. The current version of the Swedish Competition Act entered into force on November 1, 2008 and through this amendment the enforcement of the Swedish Competition Act became more effective and punitive damages became more deterrent. The Swedish Competition Act has subsequently been amended through several supplementary legislations, some of which have substantially extended the Swedish Competition Authority's investigative powers.

The Swedish Competition Act prohibits undertakings from several types of anticompetitive conduct, such as:

- Anticompetitive cooperation, for example when undertakings cooperate to prevent, restrict or distort competition. Agreements which have as their object or effect to fix prices of goods, limit output or sales volume of goods or share markets are typical examples of prohibited cooperation. For such violations, sanctions include the nullification of the agreement in its entirety and a risk of fines up to 10% of the turnover from the previous year of each of the involved groups. Additionally, the EU regulators apply broader EU block exemption regulations which, provided certain conditions are met, automatically exempt specified types of agreements from the prohibition. Importantly, the European Commission adopted the new Vertical Block Exemption Regulation and Vertical Guidelines in 2022, which substantially helps undertakings assess the compatibility of supply and distribution agreements with competition rules;
- Abuse of a dominant market position, which may in particular consist of directly or indirectly imposing unfair purchase or selling prices or limiting production to the prejudice of consumers. Under EU and Swedish competition law, dominance alone is not prohibited, however the abuse of market power is. Sanctions for such violations include the nullification of the agreement in its entirety and a risk of fines up to 10% of each of the involved groups' turnover from the previous year; and
- Anticompetitive mergers that significantly impede effective competition in Sweden as a whole or in part of the country. This can be done in particular as a result of the creation or strengthening of a dominant position. The Swedish Competition Act contain turnover-based thresholds with regard to when an acquisition should be notified to the Swedish Competition Authority: (i) the combined aggregate turnover in Sweden of all the undertakings concerned in the preceding financial year exceeded SEK 1 billion, and (ii) at least two of the undertakings concerned had a turnover in Sweden the preceding financial year which exceeded SEK 200 million. If the turnover thresholds are met, parties are obliged to notify the transaction. The Competition Authority can under certain circumstances order a notification, even when there is no obligation to notify as the above thresholds are not met. The Swedish Competition Act does not contain any penalties directly tied to the failure to meet the mandatory notification obligation, however, the Competition Authority may order an acquiring undertaking to complete their notification under payment of a penalty.

The Swedish Competition Act was amended in early 2021 as a result of Directive (EU) 2019/1, which aims to harmonize the investigative and sanctioning powers of the European Competition Authorities in their enforcement of the EU Competition Rules. Through the amendment the authority is, inter alia, empowered to impose fines if undertakings do not co-operate with an investigation and it can issue infringement decisions.

Regulations on Intellectual Property Rights

The PRC has adopted comprehensive legislation governing intellectual property rights, including copyrights, trademarks, patents and domain names.

Copyright

China

The Copyright Law of the PRC, adopted in 1990 and revised in 2001, 2010 and 2020 respectively, or the Copyright Law, and its implementing regulations adopted in 2002 and amended in 2011 and 2013, provide that Chinese citizens, legal persons, or other organizations will, whether published or not, enjoy copyright in their works, which include music works. Copyright will generally be conferred upon the authors, or in case of works made for hire, upon the employer of the author. Copyright holders enjoy personal and economic rights. The personal rights of a copyright holder include rights to publish works, right to be named as the author of works, right to amend the works and right to keep the works intact; while economic rights of a copyright holder include, but not limited to, reproduction right, distribution right, performance right, information network dissemination right, etc. In addition, the rights of performers with respect to their performance, rights of publishers with respect to their design of publications, rights of producers with respect to their video or audio productions, and rights of broadcasting or TV stations with respect to their broadcasting or TV programs are classified as copyright-related interest and protected by the Copyright Law. The copyright holders may license others to exercise or assign all or part of their economic rights

attached to their works. The license can be made on an exclusive or non-exclusive basis. With a few exceptions, an exclusive license or an assignment of copyright should be evidenced in a written contract. Pursuant to the Copyright Law and its implementing regulations, copyright infringers are subject to various civil liabilities, such as stopping infringing activities, issuing apologies to the copyright owners and compensating the copyright owners for damages resulting from such infringement. The damages should be calculated based on the actual loss suffered by the copyrights owner or the illegal income made by the infringer.

On May 18, 2006, the State Council promulgated the Regulations on the Protection of the Right to Network Dissemination of Information, as amended on January 30, 2013. Under these regulations, an owner of the network dissemination rights with respect to written works or audio or video recordings who believes that information storage, search or link services provided by an internet service provider infringe his or her rights may require that the internet service provider delete, or disconnect the links to, such works or recordings. The internet service provider who provides information storage space to recipients of its services to facilitate the provision by such recipient of works, performances and audio-video content to the public shall not be held liable for losses caused by any alleged infringement, provided that such internet service provider has deleted relevant works, performances and audio-video content after receiving a notice from the purported right holder, and the satisfaction of certain other conditions, including that (i) such internet service provider has specifically indicated that such information storage space is provided for the recipients of its services and the name, contact person information and network address of the of the network service provider have been made public; (ii) the works, performances and audio-video content provided by the recipients are not altered; (iii) the internet service provider is not aware and has no reason to be aware that the works, performances and audio-video content provided by recipients of its services are infringing; and (iv) the internet service provider does not derive economic benefits directly from the works, performances and audio-video content provided by the recipients of its services.

Sweden

The Swedish Copyright Act (1960:729), adopted on December 30, 1960, last revised on January 1, 2023, applies to literary or artistic works, including fictional or descriptive presentation in writing or speech, computer program, musical or scenic work, film works, photographic works or any other work of visual art, articles of construction art of applied art, or works that have been expressed in some other way, as well as maps and other descriptive works in drawing, graphics, or in plastic form. Insofar as computer programs are governed by the Swedish Copyright Act, it also applies to preparatory design material for computer programs. The creator or copyright-holder of any such work enjoys economic and moral rights to created works. Under the Swedish Copyright Act, copyright entails the exclusive right to dispose of the work by creating copies and by making it available to the public, in its original or altered state, in translation or adaption, in another literary or artistic form or in other technology. The Swedish Copyright Act applies e.g., to works created by Swedish citizens or by a person with a usual place of residence in Sweden, to works that were first published in Sweden or simultaneously in Sweden and abroad and film works whose producer has his registered office or his usual place of residence in Sweden. The copyright holders may license others to exercise or assign all or part of their economic rights attached to their works, whereas moral rights have to be addressed by, e.g., attribution of the copyright-holder. The license can be made on an exclusive or non-exclusive basis. With a few exceptions, an exclusive license or an assignment of copyright should be evidenced in a written contract. Pursuant to the Swedish Copyright Act, infringers of copyright are subject to various civil liabilities, such as ceasing infringing activities, indemnifying the copyright owners for damages resulting from infringement, and in the most extreme cases, criminal penalties including monetary fines or even imprisonment. The Swedish Copyright Act also include rules on collective license, which may be viewed as a relatively unique type of licensing. The collective license is a form of license concluded between a user of a copyright-protected work and an organization that represents a number of Swedish copyright-holders. A collective license gives the user the right to use works of the type which any particular collective license refers to, even though the copyright-holders of the works are not represented by the particular collective license organization.

Trademark

China

According to the Trademark Law of the PRC, adopted in 1982 and latest amended in 2019, as well as the Implementation Regulation of the Trademark Law of the PRC adopted by the State Council in 2002

and subsequently amended in 2014, registered trademarks are granted a term of ten years which may be renewed for consecutive ten-year periods upon request by the trademark owner. Trademark license agreements shall be filed with the Trademark Office for record. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include but not limited to: using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant, selling goods that violate the exclusive right to use a registered trademark, etc. Pursuant to the Trademark Law of the PRC, in the event of any of the foregoing acts, the infringing party will be ordered to stop the infringement immediately and may be fined; the counterfeit goods will be confiscated. The infringing party may also be held liable for the right holder's damages, which will be equal to gains obtained by the infringing party or the losses suffered by the right holder as a result of the infringement, including reasonable expenses incurred by the right holder for stopping the infringement.

Sweden

According to the Swedish Trademark Act (2010:1877), registered trademarks are granted a term of ten years which may be renewed for consecutive ten years periods by the trademark owner. A trademark license agreement may, upon request, be filed with the Swedish Intellectual Property Office for record-keeping. Conducts that shall constitute an infringement of the exclusive right to use a registered trademark include, but are not limited to, using a trademark that is identical with or similar to a registered trademark on the same or similar goods without the permission of the trademark registrant and selling goods that violate the exclusive right to use a registered trademark. An infringing party may be ordered to cease the infringement immediately at the risk of a fine and any counterfeit goods may be confiscated. The infringing party may also be held liable for the right holder's damages and may also be held criminally liable.

Domain Name

China

In China, the administration of PRC internet domain names is mainly regulated by the MIIT, under supervision of the China Internet Network Information Center, or CNNIC. On August 24, 2017, the MIIT promulgated the Measures on Administration of Internet Domain Names, which became effective as of November 1, 2017 and replaced the Measures on Administration of Domain Names for the Chinese Internet issued by the MII on November 5, 2004, which adopt "first to file" rule to allocate domain names to applicants, and provide that the MIIT shall supervise the domain names services nationwide and publicize PRC's domain name system. On June 18, 2019, the CNNIC issued a circular to authorize a domain name dispute resolution institution acknowledged by the CNNIC to decide relevant disputes. On January 1, 2018, the Circular of the Ministry of Industry and Information Technology on Regulating the Use of Domain Names in Providing Internet-based Information Services issued by the MIIT became effective, which stipulates that an internet access service provider shall, pursuant to requirements stated in the Anti-Terrorism Law of the PRC and the Cybersecurity Law of the PRC, verify the identities of internet-based information service providers, and the internet access service providers shall not provide access services for those who fail to provide their real identity information.

Sweden

In Sweden, the administration of Swedish internet domain names is regulated by the Swedish Act on National Top-level Domains (2006:24) under the regulatory oversight of Swedish Post and Telecom Authority. The regulatory activities are primarily focused on the single Swedish domain name administrator, the Swedish Internet Foundation, the organization responsible for the Swedish top-level domains (.se) and (.nu).

Regulations on Employment

China

The Labor Law of the PRC which was promulgated by the Standing Committee of the National People's Congress on July 5, 1994, effective since January 1, 1995, and were further amended on August 27,

2009 and December 29, 2018, the Labor Contract Law of the PRC which was promulgated by the Standing Committee of the National People's Congress on June 29, 2007 and amended on December 28, 2012, and the Implementing Regulations of the Labor Contract Law of the PRC which was promulgated by the State Council on September 18, 2008, are the principal regulations that govern employment and labor matters in the PRC. Under the above regulations, labor relationships between employers and employees must be executed in written form, and wages shall not be lower than local standards on minimum wages and shall be paid to employees timely. In addition, employers must establish a system for labor safety and sanitation, strictly abide by state standards and provide relevant training to its employees. Employers are also prohibited from forcing employees to work above certain time limit and employers shall pay employees for overtime work in accordance with national regulations.

According to the Social Insurance Law of the PRC promulgated by the Standing Committee of the National People's Congress on October 28, 2010, effective since July 1, 2011 and amended on December 29, 2018, together with other relevant laws and regulations, the PRC establishes a social insurance system including basic pension insurance, basic medical insurance, occupational injury insurance, unemployment insurance and maternity insurance. Any employer shall register with the local social insurance agency within 30 days after its establishment and shall register for the employee with the local social insurance agency within 30 days after the date of hiring. An employer shall declare and make social insurance contributions in full and on time. The occupational injury insurance and maternity insurance shall only be paid by employers while the contributions of basic pension insurance, medical insurance, and unemployment insurance shall be paid by both employers and employees.

According to the Regulation on the Administration of Housing Fund promulgated by the State Council on April 3, 1999 and amended in 2002 and 2019 respectively, employers are required to register at the designated administrative centers, open bank accounts for depositing employees' housing fund and make housing fund contributions for employees in the PRC. Employer who fails to make housing fund contributions may be ordered to rectify the noncompliance and pay the required contributions within a stipulated deadline.

Sweden

In Sweden, a distinction is made between employees and consultants. In order to determine whether a contractual relationship constitutes an employment relationship or whether the individual performing the services is an independent consultant, certain factors are normally considered when making an overall assessment of the relationship. This assessment is normally made upon a claim by the individual providing the services that he/she is a so called de facto employee. Factors that could indicate that an employment relationship is at hand — even if the agreement between the individual performing the services and the company receiving them is labelled as consultancy agreement — include e.g., whether the individual is on equal terms with employees from an economic and social point of view, if compensation for the services is paid in form of a guaranteed fixed remuneration, if there is any entitlement to paid leave, if the individual must carry out the job themselves, if the individual may perform work for other parties, if the individual is subject to specific instructions and close supervision of the company, if the individual is reimbursed for direct expenses, etc. The same factors can be used by the Swedish Tax Agency to reclassify a consultancy relationship into an employment relationship. From a Swedish employment law perspective, if an individual is deemed to be an employee rather than a consultant, the various provisions set forth in e.g., the Swedish Employment Protection Act, apply to the employment relationship, which could entail that the individual could be entitled to employment protection. An employee would also be entitled to vacation pay of 12% on the remuneration paid. From a Swedish tax law perspective, if an individual is deemed to be an employee rather than a consultant, the company retaining the services is required to report and pay social security contributions of 31.42% on the gross remuneration paid, and to withhold income tax on the payments, and Input VAT on the invoiced amounts are not deductible. In the event that the relationship between the individual performing the services and the company is that of an employment relationship (but that the parties have in practice treated it as a consultancy relationship), the company is exposed to tax penalties of 20% on omitted social security contributions and non-deductible input VAT, and of 5% on the amount of withholding tax. The gross remuneration paid to the individual and the social security contributions are however deductible for income tax purposes. Any reclassified payments give rise to a progressive individual tax for the worker and possible tax surcharges at 40% of the additional tax levied.

Regulations on Taxation

China

Enterprise Income Tax

On March 16, 2007, the National People's Congress promulgated the PRC Enterprise Income Tax Law which was amended on February 24, 2017 and December 29, 2018; and on December 6, 2007, the State Council enacted the Implementation Regulations for the Enterprise Income Tax Law of the PRC (the "PRC EIT Law"), which was amended on April 23, 2019, or collectively, the PRC EIT Law. Under the PRC EIT Law, both resident enterprises and non-resident enterprises are subject to tax in the PRC. Resident enterprises are defined as enterprises that are established in China in accordance with PRC laws, or that are established in accordance with the laws of foreign countries or regions but the actual management institutions are in the PRC. Non-resident enterprises are defined as enterprises that are organized under the laws of foreign countries or regions and whose actual management institutions are outside the PRC, but have established institutions or premises in the PRC, or have no such established institutions or premises but have income generated from the PRC. The Circular Regarding the Determination of Chinese-Controlled Offshore Incorporated Enterprises as PRC Tax Resident Enterprises on the Basis of De Facto Management Bodies promulgated by State Administration of Taxation ("SAT") and latest amended in 2017 (the "Circular 82") also 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. According to Circular 82, a Chinese-controlled offshore incorporated enterprise will be regarded as a PRC tax resident by virtue of having a "de facto management body" in China and will be subject to PRC EIT on its worldwide income only if all of the following criteria are met: (1) the primary location of the day-to-day operational management is in the PRC; (2) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (3) the enterprise's primary assets, accounting books and records, company seals, and board and shareholders meeting minutes are located or maintained in the PRC; and (4) 50% or more of voting board members or senior executives habitually reside in the PRC. Under the PRC EIT Law and relevant implementing regulations, a uniform enterprise income tax rate of 25% is applied. However, if non-resident enterprises have not formed permanent establishments or premises in the PRC, or if they have formed permanent establishment or premises in the PRC but there is no actual relationship between the relevant income derived in the PRC and the established institutions or premises set up by them, enterprise income tax is set at the rate of 10% with respect to their income sourced from the PRC. Pursuant to the PRC EIT Law, the EIT tax rate of a qualified high and new technology enterprise, or HNTE, is 15%.

The Announcement of the State Administration of Taxation on Several Issues Relating to Enterprise Income Tax on Transfer of Assets between Non-resident Enterprises (the "Bulletin 7") was issued by the SAT on February 3, 2015, and latest amended on December 29, 2017. Pursuant to Bulletin 7, an "indirect transfer" of assets, including equity interests in a PRC resident enterprise, by non-PRC resident enterprises may be re-characterized and treated as a direct transfer of PRC taxable assets, if the arrangement does not have a reasonable commercial purpose and was established for the purpose of avoiding payment of PRC EIT. As a result, gains derived from an indirect transfer may be subject to PRC EIT. According to Bulletin 7, "PRC taxable assets" include assets attributed to an establishment or a place of business in China, immovable properties in China, and equity investments in PRC resident enterprises. In respect of an indirect offshore transfer of assets of a PRC establishment or place of business, the relevant gain is to be regarded as effectively connected with the PRC establishment or a place of business and therefore included in its EIT filing, and would consequently be subject to PRC EIT at a rate of 25%. Where the underlying transfer relates to the immovable properties in China or to equity investments in a PRC resident enterprise, which is not effectively connected to a PRC establishment or a place of business of a non-resident enterprise, a PRC EIT 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. There is uncertainty as to the implementation details of Bulletin 7.

Value-added Tax

The Provisional Regulations on Value-added Tax of the PRC were promulgated by the State Council on December 13, 1993 and came into effect on January 1, 1994 which were last amended on November 19,

2017. The Detailed Rules for the Implementation of Provisional Regulations on Value-added Tax of the PRC were promulgated by the Ministry of Finance on December 25, 1993 and subsequently amended on December 15, 2008 and October 28, 2011, or collectively, VAT Law. On November 19, 2017, the State Council promulgated the Order on Abolishing the Provisional Regulations of the PRC on Business Tax and Amending the Provisional Regulations on Value-added Tax of the PRC, or Order 691. According to the VAT Law and Order 691, all enterprises and individuals engaged in the sale of goods, processing, repair and replacement services, sales of services, intangible assets, real property and the importation of goods within the territory of the PRC are the taxpayers of VAT. The VAT rates generally applicable are simplified as 17%, 11% and 6%, and the VAT rate applicable to the small-scale taxpayers is 3%.

On April 4, 2018, the Ministry of Finance and the State Administration of Taxation jointly issued the Notice on Adjustment of VAT Rates, which came into effect on May 1, 2018. According to the abovementioned notice, the taxable goods previously subject to VAT rates of 17% and 11% respectively become subject to lower VAT rates of 16% and 10% respectively. On March 20, 2019, the Ministry of Finance, the State Administration of Taxation and the General Administration of Customs issued the Announcement on Relevant Policies on Deepen the Reform of Value-added Tax, pursuant to which that the taxable goods previously subject to VAT rates of 16% and 10% respectively become subject to lower VAT rates of 13% and 9% respectively, effective from April 1, 2019.

Dividend Withholding Tax

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

Pursuant to the Arrangement Between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Incomes, or the Double Tax Avoidance Arrangement and other applicable PRC laws, if a Hong Kong resident enterprise is determined by the competent PRC tax authority to have satisfied the relevant conditions and requirements under such Double Tax Avoidance Arrangement and other applicable laws, the 10% withholding tax on the dividends the Hong Kong resident enterprise receives from a PRC resident enterprise may be reduced to 5%. However, based on the Circular on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties, or the SAT Circular 81, issued on February 20, 2009 by the State Administration of Taxation if the relevant PRC tax authorities determine, at their discretion, that a company benefits from such reduced income tax rate due to a structure or arrangement that is primarily tax-driven, such PRC tax authorities may adjust the preferential tax treatment. According to the Circular on Several Issues regarding the "Beneficial Owner" in Tax Treaties, which was issued on February 3, 2018 by the SAT, effective as of April 1, 2018, when determining the applicant's status of the "beneficial owner" regarding tax treatments in connection with dividends, interests or royalties in the tax treaties, several factors, including without limitation, whether the applicant is obligated to pay more than 50% of its income in twelve months to residents in third country or region, whether the business operated by the applicant constitutes actual business activities, and 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, will be taken into account, and such factors will be analyzed according to the actual circumstances of the specific cases. This circular further provides that applicants who intend to prove his or her status of the "beneficial owner" shall submit the relevant documents to the relevant tax bureau according to the Announcement on Issuing the Measures for the Administration of Non-Resident Taxpayers' Enjoyment of Treaty Benefits.

Sweden

Swedish Corporate Taxation

The Swedish Income Tax Act (1999:1229) ("ITA") entered into effect January 1, 2000. It is the main legal act that governs the Swedish taxation of all companies, both resident and non-resident for tax purposes.

Apart from this law, Swedish taxation is also affected by the Value Added Tax Act (1994:200), the Tax Procedures Act (2011:1244) and several other tax acts. Swedish companies are generally taxed on their global corporate income, currently at 20.6%. In order to remedy double taxation situations, Sweden has entered into double tax treaties with 85 countries, among them the full scope double tax treaties with the US and the PRC, whereas only a limited double tax treaty has been entered into with the Cayman Islands. The majority of the double tax treaties utilize the credit method to avoid double taxation, including the treaties with the US and the PRC. Non-resident companies are generally not tax liable in Sweden except for income derived from a permanent establishment, income from real estate in Sweden and Swedish sourced dividend or royalty income, as further described below.

Swedish Withholding Tax Aspects

For non-resident corporate shareholders, a tax of 30% is withheld at source on dividends distributed by a Swedish company unless any reduced rate or exemption applies under local law or the applicable double tax treaty. In respect of dividend distributions from a Swedish company to a company tax resident in the Cayman Islands, the flat rate of 30% should apply as there currently should be no available exemption or reduced rate.

In addition, Sweden does not levy withholding taxes on interest nor on royalty income. However, a foreign recipient of Swedish-source royalties is generally deemed to have a Swedish permanent establishment for tax purposes, and is thus subject to Swedish income tax on the royalties received, unless any exemption applies under an applicable double tax treaty.

Foreign tax relief

Should foreign sourced income of a Swedish company be subject to foreign taxation, a foreign tax credit is generally available, provided certain conditions are fulfilled. For example, the foreign taxes must be finally assessed or withheld before it can be credited against Swedish taxes. The tax credit allowed for a Swedish company is limited to the amount corresponding to the Swedish tax on the foreign income. Further, any unutilized foreign tax credits may be carried forward for five years.

Interest deduction limitation rules

In general, a Swedish company is entitled to deduct interest on ordinary business debt, however, certain restriction rules apply to interest under the general interest deduction limitation rules, as well as under the intra-group deduction limitation rules.

Under the intra-group deduction limitation rules, any interest expenses recorded on debt to a group company is deductible if the beneficial owner of the interest income within the group is domiciled within the EEA, or in a country with which Sweden has concluded a full scope double tax treaty, or if the beneficial owner of the interest income is subject to a corporate tax of at least 10%. However, no tax deduction should be granted if the underlying purpose of the loan is, exclusively or as good as exclusively, to obtain a substantial tax benefit. Companies are considered to form a group if a company has decisive influence over the other, directly or indirectly, or if the companies are under joint control.

As of January 1, 2019, there is also a general limitation of interest deduction rule under which interest deductions are capped at 30% of earnings before interest, taxes, depreciation, and amortization (EBITDA). Alternatively, without applying the EBITDA rule, a negative net interest income may be deducted up to a maximum of SEK 5 million on a group level. Negative net interest that cannot be deducted in one year may be carried forward for up to six years, but could be forfeited in the event of a change in ownership.

As of January 1, 2021, interest expenses recorded on debt to a company within a jurisdiction which is placed on the European Union list of non-cooperative jurisdictions are generally non-deductible. The prohibition applies to interest payments on loans between affiliated parties as well as third party debts. As of the list adopted by the European Council of the European Union on October 4, 2022, neither Sweden, the U.S., China nor the Cayman Islands are included in the list of non-cooperative jurisdictions.

Anti-hybrid rules

Sweden has implemented anti-hybrid rules via the ITA. Apart from the above described interest deduction restrictions, there is also an interest deduction prohibition in respect of hybrid mismatches. This prohibition applies when the recipient does not recognize the corresponding income for taxation due to a different legal classification of the income in two jurisdictions. Hybrid situations involving permanent establishments, hybrid transactions, imported mismatches, and mismatches due to double resident entities are also covered by the current anti-hybrid rules. Certain hybrid situations regarding dividends are also covered. In addition, extended hybrid mismatch rules covering certain transparent companies (so-called reverse hybrid mismatches) have recently entered into force.

Social security contributions

Swedish corporate employers pay Swedish employer social security contributions on compensation paid to employees who are covered by the Swedish social security system. Social security contributions are normally levied at 31.42% of the total taxable remuneration (no cap) paid by a Swedish employer.

Contracting subcontractors which have not been granted F-tax could, in general, cause a liability to make preliminary tax deductions and pay social security contributions in Sweden on the remuneration paid to the subcontractor. If the subcontractor has a valid F-tax registration, the risk only applies if there is an obvious employment relationship between the principal and the subcontractor. If a consultant agreement is deemed as an employment relationship, the principal risks are having to pay social security contributions of 31.42% on the paid remuneration, as well as penalties amounting to a maximum of 20% of the unpaid contributions.

Swedish Value-added Tax

Swedish value added tax ("VAT") is payable on goods and services at a rate of 25%. A reduced rate of 12% applies to food, catering and restaurant services and "tourism" (hotel accommodation). A reduced rate of 6% applies to newspapers, domestic personal transport and cinema tickets. Exports are zero rated, as are drugs and medical services, among others.

Swedish Transfer pricing documentation

A Swedish company with economic relationship with a non-resident company is required to prepare transfer pricing documentation; a Local File and Master File according to The Organization for Economic Co-operation and Development, or the OECD, Transfer Pricing Guidelines, in accordance with the Swedish Tax Procedures Act. Under the arm's length rule, closely related companies should act as if they were independent companies when pricing transactions between them. As such, the Swedish rule requires all cross border transactions between related companies to be priced at arm's length. Small and medium enterprises (where the whole group has less than 250 employees and has a turnover of a maximum of SEK 450 million or maximum total assets of SEK 400 million) are exempt from the requirement to prepare transfer pricing documentation in Sweden.

Regulations on Foreign Exchange

China

General Rules

The core regulations governing foreign currency exchange in China are the Foreign Exchange Administration Regulations of the PRC, promulgated by the State Council in 1996 and most recently amended in August 2008, or the Foreign Exchange Regulations. Under the Foreign Exchange Regulations, payments of current account items, such as profit distributions and trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from SAFE by complying with certain procedural requirements. By contrast, the conversion of Renminbi into other currencies and remittance of the converted foreign currency outside the PRC to pay capital expenses such as the repayment of foreign currency denominated loans, or if foreign currency is to be remitted into China under the

capital account such as a capital increase or foreign currency loans to our PRC subsidiaries, prior approval from or registration with appropriate regulatory authorities is required.

Pursuant to the Circular of Further Improving and Adjusting Foreign Exchange Administration Policies on Foreign Direct Investment, or SAFE Circular 59 promulgated by SAFE on November 19, 2012, which became effective on December 17, 2012, and were further amended on May 4, 2015, October 10, 2018 and December 30, 2019, the opening of various special purpose foreign exchange accounts, such as pre-establishment expenses accounts, foreign exchange capital accounts and guarantee accounts, the reinvestment of Renminbi proceeds by foreign investors in the PRC, and remittance of foreign exchange profits and dividends by a foreign invested enterprise to its foreign shareholders no longer require the approval or verification of SAFE.

In February 2015, SAFE promulgated the Circular of Further Simplifying and Improving the Policies of Foreign Exchange Administration Applicable to Direct Investment, or SAFE Circular 13, which became effective on June 1, 2015 and was partially repealed on December 30, 2019. SAFE Circular 13 cancels the administrative approval requirements of foreign exchange registration of foreign direct investment and overseas direct investment, and simplifies the procedure of foreign exchange-related registration, and foreign exchange registrations of foreign direct investment and overseas direct investment will be handled by the qualified banks and their branches instead of SAFE and its branches.

The Circular on the Reforming the Administration of Foreign Exchange Settlement of Capital of Foreign-invested Enterprises, or SAFE Circular 19 which was issued by SAFE on March 30, 2015, effective from June 1, 2015, partially repealed on December 30, 2019, and latest amended on March 23, 2023, allows foreign-invested enterprises, within the scope of business, to settle their foreign exchange capital on a discretionary basis according to the actual needs of their business operation and provides the procedures for foreign-invested enterprises to use Renminbi converted from foreign currency-denominated capital for equity investment.

In January 2017, SAFE promulgated the Circular on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification, or SAFE Circular 3, which stipulates several capital control measures with respect to the outbound remittance of profit from domestic entities to offshore entities, including (i) under the principle of genuine transaction, banks shall check board resolutions regarding profit distribution, the original of tax filing records and audited financial statements; and (ii) domestic entities shall hold income to account for previous years' losses before remitting the profits. Further, according to SAFE Circular 3, domestic entities shall make detailed explanations of the sources and utilization arrangements of capital, and provide board resolutions, contracts and other proof when applying for the registration in connection with an outbound investment and outbound remittance of capitals.

Offshore Investment

The Circular of SAFE on Issues Concerning the Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles, or SAFE Circular 37, which became effective on July 4, 2014, regulates foreign exchange matters in relation to the use of special purpose vehicles, or SPVs, by PRC residents or entities to seek offshore investment and financing or conduct round trip investment in China. Under the Circular 37, an SPV refers to offshore enterprises directly established or indirectly controlled by PRC residents for the purpose of seeking offshore equity financing or making offshore investment, using legitimate domestic or offshore assets or interests, while "round trip investment" refers to the direct investment in China by PRC residents or entities through SPVs, namely, establishing foreign invested enterprises to obtain the ownership, control rights and management rights. SAFE Circular 37 requires that, before making contribution into an SPV, PRC residents or entities are required to register with the local SAFE branch.

Employee Stock Incentive Plan

SAFE issued the Circular on Issues Concerning the Administration of Foreign Exchange Used for Domestic Individuals' Participation in Equity Incentive Plans of Overseas Listed Companies, or SAFE Circular 7 in 2012. Pursuant to SAFE Circular 7, employees, directors, supervisors, and other senior officers who participate in any equity incentive plan of publicly-listed overseas companies and who are PRC

citizens or non-PRC citizens residing in China for a consecutive period of no less than one year, subject to a few exceptions, are required to register with SAFE or its local branches through a domestic qualified agent, which could be a PRC subsidiary of such overseas listed companies, and complete other procedures with respect to the equity incentive plan. In addition, the PRC agent is required to amend SAFE registration with respect to the equity incentive plan if there is any material change to the equity incentive plan, the PRC agent or other material changes. The PRC agent must, on behalf of these individuals who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with these individuals' exercise of the employee share options. Such individuals' foreign exchange income received from the sale of stocks and dividends distributed by the overseas listed company and any other income shall be fully remitted into a collective foreign currency account in China opened and managed by the PRC subsidiaries of the overseas listed company or the PRC agent before distribution to such individuals.

In addition, the State Administration of Taxation has issued certain notices concerning employee share options and restricted shares. Under these notices, employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. PRC subsidiaries are required to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of employees who exercise their share options or purchase restricted shares. If the employees fail to pay or the PRC subsidiaries fail to withhold their income taxes in accordance with relevant laws and regulations, the PRC subsidiaries may face sanctions imposed by the tax authorities or other PRC regulatory authorities.

Loans by Foreign Companies to their PRC Subsidiaries

Loans made by foreign investors as shareholders in foreign invested enterprises established in China are considered to be foreign debts and are mainly regulated by the Regulation of the People's Republic of China on Foreign Exchange Administration, the Interim Provisions on the Management of Foreign Debts, the Statistical Monitoring of Foreign Debts Tentative Provisions, and the Administrative Measures for Registration of Foreign Debts. Pursuant to these regulations and rules, a shareholder loan in the form of foreign debt made to a PRC entity does not require the prior approval of SAFE, but such foreign debt must be registered with and recorded by SAFE or its local branches within 15 days after such foreign debt contract has been entered into. Under these regulations and rules, the balance of the foreign debts of a foreign invested enterprise shall not exceed the difference between the total investment and the registered capital of the foreign invested enterprise, or the Total Investment and Registered Capital Balance.

The Notice of the People's Bank of China on Matters concerning the Macro-Prudential Management of Full-Covered Cross-Border Financing, or PBOC Notice No. 9, issued by the PBOC on January 12, 2017, provides that within a transition period of one year from January 12, 2017, the foreign invested enterprises may adopt the currently valid foreign debt management mechanism, or the Current Foreign Debt Mechanism, or the mechanism as provided in PBOC Notice No. 9, or the Notice No. 9 Foreign Debt Mechanism, at their own discretion. PBOC Notice No. 9 provides that enterprises may conduct independent cross-border financing in RMB or foreign currencies as required. According to the PBOC Notice No. 9, the outstanding cross-border financing of an enterprise (the outstanding balance drawn, here and below) shall be calculated using a risk-weighted approach, or the Risk-Weighted Approach, and shall not exceed the specified upper limit, namely: risk-weighted outstanding cross border financing = the upper limit of risk-weighted outstanding cross-border financing. The upper limit of risk-weighted outstanding cross-border financing of an enterprise = its net assets × the leverage rate of cross-border financing × the macro-prudential adjustment parameter, among which the leverage rate of cross-border financing of an enterprise shall be 2 for enterprises and the macroprudential adjustment parameter shall be 1. Therefore, as of the date hereof, the upper limit of risk weighted outstanding cross-border financing of a PRC enterprise is 200% of its net assets, or Net Asset Limits. Enterprises shall file with SAFE in its capital item information system after entering into a cross-border financing agreement, but no later than three business days before making a withdrawal.

Based on the foregoing, if we provide funding to our wholly foreign owned subsidiaries through shareholder loans, the balance of such loans shall not exceed the Total Investment and Registered Capital Balance and we will need to register such loans with SAFE or its local branches in the event that the Current Foreign Debt Mechanism applies, or the balance of such loans shall be subject to the Risk-Weighted

Approach and the Net Asset Limits and we will need to file the loans with SAFE in its information system in the event that the Notice No. 9 Mechanism applies. Under the PBOC Notice No. 9, after a transition period of one year from January 11, 2017, the PBOC and SAFE will determine the cross-border financing administration mechanism for the foreign-invested enterprises after evaluating the overall implementation of PBOC Notice No. 9. As of the date hereof, neither the PBOC nor SAFE has promulgated and made public any further rules, regulations, notices or circulars in this regard. It is uncertain which mechanism will be adopted by the PBOC and SAFE in the future and what statutory limits will be imposed on us when providing loans to our PRC subsidiaries. Despite neither the Foreign Investment Law nor its Implementing Regulation prescribes whether the certain concept "total investment amount" with respect to foreign-invested enterprises will still be applicable, no PRC laws and regulations have been officially promulgated to abolish the Current Foreign Debt Mechanism.

On January 5, 2023, NDRC issued the Administrative Measures for Examination and Registration of Medium and Long-term Foreign Debts of Enterprises, which became effective on February 10, 2023, provides that enterprises borrowing foreign debts must complete formalities for examination and registration of foreign debts and report and disclose relevant information. Enterprises must complete examination and registration and obtain the Certificate of Examination and Registration from NDRC before they could legally borrow foreign debts. In addition, enterprises must submit information of utilization of foreign debts, repayment, planned arrangements and major business indicators to NDRC at the end of each January and July. Further, since this regulation is relatively new, uncertainties exist in relation to its interpretation and implementation.

Sweden

Regulations on Foreign Direct Investments

There is currently no foreign investment review regime in place in Sweden. However, the Swedish Parliament has in 2021 passed amendments to the Swedish Protective Security Act (2018:585) protecting infrastructure of potentially sensitive nature for security of Sweden. In addition, Sweden is in the process of implementing Regulation (EU) 2019/452 establishing a framework for foreign direct investments in the Union, which entered into force on April 11, 2019 and applies since October 11, 2020, with the purpose to create a legal framework for the review of foreign direct investment in the Union with regard to security or public order. As such, Sweden is in the process of implementing the Swedish Foreign Direct Investment Act (2022:000) and it is expected to enter into force late 2023 or early 2024. The proposed Swedish Foreign Direct Investment Act may be subject to changes before being enacted. The proposed Swedish Foreign Direct Investment Act applies to foreign investments in businesses established in Sweden conducting i) vital society functions activities, ii) security-sensitive activities, iii) operations related to materials such as metals and minerals critical to the supply in EU or Sweden, iv) activities related to sensitive personal data or location data, v) activities related to emerging technologies and other technology strategically worth protecting, vi) certain activities related to dual-use products, and vii) certain activities related to military equipment. The proposed Swedish Foreign Direct Investment Act allows the competent authority to prohibit foreign direct investments if it is necessary with regards to Swedish national security. A foreign direct investment may also be prohibited if it is necessary with regard to public order or public safety in Sweden in accordance with articles 52.1 and 65.1(b) of the Treaty on the Functioning of the European Union. Further, the proposed Swedish Foreign Direct Investment Act establishes that a foreign direct investment may be only be carried out if it has been approved or no action has been taken in relation to it by the competent authority. Businesses which intend to invest in an entity covered by the proposed Swedish Foreign Direct Investment Act, are obligated to notify the potential investment to the competent authority in certain cases. This includes the situation in which an investor acquires more than 10% of the ownership of a company. Violations of the proposed Swedish Foreign Direct Investment Act may lead to maximum penalty fee of SEK 50,000,000.

Directors and Executive Officers

The following table sets forth information regarding our directors and executive officers as of the date of this prospectus.

Directors and Executive Officers	Age	Position/Title
Mario Yau Kwan Ho	29	Chairman and Co-Chief Executive Officer
Hicham Chahine	35	Director and Co-Chief Executive Officer
Liwei Sun	38	Director and President
Heng Tang*	38	Director and Executive Vice President
Yanjun Xu	36	Director and Financial Director
Lei Zhang*	38	Director and Senior Vice President
Thomas Neslein*	35	Director
Felix Granander	27	Director
Andrew Reader*	39	Director
Carter Jack Feldman	27	Independent Director
Hans Alesund*	72	Independent Director
Zhiyong Li	41	Chief Financial Officer
Heng Zhang	42	Chief Strategy Officer
Hang Sui	42	Chief Operating Officer
Haoming Yu	35	Senior Vice President

* Each of these directors will resign from our board of directors upon the effectiveness of our registration statement on Form F-1, of which this prospectus is a part.

Mr. Mario Yau Kwan Ho is our co-founder, co-chief executive officer and the chairman of our board of directors. He currently serves as the CEO of our Asia business. Mario founded Victory 5 esports club, one of our predecessors, in Shenzhen in December 2018. He has also served as the chairperson of the Macau Esports Federation since April 2018. Mario served as the chief marketing officer of iDreamSky Technology Holdings Limited (01119.HK), or iDreamsky, a digital entertainment company operating in China since May 2018, which was later successfully listed on the Hong Kong Stock Exchange. In 2020, Mario led the merger of Victory 5 with eStar esports club and formed Wuhan ESVF. Mario received his bachelor's degree in management science from the Massachusetts Institute of Technology in 2016.

Mr. Hicham Chahine is our co-founder, co-chief executive officer and director. He currently serves as the CEO of our Western business. Hicham acquired Ninjas in Pyjamas in 2016, and has served as its chief executive officer since then. Prior to joining Ninjas in Pyjamas, Hicham had extensive experiences ranging from financial industry to entrepreneurship. From May 2008 to June 2016, he was the managing director of Formuesforvaltning, an independent wealth management firm in the Nordics. In February 2010, Hicham founded and served as chairman of DIGLIFE AS, a private equity firm with investment portfolios in lifestyle, gaming and other technology-related companies. Hicham graduated from BI Norwegian Business School with a bachelor's degree in business and economics in 2013.

Mr. Liwei "*xiaOt*" *Sun* is our president. He has served as our director since February 2021. xiaOt was one of China's most famous esports athletes with renown and success in titles such as Warcraft III, Starcraft II and Heroes of the Storm. xiaOt co-founded and served as the chief executive officer of Invictus Gaming esports club in 2012. He founded eStar Gaming in 2014 and led the team to win numerous world and national championships across multiple titles. xiaOt was the co-founder of Wuhan Xingjing Interactive Entertainment Co., Ltd., which later became a subsidiary of Wuhan ESVF. He has also served as the vice-president of the Hubei Esports Association since 2022.

Mr. Heng (*Donald*) *Tang* has served as our director since March 2022. Donald joined us in 2019 and currently serves as our executive vice president and vice chief financial officer. Donald has extensive

experiences in investment banking, auditing, investment and fund management. From 2019 to 2022, he served as the chief financial officer of Shenzhen Weiwu Esports Internet Technology Co., Ltd., a subsidiary of Wuhan ESVF. He also served as the investment director of iDreamSky from 2016 to 2019. Donald worked as a senior project manager at Huarong Securities Co. Ltd. from 2015 to 2016, a project manager at Century Securities from 2014 to 2015, and a senior auditor at PricewaterhouseCoopers, Shenzhen Branch, from 2011 to 2014. Donald received his master's degree in finance and management from the University of Exeter in 2010 and is a Senior Member of ACCA.

Ms. Yanjun Xu has served as our director since March 2022. Yanjun has also been our financial director since June 2020. From 2017 to 2020, she worked as a financial director of a subsidiary of Wuhan Tourism and Sports Group. Yanjun received her bachelor's degree in management from the Hubei University of Technology in 2013. She was qualified as an intermediate-level accounting professional in 2014 and a CPA professional in 2018.

Mr. Lei Zhang has served as our director since February 2021, and our senior vice president since January 2021. Prior to joining us, Lei had served as the general manager for Hongli Culture Communications (Wuhan) Co., Ltd., the operating entity of MAG Studio, since 2017. From 2015 to 2017, he served as general manager of Koi Network Technology (Wuhan) Co., Ltd. He worked as the assistant to the general manager at Yimin Pharmaceuticals from 2013 to 2016, and worked in BGA Division of Airchina Media Co., Ltd. in 2013. Lei has served as the vice president of the Hubei Esports Association since 2022. He received his master's degree in multimedia from Nottingham Trent University in 2012.

Mr. Thomas Neslein is our director. He founded Nyx Ventures AS, a Norwegian investment firm focusing on the gaming and technology sector in 2016. He has held various positions at Pecunia AS, one of the largest property management companies in Norway, since 2015, and currently serves as its deputy chief executive director. Thomas worked as an investment analyst in Formuesforvaltning AS from 2014 to 2016, where his responsibilities involved trading in global equities. Thomas received his master's degree of science from Columbia University in 2018.

Mr. Felix Granander is our director. He is also the founder and executive manager of Unknown Ventures, a venture capital focusing on media and technology companies. Felix invests in media and technology sectors through the Stenbeck family office Kinnevik, which is considered one of Sweden's most prominent investment institutions.

Mr. Andrew Reader is our director. He has also been a director at Velo Partners since 2013, which is a family office managing capital for ultra-high net worth individuals from the United Kingdom and South Africa. Andrew has extensive experience in scaling and business planning. Prior to joining Velo partners, he had worked at Jefferies Financial Group Inc. (NYSE: JEF) with a focus on technology investment banking. Andrew received his bachelor's degree in business administration from University of Bath in 2008.

Mr. Carter Jack Feldman is our independent director. He has also been the chief executive officer of Open Assets Standards since May 2022 which is a company that works with large game publishers to standardize dynamic digital assets across games. Carter has also served as the chief technology officer of Dreamwalk Technologies Limited since 2018. He is otherwise known for creating the first Minecraft modding engine for mobile devices, ModPE, which has been installed on over 20,000,000 devices around the world.

Mr. Hans Alesund is our independent director. He has over 30 years of experience within the business industry, with roles ranging from marketing and sales to operations. Hans served as the chief executive officer of Technology Nexus S.O.S. AB, an IT consultant and contract developer, from December 1997 to March 2006. He was also the chief executive director of Landis+Gyr from April 2006 to June 2016. Since February 2012, he has been the chief executive officer and co-owner of Get Right Sweden AB. He had also obtained board positions at Allegro Information system Ab, Level 21 Management AB prior to becoming a board member of NIP in 2016. Hans received his bachelor's degree in statistics from Stockholm University in 1974.

Mr. Zhiyong (*Ben*) *Li* has served as our chief financial officer since August 2022. Prior to joining us, Ben served as our financial advisor for approximately eight months. He was the chief financial officer of BlueCity Holdings Limited (Nasdaq: BLCT) from 2019 to 2021. He also served multiple positions in GDS Holdings Limited (Nasdaq: GDS) from 2007 to 2019, with the last position held as finance vice president

from 2014 to 2019. Ben worked as an associate at PricewaterhouseCoopers Zhong Tian LLP, Beijing Branch from 2005 to 2007. He received his bachelor's degree in national economic management from the Renmin University of China in 2005.

Mr. Heng (*Vulcan*) *Zhang* joined us in March 2021. He oversees our strategic development, including investor relations and corporate financing. He also serves as the secretary to our board. From 2014 to 2020, Vulcan was a senior vice president and secretary to the board of iDreamSky. Vulcan has a China securities investment fund industry practice certificate issued in 2017 by the Asset Management Association of China, and certificates of qualification as secretary of the board of directors from issued in 2016 by the Shenzhen Stock Exchange and the Shanghai Stock Exchange. He has also become a co-member of the Hong Kong Chartered Secretaries' Union in 2020. Vulcan received his financial master's degree in business administration (FMBA) from the Chinese University of Hong Kong — Tsinghua University Cooperative Education in 2017.

Mr. Hang (Allen) Sui joined us in November 2023 to serve as the chief operating officer. As one of the earliest participants in the Chinese esports industry, Allen has approximately 15 years of experience in the operation of domestic and global competitive gaming projects, including Crossfire, AVA Online, War Thunder, PUBG: Battlegrounds, Valorant and Freestyle. Prior to joining us, Allen served as the assistant publishing producer and publishing producer in the gaming division of Tencent from 2009 to 2018, and associate director of Tencent from 2018 to 2023. Allen was also a former professional Counter-Strike player who competed for WizArds team in 2003. Allen received his master's degree in laws from Changchun University of Technology in 2009.

Mr. Haoming Yu has served as the senior vice president and the head of our talent management business division since August 2021. Prior to joining us, Haoming had years of experience in event planning and operation in the media industry and has served as the director general of multiple large-scale new product promotion projects, including Coca-Cola, Red Bull, P&G, JD Logistics, and VV Soybean Milk. He founded Sacho Interactive Entertainment, a professionally generated content agency in 2017, and Shanqiu Culture Communication in 2018 to develop livestreaming economy business. He worked as the co-founder after the merger with Shanghai Huangxi Culture in May 2020. Haoming received his master's degree in design from the China University of Geosciences in 2015.

Board of Directors

Our board of directors will consist of six directors upon the SEC's declaration of effectiveness of our registration statement on Form F-1 of which this prospectus is a part. A director is not required to hold any shares in our company by way of qualification. A director who is in any way, whether directly or indirectly, interested in a contract or transaction or proposed contract or transaction with our company is required to declare the nature of his or her interest at a meeting of our directors. Subject to the Nasdaq rules and disqualification by the chairman of the relevant board meeting, a director may vote with respect to any contract or transaction, or proposed contract or transaction notwithstanding that he or she may be interested therein, and if he or she does so his or her vote shall be counted and he or she may be counted in the quorum at any meeting of our directors at which any such contract or transaction or proposed contract or transaction is considered. Our directors may exercise all the powers of our company to raise or borrow money, and to mortgage or charge its undertaking, property and assets (present and future) and uncalled capital or any part thereof, and to issue debentures 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 non-executive directors has a service contract with us that provides for benefits upon termination of service.

Committees of the Board of Directors

We will establish three committees under the board of directors immediately upon the effectiveness of our registration statement on Form F-1 of which this prospectus is a part: an audit committee, a compensation committee and a nominating and corporate governance committee. We will adopt a charter for each of the three committees. Each committee's members and functions are described below.

Audit Committee. Our audit committee will consist of Mr. Carter Jack Feldman and Mr. Felix Grananderv. Mr. Carter Jack Feldman will be the chairperson of our audit committee. We have determined that and Mr. Carter Jack Feldman satisfies the "independence" requirements of Rule 5605(a)(2) of the

Listing Rules of the Nasdaq Stock Market and Rule 10A-3 under the Exchange Act. We have determined that Mr. Carter Jack Feldman qualifies as an "audit committee financial expert." We intend to appoint a new independent director to our board of directors and audit committee within 90 days after our registration statement on Form F-1, of which this prospectus is a part, becomes effective. 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:

- appointing the independent auditors and pre-approving all auditing and non-auditing services permitted to be performed by the independent auditors;
- reviewing with the independent auditors any audit problems or difficulties and management's response;
- discussing the annual audited financial statements with management and the independent auditors;
- reviewing the adequacy and effectiveness of our accounting and internal control policies and procedures and any steps taken to monitor and control major financial risk exposures;
- reviewing and approving all proposed related party transactions;
- meeting separately and periodically with management and the independent auditors; and
- monitoring compliance with our code of business conduct and ethics, including reviewing the adequacy and effectiveness of our procedures to ensure proper compliance.

Compensation Committee. Our compensation committee will consist of Mr. Mario Yau Kwan Ho, Mr. Hicham Chahine and Mr. Liwei Sun. Mr. Mario Yau Kwan Ho will be the chairperson of our compensation committee. The compensation committee will assist 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 his compensation is deliberated. The compensation committee will be responsible for, among other things:

- reviewing and approving, or recommending to the board 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 a compensation consultant, legal counsel or other adviser only after taking into consideration all factors relevant to that person's independence from management.

Nominating and Corporate Governance Committee. Our nominating and corporate governance committee will consist of Mr. Mario Yau Kwan Ho and Mr. Hicham Chahine. Mr. Mario Yau Kwan Ho will be the chairperson of our nominating and corporate governance committee. The nominating and corporate governance committee will assist the board of directors in selecting individuals qualified to become our directors and in determining the composition of the board and its committees. The nominating and corporate governance committee will be responsible for, among other things:

- selecting and recommending to the board nominees for election by the shareholders or appointment by the board;
- reviewing annually with the board the current composition of the board with regards to characteristics such as independence, knowledge, skills, experience and diversity;
- making recommendations on the frequency and structure of board meetings and monitoring the functioning of the committees of the board; and
- advising the board periodically with regards to significant developments in the law and practice of corporate governance as well as our compliance with applicable laws and regulations, and making recommendations to the board on all matters of corporate governance and on any remedial action to be taken.

Duties 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 reasonably prudent person would exercise in comparable circumstances. It was previously considered that a director need not exhibit in the performance of his or her duties a greater degree of skill than may reasonably be expected from a person of his or her knowledge and experience. However, English and Commonwealth courts have moved towards an objective standard with regard to the required skill and care and these authorities are likely to be followed in the Cayman Islands. 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. In certain limited exceptional circumstances, a shareholder may have the right to seek damages in our name if a duty owed by our directors is breached.

Our board of directors has all the powers necessary for managing, and for directing and supervising, our business affairs. The functions and powers of our board of directors include, among others:

- convening shareholders' annual and extraordinary general meetings and reporting its work to shareholders at such meetings;
- declaring dividends and distributions;
- appointing officers and determining the term of office of the officers;
- exercising the borrowing powers of our company and mortgaging the property of our company; and
- approving the transfer of shares in our company, including the registration of such shares in our register of members.

Terms of Directors and Officers

Our directors may be appointed by an ordinary resolution of our shareholders. Alternatively, our board of directors may, by the affirmative vote of a simple majority of the directors present and voting at a board meeting appoint any person as a director to fill a casual vacancy on our board or as an addition to the existing board. Our directors are not automatically subject to a term of office and hold office until such time as their office is vacated or where they are removed from office by an ordinary resolution of our shareholders. The service of our independent directors may be terminated by the director or by us with a 30-day advance written notice or such other shorter period of notice as mutually agreed. In addition, a director will cease to be a director if, among other things, the director (i) becomes bankrupt or makes any arrangement or composition with his or her creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his or her office by notice in writing to our company, or (iv) without special leave of absence from our board, is absent from three consecutive board meetings and our directors resolve that his or her office be vacated; or (v) is removed from office pursuant to any other provision of our articles of association.

Our officers are appointed by and serve at the discretion of the board of directors, and may be removed by our board of directors.

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 60-day advance written notice. In such case of termination by us, we will provide severance payments to the executive officer as may be agreed between the executive officer and us. The executive officer may resign at any time with a 60-day 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 customers or prospective customers, 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 suppliers, clients, direct or end customers or contacts or other persons or entities introduced to the executive officer in his or her capacity as a representative of us for the purpose of doing business with such persons or entities that will harm our business relationships with these persons or entities; (ii) assume employment with or provide services to any of our competitors, or engage, whether as principal, partner, licensor or otherwise, any of our competitors, without our express consent; or (iii) seek directly or indirectly, to solicit the employment or services of, or hire or engage, any person who is known to be employed or engaged by us; or (iv) otherwise interfere with our business or accounts.

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 year ended December 31, 2023, we paid an aggregate of US$3.9 million in cash and benefits to our directors and executive officers. We have not set aside or accrued any amount to provide pension, retirement or other similar benefits to our directors and executive officers. Our PRC subsidiaries 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.

Share Incentive Plan

2021 Share Incentive Plan

In 2021, we adopted 2021 Share Incentive Plan, or 2021 Plan, to attract and retain the best available personnel, to provide additional incentives to employees and to promote the success of our business. The maximum aggregate number of ordinary shares of NIP Group Inc. which may be issued under the 2021 Plan is 4,360,799, which has been proportionately adjusted under the Restructuring.

The following paragraphs summarize the terms of the 2021 Plan.

Plan Administration. Our board of directors or a committee appointed by our board of directors acts as the plan administrator. The board of directors or the committee may also delegate its powers under the 2021 Plan to one or more officers of the Company to grant or amend awards or take other general administrative actions.

Type of Awards. The 2021 Plan permits the awards of options, restricted shares, restricted share units, or any other type of awards approved by the plan administrator.

Award Agreement. Awards granted under the 2021 Plan shall be evidenced by an award agreement between the award recipient and the Company, which may be any written notice, agreement, terms and conditions, contract or other instrument or document evidencing the grant of such awards.

Eligibility. We may grant awards to employees of our company and our subsidiaries.

Term of Awards. Each award under the 2021 Plan shall vest or be exercised not more than ten years after the date of grant unless extended by the plan administrator. Each share award is subject to earlier

termination as set forth in the 2021 Plan. The award is only exercisable before the eligible individual's termination of service with us, except as determined otherwise by the plan administrator or set forth in the award agreement. Any awards that are outstanding on the tenth anniversary of the 2021 Plan shall lapse automatically.

Vesting Schedule and Other Restrictions. The plan administrator has discretion in determining the individual vesting schedules and other restrictions applicable to the awards granted under the 2021 Plan. The vesting schedule is set forth in the award agreement.

Exercise Price. The plan administrator has discretion in determining the price of the awards, which can be a fixed or variable price related to the fair market value of the underlying ordinary shares and are subject to a number of limitations.

Termination. Unless terminated earlier, the 2021 Plan has a term of ten years from its date of effectiveness.

Amendment, Suspension or Termination. Our board of directors may at any time terminate, amend or modify the 2021 Plan, except where shareholder approval is required to comply with applicable laws or where the amendment relates to (i) any increases in the number of shares available under the 2021 Plan (other than any adjustment permitted under the 2021 Plan), or (ii) an extension of the term of the 2021 Plan or the exercise period for an option beyond ten years from the date of grant. To the extent permissible under the applicable laws, our board of directors may decide to follow home country practice not to seek shareholder approval for any amendment or modification of the 2021 Plan. However, no amendment, suspension or termination of the 2021 Plan shall, without the consent of the award recipients, adversely affect in any material way any award that has been granted or awarded prior to such amendment, suspension or termination.

Transfer Restriction. Awards may not be transferred in any manner by the eligible employees other than in accordance with the exceptions provided in the 2021 Plan, such as by will or by the laws of descent or distribution.

2024 Share Incentive Plan

In June 2024, we adopted the 2024 Share Incentive Plan, or the 2024 Plan, effective upon the SEC's declaration of effectiveness of our registration statement on Form F-1 of which this prospectus is a part, 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 Class A ordinary shares which may be issued pursuant to all awards under the 2024 Plan is 11,956,812.

As of the date of this prospectus, no award has been granted under the 2024 Plan.

The following paragraphs describe the principal terms of the 2024 Plan.

Type of awards. The 2024 Plan permits the awards of options, restricted shares, and restricted share units or other types of awards approved by our board of directors or a committee appointed by our board of directors.

Plan administration. The 2024 Plan shall be administered by our board of directors or a committee appointed by the board of directors.

Award agreement. Awards under the 2024 Plan are evidenced by an award agreement that set forth the terms, conditions and limitations for each award which may include the term of an award, the provisions applicable in the event the participant's employment or service terminates, and our authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an award.

Eligibility. We may grant awards to employees, consultants, and directors of our company and our subsidiaries.

Vesting schedule. In general, our board of directors or a committee appointed by the board of directors determines the vesting schedule, which is specified in the relevant award agreement.

Exercise of awards. The exercise price per share subject to an option is determined by the board of directors or a committee appointed by the board of directors and set forth in the award agreement which may be a fixed price or a variable price related to the fair market value of the shares.

Transfer restrictions. Awards may not be transferred in any manner by the eligible participant other than in accordance with the limited exceptions provided in the 2024 Plan, such as transfers to our company or a subsidiary of ours, transfers by gift to "immediate family" as that term is defined in SEC Rule 16a-1(e) promulgated under the Exchange Act, the designation of a beneficiary to receive benefits if the participant dies, permitted transfers or exercises on behalf of the participant by the participant's duly authorized legal representative if the participant has suffered a disability, or, subject to the prior approval of our board of directors, a committee appointed by the board of directors or our executive officer or director duly authorized by the relevant committee, transfers to one or more natural persons who are the participant's family members or entities owned and controlled by the participant and/or the participant's family members, including but not limited to trusts or other entities whose beneficiaries or beneficial owners are the participant and/or the participant's family members, or to such other persons or entities as may be expressly approved by our board of directors or a committee appointed by the board of directors, pursuant to such conditions and procedures as our board of directors or a committee appointed by the board of directors may establish.

Termination and amendment. Unless terminated earlier, the 2024 Plan has a term of ten years. Our board of directors may terminate, amend or modify the 2024 Plan at any time. However, to comply with applicable laws or stock exchange rules, shareholder approval is required for any amendment unless we opt to follow home country practice. Specifically, unless we opt to follow home country practice, shareholder approval is necessary for any amendment that (i) increases the number of shares available under the 2024 Plan, except for certain exemptions as stipulated in the 2024 Plan, or (ii) allows our board of directors or a committee appointed by the board of directors to extend the term of the 2024 Plan or the exercise period for an option beyond ten years from the date of grant.

Equity Incentive Trust

The ESVF Trust was established under a trust deed between our Company as settlor and Vistra Trust (Hong Kong) Limited, or the VTHK, as trustee, on January 20, 2023. Through the ESVF Trust, our ordinary shares and other rights and interests under awards granted pursuant to our 2021 Plan may be provided to certain award recipients. As of the date of this prospectus, some of the award recipients under the 2021 Plan participated in the ESVF Trust.

Participants in the ESVF Trust transfer their awards to Vistra Trust to be held for their benefit. Upon satisfaction of vesting conditions and request by award recipients, the VTHK as trustee of the ESVF Trust will exercise the awards and transfer the relevant ordinary shares and other rights and interests under the awards to the relevant participants upon written instructions by an advisory committee established by the plan administrator. The advisory committee is authorized by the plan administrator to make all determinations and provide directions to the VTHK in relation to the administration of the ESVF Trust and the 2021 Plan. The trust deed provides that the VTHK as trustee of the ESVF Trust shall not exercise the voting rights attached to such ordinary shares unless otherwise directed by the advisory committee.

The following table summarizes, as of the date of this prospectus, the options that we have granted to our directors and executive officers, all of which have been exercised for our ordinary shares.

Name	Ordinary Shares Underlying Options Granted	Exercise Price (US$/Share)	Date of Grant
Heng Tang	1,104,590	0	July 30, 2021

As of the date of this prospectus, we do not have any outstanding options.

PRINCIPAL SHAREHOLDERS

Except as specifically noted, the following table sets forth information with respect to the beneficial ownership of our ordinary shares as of the date of this prospectus by:

- each of our directors and executive officers; and
- each person known to us to beneficially own 5% or more of our shares.

The calculations in the table below are based on 107,611,307 shares issued and outstanding as of the date of this prospectus on an as-converted basis, and 74,106,989 Class A ordinary shares, 24,641,937 Class B1 ordinary shares and 13,362,381 Class B2 ordinary shares outstanding immediately after the completion of this offering, assuming 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.

	Shares Beneficially Owned Prior to This Offering		Ordinary Shares Beneficially Owned After This Offering					
	Number	%**	Class A Ordinary Shares	Class B1 Ordinary Shares	Class B2 Ordinary Shares	Total Ordinary Shares on an As-Converted Basis	% of Beneficial Ownership**	% of Aggregate Voting Power***
Directors and Executive Officers†:								
Mario Yau Kwan Ho[1]	15,278,950	14.2	—	15,278,950	—	15,278,950	13.6	36.6
Hicham Chahine[2]	13,362,381	12.4	—	—	13,362,381	13,362,381	11.9	32.0
Liwei Sun[3]	9,362,987	8.7	—	9,362,987	—	9,362,987	8.4	22.4
Heng Tang[4]	1,104,590	1.0	1,104,590	—	—	1,104,590	1.0	0.1
Yanjun Xu	—	—	—	—	—	—	—	—
Lei Zhang	*	*	*	—	—	*	*	*
Thomas Neslein[5]	13,086,142	12.2	13,086,142	—	—	13,086,142	11.7	1.6
Felix Granander[6]	12,268,258	11.4	12,268,258	—	—	12,268,258	10.9	1.5
Andrew Reader	—	—	—	—	—	—	—	—
Carter Jack Feldman	—	—	—	—	—	—	—	—
Hans Alesund	*	*	*	—	—	*	*	*
Zhiyong Li	—	—	—	—	—	—	—	—
Heng Zhang	—	—	—	—	—	—	—	—
Hang Sui	—	—	—	—	—	—	—	—
Haoming Yu[7]	1,484,949	1.4	1,484,949	—	—	1,484,949	1.3	0.2
All Directors and Executive Officers as a Group	**67,692,844**	**62.9**	**29,688,526**	**24,641,937**	**13,362,381**	**67,692,844**	**60.4**	**94.7**
Principal Shareholders:								
Seventh Hokage Management Limited[1]	15,278,950	14.2	—	15,278,950	—	15,278,950	13.6	36.6
DIGLIFE AS[2]	13,362,381	12.4	—	—	13,362,381	13,362,381	11.9	32.0
Nyx Ventures AS[5]	13,086,142	12.2	13,086,142	—	—	13,086,142	11.7	1.6
Tolsona Ltd.[6]	12,268,258	11.4	12,268,258	—	—	12,268,258	10.9	1.5
xiaOt Sun Holdings Limited[3]	9,362,987	8.7	—	9,362,987	—	9,362,987	8.4	22.4
Shanghai Yuyun Management Partnership (Limited Partnership)[8]	9,101,851	8.5	9,101,851	—	—	9,101,851	8.1	1.1

Notes:

† Except as otherwise indicated below, the business address of our directors and executive officers is Rosenlundsgatan 31, 11863, Stockholm, Sweden. The business address of Mario Yau Kwan Ho, Liwei "xiaOt" Sun, Heng Tang, Yanjun Xu, Lei Zhang, Zhiyong Li, Heng Zhang and Haoming Yu is No. 26, Gaoxin 2nd Road, East Lake High-tech Development Zone, Wuhan, Hubei, 430000, The People's Republic of China.

* Beneficially owns less than 1% of our outstanding shares.

** 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) the total number of ordinary shares outstanding and (ii) the number of ordinary shares that such person or group has the right to acquire upon exercise of options or other right within 60 days after the date of this prospectus.

*** For each person or group included in this column, percentage of total voting power is calculated by dividing the voting power beneficially owned by such person or group by the voting power of all of our Class A, Class B1 and Class B2 ordinary shares as a single class. Each holder of Class A ordinary shares is entitled to one vote per share. Each holder of Class B1 and Class B2 ordinary shares (collectively referred to as "Class B ordinary shares") is entitled to 20 votes per share, subject to the approval conditions for ordinary resolutions, the Weighted Voting Right and certain restrictions. Our Class B ordinary shares are convertible at any time by the holder into Class A ordinary shares on a one-for-one basis, while Class A ordinary shares are not convertible into Class B ordinary shares under any circumstances. For more information about the voting rights of our Class A and Class B ordinary shares, see "Description of Share Capital — Our Post-Offering Memorandum and Articles of Association."

(1) Represents 15,278,950 Ordinary Shares directly held by Seventh Hokage Management Limited (formerly known as Mario Ho Holdings Limited), a limited liability company established in the British Virgin Islands. Seventh Hokage Management Limited is wholly owned by Mr. Mario Yau Kwan Ho. The registered address of Seventh Hokage Management Limited is Start Chambers, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands. All the Ordinary Shares held by Seventh Hokage Management Limited will be automatically re-classified and re-designated as Class B1 ordinary shares immediately prior to the completion of this offering.

(2) Represents 13,362,381 Class B-1 Preferred Shares directly held by DIGLIFE AS, a company registered under the laws of Norway and is 95.61% owned by Mr. Hicham Chahine. The registered address of DIGLIFE AS is Tors gate 2B, 0260 Oslo, Norway. All the Class B-1 Preferred Shares held by DIGLIFE AS will be automatically re-classified and re-designated as Class B2 ordinary shares immediately prior to the completion of this offering.

(3) Represents 9,362,987 Ordinary Shares directly held by xiaOt Sun Holdings Limited, a limited liability company established in the British Virgin Islands. xiaOt Sun Holdings Limited is wholly owned by Mr. Liwei Sun. The registered address of xiaOt Sun Holdings Limited is Start Chambers, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands. All the Ordinary Shares held by xiaOt Sun Holdings Limited will be automatically re-classified and re-designated as Class B1 ordinary shares immediately prior to the completion of this offering.

(4) Represents 1,104,590 ordinary shares issued pursuant to options that are held by Mr. Heng Tang, which will be automatically re-classified and re-designated as Class A ordinary shares immediately prior to the completion of this offering.

(5) Represents 13,086,142 Class B-1 Preferred Shares directly held by Nyx Ventures AS, a company registered under the laws of Norway and wholly owned by Mr. Thomas Neslein. The registered address of Nyx Ventures AS is Olav Vs Gate 5, 0161 Oslo, Norway. All the Class B-1 Preferred Shares held by Nyx Ventures AS will be automatically re-classified and re-designated as Class A ordinary shares immediately prior to the completion of this offering.

(6) Represents 12,268,258 Class B-1 Preferred Shares held by Tolsona Ltd., a company incorporated in the Republic of Cyprus. Tolsona Ltd. is wholly owned by Mr. Felix Granander. The registered address of Tolsona Ltd. is Naxou, 4, 1st Floor, Flat/Office 101, 1070, Nicosia, the Republic of Cyprus. All the Class B-1 Preferred Shares held by Tolsona Ltd. will be automatically re-classified and re-designated as Class A ordinary shares immediately prior to the completion of this offering.

(7) Represents 1,484,949 Ordinary Shares directly held by Danny Yu Holdings Limited, a limited liability company established in the British Virgin Islands. Danny Yu Holdings Limited is wholly owned by Mr. Haoming Yu. The registered address of Danny Yu Holdings Limited is Start Chambers, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, British Virgin Islands. All the Ordinary Shares held by Danny Yu Holdings Limited will be automatically re-classified and re-designated as Class A ordinary shares immediately prior to the completion of this offering.

(8) Represents 9,101,851 Class A Preferred Shares held by Shanghai Yuyun Management Partnership (Limited Partnership), a PRC limited partnership. The general partner of Shanghai Yuyun Management Partnership (Limited Partnership) is Wuhan Donghu Lvxin Garden Co. Ltd., a company wholly owned by Wuhan Jinlv Construction Investment (Group) Co. Ltd., which is directly wholly owned by Wuhan Tourism and Sports Group. Wuhan Tourism and Sports Group is indirectly wholly owned by the Wuhan State-owned Assets Supervision and Administration Commission, or Wuhan SASAC, a sub-department of Wuhan municipal government. The business address of Shanghai Yuyun Enterprise Management Limited Partnership is Room 368, Part 302, No. 211 North Fute Road, China (Shanghai) Pilot Free Trade Zone, Shanghai City, PRC. All the Class A Preferred Shares held by Shanghai Yuyun Management Partnership (Limited Partnership) will be automatically re-classified and re-designated as Class A ordinary shares immediately prior to the completion of this offering.

As of the date of this prospectus, we had no ordinary shares or preferred shares held by record holders in the United States.

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 Wuhan ESVF and Its Shareholders

See "Corporate History and Structure."

Shareholders Agreement

See "Description of Share Capital — History of Securities Issuances — Shareholders Agreement."

Employment Agreements and Indemnification Agreements

See "Management — Employment Agreements and Indemnification Agreements."

Share Incentive Plans

See "Management — Share Incentive Plan."

Other Related Party Transactions

Transactions with Mario Yau Kwan Ho

In 2022, we recorded collection of loan of US$297,221 to Mr. Ho. In 2023, we recorded repayment of reality show services provided by Mr. Ho of US$667,994 and reality show service provided by Mr. Ho of US$146,822. We had amounts due to Mr. Ho of US$685,786 and US$146,429 as of December 31, 2022 and 2023, respectively.

Tianjin Mingren Enterprise Management Partnership (Limited Partnership), or Tianjin Mingren, is an entity ultimately controlled by Mr. Ho. We had amounts due from Tianjin Mingren of US$141 as of December 31, 2023.

Transactions with Hicham Chahine

We had amounts due to Mr. Chahine of US$4,035 as of December 31, 2023.

Transactions with Liwei Sun

In 2022, we recorded collection of loan of US$113,721 to Mr. Sun. In 2023, we recorded loan to Mr. Sun of US$49,429 and collection of loan to Mr. Sun of US$49,429. We had amounts due from Mr. Sun of US$38,258 and US$37,165 as of December 31, 2022 and 2023, respectively.

Wuhan Xingjing Culture Media Co., Ltd., or Xingjing Culture Media, is an entity controlled by Mr. Sun. In 2022, we recorded US$6.7 million of loan from Xingjing Culture Media and loan repayment of US$9.9 million to Xingjing Culture Media. In 2023, we recorded US$282,507 of loan from Xingjing Culture Media and loan repayment of US$3.6 million to Xingjing Culture Media. We had amounts due to Xingjing Culture Media of US$3.5 million and US$88,650 as December 31, 2022 and 2023, respectively.

Hainan Xingjing Technology Center LLP, or Hainan Xingjing, is an entity controlled by Mr. Sun. In 2022, we recorded collection of loan of US$53,500 to Hainan Xingjing. As of December 31, 2022, and 2023, we had no outstanding due from Hainan Xinjiang.

Tianjin Xingjingweiwu Management Consulting LLP, or Tianjin LLP, is an entity controlled by Mr. Sun. In 2022, we recorded loan to Tianjin LLP in the amount of US$149. We also had amounts due from Tianjin LLP of US$289 and US$282 as of December 31, 2022 and 2023, respectively.

Transactions with Rui Zhou

In 2022, we recorded reimbursement for operating expenses of US$167,221. As of December 31, 2022, and 2023, we had no outstanding due to Ms. Zhou.

Transactions with Wuhan Tourism and Sports Group

In 2022, we provided sponsorships and advertising services to Wuhan Tourism and Sports Group of US$700,993. In 2023, we provided sponsorships and advertising services to Wuhan Tourism and Sports Group of US$666,156. We had amounts due to Wuhan Tourism and Sports Group of US$1.3 million and US$609,009 as of December 31, 2022 and 2023, respectively.

Wuhan Linyu Ecological Group Co., Ltd., or Wuhan Linyu, is a company indirectly wholly owned by Wuhan Tourism and Sports Group. In 2022, we purchased landscaping services of US$3,812 from Wuhan Linyu and recorded interest expenses of US$416,517 paid to Wuhan Linyu. In 2023, we purchased landscaping services of US$6,758 from Wuhan Linyu and made the repayment of services provided by Wuhan Linyu of US$8,106. We had amounts due to Wuhan Linyu of US$1,383 and nil as of December 31, 2022 and 2023, respectively.

Transactions with Douyu Internet Technology Co., Ltd.

Wuhan Ouyue Online TV Co., Ltd., or Wuhan Ouyue, is an entity controlled by Douyu. In 2022, we provided talent management services to Wuhan Ouyue for US$33.7 million. Through the reassessment of the dilution of equity interest after acquisition of Ninjas in Pyjamas on January 10, 2023, Douyu and Wuhan Ouyue are no longer accounted as our related party. We had amounts due from Wuhan Ouyue of US$1.1 million as of December 31, 2022.

Transactions with Haoming Yu

In 2022, we recorded loan of US$445,831 from Mr. Yu, repayment of loan of US$891,663 from Mr. Yu, advance for our operations of US$609,637 to Mr. Yu, and reimbursement for operating expense of US$624,833. As of December 31, 2022, and 2023, we had no outstanding amounts due to or from Mr. Yu.

Transactions with Ronghua Gu

In 2022, we recorded advance for our operations of US$1.9 million to Mr. Gu, reimbursement for operating expense of US$2.2 million in connection with our general business operations, loan from Mr. Gu of US$445,831, and repayment of loan of US$891,663 from Mr. Gu. As of December 31, 2022, and 2023, we had no outstanding amounts due to or from Mr. Gu.

Transactions with Shenzhen Media Group

We provided sponsorships and advertising services to Shenzhen Media Group, an affiliate of Shenzhen Media Group (International Limited) which is one of our shareholders, in exchange for the use of stadium and dormitories owned by Shenzhen Media Group. In 2022, we provided sponsorships and advertising services to Shenzhen Media Group of US$445,831, and recorded rental expenses of US$641,997, government subsidies that should be distributed to Shenzhen Media of US$445,831, and repayment of capital injection of US$1.5 million. We also purchased event production services from Shenzhen Media of US$15,307 in 2022. In 2023, we provided sponsorships and advertising services to Shenzhen Media Group of US$423,675, and recorded rental expenses of US$610,092 and government subsidies that should be distributed to Shenzhen Media of US$423,675. We also purchased event production services from Shenzhen Media of US$14,687, and recorded repayment of government subsidies distributed to Shenzhen Media Group of US$282,450. We had amounts due to Shenzhen Media Group of US$290,321 and US$422,540 as of December 31, 2022 and 2023, respectively.

Transactions with Shenzhen Xingjing Weiwu Education Technology Co., Ltd.

In 2023, we provided loan to Shenzhen Xingjing Weiwu Education Technology Co., Ltd., or Shenzhen Xingjing Weiwu Education, an entity in which we have a minority equity interest, of US$152,304. In the same year, we also provided event production services to Shenzhen Xingjing Weiwu Education of US$75,988. We had amounts due from Shenzhen Xingjing Weiwu Education of US$232,229 as of December 31, 2023, and amounts due to Shenzhen Xingjing Weiwu Education of US$131,017.

DESCRIPTION OF SHARE CAPITAL

We are a Cayman Islands exempted company incorporated with limited liability and our affairs are governed by our memorandum and articles of association, as amended from time to time, and the Companies Act (As Revised) of the Cayman Islands, which we refer to as the Companies Act below, and the common law of the Cayman Islands.

As of the date of this prospectus, our authorized share capital is US$50,000 divided into 500,000,000 shares consist of (i) 429,552,072 ordinary shares, with par value of US$0.0001 each; and (ii) 24,709,527 Class A Preferred Shares, with par value of US$0.0001 each; (iii) 2,693,877 Class B Preferred Shares, with par value of US$0.0001 each; and (iv) 43,044,524 Class B-1 Preferred Shares, with par value of US$0.0001 each. Among our issued shares, 4,121,883 Class A Preferred Shares are not fully paid.

Immediately prior to the completion of the IPO (i) all of the existing shares in the authorized and issued share capital of the Company (comprising Ordinary Shares of a par value of US$0.0001 each, Class A Preferred Shares of a par value of US$0.0001, Class B Preferred Shares of a par value of US$0.0001 each and Class B-1 Preferred Shares of a par value of US$0.0001 each) other than the Excluded Shares (defined below)) be and are re-classified and re-designated as Class A ordinary shares each having a par value US$0.0001 per share on a 1:1 basis, each such Class A ordinary shares having the rights and being subject to the restrictions set out in the post-offering memorandum and articles of association; (ii) all of the 15,278,950 and 9,362,987 ordinary shares of a par value of US$0.0001 each held by Seventh Hokage Management Limited and XiaOt Sun Holdings Limited, respectively (the "B1 Excluded Shares") be and are re-classified and re-designated as Class B1 ordinary shares each having a par value US$0.0001 per share on a 1:1 basis, each such Class B1 ordinary shares having the rights and being subject to the restrictions set out in the post-offering memorandum and articles of association; (iii) all of the 13,362,381 Class B-1 Preferred Shares of a par value of US$0.0001 each held by DIGLIFE AS (the "B2 Excluded Shares" and together with the B1 Excluded Shares are the "Excluded Shares") be and are re-classified and re-designated as Class B2 ordinary shares each having a par value US$0.0001 per share on a 1:1 basis, each such Class B2 ordinary shares having the rights and being subject to the restrictions set out in the post-offering memorandum and articles of association.

Immediately prior to the completion of this offering, our authorized share capital will be changed into US$50,000 divided into 500,000,000 shares comprising (i) 461,995,682 Class A ordinary shares of a par value of US$0.0001 each, (ii) 24,641,937 Class B1 ordinary shares of a par value of US$0.0001 each, and (iii) 13,362,381 Class B2 ordinary share of a par value of US$0.0001. Immediately prior to the completion of this offering, we will have (i) 69,606,989 Class A Ordinary Shares of a par value of US$0.0001, (ii) 24,641,937 Class B1 Ordinary Shares of a par value of US$0.0001, and (iii) 13,362,381 Class B2 Ordinary Shares of a par value of US$0.0001. All of our shares issued and outstanding prior to the completion of the offering are and will be fully paid, and all of our shares to be issued in the offering will be issued as fully paid.

Holders of ordinary shares will have the same rights except for voting and conversion rights as set out in our post-offering memorandum and articles of association.

Our Post-Offering Memorandum and Articles of Association

Our shareholders have conditionally adopted an eighth amended and restated memorandum and articles of association, which will become effective and replace our current seventh amended and restated memorandum and articles of association in its entirety immediately prior to the completion of this offering. The following are summaries of material provisions of the post-offering memorandum and articles of association and of the Companies Act, insofar as they relate to the material terms of our ordinary shares.

Objects of Our Company. Under our post-offering memorandum and articles of association, the objects of our company are unrestricted and we have the full power and authority to carry out any object not prohibited by the Cayman Islands law.

Ordinary Shares. Our ordinary shares are issued in registered form and are issued when registered in our register of members (shareholders). We may not issue shares to bearer. Our shareholders who are nonresidents of the Cayman Islands may freely hold and vote their shares.

Dividends. The holders of our ordinary shares are entitled to such dividends as may be declared by our board of directors or declared by our shareholders by ordinary resolution (provided that no dividend may be declared by our shareholders which exceeds the amount recommended by our directors). Our post-offering memorandum and 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. Under the laws of the Cayman Islands, our 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 our company being unable to pay its debts as they fall due in the ordinary course of business.

Voting Rights. Each Class A ordinary share is entitled to one vote per share and each Class B1 ordinary share and Class B2 ordinary shares is entitled to 20 votes per share subject to any Weighted Voting Rights.

Ordinary Resolutions. Ordinary resolutions of the Company should be passed, at a general meeting of the Company, by: (i) a simple majority of votes entitled to be exercised by the shareholders; (ii) a simple majority of votes entitled to be exercised by Class B1 Shareholders; and (iii) a simple majority of votes entitled to be exercised by Class B2 Shareholders. Alternatively, ordinary resolutions can be approved in writing by all shareholders entitled to vote.

Weighted Voting Rights. At any general meeting of our Company convened to consider any Special Resolution (which require the vote of two-thirds of the votes cast), the voting power permitted to be exercised by the holders of Class B Shares will be weighted such that the Class B ordinary shares shall represent, in the aggregate, 67% of the voting power of all shareholders.

Where there is more than one holder of Class B ordinary shares that is subject to a Weighted Voting Right for the purposes of passing a special resolution, then the voting power entitled to be exercised in respect of such Class B ordinary shares, shall be divided equally between the Class B1 majority holder who holds the highest number of the issued Class B1 ordinary shares and the Class B2 majority holder who holds the highest number of the issued Class B2 ordinary shares, provided always that: (i) in the event that a Class B majority holder votes "against" a special resolution (the "Relevant Class B Majority Holder"), then all of the voting power entitled to be exercised in respect of such Class B ordinary shares shall be exercised by that Relevant Class B Majority Holder only, and (ii) if there is only one Class B majority holder then the voting power entitled to be exercised in respect of such Class B ordinary shares shall be exercised by that Class B majority holder alone. Under the Companies Act, a special resolution will be required for important matters such as a change of name or making changes to our post-offering memorandum and articles of association.

Class B Share Conversion. Each Class B share is convertible into one Class A ordinary share at any time at the option of the holder thereof. In addition, our Class B1 ordinary shares and Class B2 ordinary shares will automatically convert into shares of Class A ordinary shares upon certain transfers and other events, in particular when a holder of Class B1 ordinary shares or holder of Class B2 ordinary shares holds less than 5% of our total issued shares, all of the Class B1 ordinary shares or the Class B2 ordinary shares held by the relevant holder and its Affiliates shall automatically convert into an equivalent number of Class A ordinary shares respectively. However, Class A ordinary shares are not convertible into Class B Shares under any circumstances.

General Meetings of Shareholders. As a Cayman Islands exempted company, we are not obliged by the Companies Act to call shareholders' annual general meetings. Our post-offering 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 shall specify the meeting as such in the notices calling it, and the annual general meeting shall be held at such time and place as may be determined by our directors.

Shareholders' general meetings may be convened by a majority of our board of directors. Advance notice of at least seven days is required for the convening of our annual general shareholders' meeting (if any) and any other general meeting of our shareholders. A quorum required for any general meeting of shareholders consists of at least one shareholder present or by proxy, representing not less than one-third of all votes attaching to the issued and outstanding shares in our company entitled to vote at general meeting.

The Companies Act provides 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 memorandum and articles of association provide that upon the requisition of any one or more of our shareholders who together hold shares which carry 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, our board will convene an extraordinary general meeting and put the resolutions so requisitioned to a vote at such meeting. However, our post-offering 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.

Our post-offering memorandum and articles of association provide that at any meeting of shareholders a resolution put to the vote of the meeting must be decided on a poll vote.

Transfer of Ordinary Shares. Subject to the restrictions set out in our post-offering 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 ordinary 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 Nasdaq Stock Market 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 Nasdaq Stock Market, 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 more than 30 days in any year as our board may determine.

Liquidation. On the winding up of our company, 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.

Calls on Shares and Forfeiture of Shares. Our board of directors may from time to time make calls upon shareholders for any amounts unpaid on their shares in a notice served to such shareholders at least 14 days prior to the specified time and place of payment. The shares that have been called upon and remain unpaid are subject to forfeiture.

Redemption, Repurchase and Surrender of Shares. We may issue shares on terms that such shares are subject to redemption, at our option or at the option of the holders of these shares, on such terms and in

such manner as may be determined by our board of directors. Our company may also repurchase any of our shares on such terms and in such manner as have been approved by our board of directors or by an ordinary resolution of our shareholders. Under the Companies Act, the redemption or repurchase of any share may be paid out of our Company's profits or out of the proceeds of a new 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 our company can, immediately following such payment, pay its debts as they fall due in the ordinary course of business. In addition, under the Companies Act 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, all or any the rights attached to any class or series of shares, may be varied in such manner as those rights may provide for or, if no such provision is made, either with the consent in writing of two-thirds of the holders of the issued shares of that class or series or with the sanction of a resolution passed by two-thirds majority of the votes cast at a separate meeting of the holders of the shares of the 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.

Issuance of Additional Shares. Our post-offering memorandum and articles of association authorize 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 memorandum and articles of association also authorize our board of directors to establish from time to time one or more series of preference shares and to determine, with respect to any series of preference 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 preference 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.

Inspection of Books and Records. Holders of our ordinary shares will 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."

Anti-Takeover Provisions. Some provisions of our post-offering 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 preference shares without any further vote or action by our shareholders; and
- limit the ability of shareholders to requisition and convene general meetings of shareholders.

However, under Cayman Islands law, our directors may only exercise the rights and powers granted to them under our post-offering memorandum and articles of association for a proper purpose and for what they believe in good faith to be in the best interests of our company.

Exempted Company. We are an exempted company with limited liability under the Companies Act. The Companies Act distinguishes between ordinary resident companies and exempted companies. Any company that is registered in the Cayman Islands but conducts business mainly outside of the Cayman

Islands may apply to be registered as an exempted company. The requirements for an exempted company are essentially the same as for an ordinary company except 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 negotiable or bearer shares or shares with no par value;
- may obtain an undertaking against the imposition of any future taxation (such undertakings are usually given for 20 years in the first instance);
- 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 the shares of the company (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

Differences in Corporate Law

The Companies Act (as revised) of the Cayman Islands is derived, to a large extent, from the older Companies Acts of England but does not follow recent English statutory enactments and, accordingly, there are significant differences between the Companies Act and the current Companies Act of England. In addition, the Companies Act differs from laws applicable to U.S. corporations and their shareholders. Set forth below is a summary of certain significant differences between the provisions of the Companies Act applicable to us and the laws applicable to companies incorporated in the United States and their shareholders.

Mergers and Similar Arrangements. The Companies Act permits mergers and consolidations between Cayman Islands companies and between Cayman Islands companies and non-Cayman Islands companies. For these purposes, (i) "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 (ii) 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 surviving or consolidated company, a list of 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 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; provided that the dissenting shareholder complies strictly with the procedures set out in the Companies Act. 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 Act 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. While a dissenting shareholder has the right to express to the court the view that the transaction ought not to be approved, the court can be expected to approve the arrangement if it determines that:

- the statutory provisions as to the required majority vote have been met;
- the shareholders have been fairly represented at the meeting in question and the statutory majority are acting bona fide without coercion of the minority to promote interests adverse to those of the class;
- the arrangement is such that may be reasonably approved by an intelligent and honest man of that class acting in respect of his interest; and
- the arrangement is not one that would more properly be sanctioned under some other provision of the Companies Act.

The Companies Act also contains a statutory power of compulsory acquisition which may facilitate the "squeeze out" of dissentient 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 by way of scheme of arrangement is thus approved and sanctioned, or if a tender offer is made and accepted in accordance with the foregoing statutory procedures, 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) so that a non-controlling shareholder may be permitted 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 (and is therefore incapable of ratification by the shareholder);
- 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 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 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 exercise the skill they actually possess and such care and diligence that a reasonably prudent person would exercise in comparable circumstances. 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. Cayman Islands law and our post-offering memorandum and 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 that 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 Act provides 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 memorandum and articles of association allow any one or more of our shareholders holding shares which carry in aggregate not less than one-third of the total number votes attaching to all 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 memorandum and articles of association do not provide our shareholders with any other right to put proposals before annual general meetings or extraordinary general meetings. As a Cayman Islands exempted 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 memorandum and articles of association do not provide for cumulative voting. As a result, our shareholders are not afforded any less protections or rights on this issue than shareholders of a Delaware corporation.

Removal of Directors. Under the Delaware General Corporation Law, a director of a corporation with a classified board may be removed only for cause with the approval of a majority of the issued and outstanding shares entitled to vote, unless the certificate of incorporation provides otherwise. Under our post-offering memorandum and articles of association, directors may be removed with or without cause, by an ordinary resolution of our shareholders, except for a Member Appointed Director or the Chairman. A director will also cease to be a director if he (i) becomes bankrupt or makes any arrangement or composition with his creditors; (ii) dies or is found to be or becomes of unsound mind; (iii) resigns his office by notice in writing; (iv) without special leave of absence from our board, is absent from meetings of our board for three consecutive meetings and our board resolves that his office be vacated; (v) only holds office as a Director for a fixed term and such term expires or (vi) is removed from office pursuant to any other provision of our 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, it does provide that such transactions must be entered into bona fide in the best interests of the company 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 either an order of the courts of the Cayman Islands or by the board of directors.

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.

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 our post-offering memorandum and articles of association, if our share capital is divided into more than one class of shares, we may vary the rights attached to any class with the written consent of the two-thirds holders 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 a two-thirds majority of the holders of the shares of that class present and voting at such meeting (whether in person or by proxy).

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 Act and our post-offering memorandum and articles of association, our memorandum and articles of association may only be amended by a special resolution of our shareholders.

Rights of Non-resident or Foreign Shareholders. There are no limitations imposed by our post-offering 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 memorandum and articles of association governing the ownership threshold above which shareholder ownership must be disclosed.

History of Securities Issuances

The following is a summary of our securities issuances since the incorporation of our holding company in February 2021.

Ordinary Shares

On February 5, 2021, we issued (i) one ordinary share to Osiris International Cayman Limited, which was transferred to xiaOt Sun Holdings Limited on the same date, (ii) 10,274,549 ordinary shares to xiaOt Sun Holdings Limited, (iii) 1,934,570 ordinary shares to Ayisia Zhou Holdings Limited, and (iv) 679,140 ordinary shares to RayZ Holdings Limited.

On March 18, 2021, we issued (i) 15,816,680 ordinary shares to Seventh Hokage Management Limited (formerly known as Mario Ho Holdings Limited).

On June 29, 2021, our shareholders underwent a series of transactions to delineate the shareholding structure. To this end, we repurchased 1,420,362 ordinary shares from xiaOt Sun Holdings Limited, and 202,698 ordinary shares from Seventh Hokage Management Limited for nominal consideration. On the

same date, we issued 278,974 ordinary shares and 148,545 ordinary shares to Ayisia Zhou Holdings Limited and RayZ Holdings Limited, respectively.

On July 30, 2021, we issued 4,123,826 ordinary shares to Blooming Time International Limited.

On September 30, 2021, Seventh Hokage Management Limited surrendered 1,165,314 shares to the Company, and we issued the same number of ordinary shares to SIG China Investments Master Fund IV, LLLP.

On March 18, 2022, we issued (i) 1,404,255 ordinary shares to Danny Yu Holdings Limited, and (ii) 2,106,383 ordinary shares to Oscar Gu Holdings Limited.

Following the Restructuring, on June 30, 2023, we issued (i) 508,799 ordinary shares to xiaOt Sun Holdings Limited, (ii) 830,282 ordinary shares to Seventh Hokage Management Limited, (iii) 127,200 ordinary shares to Ayisia Zhou Holdings Limited, (iv) 47,562 ordinary shares to RayZ Holdings Limited, (v) 236,973 ordinary shares to Blooming Time International Limited, (vi) 66,964 ordinary shares to SIG China Investments Master Fund IV, LLLP, (vii) 80,694 ordinary shares to Danny Yu Holdings Limited, and (viii) 121,042 ordinary shares to Oscar Gu Holdings Limited, for an aggregated consideration of RMB1,347,705.4.

Class A Preferred Shares

As part of our reorganization, the original shareholders of Wuhan ESVF (together with their affiliates, "original shareholders") pledged their equity interests in Wuhan ESVF to Wuhan Muyecun and subscribed for ordinary shares of the Company in proportion to their respective interests in Wuhan ESVF prior to the reorganization. As a result, on July 30, 2021, we issued Class A Preferred Shares to certain original shareholders including (i) 8,607,242 Class A Preferred Shares to Shanghai Yuyun Management Partnership (Limited Partnership), (ii) 2,986,308 Class A Preferred Shares to Douyu Investment Limited, (iii) 2,819,639 Class A Preferred Shares to Shenzhen Guojin Angel Venture Investment III Partnership (Limited Partnership) (iv) 2,819,639 Class A Preferred Shares to Glorious Year Holdings Limited, (v) 1,530,175 Class A Preferred Shares to True Thrive Limited, (vi) 1,409,873 Class A Preferred Shares to Shanghai Chuyuan Enterprise Management Partnership (Limited Partnership), (vii) 956,354 Class A Preferred Shares to Jiaxing ZhenFund Tianyu Equity Investment Partnership (Limited Partnership), (viii) 827,685 Class A Preferred Shares to Top Lead Ventures Limited, and (ix) 704,930 Class A Preferred Shares to Jiangxi Everbright Industry Co., Ltd., for an aggregated consideration of RMB208,000,000.

On September 30, 2021, we issued 704,930 Class A Preferred Shares to Shenzhen Media Group (International) Limited for a consideration of US$ equivalent to RMB10,000,000.

Following the Restructuring, on June 30, 2023, we issued (i) 494,609 Class A Preferred Shares to Shanghai Yuyun Management Partnership (Limited Partnership), (ii) 171,606 Class A Preferred Shares to Douyu Investment Limited, (iii) 162,028 Class A Preferred Shares to Shenzhen Guojin Angel Venture Investment III Partnership (Limited Partnership), (iv) 2,981,667 Class A Preferred Shares to Wuhan Rongzhu Information Technology Service Co., Ltd, (v) 87,930 Class A Preferred Shares to True Thrive Limited, (vi) 81,017 Class A Preferred Shares to Shanghai Chuyuan Enterprise Management Partnership (Limited Partnership), (vii) 54,956 Class A Preferred Shares to Jiaxing ZhenFund Tianyu Equity Investment Partnership (Limited Partnership), (viii) 47,562 Class A Preferred Shares to Top Lead Ventures Limited, (ix) 40,508 Class A Preferred Shares to Jiangxi Everbright Industry Co., Ltd., and (x) 40,508 Class A Preferred Shares to Shenzhen Media Group (International) Limited, for an aggregated consideration of RMB120,475,355.79.

Class B Preferred Shares

On September 5, 2022, we issued 1,625,295 Class B Preferred Shares to Digital WD., Ltd. for a consideration of US$10,000,000.

On December 20, 2022, we issued (i) 487,589 Class B Preferred Shares to AER Capital SPC, and (ii) 434,604 Class B Preferred Shares to Maison Investment Holding Limited, for an aggregated consideration of US$5,674,000.

Following the Restructuring, on June 30, 2023, we issued (i) 93,396 Class B Preferred Shares to Digital WD., Ltd., (ii) 24,974 Class B Preferred Shares to Maison Investment Holding Limited, and (iii) 28,019 Class B Preferred Shares to AER Capital SPC.

Class B-1 Preferred Shares

On January 10, 2023, we issued (i) 12,636,248 Class B-1 Preferred Shares to DIGLIFE AS, (ii) 11,601,582 Class B-1 Preferred Shares to Tolsona Ltd, (iii) 12,375,021 Class B-1 Preferred Shares to NYX Ventures AS, (iv) 822,099 Class B-1 Preferred Shares to Get Right Sweden AB, (v) 2,906,798 Class B-1 Preferred Shares to Shinobi Holdings Limited, and (vi) 363,670 Class B-1 Preferred Shares to Datakrigaren Ventures ApS, in exchange for their respective equity interests in Ninjas in Pyjamas.

Following the Restructuring, on June 30, 2023, we issued (i) 726,133 Class B-1 Preferred Shares to DIGLIFE AS, (ii) 666,676 Class B-1 Preferred Shares to Tolsona Ltd, (iii) 711,121 Class B-1 Preferred Shares to NYX Ventures AS, (iv) 47,241 Class B-1 Preferred Shares to Get Right Sweden AB, (v) 167,037 Class B-1 Preferred Shares to Shinobi Holdings Limited, and (vi)20,898 Class B-1 Preferred Shares to Datakrigaren Ventures ApS.

Shareholders Agreement

We entered into our fifth amended and restated shareholders agreement on June 30, 2023 with our shareholders, which consist of holders of ordinary shares and preferred shares. The fifth amended and restated shareholders agreement provides for certain shareholders' rights, including registration rights, information, inspection and observer rights, rights of first refusal and co-sale rights, and voting rights and contains provisions governing our board of directors and other corporate governance matters. The special rights other than registration rights will automatically terminate upon the completion of our initial public offering.

Registration Rights

We have granted certain registration rights to our shareholders. Set forth below is a description of the registration rights granted under the shareholders agreement.

Piggyback Registration Rights. We shall notify all holders of our registrable securities in writing at least thirty (30) days prior to filing of any registration statement under the Securities Act for purposes of effecting a public offering of securities of the Company (including registration statement relating to secondary offerings of our securities, but excluding registration on Form F-3 or Form S-3, or to any employee benefit plan or a corporate reorganization) and the holders may deliver their written request to include in any such registration statement all or any part of the registrable securities held by it within ten (10) days after receiving our notice. If the offering involves an underwriting of our registrable securities and the managing underwriter(s) determine(s) in good faith that marketing factors require a limitation of the number of the registrable securities 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 us, and second, to each of the holders requesting inclusion of their registerable securities on a pro-rata basis based on the total number of registrable securities then held by each such holder, provided that (i) the number of registrable securities included is not reduced below twenty-five percent (25%) of the aggregate number 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 shall first be excluded from such registration and underwriting before any registrable securities are so excluded.

Registration on Form F-3 or Form S-3. Any holder or holders holding registrable securities with an aggregate price to the public of at least US$500,000 shall have a right to request in writing that we effect a registration on either Form S-3 or 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. We are obligated to promptly give written notice of the proposed registration and the holder's or holders' request therefor, and any related qualification or compliance, to all other holders of registrable securities. We shall not be obliged to effect any such registration, qualification or compliance if (i) Form S-3 or Form F-3 becomes unavailable for such offering by the holders, or (ii) if we have, within six (6) months period preceding the date of such request,

already effected a registration under the Securities Act other than a registration from which the registrable securities of holders have been excluded pursuant to a piggyback registration. We have a right to defer filing of a registration statement for a period of not more than ninety (90) days during which such filing would be materially detrimental to us or our members on the condition that we furnish to the holders a certificate signed by our president or chief executive officer stating that in the good faith judgment of our board of directors, it would be materially detrimental to us and our shareholders for such registration statement to be filed at such time. However, we can exercise the deferral right for no more than once during any twelve (12) month period. We shall not file any registration statement pertaining to the public offering of any securities during such ninety (90) day period.

Expenses of Registration. We will bear all registration expenses, other than the underwriting discounts and selling commissions applicable to the sale of the registrable securities, incurred in connection with the registrations pursuant to the fifth amended and restated shareholders agreement.

Termination of Obligations. The registration rights set forth above will terminate (i) five (5) years after the consummation of this offering, or (ii) if all such registrable securities proposed to be sold by a holder may then be sold under Rule 144 in one transaction without exceeding the volume limitations thereunder.

Description of American Depositary Shares

Citibank, N.A.has agreed to act as the depositary for the American Depositary Shares. Citibank's depositary offices are located at 388 Greenwich Street, New York, New York 10013. American Depositary Shares are frequently referred to as "ADSs" and represent ownership interests in securities that are on deposit with the depositary. ADSs may be represented by certificates that are commonly known as "American Depositary Receipts" or "ADRs." The depositary typically appoints a custodian to safekeep the securities on deposit. In this case, the custodian is Citibank, N.A. — Hong Kong, located at 9/F, Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong.

We have appointed Citibank as depositary pursuant to a deposit agreement. A copy of the deposit agreement is on file with the SEC under cover of a Registration Statement on Form F-6. You may obtain a copy of the deposit agreement from the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549 and from the SEC's website (www.sec.gov). Please refer to Registration Number 333- when retrieving such copy.

We are providing you with a summary description of the material terms of the ADSs and of your material rights as an owner of ADSs. Please remember that summaries by their nature lack the precision of the information summarized and that the rights and obligations of an owner of ADSs will be determined by reference to the terms of the deposit agreement and not by this summary. We urge you to review the deposit agreement in its entirety. The portions of this summary description that are italicized describe matters that may be relevant to the ownership of ADSs but that may not be contained in the deposit agreement.

Each ADS represents the right to receive, and to exercise the beneficial ownership interests in, two Class A ordinary shares that are on deposit with the depositary and/or custodian. An ADS also represents the right to receive, and to exercise the beneficial interests in, any other property received by the depositary or the custodian on behalf of the owner of the ADS but that has not been distributed to the owners of ADSs because of legal restrictions or practical considerations. We and the depositary may agree to change the ADS-to-Share ratio by amending the deposit agreement. This amendment may give rise to, or change, the depositary fees payable by ADS owners. The custodian, the depositary and their respective nominees will hold all deposited property for the benefit of the holders and beneficial owners of ADSs. The deposited property does not constitute the proprietary assets of the depositary, the custodian or their nominees. Beneficial ownership in the deposited property will under the terms of the deposit agreement be vested in the beneficial owners of the ADSs. The depositary, the custodian and their respective nominees will be the record holders of the deposited property represented by the ADSs for the benefit of the holders and beneficial owners of the corresponding ADSs. A beneficial owner of ADSs may or may not be the holder of ADSs. Beneficial owners of ADSs will be able to receive, and to exercise beneficial ownership interests in, the deposited property only through the registered holders of the ADSs, the registered holders of the ADSs (on behalf of the applicable ADS owners) only through the depositary, and the depositary (on behalf of the owners of the corresponding ADSs) directly, or indirectly, through the custodian or their respective nominees, in each case upon the terms of the deposit agreement.

If you become an owner of ADSs, you will become a party to the deposit agreement and therefore will be bound to its terms and to the terms of any ADR that represents your ADSs. The deposit agreement and the ADR specify our rights and obligations as well as your rights and obligations as an owner of ADSs and those of the depositary. As an ADS holder you appoint the depositary to act on your behalf in certain circumstances. The deposit agreement and the ADRs are governed by New York State law. However, our obligations to the holders of Class A ordinary shares will continue to be governed by the laws of the Cayman Islands, which may be different from the laws in the United States.

In addition, applicable laws and regulations may require you to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. You are solely responsible for complying with such reporting requirements and obtaining such approvals. Neither the depositary, the custodian, us or any of their or our respective agents or affiliates shall be required to take any actions whatsoever on your behalf to satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

As an owner of ADSs, we will not treat you as one of our shareholders and you will not have direct shareholder rights. The depositary will hold on your behalf the shareholder rights attached to the ordinary

shares underlying your ADSs. As an owner of ADSs you will be able to exercise the shareholders rights for the Class A ordinary shares represented by your ADSs through the depositary only to the extent contemplated in the deposit agreement. To exercise any shareholder rights not contemplated in the deposit agreement you will, as an ADS owner, need to arrange for the cancellation of your ADSs and become a direct shareholder.

The manner in which you own the ADSs (e.g., in a brokerage account vs. as registered holder, or as holder of certificated vs. uncertificated ADSs) may affect your rights and obligations, and the manner in which, and extent to which, the depositary's services are made available to you. As an owner of ADSs, you may hold your ADSs either by means of an ADR registered in your name, through a brokerage or safekeeping account, or through an account established by the depositary in your name reflecting the registration of uncertificated ADSs directly on the books of the depositary (commonly referred to as the "direct registration system" or "DRS"). The direct registration system reflects the uncertificated (book-entry) registration of ownership of ADSs by the depositary. Under the direct registration system, ownership of ADSs is evidenced by periodic statements issued by the depositary to the holders of the ADSs. The direct registration system includes automated transfers between the depositary and The Depository Trust Company ("DTC"), the central book-entry clearing and settlement system for equity securities in the United States. If you decide to hold your ADSs through your brokerage or safekeeping account, you must rely on the procedures of your broker or bank to assert your rights as ADS owner. Banks and brokers typically hold securities such as the ADSs through clearing and settlement systems such as DTC. The procedures of such clearing and settlement systems may limit your ability to exercise your rights as an owner of ADSs. Please consult with your broker or bank if you have any questions concerning these limitations and procedures. All ADSs held through DTC will be registered in the name of a nominee of DTC. This summary description assumes you have opted to own the ADSs directly by means of an ADS registered in your name and, as such, we will refer to you as the "holder." When we refer to "you," we assume the reader owns ADSs and will own ADSs at the relevant time.

The registration of the Class A ordinary shares in the name of the depositary or the custodian shall, to the maximum extent permitted by applicable law, vest in the depositary or the custodian the record ownership in the applicable Class A ordinary shares with the beneficial ownership rights and interests in such Class A ordinary shares being at all times vested with the beneficial owners of the ADSs representing the Class A ordinary shares. The depositary or the custodian shall at all times be entitled to exercise the beneficial ownership rights in all deposited property, in each case only on behalf of the holders and beneficial owners of the ADSs representing the deposited property.

Dividends and Distributions

As a holder of ADSs, you generally have the right to receive the distributions we make on the securities deposited with the custodian. Your receipt of these distributions may be limited, however, by practical considerations and legal limitations. Holders of ADSs will receive such distributions under the terms of the deposit agreement in proportion to the number of ADSs held as of the specified record date, after deduction of the applicable fees, taxes and expenses.

Distributions of Cash

Whenever we make a cash distribution for the securities on deposit with the custodian, we will deposit the funds with the custodian. Upon receipt of confirmation of the deposit of the requisite funds, the depositary will arrange for the funds received in a currency other than U.S. dollars to be converted into U.S. dollars and for the distribution of the U.S. dollars to the holders, subject to the laws and regulations of the Cayman Islands.

The conversion into U.S. dollars will take place only if practicable and if the U.S. dollars are transferable to the United States. The depositary will apply the same method for distributing the proceeds of the sale of any property (such as undistributed rights) held by the custodian in respect of securities on deposit.

The distribution of cash will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. The depositary will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable holders and beneficial

owners of ADSs until the distribution can be effected or the funds that the depositary holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States.

Distributions of Shares

Whenever we make a free distribution of Class A ordinary shares for the securities on deposit with the custodian, we will deposit the applicable number of Class A ordinary shares with the custodian. Upon receipt of confirmation of such deposit, the depositary will either distribute to holders new ADSs representing the Class A ordinary shares deposited or modify the ADS-to-Class A ordinary shares ratio, in which case each ADS you hold will represent rights and interests in the additional Class A ordinary shares so deposited. Only whole new ADSs will be distributed. Fractional entitlements will be sold and the proceeds of such sale will be distributed as in the case of a cash distribution.

The distribution of new ADSs or the modification of the ADS-to-Class A ordinary shares ratio upon a distribution of Class A ordinary shares will be made net of the fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes or governmental charges, the depositary may sell all or a portion of the new Class A ordinary shares so distributed.

No such distribution of new ADSs will be made if it would violate a law (*e.g.*, the U.S. securities laws) or if it is not operationally practicable. If the depositary does not distribute new ADSs as described above, it may sell the Class A ordinary shares received upon the terms described in the deposit agreement and will distribute the proceeds of the sale as in the case of a distribution of cash.

Distributions of Rights

Whenever we intend to distribute rights to subscribe for additional Class A ordinary shares, we will give prior notice to the depositary and we will assist the depositary in determining whether it is lawful and reasonably practicable to distribute rights to subscribe for additional ADSs to holders.

The depositary will establish procedures to distribute rights to subscribe for additional ADSs to holders and to enable such holders to exercise such rights if it is lawful and reasonably practicable to make the rights available to holders of ADSs, and if we provide all of the documentation contemplated in the deposit agreement (such as opinions to address the lawfulness of the transaction). You may have to pay fees, expenses, taxes and other governmental charges to subscribe for the new ADSs upon the exercise of your rights. The depositary is not obligated to establish procedures to facilitate the distribution and exercise by holders of rights to subscribe for new Class A ordinary shares other than in the form of ADSs.

The depositary will not distribute the rights to you if:

- We do not timely request that the rights be distributed to you or we request that the rights not be distributed to you; or
- We fail to deliver satisfactory documents to the depositary; or
- It is not reasonably practicable to distribute the rights.

The depositary will sell the rights that are not exercised or not distributed if such sale is lawful and reasonably practicable. The proceeds of such sale will be distributed to holders as in the case of a cash distribution. If the depositary is unable to sell the rights, it will allow the rights to lapse.

Elective Distributions

Whenever we intend to distribute a dividend payable at the election of shareholders either in cash or in additional shares, we will give prior notice thereof to the depositary and will indicate whether we wish the elective distribution to be made available to you. In such case, we will assist the depositary in determining whether such distribution is lawful and reasonably practicable.

The depositary will make the election available to you only if it is reasonably practicable and if we have provided all of the documentation contemplated in the deposit agreement. In such case, the depositary will establish procedures to enable you to elect to receive either cash or additional ADSs, in each case as described in the deposit agreement.

If the election is not made available to you, you will receive either cash or additional ADSs, depending on what a shareholder in the Cayman Islands would receive upon failing to make an election, as more fully described in the deposit agreement.

Other Distributions

Whenever we intend to distribute property other than cash, Class A ordinary shares or rights to subscribe for additional Class A ordinary shares, we will notify the depositary in advance and will indicate whether we wish such distribution to be made to you. If so, we will assist the depositary in determining whether such distribution to holders is lawful and reasonably practicable.

If it is reasonably practicable to distribute such property to you and if we provide to the depositary all of the documentation contemplated in the deposit agreement, the depositary will distribute the property to the holders in a manner it deems practicable.

The distribution will be made net of fees, expenses, taxes and governmental charges payable by holders under the terms of the deposit agreement. In order to pay such taxes and governmental charges, the depositary may sell all or a portion of the property received.

The depositary will *not* distribute the property to you and will sell the property if:

- We do not request that the property be distributed to you or if we request that the property not be distributed to you; or
- We do not deliver satisfactory documents to the depositary; or
- The depositary determines that all or a portion of the distribution to you is not reasonably practicable.

The proceeds of such a sale will be distributed to holders as in the case of a cash distribution.

Redemption

Whenever we decide to redeem any of the securities on deposit with the custodian, we will notify the depositary in advance. If it is practicable and if we provide all of the documentation contemplated in the deposit agreement, the depositary will provide notice of the redemption to the holders.

The custodian will be instructed to surrender the shares being redeemed against payment of the applicable redemption price. The depositary will convert into U.S. dollars upon the terms of the deposit agreement the redemption funds received in a currency other than U.S. dollars and will establish procedures to enable holders to receive the net proceeds from the redemption upon surrender of their ADSs to the depositary. You may have to pay fees, expenses, taxes and other governmental charges upon the redemption of your ADSs. If less than all ADSs are being redeemed, the ADSs to be retired will be selected by lot or on a *pro rata* basis, as the depositary may determine.

Changes Affecting Class A Ordinary Shares

The Class A ordinary shares held on deposit for your ADSs may change from time to time. For example, there may be a change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of such Class A ordinary shares or a recapitalization, reorganization, merger, consolidation or sale of assets of the Company.

If any such change were to occur, your ADSs would, to the extent permitted by law and the deposit agreement, represent the right to receive the property received or exchanged in respect of the Class A ordinary shares held on deposit. The depositary may in such circumstances deliver new ADSs to you, amend the deposit agreement, the ADRs and the applicable Registration Statement(s) on Form F-6, call for the exchange of your existing ADSs for new ADSs and take any other actions that are appropriate to reflect as to the ADSs the change affecting the Shares. If the depositary may not lawfully distribute such property to you, the depositary may sell such property and distribute the net proceeds to you as in the case of a cash distribution.

Issuance of ADSs upon Deposit of Class A Ordinary Shares

Upon completion of the offering, the Class A ordinary shares being offered pursuant to the prospectus will be deposited by us with the custodian. Upon receipt of confirmation of such deposit, the depositary will issue ADSs to the underwriters named in the prospectus. After the completion of the offering, the Class A ordinary shares that are being offered for sale pursuant to the prospectus will be deposited by us with the custodian. Upon receipt of confirmation of such deposit, the depositary will issue ADSs to the underwriters named in the prospectus.

After the closing of the offer, the depositary may create ADSs on your behalf if you or your broker deposit Class A ordinary shares with the custodian. The depositary will deliver these ADSs to the person you indicate only after you pay any applicable issuance fees and any charges and taxes payable for the transfer of the Class A ordinary shares to the custodian. Your ability to deposit Class A ordinary shares and receive ADSs may be limited by U.S. and Cayman Islands legal considerations applicable at the time of deposit.

The issuance of ADSs may be delayed until the depositary or the custodian receives confirmation that all required approvals have been given and that the Class A ordinary shares have been duly transferred to the custodian. The depositary will only issue ADSs in whole numbers.

When you make a deposit of Class A ordinary shares, you will be responsible for transferring good and valid title to the depositary. As such, you will be deemed to represent and warrant that:

- The Class A ordinary shares are duly authorized, validly issued, fully paid, non-assessable and legally obtained.
- All preemptive (and similar) rights, if any, with respect to such Class A ordinary shares have been validly waived or exercised.
- You are duly authorized to deposit the Class A ordinary shares.
- The Class A ordinary shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, and are not, and the ADSs issuable upon such deposit will not be, "restricted securities" (as defined in the deposit agreement).
- The Class A ordinary shares presented for deposit have not been stripped of any rights or entitlements.

If any of the representations or warranties are incorrect in any way, we and the depositary may, at your cost and expense, take any and all actions necessary to correct the consequences of the misrepresentations.

Transfer, Combination and Split Up of ADRs

As an ADR holder, you will be entitled to transfer, combine or split up your ADRs and the ADSs evidenced thereby. For transfers of ADRs, you will have to surrender the ADRs to be transferred to the depositary and also must:

- ensure that the surrendered ADR is properly endorsed or otherwise in proper form for transfer;
- provide such proof of identity and genuineness of signatures as the depositary deems appropriate;
- provide any transfer stamps required by the State of New York or the United States; and
- pay all applicable fees, charges, expenses, taxes and other government charges payable by ADR holders pursuant to the terms of the deposit agreement, upon the transfer of ADRs.

To have your ADRs either combined or split up, you must surrender the ADRs in question to the depositary with your request to have them combined or split up, and you must pay all applicable fees, charges and expenses payable by ADR holders, pursuant to the terms of the deposit agreement, upon a combination or split up of ADRs.

Withdrawal of Class A Ordinary Shares Upon Cancellation of ADSs

As a holder, you will be entitled to present your ADSs to the depositary for cancellation and then receive the corresponding number of underlying Class A ordinary shares at the custodian's offices. Your

ability to withdraw the Class A ordinary shares held in respect of the ADSs may be limited by U.S. and Cayman Islands legal considerations applicable at the time of withdrawal. In order to withdraw the Class A ordinary shares represented by your ADSs, you will be required to pay to the depositary the fees for cancellation of ADSs and any charges and taxes payable upon the transfer of the Class A ordinary shares. You assume the risk for delivery of all funds and securities upon withdrawal. Once canceled, the ADSs will not have any rights under the deposit agreement.

If you hold ADSs registered in your name, the depositary may ask you to provide proof of identity and genuineness of any signature and such other documents as the depositary may deem appropriate before it will cancel your ADSs. The withdrawal of the Class A ordinary shares represented by your ADSs may be delayed until the depositary receives satisfactory evidence of compliance with all applicable laws and regulations. Please keep in mind that the depositary will only accept ADSs for cancellation that represent a whole number of securities on deposit.

You will have the right to withdraw the securities represented by your ADSs at any time except for:

- Temporary delays that may arise because (i) the transfer books for the Class A ordinary shares or ADSs are closed, or (ii) Class A ordinary shares are immobilized on account of a shareholders' meeting or a payment of dividends.
- Obligations to pay fees, taxes and similar charges.
- Restrictions imposed because of laws or regulations applicable to ADSs or the withdrawal of securities on deposit.

The deposit agreement may not be modified to impair your right to withdraw the securities represented by your ADSs except to comply with mandatory provisions of law.

Voting Rights

As a holder, you generally have the right under the deposit agreement to instruct the depositary to exercise the voting rights for the Class A ordinary shares represented by your ADSs. The voting rights of holders of Class A ordinary shares are described in "Description of Share Capital."

At our request, the depositary will distribute to you any notice of shareholders' meeting received from us together with information explaining how to instruct the depositary to exercise the voting rights of the securities represented by ADSs. In lieu of distributing such materials, the depositary may distribute to holders of ADSs instructions on how to retrieve such materials upon request.

If the depositary timely receives voting instructions from a holder of ADSs, it will endeavor to vote the securities (in person or by proxy) represented by the holder's ADSs in accordance with such voting instructions as follows:

- *In the event of voting by poll*, the depositary will vote (or cause the Custodian to vote) the Class A ordinary shares held on deposit in accordance with the voting instructions received from the holders of ADSs.

Securities for which no voting instructions have been received will not be voted (except as otherwise contemplated in the deposit agreement). Please note that the ability of the depositary to carry out voting instructions may be limited by practical and legal limitations and the terms of the securities on deposit. We cannot assure you that you will receive voting materials in time to enable you to return voting instructions to the depositary in a timely manner.

Fees and Charges

As an ADS holder, you will be required to pay the following fees (some of which may be cumulative) under the terms of the deposit agreement:

Service	Fees
• Issuance of ADSs (e.g., an issuance of ADS upon a deposit of Class A ordinary shares, upon a change in the ADS(s)-to-Class A ordinary shares ratio, ADS conversions, or for any other reason), excluding ADS issuances as a result of distributions of Class A ordinary shares)	Up to U.S. 5¢ per ADS issued
• Cancellation of ADSs (e.g., a cancellation of ADSs for delivery of deposited property, upon a change in the ADS(s)-to-Class A ordinary shares ratio, ADS conversions, upon termination of the Deposit Agreement, or for any other reason)	Up to U.S. 5¢ per ADS cancelled
• Distribution of cash dividends or other cash distributions (e.g., upon a sale of rights and other entitlements)	Up to U.S. 5¢ per ADS held
• Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) exercise of rights to purchase additional ADSs	Up to U.S. 5¢ per ADS held
• Distribution of financial instruments, including, without limitation, securities other than ADSs or rights to purchase additional ADSs (e.g., upon a spin-off and contingent value rights)	Up to U.S. 5¢ per ADS held
• ADS Services	Up to U.S. 5¢ per ADS held on the applicable record date(s) established by the depositary
• Registration of ADS transfers (e.g., upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and *vice versa*, or for any other reason)	Up to U.S. 5¢ per ADS (or fraction thereof) transferred
• Conversion of ADSs of one series for ADSs of another series (e.g., upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs (each as defined in the Deposit Agreement) into freely transferable ADSs, and *vice versa* or conversion of ADSs for unsponsored American Depositary Shares (e.g., upon termination of the Deposit Agreement)).	Up to U.S. 5¢ per ADS (or fraction thereof) converted

As an ADS holder you will also be responsible to pay certain charges (some of which may be cumulative) such as:

- taxes (including applicable interest and penalties) and other governmental charges;
- the registration fees as may from time to time be in effect for the registration of Class A ordinary shares on the share register and applicable to transfers of Class A ordinary shares to or from the name of the custodian, the depositary or any nominees upon the making of deposits and withdrawals, respectively;

- certain cable, telex and facsimile transmission and delivery expenses;
- the fees, expenses, spreads, taxes and other charges of the depositary and/or service providers (which may be a division, branch or affiliate of the depositary) in the conversion of foreign currency;
- the reasonable and customary out-of-pocket expenses incurred by the depositary in connection with compliance with exchange control regulations and other regulatory requirements applicable to the Class A ordinary shares, ADSs and ADRs; and
- the fees, charges, costs and expenses incurred by the depositary, the custodian, or any nominee in connection with the ADR program.

ADS fees and charges for (i) the issuance of ADSs, and (ii) the cancellation of ADSs are charged to the person for whom the ADSs are issued (in the case of ADS issuances) and to the person for whom ADSs are cancelled (in the case of ADS cancellations). In the case of ADSs issued by the depositary into DTC, the ADS issuance and cancellation fees and charges may be deducted from distributions made through DTC, and may be charged to the DTC participant(s) receiving the ADSs being issued or the DTC participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the beneficial owner(s) and will be charged by the DTC participant(s) to the account of the applicable beneficial owner(s) in accordance with the procedures and practices of the DTC participants as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are charged to the holders as of the applicable ADS record date. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, holders as of the ADS record date will be invoiced for the amount of the ADS fees and charges and such ADS fees and charges may be deducted from distributions made to holders of ADSs. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC participants in accordance with the procedures and practices prescribed by DTC and the DTC participants in turn charge the amount of such ADS fees and charges to the beneficial owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series (which may entail the cancellation, issuance and transfer of ADSs and the conversion of ADSs from one series to another series), the applicable ADS issuance, cancellation, transfer and conversion fees will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

In the event of refusal to pay the depositary fees, the depositary may, under the terms of the deposit agreement, refuse the requested service until payment is received or may set off the amount of the depositary fees from any distribution to be made to the ADS holder. Certain depositary fees and charges (such as the ADS services fee) may become payable shortly after the closing of the ADS offering. Note that the fees and charges you may be required to pay may vary over time and may be changed by us and by the depositary. You will receive prior notice of such changes. The depositary may reimburse us for certain expenses incurred by us in respect of the ADR program, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as we and the depositary agree from time to time.

Amendments and Termination

We may agree with the depositary to modify the deposit agreement at any time without your consent. We undertake to give holders 30 days' prior notice of any modifications that would materially prejudice any of their substantial rights under the deposit agreement. We will not consider to be materially prejudicial to your substantial rights any modifications or supplements that are reasonably necessary for the ADSs to be registered under the Securities Act or to be eligible for book-entry settlement, in each case without imposing or increasing the fees and charges you are required to pay. In addition, we may not be able to provide you with prior notice of any modifications or supplements that are required to accommodate compliance with applicable provisions of law.

You will be bound by the modifications to the deposit agreement if you continue to hold your ADSs after the modifications to the deposit agreement become effective. The deposit agreement cannot be amended to prevent you from withdrawing the Class A ordinary shares represented by your ADSs (except as permitted by law).

We have the right to direct the depositary to terminate the deposit agreement. Similarly, the depositary may in certain circumstances on its own initiative terminate the deposit agreement. In either case, the depositary must give notice to the holders at least 30 days before termination. Until termination, your rights under the deposit agreement will be unaffected.

After termination, the depositary will continue to collect distributions received (but will not distribute any such property until you request the cancellation of your ADSs) and may sell the securities held on deposit. After the sale, the depositary will hold the proceeds from such sale and any other funds then held for the holders of ADSs in a non-interest bearing account. At that point, the depositary will have no further obligations to holders other than to account for the funds then held for the holders of ADSs still outstanding (after deduction of applicable fees, taxes and expenses).

In connection with any termination of the deposit agreement, the depositary may make available to owners of ADSs a means to withdraw the Class A ordinary shares represented by ADSs and to direct the depositary of such Class A ordinary shares into an unsponsored American depositary share program established by the depositary. The ability to receive unsponsored American depositary shares upon termination of the deposit agreement would be subject to satisfaction of certain U.S. regulatory requirements applicable to the creation of unsponsored American depositary shares and the payment of applicable depositary fees.

Books of Depositary

The depositary will maintain ADS holder records at its depositary office. You may inspect such records at such office during regular business hours but solely for the purpose of communicating with other holders in the interest of business matters relating to the ADSs and the deposit agreement.

The depositary will maintain in New York facilities to record and process the issuance, cancellation, combination, split-up and transfer of ADSs. These facilities may be closed from time to time, to the extent not prohibited by law.

Limitations on Obligations and Liabilities

The deposit agreement limits our obligations and the depositary's obligations to you. Please note the following:

- We and the depositary are obligated only to take the actions specifically stated in the deposit agreement without negligence or bad faith.
- The depositary disclaims any liability for any failure to carry out voting instructions, for any manner in which a vote is cast or for the effect of any vote, provided it acts in good faith and in accordance with the terms of the deposit agreement.
- The depositary disclaims any liability for any failure to determine the lawfulness or practicality of any action, for the content of any document forwarded to you on our behalf or for the accuracy of any translation of such a document, for the investment risks associated with investing in the Class A ordinary shares, for the validity or worth of the Class A ordinary shares, for any financial transaction entered into by any person in respect of the ADSs or any Deposited Property, for any tax consequences that result from the ownership of, or any transaction involving, ADSs, for the credit-worthiness of any third party, for allowing any rights to lapse under the terms of the deposit agreement, for the timeliness of any of our notices or for our failure to give notice.
- We and the depositary will not be obligated to perform any act that is inconsistent with the terms of the deposit agreement.
- We and the depositary disclaim any liability if we or the depositary are prevented or forbidden from or subject to any civil or criminal penalty or restraint on account of, or delayed in, doing or performing

any act or thing required by the terms of the deposit agreement, by reason of any provision, present or future of any law or regulation, or by reason of present or future provision of any provision of our memorandum and articles of association, or any provision of or governing the securities on deposit, or by reason of any act of God or war or other circumstances beyond our control.

- We and the depositary disclaim any liability by reason of any exercise of, or failure to exercise, any discretion provided for in the deposit agreement or in our memorandum and articles of association or in any provisions of or governing the securities on deposit.
- We and the depositary further disclaim any liability for any action or inaction in reliance on the advice or information received from legal counsel, accountants, any person presenting Shares for deposit, any holder of ADSs or authorized representatives thereof, or any other person believed by either of us in good faith to be competent to give such advice or information.
- We and the depositary also disclaim liability for the inability by a holder to benefit from any distribution, offering, right or other benefit that is made available to holders of the Class A ordinary shares but is not, under the terms of the deposit agreement, made available to you.
- We and the depositary may rely without any liability upon any written notice, request or other document believed to be genuine and to have been signed or presented by the proper parties.
- We and the depositary also disclaim liability for any consequential or punitive damages for any breach of the terms of the deposit agreement.
- No disclaimer of any Securities Act liability is intended by any provision of the deposit agreement.
- Nothing in the deposit agreement gives rise to a partnership or joint venture, or establishes a fiduciary relationship, among us, the depositary and you as ADS holder.
- Nothing in the deposit agreement precludes Citibank (or its affiliates) from engaging in transactions in which parties adverse to us or the ADS owners have interests, and nothing in the deposit agreement obligates Citibank to disclose those transactions, or any information obtained in the course of those transactions, to us or to the ADS owners, or to account for any payment received as part of those transactions.

As the above limitations relate to our obligations and the depositary's obligations to you under the deposit agreement, we believe that, as a matter of construction of the clause, such limitations would likely to continue to apply to ADS holders who withdraw the Class A ordinary shares from the ADS facility with respect to obligations or liabilities incurred under the deposit agreement before the cancellation of the ADSs and the withdrawal of the Class A ordinary shares, and such limitations would most likely not apply to ADS holders who withdraw the Class A ordinary shares from the ADS facility with respect to obligations or liabilities incurred after the cancellation of the ADSs and the withdrawal of the Class A ordinary shares and not under the deposit agreement.

In any event, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder. In fact, you cannot waive our or the depositary's compliance with U.S. federal securities laws and the rules and regulations promulgated thereunder.

Taxes

You will be responsible for the taxes and other governmental charges payable on the ADSs and the securities represented by the ADSs. We, the depositary and the custodian may deduct from any distribution the taxes and governmental charges payable by holders and may sell any and all property on deposit to pay the taxes and governmental charges payable by holders. You will be liable for any deficiency if the sale proceeds do not cover the taxes that are due.

The depositary may refuse to issue ADSs, to deliver, transfer, split and combine ADRs or to release securities on deposit until all taxes and charges are paid by the applicable holder. The depositary and the custodian may take reasonable administrative actions to obtain tax refunds and reduced tax withholding for any distributions on your behalf. However, you may be required to provide to the depositary and to the

custodian proof of taxpayer status and residence and such other information as the depositary and the custodian may require to fulfill legal obligations. You are required to indemnify us, the depositary and the custodian for any claims with respect to taxes based on any tax benefit obtained for you.

Foreign Currency Conversion

The depositary will arrange for the conversion of all foreign currency received into U.S. dollars if such conversion is practical, and it will distribute the U.S. dollars in accordance with the terms of the deposit agreement. You may have to pay fees and expenses incurred in converting foreign currency, such as fees and expenses incurred in complying with currency exchange controls and other governmental requirements.

If the conversion of foreign currency is not practical or lawful, or if any required approvals are denied or not obtainable at a reasonable cost or within a reasonable period, the depositary may take the following actions in its discretion:

- Convert the foreign currency to the extent practical and lawful and distribute the U.S. dollars to the holders for whom the conversion and distribution is lawful and practical.
- Distribute the foreign currency to holders for whom the distribution is lawful and practical.
- Hold the foreign currency (without liability for interest) for the applicable holders.

Governing Law/Waiver of Jury Trial

The deposit agreement, the ADRs and the ADSs will be interpreted in accordance with the laws of the State of New York. The rights of holders of Class A ordinary shares (including Class A ordinary shares represented by ADSs) are governed by the laws of the Cayman Islands.

As an owner of ADSs, you irrevocably agree that any legal action arising out of the Deposit Agreement, the ADSs or the ADRs, involving the Company or the Depositary, may only be instituted in a state or federal court in the city of New York.

AS A PARTY TO THE DEPOSIT AGREEMENT, YOU IRREVOCABLY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, YOUR RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF THE DEPOSIT AGREEMENT OR THE ADRs AGAINST US AND/OR THE DEPOSITARY.

The deposit agreement provides that, to the extent permitted by law, ADS holders waive the right to a jury trial of any claim they may have against us or the depositary arising out of or relating to our Class A ordinary shares, the ADSs or the deposit agreement, including any claim under U.S. federal securities laws. If we or the depositary opposed a jury trial demand based on the waiver, the court would determine whether the waiver was enforceable in the facts and circumstances of that case in accordance with applicable case law. However, you will not be deemed, by agreeing to the terms of the deposit agreement, to have waived our or the depositary's compliance with 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 2,250,000 ADSs outstanding, representing 4,500,000 Class A ordinary shares, or 4.0% of our outstanding Class A, Class B1 and Class B2 ordinary shares in total, 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 by 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 ADSs. We intend to apply to list the ADSs on the Nasdaq, but 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.

Lock-up Agreements

We, our directors and executive officers, and substantially all of our existing shareholders have agreed, for a period of 180 days after the date of this prospectus, not to offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise dispose of any of our ordinary shares or ADSs or securities that are substantially similar to our ordinary shares or ADSs, including but not limited to any options or warrants to purchase our ordinary shares, ADSs or any securities that are convertible into or exchangeable for, or that represent the right to receive, our ordinary shares, ADSs or any such substantially similar securities (other than upon the conversion or exchange of convertible or exchangeable securities outstanding as of the date such lock-up agreement was executed), without the prior written consent of the representatives of the underwriters.

The restrictions described in the preceding paragraphs will be automatically extended under certain circumstances. See "Underwriting."

Rule 144

All of our ordinary shares that will be issued and outstanding upon the completion of this offering, other than those ordinary shares sold in this offering, are "restricted securities" 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 requirement such as those provided by Rule 144 and Rule 701 promulgated under the Securities Act. In general, beginning 90 days after the date of this prospectus, a person (or persons whose shares are aggregated) who at the time of a sale is not, and has not been during the three months preceding the sale, an affiliate of ours and has beneficially owned our restricted securities for at least six months will be entitled to sell the restricted securities without registration under the Securities Act, subject only to the availability of current public information about us, and will be entitled to sell restricted securities beneficially owned for at least one year without restriction. Persons who are our affiliates and have beneficially owned our restricted securities for at least six months may sell a number of restricted securities within any three-month period 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 7,410,699 Class A 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 Class A, ordinary shares in the form of ADSs or otherwise, on the Nasdaq, during the four calendar weeks preceding the date on which notice of the sale is filed with the SEC.

Sales by our affiliates under Rule 144 are also subject to certain requirements relating to manner of sale, notice and the availability of current public information about us.

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 plan or other written agreement executed prior to the completion of this offering is eligible to resell those ordinary shares in reliance on Rule 144, but without compliance with some of the restrictions, including the holding period, contained in Rule 144. However, the Rule 701 shares would remain subject to lock-up arrangements and would only become eligible for sale when the lock-up period expires.

TAXATION

The following summary of Cayman Islands, PRC, Swedish and U.S. federal income tax considerations of an investment in the ADSs or Class A ordinary shares is based upon laws and relevant interpretations thereof in effect as of the date of this registration statement, all of which are subject to change. This summary does not deal with all possible tax considerations relating to an investment in the ADSs or Class A ordinary shares, such as the tax considerations under U.S. state and local tax laws or under the tax laws of jurisdictions other than the Cayman Islands, the People's Republic of China, Sweden and the United States. To the extent that the discussion relates to matters of Cayman Islands tax law, it represents the opinion of Carey Olsen Singapore LLP, our Cayman Islands counsel; to the extent it relates to PRC tax law, it represents the opinion of CM Law Firm, our PRC counsel; in respect of matters of Swedish tax law, it represents the opinion of Baker & McKenzie Advokatbyrå KB, our Swedish 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 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. The Cayman Islands is not party to any double tax treaties that are applicable to any payments made to or by our company. There are no exchange control regulations or currency restrictions in the Cayman Islands.

Payments of dividends and capital in respect of our ordinary shares and ADSs 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 our ordinary shares or the ADSs, nor will gains derived from the disposal of our ordinary shares or the ADSs be subject to Cayman Islands income or corporation tax.

People's Republic of China Taxation

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax at the rate of 25% on its global income. The implementation rules define the term "de facto management body" as the body that exercises full and substantial control over and overall management of the business, production, personnel, accounts and properties of an enterprise. In April 2009, the State Administration of Taxation issued a circular, known as 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. Although this circular only applies to offshore enterprises controlled by PRC enterprises or PRC enterprise groups, not those controlled by PRC individuals or foreigners, the criteria set forth in the circular may reflect the State Administration of Taxation's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC enterprise or a PRC enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions are located or maintained in the PRC; and (iv) at least 50% of the enterprise's voting board members or senior executives habitually reside in the PRC.

We believe that NIP Group Inc. is not a PRC resident enterprise for PRC tax purposes. NIP Group Inc. is a company incorporated outside of the PRC. NIP Group Inc. is not controlled by a PRC enterprise or PRC enterprise group, and we do not believe that NIP Group Inc. meets all of the conditions above. For the same reasons, we believe our other entities outside of 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 NIP Group Inc. is a PRC resident enterprise for enterprise income tax purposes, we may be required to withhold a 10% withholding tax from dividends we pay to our shareholders that are non-resident enterprises, including the holders of the ADSs. In addition, non-resident enterprise shareholders (including the 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. It is unclear whether our non-PRC individual shareholders (including the ADS holders) would be subject to any PRC tax on dividends or gains obtained by such non-PRC individual shareholders in the event we are determined to be a PRC resident enterprise. If any PRC tax were to apply to such dividends or gains, it would generally apply at a rate of 20%. Any PRC tax imposed on dividends or gains may be subject to a reduction if a reduced rate is available under an applicable tax treaty. It is also unclear whether non-PRC shareholders of NIP Group Inc. would be able to claim the benefits of any tax treaties between their country of tax residence and the PRC in the event that NIP Group Inc. is treated as a PRC resident enterprise.

Provided that our Cayman Islands holding company, NIP Group Inc., is not deemed to be a PRC resident enterprise, holders of the ADSs and ordinary shares who are not PRC residents will not be subject to PRC income tax on dividends distributed by us or gains realized from the sale or other disposition of our ordinary shares or ADSs. However, under SAT Bulletin 7 and SAT Bulletin 37, where a non-resident enterprise conducts an "indirect transfer" by transferring taxable assets, including, in particular, equity interests in a PRC resident enterprise, indirectly by disposing of the equity interests of an overseas holding company, the non-resident enterprise, being the transferor, or the transferee or the PRC entity which directly owned such taxable assets may report to the relevant tax authority such indirect transfer. Using a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such indirect transfer may be subject to PRC enterprise income tax, and the transferee or other person who is obligated to pay for the transfer is obligated to withhold the applicable taxes, currently at a rate of 10% for the transfer of equity interests in a PRC resident enterprise. We and our non-PRC resident investors may be at risk of being required to file a return and being taxed under SAT Bulletin 7 and SAT Bulletin 37, and we may be required to expend valuable resources to comply with SAT Bulletin 7 and SAT Bulletin 37, or to establish that we should not be taxed under these bulletins.

Sweden Taxation

The following is a summary of certain material Swedish tax issues for holders of ordinary shares or ADSs that are resident in Sweden for tax purposes. The summary is based on current legislation and is intended to provide general information only. Each person considering an investment in ordinary shares or ADSs is advised to consult an independent tax advisor as to the tax consequences that could arise from the acquisition, ownership and disposition of the ordinary shares or ADSs.

Taxation of individual holders

An individual holder is generally considered to be tax resident in Sweden based on domicile, continuous stay exceeding 183 days or essential ties to Sweden. Swedish nationals and foreign individuals who have been tax resident in Sweden for at least 10 years are generally presumed to have maintained essential ties with Sweden, and so are deemed resident in the 5 years following their departure, unless they can prove that they have not maintained essential ties with Sweden, also known as the 5-year rule. After the first five years, the burden of proof shifts to the Swedish Tax Agency.

Individual tax residents in Sweden would generally be subject to income tax on dividend income or capital gains realized at the disposal of ADSs and ordinary shares in a foreign company, such as NIP Group Inc. Any dividend income derived from, or capital gains realized at the disposal of, ordinary shares or ADSs in companies listed on a stock exchange such as the Nasdaq Stock Market ("Nasdaq") would be fully taxable at 30%, since no reduction or exemption would be available under Swedish law or the limited double tax treaty between Sweden and the Cayman Islands. Further, any capital losses realized at the disposal of ADSs or ordinary shares in NIP Group Inc. would normally be fully deductible against any capital gains realized at the disposal of shares, including in ADSs and ordinary shares, otherwise 70% of such capital losses would generally be deductible.

Taxation of company holders

In respect of company holders, a company is generally deemed tax resident in Sweden under local law if it is incorporated in Sweden under the Swedish Companies Act (e.g. a limited liability company). Although a great number of double tax treaties which Sweden has entered into regards the place of effective management as one of the key factors when determining tax residency of a company, double tax treaties can only limit and not extend taxation right under Swedish law. As such, Sweden does not generally apply the concept of place of effective management as a basis for taxation of a foreign company. Any dividend income or capital gains realized by a Swedish tax resident company attributable to a company tax resident in the Cayman Islands would normally be subject to corporate income tax at 20.6% applying the current tax rate (FY 2023). No exemption or reduction is currently available under Swedish law or the limited double tax treaty between Sweden and the Cayman Islands in respect of an investment in NIP Group Inc., a company that is tax resident in the Cayman Islands. Further, any capital losses realized at the disposal of ADSs or ordinary shares in NIP Group Inc. should be fully deductible against any capital gains realized at the disposal of shares, including ADSs and ordinary shares. Unused capital losses may be carried forward and should be deductible against any such capital gains realized at the disposal of shares during the next financial year, without time limitation.

Controlled foreign company regime

Under the controlled foreign company regime, or the CFC rules, a Swedish tax resident company or individual or any nonresident with a permanent establishment in Sweden that holds certain interest in certain foreign legal entities is subject to immediate taxation on its proportionate share of the foreign legal entity's profits if the foreign entity is not taxed or taxed at a rate lower than 11.33%, i.e., 55% of the Swedish corporate income tax rate 20.6%. To trigger the CFC rules, the shareholder must at the end of the financial year control at least 25% of the capital or voting rights in the foreign legal entity, either alone or together with persons who have a community of interest with the shareholder. However, if the foreign legal entity is resident in an "approved" country, CFC taxation should not arise. The Cayman Islands is currently not listed as an approved country, why CFC taxation could arise for certain holders of ADSs or ordinary shares under circumstances described above.

Stamp duty and other transfer taxes

Sweden does not levy stamp duty or other transfer taxes at the disposal of ADSs or ordinary shares in a Swedish or foreign company.

United States Federal Income Tax Considerations

The following discussion is a summary of U.S. federal income tax considerations generally applicable to the ownership and disposition of our ADSs or Class A ordinary shares by a U.S. Holder (as defined below) that acquires our ADSs in this offering and holds our ADSs as "capital assets" (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended (the "Code"). This discussion is based upon existing U.S. federal income tax law, which is subject to differing interpretations or change, possibly with retroactive effect, and there can be no assurance that the Internal Revenue Service (the "IRS") or a court will not take a contrary position. This discussion, moreover, does not address the U.S. federal estate, gift or other non-income tax considerations, alternative minimum tax, the Medicare tax on certain net investment income, or any state, local or non-U.S. tax considerations, relating to the ownership or disposition of our ADSs or Class A ordinary shares. The following summary does not address all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances or to persons in special tax situations such as:

- banks and other financial institutions;
- insurance companies;
- pension plans;
- cooperatives;
- regulated investment companies;

- real estate investment trusts;
- broker-dealers;
- traders that elect to use a mark-to-market method of accounting;
- certain former U.S. citizens or long-term residents;
- tax-exempt entities (including private foundations);
- holders who acquire their ADSs or Class A ordinary shares pursuant to any employee share option or otherwise as compensation;
- investors that will hold their ADSs or Class A ordinary shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes;
- investors that have a functional currency other than the U.S. dollar;
- persons that actually or constructively own ADSs or Class A ordinary shares representing 10% or more of our stock (by vote or value); or
- partnerships or other entities taxable as partnerships for U.S. federal income tax purposes, or persons holding ADSs or Class A ordinary shares through such entities,

all of whom may be subject to tax rules that differ significantly from those discussed below.

Each U.S. Holder (as defined below) is urged to consult its tax advisor regarding the application of U.S. federal taxation to its particular circumstances, and the state, local, non-U.S. and other tax considerations of the ownership and disposition of our ADSs or Class A ordinary shares.

General

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of our ADSs or Class A ordinary shares that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for U.S. federal income tax purposes) created in, or organized under the law of the United States or any state thereof or the District of Columbia;
- an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- a trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust or (B) that has otherwise validly elected to be treated as a U.S. person under the Code.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) is a beneficial owner of our ADSs or Class A ordinary shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partner and the partnership. Partnerships holding our ADSs or Class A ordinary shares and their partners are urged to consult their tax advisors regarding an investment in our ADSs or Class A ordinary shares.

For U.S. federal income tax purposes, it is generally expected that a U.S. Holder of ADSs will be treated as the beneficial owner of the underlying shares represented by the ADSs. Accordingly, deposits or withdrawals of Class A ordinary shares for ADSs are not expected to be subject to U.S. federal income tax. The remainder of this discussion assumes that a U.S. Holder of our ADSs will be treated in this manner.

Passive Foreign Investment Company Considerations

A non-U.S. corporation, such as our company, will be classified as a PFIC for U.S. federal income tax purposes for any taxable year, if either (i) 75% or more of its gross income for such year consists of certain types of "passive" income (the "income test") or (ii) 50% or more of the value of its assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are

held for the production of passive income (the "asset test"). For this purpose, cash and assets readily convertible into cash are categorized as passive assets and the company's goodwill and other unbooked intangibles should be treated as an active asset to the extent associated with activities that produce or intended to produce active income. Passive income generally includes, among other things, dividends, interest, rents, royalties, and gains from the disposition of passive assets. We will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation in which we own, directly or indirectly, at least 25% (by value) of the stock.

Based upon our historical, current and projected income and assets, including the expected cash proceeds from this offering, and projections as to the value of our assets, taking into account the projected market value of our ADSs following this offering, we do not expect to be a PFIC for the current taxable year. However, no assurance can be given in this regard because the determination of whether we will be or become a PFIC for any taxable year is a fact intensive determination made annually after the close of each taxable year that depends, in part, upon the composition and classification of our income and assets. Fluctuations in the market price of our ADSs may cause us to be or become classified as a PFIC for the current or future taxable years because the value of our assets for purposes of the asset test, including the value of our goodwill and unbooked intangibles, may be determined by reference to the market price of our ADSs from time to time (which may be volatile). In estimating the value of our goodwill and other unbooked intangibles, we have taken into account the expected cash proceeds from, and our anticipated market capitalization following, this offering. If our market capitalization is less than anticipated or subsequently declines, we may be or become classified as a PFIC for the current taxable year or future taxable years. Furthermore, the composition of our income and assets may also be affected by how, and how quickly, we use our liquid assets and the cash raised in this offering. Under circumstances where revenues from activities that produce passive income significantly increase relative to our revenues from activities that produce non-passive income, or where we determine not to deploy significant amounts of cash for active purposes, our risk of being or becoming classified as a PFIC may substantially increase. Because there are uncertainties in the application of the relevant rules, and because PFIC status is a factual determination made annually after the close of each taxable year, there can be no assurance that we will not be a PFIC for the current taxable year or any future taxable year.

The discussion below under "— Dividends" and "— Sale or Other Disposition" is written on the basis that we will not be or become classified as a PFIC for U.S. federal income tax purposes. If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares, the PFIC rules discussed below under "— Passive Foreign Investment Company Rules" generally will apply to such U.S. Holder for such taxable year, and unless the U.S. Holder makes certain elections, will apply in future years even if we cease to be a PFIC.

Dividends

Any cash distributions (including the amount of any PRC tax withheld) paid on our ADSs or Class A ordinary shares out of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles, will generally be includible in the gross income of a U.S. Holder as dividend income on the day actually or constructively received by the U.S. Holder, in the case of Class A ordinary shares, or by the depositary, in the case of ADSs. Because we do not intend to determine our earnings and profits on the basis of U.S. federal income tax principles, the full amount of any distribution we pay will generally be treated as a "dividend" for U.S. federal income tax purposes. Dividends received on our ADSs or Class A ordinary shares will not be eligible for the dividends received deduction generally allowed to corporations. Dividends received by individuals and certain other non-corporate U.S. Holders may be subject to tax at the lower capital gain tax rate applicable to "qualified dividend income," provided that certain conditions are satisfied, including that (1) our ADSs or Class A ordinary shares on which the dividends are paid are readily tradeable on an established securities market in the United States, or, we are eligible for the benefits of a comprehensive tax treaty with the United States which the Secretary of Treasury of the United States determines is satisfactory for purposes of this provision and which includes an exchange of information program, (2) we are neither a PFIC nor treated as such with respect to such a U.S. Holder for the taxable year in which the dividend was paid and the preceding taxable year, and (3) certain holding period requirements are met. We expect our ADSs (but not our Class A ordinary shares), which we intend to apply to list on the

Nasdaq, will be considered readily tradeable on an established securities market in the United States, although there can be no assurance in this regard.

In the event that we are deemed to be a PRC resident enterprise under the PRC EIT Law (see "— People's Republic of China Taxation"), we may be eligible for the benefits of the United States-PRC income tax treaty (the "Treaty") (which the Secretary of the Treasury of the United States has determined is satisfactory for this purpose).

Dividends paid on our ADSs or Class A ordinary shares, if any, will generally be treated as income from foreign sources and will generally constitute passive category income for U.S. foreign tax credit purposes. In the event that we are deemed to be a PRC resident enterprise under the PRC EIT Law, a U.S. Holder may be subject to PRC withholding taxes on dividends paid, if any, on the ADSs or Class A ordinary shares. In that case, depending on the U.S. Holder's individual facts and circumstances, a U.S. Holder may be eligible, subject to a number of complex limitations, to claim a foreign tax credit in respect of any nonrefundable foreign withholding taxes imposed on dividends received on our ADSs or Class A ordinary shares. However, absent an election to apply the benefits of an applicable income tax treaty, certain non-U.S. taxes may not be creditable if the relevant foreign income tax rules are not consistent with certain U.S. federal income tax principles, and we have not determined whether the PRC income tax system meets all these requirements. A U.S. Holder who does not elect to claim a foreign tax credit for foreign taxes withheld may instead claim a deduction, for U.S. federal income tax purposes, in respect of such withholding, but only for a year in which such holder elects to do so for all creditable foreign income taxes. The rules governing the foreign tax credit are complex and their outcome depends in large part on the U.S. Holder's individual facts and circumstances. Accordingly, U.S. Holders are urged to consult their tax advisors regarding the availability of the foreign tax credit under their particular circumstances.

Sale or Other Disposition

A U.S. Holder will generally recognize capital gain or loss upon the sale or other disposition of our ADSs or Class A ordinary shares in an amount equal to the difference between the amount realized upon the disposition and the holder's adjusted tax basis in such ADSs or Class A ordinary shares. Any capital gain or loss will be long-term if the ADSs or Class A ordinary shares have been held for more than one year. Long-term capital gain of individuals and certain other non-corporate U.S. Holders will generally be eligible for a reduced rate of taxation.

Capital gain or loss of U.S. persons will generally be U.S.-source gain or loss for U.S. foreign tax credit purposes. However, in the event that gain from the disposition of the ADSs or Class A ordinary shares is subject to tax in the PRC, a U.S. Holder that is eligible for the benefits of the Treaty may treat such gain as PRC-source gain under the Treaty. If a U.S. Holder is not eligible for the benefits of the Treaty or fails to treat any such gain as PRC-source, then such U.S. Holder would generally not be able to use any foreign tax credit arising from any PRC tax imposed on the disposition of the ADSs or Class A ordinary shares. The deductibility of a capital loss may be subject to limitations. U.S. Holders are urged to consult their tax advisors regarding the tax consequences if a foreign tax is imposed on a disposition of our ADSs or Class A ordinary shares, including the availability of the foreign tax credit under their particular circumstances.

Passive Foreign Investment Company Rules

If we are classified as a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares, and unless the U.S. Holder makes a mark-to-market election (as described below), the U.S. Holder will generally be subject to special tax rules on (i) any excess distribution that we make to the U.S. Holder (which generally means any distribution paid during a taxable year to a U.S. Holder that is greater than 125 percent of the average annual distributions paid in the three preceding taxable years or, if shorter, the U.S. Holder's holding period for the ADSs or Class A ordinary shares), and (ii) any gain realized on the sale or other disposition of ADSs or ordinary shares. Under the PFIC rules:

- the excess distribution or gain will be allocated ratably over the U.S. Holder's holding period for the ADSs or Class A ordinary shares;
- the amount allocated to the current taxable year and any taxable years in the U.S. Holder's holding period prior to the first taxable year in which we are classified as a PFIC (each, a "pre-PFIC year") will be taxable as ordinary income;

- the amount allocated to each prior taxable year, other than a pre-PFIC year, will be subject to tax at the highest tax rate in effect for individuals or corporations, as appropriate, for that year; and
- an additional tax equal to the interest charge generally applicable to underpayments of tax will be imposed on the tax attributable to each prior taxable year, other than a pre-PFIC year.

If we are a PFIC for any taxable year during which a U.S. Holder holds our ADSs or Class A ordinary shares and any of our subsidiaries is also a PFIC, such U.S. Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. U.S. Holders are urged to consult their tax advisors regarding the application of the PFIC rules to any of our subsidiaries.

As an alternative to the foregoing rules, a U.S. Holder of "marketable stock" in a PFIC may make a mark-to-market election with respect to such stock, provided that such stock is regularly traded on a qualified exchange or other market, as defined in applicable United States Treasury Regulations. For those purposes, we expect that our ADSs, but not our Class A ordinary shares, will be treated as marketable stock upon their listing on the Nasdaq, which is a qualified exchange for these purposes. We anticipate that our ADSs should qualify as being regularly traded, but no assurances may be given in this regard. If a U.S. Holder makes a mark-to-market election, the holder will generally (i) include as ordinary income for each taxable year that we are a PFIC the excess, if any, of the fair market value of ADSs held at the end of the taxable year over the adjusted tax basis of such ADSs and (ii) deduct as an ordinary loss the excess, if any, of the adjusted tax basis of the ADSs over the fair market value of such ADSs held at the end of the taxable year, but such deduction will only be allowed to the extent of the amount previously included in income as a result of the mark-to-market election. The U.S. Holder's adjusted tax basis in the ADSs would be adjusted to reflect any income or loss resulting from the mark-to-market election. If a U.S. Holder makes a mark-to-market election in a year when we are classified as a PFIC and we subsequently cease to be classified as a PFIC, the holder will not be required to take into account the gain or loss described above during any period that we are not classified as a PFIC. If a U.S. Holder makes a mark-to-market election, any gain such U.S. Holder recognizes upon the sale or other disposition of our ADSs in a year when we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but such loss will only be treated as ordinary loss to the extent of the net amount previously included in income as a result of the mark-to-market election.

Because a mark-to-market election cannot be made for any lower-tier PFICs that we may own, a U.S. Holder that makes the mark-to-market election may continue to be subject to the PFIC rules with respect to such U.S. Holder's indirect interest in any investments held by us that are treated as an equity interest in a PFIC for U.S. federal income tax purposes.

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 (and generally less adverse than) the general tax treatment for PFICs described above.

If a U.S. Holder owns our ADSs or Class A ordinary shares during any taxable year that we are a PFIC, the holder must generally file an annual IRS Form 8621 or such other forms as is required by the United States Treasury Department. A failure to file one or more of these forms as required may toll the running of the statute of limitations in respect of each of the taxable years for which such form is required to be filed. Each U.S. Holder should consult its tax advisors regarding the U.S. federal income tax consequences of owning and disposing of our ADSs or Class A ordinary shares if we are or become a PFIC.

Backup Withholding and Information Reporting

Dividends paid on, and proceeds from the sale or other disposition of, the ADSs or Class A ordinary shares to a U.S. Holder generally may be subject to the information reporting requirements of the Code and may be subject to backup withholding unless the U.S. Holder provides an accurate taxpayer identification number and makes any other required certification or otherwise establishes an exemption. 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 refund or credit against the U.S. Holder's U.S. federal income tax liability, provided the required information is furnished to the IRS in a timely manner.

Information with Respect to Foreign Financial Assets

U.S. Holders who are individuals (and certain entities closely held by individuals) generally will be required to report the name, address and such information relating to an interest in the ADSs or Class A ordinary shares as is necessary to identify the class or issue of which the ADSs or ordinary shares are a part. These requirements are subject to exceptions, including an exception for ADSs or Class A ordinary shares held in accounts maintained by certain financial institutions and an exception applicable if the aggregate value of all "specified foreign financial assets" (as defined in the Code) does not exceed $50,000.

U.S. Holders should consult their tax advisors regarding the application of these information reporting rules.

UNDERWRITING

We and the underwriters named below have entered into an underwriting agreement with respect to the ADSs being offered. Subject to certain conditions set out in the underwriting agreement, each underwriter has severally agreed to purchase, and we have agreed to sell to them, severally, the number of ADSs indicated in the following table. US Tiger Securities, Inc., GF Securities (Hong Kong) Brokerage Limited and Kingswood Capital Partners, LLC are acting as the representatives of the underwriters.

Underwriter	Number of ADSs
US Tiger Securities, Inc.	
GF Securities (Hong Kong) Brokerage Limited	
Kingswood Capital Partners, LLC	
CLSA Limited	
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 several underwriters to pay for and accept delivery of the ADSs offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriting agreement provides that the underwriters are obligated, severally and not jointly, to take and pay for all of the ADSs offered by this prospectus if any such ADSs are taken, other than those ADSs covered by the option to purchase additional ADSs described below. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of non-defaulting underwriters may be increased or the offering may be terminated.

The underwriters initially propose to offer part of the ADSs directly to the public at the public offering price on the cover page of this prospectus and part of the ADSs to certain dealers at a price that represents a concession not in excess of US$ per ADS from the initial public offering price. After the initial public offering, the offering price and other selling terms may from time to time be varied by the underwriters.

Certain of the underwriters are expected to make offers and sales both inside and outside the United States through their respective selling agents. Any offers or sales in the United States will be conducted by broker-dealers registered with the SEC. Each of GF Securities (Hong Kong) Brokerage Limited and CLSA Limited is not a broker-dealer registered with the SEC and will not make any offers and sales of ADSs within the United States or to any U.S. persons in connection with this offering.

The address of US Tiger Securities, Inc. is 437 Madison Avenue, 27th Floor, New York, NY 10022. The address of GF Securities (Hong Kong) Brokerage Limited is 27/F, GF Tower, 81 Lockhart Road, Wan Chai, Hong Kong. The address of Kingswood Capital Partners, LLC is 126 E 56th St, 22nd Floor, New York, NY 10022. The address of CLSA Limited is 18/F, One Pacific Place, 88 Queensway, Hong Kong.

Option to Purchase Additional ADSs

We have granted to the underwriters an option, exercisable for 30 days from the date of the final prospectus, to purchase up to an aggregate of 337,500 additional ADSs from us at the initial public offering price listed on the cover page of this prospectus, less the underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the ADSs offered by this prospectus. To the extent the option is exercised, each underwriter will become severally obligated, subject to certain conditions, to purchase additional ADSs approximately proportionate to each underwriter's initial amount reflected in the table above and will offer the additional ADSs on the same term as those on which the ADSs are being offered.

Commissions and Expenses

The following table shows the per ADS and total public offering price, underwriting discounts and commissions, and proceeds before expenses to us. These amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase up to an additional 337,500 ADSs.

		Total	
	Per ADSs	No Exercise	Full Exercise
Public offering price	US$	US$	US$
Underwriting discounts and commissions to be paid by us:	US$	US$	US$
Proceeds, before expenses, to us	US$	US$	US$

We estimate that the total expenses of this offering, excluding the underwriting discounts and commissions, will be approximately US$. We have agreed to reimburse the underwriters for certain out-of-pocket expenses in connection with this offering in an amount not to exceed US$.

Financial Advisor

China International Capital Corporation Hong Kong Securities Limited has acted as our independent financial advisor in connection with this offering. China International Capital Corporation Hong Kong Securities Limited is not acting as an underwriter in this offering, and accordingly it is neither purchasing ordinary shares nor offering ordinary shares to the public in connection with this offering.

Lock-up Agreements

We have agreed that, without the prior written consent of the representatives on behalf of the underwriters and subject to certain exceptions, we will not, during the period ending 180 days after the date of this prospectus, directly or indirectly, (i) offer, sell, contract to sell, pledge, grant any option to purchase, lend or otherwise dispose of, any ordinary shares or ADSs, or any options or warrants to purchase any ordinary shares or ADSs, or any securities convertible into, exchangeable for, or that represent the right to receive such ordinary shares or ADSs; (ii) engage in any hedging or other transaction or arrangement which is designed to or which reasonably could be expected to lead to or result in a sale, loan, pledge or other disposition, or transfer of any of the economic consequences of ownership, in whole or in part, directly or indirectly, of any ordinary shares or ADSs or derivative instruments, whether any such transaction or arrangement (or instrument provided for thereunder) would be settled by delivery of ordinary shares or ADSs or other securities, in cash or otherwise; or (iii) otherwise publicly announce any intention to engage in or cause any action or activity described in clause (i) above or transaction or arrangement described in clause (ii) above.

Our directors, officers, and substantially all of our existing shareholders have agreed that, without the prior written consent of the representatives on behalf of the underwriters and subject to certain exceptions, they will not, during the period ending 180 days after the date of this prospectus, (i) offer, sell, contract to sell, pledge, grant any option to purchase, lend, or otherwise dispose of, directly or indirectly, any ordinary shares or ADSs, or any options or warrants to purchase any ordinary shares or ADSs, or any securities convertible into, exchangeable for, or that represent the right to receive such ordinary shares or ADSs or (ii) engage in any hedging or other transaction or arrangement which is designed to or which reasonably could be expected to lead to or result in a sale, loan, pledge or other disposition, or transfer of any of the economic consequences of ownership, in whole or in part, directly or indirectly, of any ordinary shares or ADSs or derivative instruments, whether any such transaction or arrangement (or instrument provided for thereunder) would be settled by delivery of ordinary shares or ADSs or other securities, in cash or otherwise; or (iii) otherwise publicly announce any intention to engage in or cause any action or activity described in clause (i) above or transaction or arrangement described in clause (ii) above.

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. Subject to compliance with the notification requirements under FINRA Rule 5131 applicable to lock-up agreements with our directors or officers, if the representatives, in their sole discretion, agree to release or waive the restrictions set forth in a lock-up agreement for an officer or director of us and provides us with notice of the impending release or waiver at least three business days before the effective date of the release or waiver, we agree to announce the impending release or waiver by issuing a press release through a major news service at least two business days before the effective date of the release or waiver. Currently, there are no agreements, understandings or intentions, tacit or explicit, to release any of the securities from the lock-up agreements prior to the expiration of the corresponding period.

Nasdaq Stock Market Listing

We have applied to list our ADSs on The Nasdaq Stock Market under the symbol "NIPG."

Stabilization, Short Positions and Penalty Bids

In connection with the offering, the underwriters may purchase and sell ADSs in the open market. These transactions may include short sales, stabilizing transactions and purchases to cover positions created by short sales in accordance with Regulation M under the Exchange Act. Short sales involve the sale by the underwriters of a greater number of ADSs than they are required to purchase in the offering. "Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional ADSs in the offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. The underwriters may close out any covered short position by either exercising their option to purchase additional ADSs or purchasing ADSs in the open market. In determining the source of ADSs to close out the covered short position, the underwriters will consider, among other things, the price of ADSs available for purchase in the open market as compared to the price at which they may purchase additional ADSs pursuant to the option granted to them. "Naked" short sales are any sales in excess of such option. The underwriters must close out any naked short position by purchasing ADSs in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ADSs in the open market after pricing that could adversely affect investors who purchase in the offering. Stabilizing transactions consist of various bids for, or purchases of, ADSs made by the underwriters in the open market prior to the completion of the offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased ADSs sold by, or for the account of, such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of the ADSs, and together with the imposition of the penalty bid, may stabilize, maintain or otherwise affect the market price of the ADSs. As a result, the price of the ADSs may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities, and if these activities are commenced, they are required to be conducted in accordance with applicable laws and regulations, and they may be discontinued at any time. These transactions may be effected on the Nasdaq Stock Market, the over-the-counter market or otherwise.

Electronic Distribution

A prospectus in electronic format may be made available on the web sites maintained by one or more of the underwriters, or one or more securities dealers, if any, participating in this offering and one or more of the underwriters participating in this offering may distribute prospectuses electronically. The underwriters may agree to allocate a number of ADSs for sale to their online brokerage account holders. Internet distributions will be allocated on the same basis as other allocations. In addition, ADSs may be sold by the underwriters to securities dealers who resell ADSs to online brokerage account holders.

Indemnification

We have agreed to indemnify the underwriters and certain of their controlling persons against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make in respect of those liabilities.

Pricing of the Offering

Prior to this offering, there has been no public market for our ordinary shares or the ADSs. The initial public offering price was determined by negotiations among us and the representatives and will not necessarily reflect the market price of the ADSs following this offering. Among the factors considered in determining the initial public offering price of the ADSs, in addition to prevailing market conditions, were our historical performance, estimates of our business potential and earnings prospects, future prospects of our industry

in general, our sales, earnings and certain other financial and operating information in recent periods, an assessment of our management, and the price-earnings ratios, price-sales ratios, market prices of securities, and certain financial and operating information of companies engaged in activities similar to ours. We cannot assure you that the initial public offering price will correspond to the price at which the ADSs will trade in the public market subsequent to this offering or that an active trading market for the ADSs will develop and continue after this offering.

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, investment research, principal investment, hedging, market making, financing and brokerage activities and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various financial advisory, commercial and investment banking services and other services for us and for persons and entities with relationships with us, for which they received or will receive customary fees and expenses.

In addition, in the ordinary course of their 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 (including bank loans) 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. These investments and securities activities may involve securities and/or instruments of us and/or persons and entities with relationships with us. The underwriters and their respective affiliates may also make or communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or financial instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such assets, securities and instruments.

Selling Restrictions

General

Other than in the U.S., no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Certain of the underwriters and their affiliates have provided in the past to us and our affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services for us and such affiliates in the ordinary course of their business, for which they have received and may continue to receive customary fees and commissions. In addition, from time to time, certain of the underwriters and their affiliates may affect transactions for their own account or the account of customers, and hold on behalf of themselves or their customers, long or short positions in our debt or equity securities or loans, and may do so in the future.

Abu Dhabi

The Financial Services Regulatory Authority, or "FSRA," of the Abu Dhabi Global Market accepts no responsibility for reviewing or verifying this document. Accordingly, the FSRA has not approved this document nor taken any steps to verify the information set out in this document, and has no responsibility for it. The ADSs to which this prospectus relates may be illiquid and/or subject to restrictions on their resale.

Prospective purchasers of the ADSs 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.

Australia

This document:

(i) does not constitute a disclosure document or a prospectus under Chapter 6D.2 of the Corporations Act 2001 (Cth), or the "Corporations Act;"

(ii) has not been, and will not be, lodged with the Australian Securities and Investments Commission, or "ASIC," as a disclosure document for the purposes of the Corporations Act and does not purport to include the information required of a disclosure document for the purposes of the Corporations Act; and

(iii) may only be provided in Australia to select investors who are able to demonstrate that they fall within one or more of the categories of investors, available under section 708 of the Corporations Act, or "Exempt Investors."

The ADSs may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for or buy the ADSs may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any ADSs may be distributed in Australia, except where disclosure to investors is not required under Chapter 6D of the Corporations Act or is otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the ADSs, you represent and warrant to us that you are an Exempt Investor.

As any offer of ADSs under this prospectus will be made without disclosure in Australia under Chapter 6D.2 of the Corporations Act, the offer of those securities for resale in Australia within 12 months may, under section 707 of the Corporations Act, require disclosure to investors under Chapter 6D.2 if none of the exemptions in section 708 applies to that resale. By applying for the ADSs you undertake to us that you will not, for a period of 12 months from the date of issue or sale of the ADSs, offer, transfer, assign or otherwise alienate those ADSs to investors in Australia except in circumstances where disclosure to investors is not required under Chapter 6D.2 of the Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

Bermuda

The ADSs may be offered or sold in Bermuda only in compliance with the provisions of the Investment Business Act of 2003 of Bermuda which regulates the sale of securities in Bermuda. Additionally, non-Bermudian persons (including companies) may not carry on or engage in any trade or business in Bermuda unless such persons are permitted to do so under applicable Bermuda legislation.

British Virgin Islands

The ADSs are not being, and may not be offered to the public or to any person in the British Virgin Islands for purchase or subscription by us or on our behalf. The ADSs may be offered to companies incorporated under the BVI Business Companies Act, 2004 (British Virgin Islands) (each a BVI Company), but only where the offer will be made to, and received by, the relevant BVI Company entirely outside of the British Virgin Islands.

This prospectus has not been, and will not be, registered with the Financial Services Commission of the British Virgin Islands. No registered prospectus has been or will be prepared in respect of the ADSs for the purposes of the Securities and Investment Business Act, 2010, or SIBA or the Public Issuers Code of the British Virgin Islands.

The ADSs may be offered to persons located in the British Virgin Islands who are "qualified investors" for the purposes of SIBA. Qualified investors include (i) certain entities which are regulated by the Financial Services Commission in the British Virgin Islands, including banks, insurance companies, licensees under SIBA and public, professional and private mutual funds; (ii) a company, any securities of which are listed on

a recognized exchange; and (iii) persons defined as "professional investors" under SIBA, which is any person (a) whose ordinary business involves, whether for that person's own account or the account of others, the acquisition or disposal of property of the same kind as the property, or a substantial part of our property; or (b) who has signed a declaration that he, whether individually or jointly with his spouse, has a net worth in excess of US$1,000,000 and that he consents to being treated as a professional investor.

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 securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts, or NI 33-105, the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Cayman Islands

This prospectus does not constitute an invitation or offer to the public in the Cayman Islands of the ADSs or ordinary shares, whether by way of sale or subscription. The underwriters have not offered or sold, and will not offer or sell, directly or indirectly, any ADSs or ordinary shares in the Cayman Islands.

Dubai International Financial Center

This document relates to an Exempt Offer in accordance with the Markets Rules 2012 of the Dubai Financial Services Authority, or the DFSA. This document is intended for distribution only to persons of a type specified in the Markets Rules 2012 of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this document nor taken steps to verify the information set forth herein and has no responsibility for this document. The ADSs which are the subject of the offering contemplated by this document 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 advisor.

In relation to its use in the Dubai International Financial Center, or the DIFC, this document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "Relevant State"), no ADSs have been offered or will be offered pursuant to this offering to the public in that Relevant State prior to the publication of a prospectus in relation to the ADSs which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of ADSs may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation:

(i) to any legal entity which is a qualified investor as defined under Article 2 of the Prospectus Regulation;

(ii) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Article 2 of the Prospectus Regulation), subject to obtaining the prior consent of the underwriters; or

(iii) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of ADSs shall require us or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any ADSs or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with each of the underwriters and the Company that it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation. In the case of any ADSs being offered to a financial intermediary as that term is used in the Prospectus Regulation, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the ADSs acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any ADSs to the public other than their offer or resale in a Relevant State to qualified investors as so defined or in circumstances in which the prior consent of the underwriters have been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer to the public" in relation to ADSs in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and any ADSs to be offered so as to enable an investor to decide to purchase or subscribe for any ADSs, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129.

Hong Kong

The ADSs have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap.571 of the Laws of Hong Kong), or the "SFO," of Hong Kong and any rules made thereunder, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) of Hong Kong or the "CO," or which do not constitute an offer to the public within the meaning of the CO. No advertisement, invitation or document relating to the ADSs has been or may be issued or has been or may be in the possession of any person for the purposes of issue, 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 of Hong Kong (except if permitted to do so under the securities 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" as defined in the SFO and any rules made thereunder.

India

This document has not been and will not be registered as a prospectus with any registrar of companies in India. This document has not been and will not be reviewed or approved by any statutory or regulatory authority in India, including the Securities and Exchange Board of India, Reserve Bank of India, any registrar of companies in India or any stock exchange in India. This document and this offering of ADSs are not and should not be construed as an invitation, offer or sale of any securities to the public in India. Other than in compliance with the private placement exemptions under applicable laws and regulations in India, including the Companies Act, 2013, as amended, our ADSs have not been, and will not be, offered or sold to the public or any member of the public in India. This document is strictly personal to the recipient and neither this prospectus nor the offering of our ADSs is calculated to result, directly or indirectly, in our ADSs becoming available for subscription or purchase by persons other than those receiving the invitation or offer. Each investor is deemed to have acknowledged, represented and agreed that it is eligible to invest in us and our ADSs under applicable laws, rules and regulations in India, without the requirement to obtain any prior approval, and that it is not prohibited or prevented under any law, rule or regulation in India from acquiring, owning or selling our ADSs.

Indonesia

This prospectus does not, and is not intended to, constitute a prospectus for a public offering of securities and this offering does not, and is not intended to, constitute a public offering of securities under Law Number 8 of 1995 regarding Capital Market and its implementing regulations. This prospectus may not be distributed in the Republic of Indonesia and the ADSs may not be offered or sold in the Republic of Indonesia or to Indonesian citizens wherever they are domiciled, or to Indonesia residents, in a manner which constitutes a public offering under the laws of the Republic of Indonesia.

Israel

This prospectus does not constitute a prospectus under the Israeli Securities Law, 5728-1968, and has not been filed with or approved by the Israel Securities Authority. In Israel, this prospectus is being distributed only to, and is directed only at, investors listed in the first addendum, or the Addendum, to the Israeli Securities Law, consisting primarily of joint investment in trust funds, provident funds, insurance companies, banks, portfolio managers, investment advisors, members of the Tel Aviv Stock Exchange, underwriters purchasing for their own account, venture capital funds, entities with equity in excess of NIS 50 million and qualified individuals, each as defined in the Addendum (as it may be amended from time to time), collectively referred to as qualified investors. Qualified investors may be required to submit written confirmation that they meet the criteria for one of the categories of investors set forth in the prospectus.

Japan

The ADSs have not been and will not be registered pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act. Accordingly, none of the ADSs nor any interest therein may be, directly or indirectly, offered or sold in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to or for the benefit of any Japanese Person, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan in effect at the relevant time. For the purposes of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

Korea

The ADSs have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder, or the "FSCMA." None of the ADSs may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder, or the "FETL." The ADSs have not been registered with the Financial Services Commission of Korea for public offering in Korea. Furthermore, the purchaser of the ADSs shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the ADSs. By the purchase of the ADSs, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the ADSs pursuant to the applicable laws and regulations of Korea.

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.

Malaysia

No prospectus or other offering material or document in connection with the offer and sale of the securities has been or will be registered with the Securities Commission of Malaysia, or Commission, for the Commission's approval pursuant to the Capital Markets and Services Act 2007. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the securities may not be circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Malaysia other than (i) a closed end fund approved by the Commission; (ii) a holder of a Capital Markets Services License; (iii) a person who acquires the securities as principal, if the offer is on terms that the securities may only be acquired at a consideration of not less than RM250,000 (or its equivalent in foreign currencies) for each transaction; (iv) an individual whose total net personal assets or total net joint assets with his or her spouse exceeds RM3 million (or its equivalent in foreign currencies), excluding the value of the primary residence of the individual; (v) an individual who has a gross annual income exceeding RM300,000 (or its equivalent in foreign currencies) per annum in the preceding twelve months; (vi) an individual who, jointly with his or her spouse, has a gross annual income of RM400,000 (or its equivalent in foreign currencies), per annum in the preceding twelve months; (vii) a corporation with total net assets exceeding RM10 million (or its equivalent in a foreign currencies) based on the last audited accounts; (viii) a partnership with total net assets exceeding RM10 million (or its equivalent in foreign currencies); (ix) a bank licensee or insurance licensee as defined in the Labuan Financial Services and Securities Act 2010; (x) an Islamic bank licensee or takaful licensee as defined in the Labuan Financial Services and Securities Act 2010; and (xi) any other person as may be specified by the Commission; provided that, in the each of the preceding categories (i) to (xi), the distribution of the securities is made by a holder of a Capital Markets Services License who carries on the business of dealing in securities. The distribution in Malaysia of this prospectus is subject to Malaysian laws. This prospectus does not constitute and may not be used for the purpose of public offering or an issue, offer for subscription or purchase, invitation to subscribe for or purchase any securities requiring the registration of a prospectus with the Commission under the Capital Markets and Services Act 2007.

PRC

This prospectus will not be circulated or distributed in the PRC, and the ADSs will 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 any applicable laws and regulations of the PRC. Neither this prospectus nor any advertisement or other offering material may be distributed or published in the PRC, except under circumstances that will result in compliance with applicable laws and regulations.

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 Center 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.

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.

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 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

- to an institutional investor under Section 274 of the Securities and Futures Act 2001 of Singapore (the "SFA"), as modified or amended from time to time including by any subsidiary legislation as may be applicable at the relevant time,
- 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 Sections 275 and 276 of the SFA, or
- otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with the 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, securities and securities-based derivatives contracts (each as defined in Section 2(1) of the SFA) 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 or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 275(1A) of the SFA, or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Notification under Section 309B(1)(c) of the SFA

The ADSs are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Purchasers are advised to seek legal advice prior to any resale of the securities.

South Africa

Due to restrictions under the securities laws of South Africa, the ADSs are not offered, and the offer shall not be transferred, sold, renounced or delivered, in South Africa or to a person with an address in South Africa, unless one or other of the following exemptions applies:

- the offer, transfer, sale, renunciation or delivery is to:
- persons whose ordinary business is to deal in securities, as principal or agent;
- the South African Public Investment Corporation;
- persons or entities regulated by the Reserve Bank of South Africa;
- authorized financial service providers under South African law;
- financial institutions recognized as such under South African law;
- a wholly-owned subsidiary of any person or entity contemplated in (c), (d) or (e), acting as agent in the capacity of an authorized portfolio manager for a pension fund or collective investment scheme (in each case duly registered as such under South African law); or
- any combination of the person in (a) to (f); or
- the total contemplated acquisition cost of the securities, for any single addressee acting as principal is equal to or greater than ZAR1,000,000.

No "offer to the public" (as such term is defined in the South African Companies Act, No. 71 of 2008 (as amended or re-enacted) (the "South African Companies Act")) in South Africa is being made in connection with the issue of the ADSs. Accordingly, this prospectus does not, nor is it intended to, constitute a "registered prospectus" (as that term is defined in the South African Companies Act) prepared and registered under the South African Companies Act and has not been approved by, and/ or filed with, the South African Companies and Intellectual Property Commission or any other regulatory authority in South Africa. Any issue or offering of the ADSs in South Africa constitutes an offer of the ADSs in South Africa for subscription or sale in South Africa only to persons who fall within the exemption from "offers to the public" set out in section 96(1)(a) of the South African Companies Act. Accordingly, this prospectus must not be acted on or relied on by persons in South Africa who do not fall within section 96(1)(a) of the South African Companies Act (such persons being referred to as "SA Relevant Persons"). Any investment or investment activity to which this prospectus relates is available in South Africa only to SA Relevant Persons and will be engaged in South Africa only with SA relevant persons.

Switzerland

This document is not intended to constitute an offer or solicitation to purchase or invest in the ADSs described herein. The ADSs may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act, or "FinSA" and no application has or will be made to admit the ADSs to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this document nor any other offering or marketing material relating to the ADSs constitutes a prospectus pursuant to the FinSA, and neither this document nor any other offering or marketing material relating to the ADSs may be publicly distributed or otherwise made publicly available in Switzerland.

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, sell, give advice regarding or otherwise intermediate the offering and sale of the ADSs in Taiwan.

United Arab Emirates (excluding the DIFC and the Abu Dhabi Global Market)

This document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. If you are in any doubt about the contents of this document, you should consult an authorized financial adviser. By receiving this document, the person or entity to whom it has been

issued understands, acknowledges and agrees that this document has not been approved by or filed with the UAE Central Bank, the UAE Securities and Commodities Authority, or the "SCA," or any other authorities in the UAE (outside of the financial free zones established pursuant to UAE Federal Law No. 8 of 2004), nor have the underwriters received authorization or licensing from the UAE Central Bank, SCA or any other authorities in the UAE to market or sell securities or other investments within the UAE. No marketing of any financial products or services has been or will be made from within the UAE other than in compliance with the laws of the UAE and no subscription to any securities or other investments may or will be consummated within the UAE. It should not be assumed that any of the underwriters is a licensed broker, dealer or investment adviser under the laws applicable in the UAE, or that any of them advise individuals resident in the UAE as to the appropriateness of investing in or purchasing or selling securities or other financial products. The ADSs are not intended for circulation or distribution in or into the UAE, other than to persons who are "Qualified Investors" within the meaning of the SCA's Board of Directors Decision No. 3 of 2017 Concerning the Organization of Promotion and Introduction to whom the materials may lawfully be communicated. This does not constitute a public offer of securities in the UAE in accordance with the SCA Chairman of the Board Resolution No. 11/R.M of 2016 on the Regulations for Issuing and Offering Shares of Public Joint Stock, or otherwise.

Nothing contained in this document is intended to constitute investment, legal, tax, accounting or other professional advice. This document is for your information only and nothing in this document is intended to endorse or recommend a particular course of action. Any person considering acquiring securities should consult with an appropriate professional for specific advice rendered based on their respective situation.

United Kingdom

This document is being distributed only to, and is directed only at, and any offer subsequently made may only be directed at persons who are outside the United Kingdom or if in the United Kingdom who are "qualified investors" (as defined in the Prospectus Regulation) (i) who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons").Any person in the United Kingdom that is not a relevant person should not act or rely on the information included in this document or use it as basis for taking any action. In the United Kingdom, any investment or investment activity that this document relates to may be made or taken exclusively by relevant persons. Any person in the United Kingdom that is not a relevant person should not act or rely on this prospectus or any of its contents.

Expenses Related 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 stock exchange market entry and listing fee, all amounts are estimates.

SEC Registration Fee	US$	4,277
FINRA Filing Fee		8,375
Stock Exchange Market Entry and Listing Fee		52,500
Printing and Engraving Expenses		407,994
Legal Fees and Expenses, including Underwriters' Counsel		3,653,626
Accounting Fees and Expenses		161,592
Miscellaneous		396,073
Total		**US$4,684,437**

Legal Matters

We are being represented by Kirkland & Ellis International LLP with respect to certain legal matters as to United States federal securities and New York State law. The underwriters are being represented by Skadden, Arps, Slate, Meagher & Flom LLP with respect to certain legal matters as to United States federal securities and New York State law. The validity of the Class A 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 Carey Olsen Singapore LLP. Certain legal matters as to PRC law will be passed upon for us by CM Law Firm. Certain legal matters as to Sweden law will be passed upon for us by Baker & McKenzie Advokatbyrå KB. Kirkland & Ellis International LLP may rely upon Carey Olsen Singapore LLP with respect to matters governed by Cayman Islands law, CM Law Firm with respect to matters governed by PRC law and Baker & McKenzie Advokatbyrå KB with respect to matters governed by Sweden law. Skadden, Arps, Slate, Meagher & Flom LLP may rely upon King & Wood Mallesons with respect to matters governed by PRC law and Baker & McKenzie Advokatbyrå KB with respect to matters governed by Sweden law.

EXPERTS

The consolidated financial statements as of and for the years ended December 31, 2022 and 2023 included in this prospectus have been audited by Marcum Asia CPAs LLP, an independent registered public accounting firm, as stated in their report appearing herein (which report expresses an unqualified opinion on the financial statements). Such consolidated financial statements and financial statement schedule are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The offices of Marcum Asia CPAs LLP are located at Units 06-09, 46th Floor, China World Tower B, No. 1 Jian Guo Men Wai Avenue, Chaoyang District, Beijing, PRC.

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 the underlying Class A ordinary shares represented by the ADSs to be sold in this offering. We have also filed a related registration statement on Form F-6 with the SEC to register the ADSs. 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 of which this prospectus forms 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. As a foreign private issuer, we are exempt from the rules of the Exchange Act prescribing, among other things, the furnishing and content of proxy statements to shareholders, and Section 16 short swing profit reporting for our executive officers and directors and for holders of more than 10% of our ordinary shares. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act. However, we intend to furnish the depositary with our annual reports, which will include a review of operations and annual audited consolidated financial statements, and all notices of shareholders' meetings and other reports and communications that are made generally available to our shareholders. The depositary will make such notices, reports and communications available to holders of ADSs and, if we so request, will mail to all record holders of ADSs the information contained in any notice of a shareholders' meeting received by the depositary from us.

All information filed with the SEC can be obtained over the internet at the SEC's website at www.sec.gov or inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You can request copies of documents, upon payment of a duplicating fee, by writing to the SEC.

NIP GROUP INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
NIP Group Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of NIP Group Inc. (the "Company") as of December 31, 2023 and 2022, the related consolidated statements of operations and comprehensive loss, changes in equity (deficit) and cash flows for each of the two years in the period ended December 31, 2023, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2023 and 2022, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

We have served as the Company's auditor since 2021.

/s/ Marcum Asia CPAs LLP

Marcum Asia CPAs LLP

Beijing, China
June 12, 2024

NIP GROUP INC.

CONSOLIDATED BALANCE SHEETS
(In U.S. dollars, except for share and per share data, or otherwise noted)

	As of December 31,	
	2022	2023
ASSETS		
Current assets:		
Cash and cash equivalents	$ 9,587,629	$ 7,594,601
Accounts receivable, net	14,448,371	18,995,477
Advance to suppliers	427,414	400,655
Receivables related to disposal of league tournaments rights	2,626,762	—
Amounts due from related parties	1,135,644	269,817
Prepaid expenses and other current assets, net	4,617,355	2,093,740
Total current assets	**32,843,175**	**29,354,290**
Non-current assets:		
Property and equipment, net	2,895,216	2,917,525
Intangible assets, net	65,382,946	133,969,114
Right-of-use assets	1,801,874	2,124,481
Goodwill	29,826,958	141,402,327
Deferred tax assets	4,996	550,794
Other non-current assets	1,180,431	3,521,024
Total non-current assets	**101,092,421**	**284,485,265**
Total assets	**$133,935,596**	**$313,839,555**
LIABILITIES		
Current liabilities:		
Short-term borrowings	$ 6,422,896	$ 5,324,019
Long-term borrowing, current portion	—	281,694
Accounts payable	9,526,414	12,728,929
Payable related to league tournaments rights, current	2,617,233	1,921,518
Accrued expenses and other liabilities	4,227,581	6,106,258
Deferred revenue	208,685	500,785
Operating lease liabilities, current	366,392	644,858
Amount due to related parties, current	5,146,331	1,270,663
Total current liabilities	**28,515,532**	**28,778,724**
Non-current liabilities:		
Long-term borrowing, non-current	—	3,713,180
Amount due to related party, non-current	626,906	131,017
Payable related to league tournaments rights, non-current	2,915,875	2,342,940
Operating lease liabilities, non-current	1,574,878	1,475,374
Deferred tax liabilities	10,845,902	24,659,215
Total non-current liabilities:	**15,963,561**	**32,321,726**
Total liabilities	**$ 44,479,093**	**$ 61,100,450**

The accompanying notes are an integral part of these consolidated financial statements.

NIP GROUP INC.

CONSOLIDATED BALANCE SHEETS
(In U.S. dollars, except for share and per share data, or otherwise noted)

	As of December 31,	
	2022	2023
Commitments and contingencies (Note 20)		
MEZZANINE EQUITY		
Class A redeemable preferred shares (US$0.0001 par value; 24,709,527 and 24,709,527 shares authorized as of December 31, 2022 and 2023, respectively, 24,709,527 and 24,709,527 issued and outstanding as of December 31, 2022 and 2023, respectively*)	$ 97,400,393	$114,893,066
Class B redeemable preferred shares (US$0.0001 par value; 8,126,477 and 2,693,877 shares authorized as of December 31, 2022 and 2023, respectively, 2,693,877 and 2,693,877 issued and outstanding as of December 31, 2022 and 2023, respectively*)	16,062,314	16,766,736
Class B-1 redeemable preferred shares (US$0.0001 par value; nil and 43,044,524 shares authorized as of December 31, 2022 and 2023, respectively, nil and 43,044,524 issued and outstanding as of December 31, 2022 and 2023, respectively*)	—	190,882,461
Total mezzanine equity	**$113,462,707**	**$322,542,263**
DEFICIT:		
Ordinary Shares (US$0.0001 par value; 467,163,996 and 429,552,072 shares authorized as of December 31, 2022 and 2023, respectively, 33,674,740 and 37,163,379 issued and outstanding as of December 31, 2022 and 2023, respectively*)	$ 3,280	$ 3,716
Subscription receivable	(3,280)	(3,716)
Additional paid-in capital	—	—
Statutory reserve	72,420	72,420
Accumulated deficit	(29,250,505)	(80,300,893)
Accumulated other comprehensive income	172,115	5,425,370
Total deficit attributable to the shareholders of NIP Group Inc.	**(29,005,970)**	**(74,803,103)**
Non-controlling interests	**4,999,766**	**4,999,945**
Total deficit	**(24,006,204)**	**(69,803,158)**
Total liabilities, mezzanine equity and deficit	**$133,935,596**	**$313,839,555**

* The shares and per share data are presented on a retroactive basis to reflect the reorganization and stock split (Note 1 & Note 14).

The accompanying notes are an integral part of these consolidated financial statements.

NIP GROUP INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In U.S. dollars, except for share and per share data, or otherwise noted)

	For the years ended December 31,	
	2022	2023
Net revenue – third parties	$ 30,994,544	$ 82,502,622
Net revenue – related parties (Note 20)	34,840,567	1,165,819
Total net revenue	**65,835,111**	**83,668,441**
Cost of revenue – third parties	(61,631,544)	(75,884,571)
Cost of revenue – related parties (Note 20)	(461,138)	(585,184)
Total cost of revenue	**(62,092,682)**	**(76,469,755)**
Gross profit	**3,742,429**	**7,198,686**
Operating expenses:		
Selling and marketing expenses	(5,494,665)	(6,577,396)
General and administrative expenses	(6,328,278)	(15,273,231)
Total operating expenses	**(11,822,943)**	**(21,850,627)**
Operating loss	**(8,080,514)**	**(14,651,941)**
Other income (expense):		
Other income, net	2,000,677	716,554
Interest expense, net	(365,630)	(523,317)
Total other income, net	**1,635,047**	**193,237**
Loss before income tax expenses	**(6,445,467)**	**(14,458,704)**
Income tax benefits	139,454	1,200,855
Net loss	**(6,306,013)**	**(13,257,849)**
Net (loss) income attributable to non-controlling interest	(90,332)	180
Net loss attributable to NIP Group Inc.	**(6,215,681)**	**(13,258,029)**
Preferred shares redemption value accretion	(25,296,874)	(43,914,707)
Net loss attributable to NIP Group Inc.'s shareholders	**(31,512,555)**	**(57,172,736)**
Other comprehensive income (loss):		
Foreign currency translation income (loss) attributable to non-controlling interest, net of nil tax	2,203	(1)
Foreign currency translation income attributable to ordinary shareholders, net of nil tax	177,986	5,253,255
Total comprehensive loss	**$ (6,125,824)**	**$ (8,004,595)**
Total comprehensive (loss) income attributable to non-controlling interest	(88,129)	179
Total comprehensive loss attributable to NIP Group Inc.	(6,037,695)	(8,004,774)
Net loss per ordinary share		
Basic and Diluted	(0.90)	(1.54)
Weighted average number of ordinary shares outstanding*		
Basic and Diluted	34,987,683	37,124,622
Share-based compensation expense as follows (Note 18):		
General and administrative expenses	165,721	6,122,348

* The shares and per share data are presented on a retroactive basis to reflect the reorganization and stock split (Note 1 & Note 14).

The accompanying notes are an integral part of these consolidated financial statements.

NIP GROUP INC.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIT)
(In U.S. dollars, except for share and per share data, or otherwise noted)

	Ordinary Shares		Treasury Shares		Subscription receivable	Additional paid in capital	Statutory reserve	Accumulated deficit	Accumulated other comprehensive (loss) income	Total shareholders' equity (deficit)	Non-controlling interests	Total equity (deficit)
	Shares	Amount	Shares	Amount								
Balance as of December 31, 2021	**33,451,005**	**$3,345**	**(3,488,639)**	**$(436)**	**$ (2,909)**	**$ 16,767,417**	**$72,420**	**$(14,671,088)**	**$ (5,871)**	**$ 2,162,878**	**$ 6,347,693**	**$ 8,510,571**
Share-based compensation	—	—	—	—	—	165,721	—	—	—	165,721	—	165,721
Net loss	—	—	—	—	—	—	—	(6,215,681)	—	(6,215,681)	(90,332)	**(6,306,013)**
Ordinary shares issued for asset acquisition in 2021	3,712,374	371	—	—	(371)	—	—	—	—	—	—	—
Acquisition of noncontrolling interests	—	—	—	—	—	—	—	—	—	—	(1,259,798)	**(1,259,798)**
Accretion of mezzanine	—	—	—	—	—	(16,933,138)	—	(8,363,736)	—	(25,296,874)	—	(25,296,874)
Foreign currency translation adjustment, net of nil income taxes	—	—	—	—	—	—	—	—	177,986	177,986	2,203	**180,189**
Balance as of December 31, 2022	**37,163,379**	**$3,716**	**(3,488,639)**	**$(436)**	**$ (3,280)**	**$ —**	**$72,420**	**$(29,250,505)**	**$ 172,115**	**$(29,005,970)**	**$ 4,999,766**	**$(24,006,204)**
Share-based compensation	—	—	—	—	—	6,122,348	—	—	—	6,122,348	—	6,122,348
Net (loss) income	—	—	—	—	—	—	—	(13,258,029)	—	(13,258,029)	180	(13,257,849)
Accretion of mezzanine equity	—	—	—	—	—	(6,122,348)	—	(37,792,359)	—	(43,914,707)	—	(43,914,707)
Exercise of share options	—	—	3,488,639	436	(436)	—	—	—	—	—	—	—
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	5,253,255	5,253,255	(1)	5,253,254
Balance as of December 31, 2023	**37,163,379**	**$3,716**	**—**	**$ —**	**$ (3,716)**	**$ —**	**$72,420**	**$(80,300,893)**	**$ 5,425,370**	**$(74,803,103)**	**$ 4,999,945**	**$(69,803,158)**

* The shares and per share data are presented on a retroactive basis to reflect the reorganization and stock split (Note 1 & Note 14).

The accompanying notes are an integral part of these consolidated financial statements.

NIP GROUP INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In U.S. dollars, except for share and per share data, or otherwise noted)

	For the years ended December 31,	
	2022	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (6,306,013)	$ (13,257,849)
Adjustments to reconcile net loss to net cash used in operating activities:		
Share-based compensation expense	165,721	6,122,348
Depreciation and amortization	5,266,479	6,083,094
Amortization of operating lease right-of-use assets	223,459	451,018
Provision for credit losses	—	109,436
Gain on disposal of intangible assets	—	129,561
Share of loss in equity method investment	—	85,942
Deferred tax expenses	(502,805)	(1,382,822)
Changes in operating assets and liabilities:		
Accounts receivable	(7,004,093)	(3,286,086)
Advance to suppliers	343,786	14,596
Amount due from related parties	544,280	(80,548)
Amount due to related parties	(1,822,315)	(1,046,317)
Other non-current assets	(1,180,431)	—
Prepaid expenses and other current assets	(728,469)	(1,115,558)
Operating lease liabilities	(84,063)	(554,928)
Accounts payable	4,122,340	2,868,156
Deferred revenue	(3,025,020)	(310,000)
Accrued expenses and other liabilities	361,636	15,968
Net cash used in operating activities	**(9,625,508)**	**(5,153,989)**
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash acquired from acquisition of Ninjas in Pyjamas	—	1,707,373
Purchase of property and equipment	(764,994)	(95,923)
Purchase of intangible assets	(5,774,266)	(3,496,596)
Disposal of property and equipment	35,677	—
Disposal of intangible asset	4,320,553	4,207,979
Loan to related parties	(149)	(201,733)
Collection of loan to related party	464,442	49,429
Net cash (used in) provided by investing activities	**(1,718,737)**	**2,170,529**
CASH FLOWS FROM FINANCING ACTIVITIES:		
Collection of shareholder investment fund receivable	—	2,999,845
Issuance of preferred shares, net of offering cost of $893,168 in 2022	12,007,678	—
Proceeds from borrowings	6,657,750	9,485,123
Repayments of borrowings	(2,600,684)	(6,397,492)
Loans from related parties	7,549,412	282,507
Repayment of loans from related parties	(11,695,646)	(3,588,153)
Repayment of capital injection	(1,486,105)	—
Acquisition of noncontrolling interests	(594,442)	(564,900)
Payment of deferred offering cost	(53,545)	(852,471)
Net cash provided by financing activities	**9,784,418**	**1,364,459**
Effect of exchange rate changes	**(261,904)**	**(374,027)**
Net decrease in cash and cash equivalents	**(1,821,731)**	**(1,993,028)**
Cash and cash equivalents, beginning of the year	**11,409,360**	**9,587,629**
Cash and cash equivalents, end of the year	**$ 9,587,629**	**$ 7,594,601**
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Income tax paid	(1,124)	(31,799)
Interest paid	(686,093)	(373,415)
SUPPLEMENTAL SCHEDULE OF NON-CASH INVESTING AND FINANCING ACTIVITIES		
Accretion on Preferred Shares to redemption value	(25,296,874)	(43,914,707)
Payable related to purchase of property and equipment and intangible assets	(1,057,347)	—
Right-of-use assets obtained in exchange for new lease liabilities	2,019,883	266,061
Consideration of acquisition of Ninjas in Pyjamas	—	168,000,000
Net settlement of revenue from tournament participation of esports and payable related to league tournaments rights	—	1,259,822

The accompanying notes are an integral part of these consolidated financial statements.

NIP GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2023
(In U.S. dollars, except share and per share data)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Principal activities

NIP Group Inc. (the "Company") was incorporated under the laws of the Cayman Islands on February 5, 2021. The Company through its wholly-owned subsidiaries (collectively, the "Group"), primarily engages in esports teams' operation, talent management service and event production in the People's Republic of China ("PRC" or "China") and Sweden.

History of the Group and Basis of Presentation

Reverse Acquisition

Prior to acquiring Wuhan Xingjingweiwu Culture & Sports Development Co., Ltd. ("Wuhan ESVF") and the incorporation of the Company, the Group's business was carried out under Shenzhen Weiwu Esports Internet Technology Co., Ltd. ("Shenzhen VF"). On March 18, 2021, Wuhan ESVF and Shenzhen VF completed a Reverse Acquisition, which Shenzhen VF was the accounting acquirer. Shenzhen VF is deemed to be the predecessor for accounting purposes and the historical financial statements of Shenzhen VF became the Group's historical financial statements for periods prior to the consummation of the Reverse Acquisition. Upon the consummation of the Reverse Acquisition, the assets and liabilities of Wuhan ESVF recorded at fair value and the assets and liabilities of Shenzhen VF recorded at carrying value are included in the Group's balance sheet as of the date of the transaction, and net revenue and net loss arising from acquisition of Wuhan ESVF made in period from acquisition date to December 31, 2021 are included in the Group's consolidated income statement for the year ended December 31, 2021.

Acquisition of Ninjas in Pyjamas Gaming AB

On January 10, 2023, the Company completed an acquisition through a series of agreements with the shareholders of Ninjas in Pyjamas, a limited liability company incorporated under the laws of Sweden and engages in esports business. The Company issued to Ninjas in Pyjamas former shareholders 43,044,524 Class B-1 Preferred Shares in exchange of 100% shares in Ninjas in Pyjamas. Upon the consummation of the acquisition ("Business Combination"), 43,044,524 shares constituted 40% of the total issued preferred shares and ordinary shares of the Company, assuming the full exercise of the shares and calculation on a fully diluted and as-converted basis.

Reorganization: termination of the VIE Agreements

On July 30, 2021, the Company's subsidiary, Wuhan Muyecun Internet Technology Co., Ltd. ("Wuhan Muyecun" or "WFOE") and Wuhan ESVF, entered into a series of contractual arrangements with the shareholders of Wuhan ESVF. These agreements include, Exclusive Business Cooperation Agreement, Equity Interest Pledge Agreement, Powers of Attorney, Exclusive Option Agreement and Spousal Consent Letter (collectively the "VIE Agreements"). Pursuant to the VIE Agreements, WFOE has the exclusive right to provide to Wuhan ESVF consulting services related to business operations including technical and management consulting services. The VIE Agreements are designed to provide WFOE with the power, rights, and obligations equivalent in all material respects to those it would possess as the sole equity holder of Wuhan ESVF, including absolute control rights and the rights to the assets, property, and revenue of Wuhan ESVF. As a result of direct ownership in WFOE and the VIE Agreements, Wuhan ESVF should be treated as variable interest entity under the Statement of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 810 Consolidation and the Company is regarded as the primary beneficiary of VIE. The Company treats VIE as its consolidated entities under U.S. GAAP.

In June 2023, WFOE, Wuhan ESVF and shareholders of Wuhan ESVF entered into a series of VIE termination agreement (collectively the "VIE Termination Agreements"), pursuant to which, the VIE

NIP GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2023
(In U.S. dollars, except share and per share data)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES — (continued)

Agreements were terminated with immediate effect and all shareholders of Wuhan ESVF transferred 100% equity interest of Wuhan ESVF to WFOE. The Company held 100% equity interest of Wuhan ESVF as of December 31, 2023. The VIE termination and share transfer both became effective on June 16, 2023, the Company's shareholders' equity shares were remained the same immediately before and after the VIE termination, so the termination of the VIE agreements did not have impact on the Group's consolidated financial position, results of operations and cash flows.

As of December 31, 2023, details of the Company's subsidiaries were as follows:

Name	Place and date of Incorporation	Percentage of effective ownership	Principal Activities
Subsidiaries			
Ninjas in Pyjamas Gaming AB ("Ninjas in Pyjamas")	Sweden, January, 2014	100%	Esports teams operation
ESVF (HONG KONG) Esports Limited ("ESVF HK")	Hong Kong, March 4, 2021	100%	Investment holding
Wuhan Muyecun Internet Technology Co., Ltd. ("Wuhan Muyecun" or "WFOE")	Wuhan, July 9, 2021	100% owned by ESVF HK	Investment holding
Wuhan Xingjingweiwu Culture & Sports Development Co., Ltd. ("Wuhan ESVF")	Wuhan, June 1, 2016	100% owned by WFOE	Esports teams operation and talent management service
Shenzhen Weiwu Esports Internet Technology Co., Ltd. ("Shenzhen VF")	Shenzhen, December 20, 2018	100% owned by Wuhan ESVF	Esports teams operation
Shenzhen Dawei Xianglong Sports Co., Ltd ("Dawei Xianglong")	Shenzhen, January 15, 2021	60% owned by Shenzhen VF	Event production
Wuhan Xingjing Interactive Entertainment Co., Ltd ("Xingjing Entertainment")	Wuhan, October 23, 2019	100% owned by Wuhan ESVF	Esports teams operation and talent management service
Chengdu Xingjing Weiwu Culture Media Co., Ltd ("Chengdu Xingjing Weiwu")	Sichuan, January 5, 2023	100% owned by Wuhan ESVF	Esports teams operation
Shanghai Xingzhi Culture Media Co., Ltd ("Xingzhi Media")	Shanghai, May 5, 2017	100% owned by Wuhan ESVF	Esports teams operation
Wuhan Xinghui Culture Media Co., Ltd. ("Xinghui Media")	Wuhan, February 4, 2021	100% owned by Wuhan ESVF	Esports teams operation and talent management service
Taicang Xingjingweiwu Culture Media Co., Ltd ("Taicang Xingjing")	Taicang, September 8, 2021	100% owned by Wuhan ESVF	Esports teams operation
Zhoushan Xingjing Internet Technology Co., Ltd ("Zhoushan Xingjing")	Zhoushan, August 2, 2021	80% owned by Wuhan ESVF	Talent management service

NIP GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2023
(In U.S. dollars, except share and per share data)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES — (continued)

Name	Place and date of Incorporation	Percentage of effective ownership	Principal Activities
Zhoushan Jingxi Internet Technology Co., Ltd ("Zhoushan Jingxi")	Zhoushan, August 2, 2021	80% owned by Wuhan ESVF	Talent management service
Hongli Culture Communication (Wuhan) Co., Ltd ("Hongli Culture")	Wuhan, December 26, 2017	60.67% owned by Wuhan ESVF	Event production
Wuhan Yingciyuan Information Technology Co., Ltd ("Wuhan Yingciyuan")	Wuhan, November 17, 2022	51% owned by Hongli Culture	Event production
Xiamen Yingciyuan Education Technology Co., Ltd. ("Xiamen Yingciyuan")	Xiamen, April 4, 2023	51% owned by Hongli Culture	Event production
Changsha Liyao Cultural Communication Co., Ltd ("Changsha Liyao")	Changsha, May 19, 2023	75% owned by Hongli Culture	Event production

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The accompanying consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

(b) Principles of consolidation

The accompanying consolidated financial statements include the financial statements of the Company and its subsidiaries, its consolidated subsidiaries or its former VIE and VIE's subsidiaries, of which the Company is the primary beneficiary, from the dates they were acquired or incorporated. All inter-company balances and transactions are eliminated upon consolidation. The results of subsidiaries acquired are recorded in the consolidated income statements from the effective date of acquisition, as appropriate.

For consolidated subsidiaries where the Group's ownership in the subsidiary is less than 100%, the equity interest not held by the Group is shown as noncontrolling interests.

(c) Use of estimates

The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related disclosures of contingent assets and liabilities at the balance sheet date, and the reported revenues and expenses during the reported periods in the consolidated financial statements and accompanying notes. Significant accounting estimates include, but not limited to, the valuation of the consideration transferred and the purchase price allocation associated with business combination, valuation of share-based compensation, valuation of ordinary shares and preferred shares, the allowance for credit losses of accounts receivable, amounts due from related parties, prepaid expenses and other current assets, depreciable lives and recoverability of property and equipment and intangible assets, valuation allowance of deferred tax assets. Changes in facts and circumstances may result in revised estimates. Actual results could differ from those estimates, and as such, differences may be material to the consolidated financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

(d) Business Combination

The Group accounts for its business combinations using the acquisition method of accounting in accordance with ASC 805 "Business Combinations." The cost of an acquisition is measured as the aggregate of the acquisition date fair value of the assets transferred to the sellers, liabilities incurred by the Group and equity instruments issued by the Group. Transaction costs directly attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities assumed are measured separately at their fair values as of the acquisition date, irrespective of the extent of any noncontrolling interests. The excess of (i) the total costs of acquisition, fair value of the noncontrolling interests and acquisition date fair value of any previously held equity interest in the acquiree over (ii) the acquisition date amounts of the identifiable net assets of the acquiree is recorded as goodwill.

(e) Cash and cash equivalents

Cash and cash equivalents consist of cash in bank and highly liquid investments which are unrestricted as to withdrawal and use and have original maturities of less than three months.

(f) Accounts receivable, net

Accounts receivable, net are stated at the original amount less an allowance for credit losses.

Accounts receivable, net are recognized in the period when the Group has provided services to its customers and when its right to consideration is unconditional. On January 1, 2023, the Group adopted ASU 2016-13, "Financial Instruments — Credit Losses (Accounting Standards Codification ("ASC" Topic 326): Measurement on Credit Losses on Financial Instruments", including certain subsequent amendments, transitional guidance and other interpretive guidance within ASU 2018-19, ASU 2019-04, ASU 2019-05, ASU2019-11, ASU 2020-02 and ASU 2020-03 (collectively, including ASU 2016-13, "ASC 326"). ASC 326 introduces an approach based on expected losses to estimate the allowance for credit losses, which replaces the previous incurred loss impairment model.

The Group evaluates its accounts receivable for expected credit losses on a regular basis. The Group maintains an estimated allowance for credit losses to reduce its accounts receivable to the amount that it believes will be collected. The Group's estimation of allowance for credit losses considers factors such as historical credit loss experience, age of receivable balances, current market conditions, reasonable and supportable forecasts of future economic conditions, as well as an assessment of receivables due from specific identifiable counterparties to determine whether these receivables are considered at risk or uncollectible. The Group adjusts the allowance percentage periodically when there are significant differences between estimated bad debts and actual bad debts. If there is strong evidence indicating that the accounts receivable are likely to be unrecoverable, the Group also makes specific allowance in the period in which a loss is determined to be probable. Accounts receivable balances are written off after all collection efforts have been exhausted.

There were nil and $207,499 provision for credit losses as of December 31, 2022 and 2023.

(g) Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation and impairment, if any, and depreciated on a straight-line basis over the estimated useful lives of the assets. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its intended use. Estimated useful lives are as follows:

(In U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

Category	Estimated useful lives
Electronic equipment	3 – 5 years
Furniture	3 – 5 years
Vehicles or canteen equipment	4 – 5 years
Leasehold improvement	Shorter of the lease term or the estimated useful life of the assets

Repair and maintenance costs are charged to expenses as incurred, whereas the cost of renewals and betterment that extends the useful lives of property and equipment are capitalized as additions to the related assets. Retirements, sales and disposals of assets are recorded by removing the costs, accumulated depreciation and impairment with any resulting gain or loss recognized in the consolidated statements of operation.

(h) Intangible assets

Estimated useful lives by intangible asset classes are as follows:

Category	Estimated useful lives
League tournaments rights	Indefinite
Brand names	Indefinite/5 years
Agency contract rights	2 – 5 years
Talent acquisition costs	1 – 5 years
Software	2.5 – 3 years

The estimated useful lives of intangible assets with finite lives are reassessed if circumstances occur that indicate the original estimated useful lives may have changed.

Intangible assets that have indefinite useful lives as of December 31, 2022 included the league tournaments rights and brand name of Wuhan ESVF; and as of December 31, 2023 included the league tournaments rights and brand name of Ninjas in Pyjamas and Wuhan ESVF as of December 31, 2023. The Group expects that the league tournaments rights and brand name of Ninjas in Pyjamas and Wuhan ESVF are unlikely to be terminated based on industry experience and will continue to contribute revenue in the future. Therefore, the Group considers the useful life of such intangible assets to be indefinite.

The Group capitalizes costs associated with the acquisition of certain members of talent and online entertainers and amortizes these costs straight-line over their estimated useful lives, which reflect the contractual term of the associated talent agreement. The fair value of brand name of Hongli Culture is amortized on a straight-line basis over its estimated useful life.

Finite-lived intangible assets are carried at cost less accumulated amortization and impairment if any. The finite-lived intangible assets are amortized over their estimated useful lives, which is the period over which the assets are expected to contribute directly or indirectly to the future cash flows of the Group. These intangible assets are tested for impairment at the time of a triggering event, if one were to occur. Finite-lived intangible assets may be impaired when the estimated undiscounted future cash flows generated from the assets are less than their carrying amounts. No impairment of finite-lived intangible assets was recognized for the years ended December 31, 2022 and 2023.

The Group evaluates indefinite-lived intangible assets as at each reporting period to determine whether events and circumstances continue to support indefinite useful lives. The value of indefinite-lived intangible

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

assets is not amortized, but tested for impairment annually or whenever events or changes in circumstances indicate that it is more likely than not that the asset is impaired in accordance with ASC 350. The Group first performs a qualitative assessment to assess all relevant events and circumstances that could affect the significant inputs used to determine the fair value of the indefinite-lived intangible asset. If after performing the qualitative assessment, the Group determines that it is more likely than not that the indefinite-lived intangible asset is impaired, the Group calculates the fair value of the intangible asset and performs the quantitative impairment test by comparing the fair value of the asset with its carrying amount. If the carrying amount of an indefinite-lived intangible asset exceeds its fair value, the Group recognizes an impairment loss in an amount equal to that excess. In consideration of the growing esports industry in China, the Group's improving financial performance, the stable macroeconomic conditions in China and the Group's future plans, the Group determined that it is not likely that the league tournaments rights and brand name were impaired as of December 31, 2022 and 2023. As such, no impairment of indefinite-lived intangible assets was recognized for the years ended December 31, 2022 and 2023.

(i) Deferred offering costs

Deferred offering costs consist of underwriting, legal and other expenses incurred through the reporting date that are directly related to an anticipated offering and that will be charged as a reduction against additional paid-in capital upon the completion of the offering. Should the offering prove to be unsuccessful, these deferred costs, as well as additional expenses to be incurred, will be charged to operations. As of December 31, 2022 and 2023, the Group has recognized $339,956 and $3,405,526 deferred offering costs in other non-current assets, respectively.

(j) Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination or an acquisition by an entity that are not individually identified and separately recognized. Goodwill acquired in a business combination is tested for impairment at least annually or more frequently when events and circumstances occur indicating that the recorded goodwill may be impaired. The Group performed impairment analysis on goodwill as of December 31 every year either beginning with a qualitative assessment, or starting with the quantitative assessment instead. The quantitative goodwill impairment test compares the fair value of each reporting unit to its carrying amount, including goodwill. A reporting unit constitutes a business for which discrete profit and loss financial information is available. The fair value of each reporting unit is established using a combination of expected present value of future cash flows. If the fair value of each reporting unit exceeds its carrying amount, goodwill is not considered to be impaired. If the carrying amount of a reporting unit exceeds its fair value, an impairment loss shall be recognized in an amount equal to that excess, limited to the total amount of goodwill allocated to that reporting unit.

Determining when to test for impairment, the Group's reporting units, the fair value of a reporting unit and the fair value of assets and liabilities within a reporting unit, requires judgment and involves the use of significant estimates and assumptions. These estimates and assumptions include revenue growth rates and operating margins used to calculate projected future cash flows, risk-adjusted discount rates, future economic and market conditions and determination of appropriate market comparable. The Group bases fair value estimates on assumptions it believes to be reasonable but that are unpredictable and inherently uncertain.

Significant changes in the economic characteristics of components or reorganization of an entity's reporting structure can sometimes result in a re-assessment of the affected operating segment and its components to determine whether reporting units need to be redefined where the components are no longer economically similar.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

Future changes in the judgments and estimates underlying the Group's analysis of goodwill for possible impairment, including expected future cash flows and discount rate, could result in a significantly different estimate of the fair value of the reporting units and could result in additional impairment of goodwill. The Group did not record any impairment charge for the years ended December 31, 2022 and 2023.

(k) Impairment of long-lived assets

The Group reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Group measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with it. Should the sum of the expected future net cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized for the amount by which the carrying value of the asset exceeds its fair value. The evaluation of asset impairment requires the Group to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. The Group did not record any impairment charge for the years ended December 31, 2022 and 2023.

(m) Fair value measurement

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. The three levels of inputs are:

- 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 assets 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 assets 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.

Accounting guidance also describes three main approaches to measuring the fair value of assets and liabilities: (1) market approach; (2) income approach and (3) cost approach. The market approach uses prices and other relevant information generated from market transactions involving identical or comparable assets or liabilities. The income approach uses valuation techniques to convert future amounts to a single present value amount. The measurement is based on the value indicated by current market expectations about those future amounts. The cost approach is based on the amount that would currently be required to replace an asset.

(In U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

Financial assets and liabilities of the Group primarily consist of cash and cash equivalents, accounts receivable, amounts due from related parties, prepaid expenses and other current assets, accounts payable, short-term borrowings, long term borrowings, current portion, amounts due to related parties, payable related to league tournaments rights, current, and accrued expenses and other current liabilities. As of December 31, 2022 and 2023, the carrying amounts of the financial instruments approximated to their fair values due to the short-term maturity of these instruments.

The Group's non-financial assets, such as property and equipment, would be measured at fair value only if they were determined to be impaired.

(n) Revenue recognition

The Group recognizes revenue under Accounting Standards Codification ("ASC") 606, Revenue from Contracts with Customers. The core principle of the new revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the company satisfies a performance obligation

These criteria as they relate to each of the following major revenue generating activities are described below. Revenue is presented net of value added taxes ("VAT") and surcharges.

	For the years ended December 31,	
	2022	2023
Sponsorships and advertising	$ 5,688,331	$ 8,147,298
Tournament participation of esports	11,069,172	7,699,506
IP licensing	433,737	3,470,560
Talent management service of esports	1,512,015	1,115,057
Player transfer and rental fee	2,905,335	849,768
Sales of branded merchandise	130,279	184,337
Reality show service	—	198,095
Subtotal of Esports teams operation	**21,738,869**	**21,664,621**
Event production	**5,566,831**	**9,409,795**
Talent management service of third-party online entertainers	**38,594,558**	**52,650,550**
Total revenue	**65,900,258**	**83,724,966**
Less: surcharge tax	65,147	56,525
Net revenue	**$65,835,111**	**$83,668,441**

(In U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

The following table summarizes disaggregated revenue from contracts with customers by service type and by segment:

	For the years ended December 31,	
	2022	2023
PRC and other subsidiaries		
Talent management service of third-party online entertainers	$38,594,558	$52,650,550
Event production	5,566,831	9,409,795
Sponsorships and advertising	5,688,331	5,638,612
Tournament participation of esports	11,069,172	5,457,029
Talent management service of esports	1,512,015	1,115,057
Player transfer and rental fee	2,905,335	389,881
IP licensing	433,737	233,384
Reality show service	—	198,095
Sales of branded merchandise	130,279	143,260
Subtotal	**$65,900,258**	**$75,235,663**
Ninjas in Pyjamas		
IP licensing	$ —	$ 3,237,176
Sponsorships and advertising	—	2,508,686
Tournament participation of esports	—	2,242,477
Player transfer and rental fee	—	459,887
Sales of branded merchandise	—	41,077
Subtotal	$ —	**$ 8,489,303**
Total revenues	**$65,900,258**	**$83,724,966**

	For the years ended December 31,	
	2022	2023
Timing of revenue recognition		
At a point in time	$ 3,007,574	$ 990,626
Over time	62,892,684	82,734,340
Total revenue	**$65,900,258**	**$83,724,966**

Esports teams operation

Tournament participation of esports

The Group enters into contracts with esports event organizer, to have players participate in esports tournament such as Honor of Kings Pro League (“KPL”), League of Legends Pro League (“LPL”), Counter-Strike: Global Offensive (“CS: GO”) and Rainbow Six, etc.

The Group’s promises mainly consist of a) providing coaching, training and monitoring for esports players; b) selecting or arranging and monitoring the esports players to participate in tournaments and to participate in market events to promote the league and tournament. All the promises are not separately identifiable and are related to operate and participate in the overall esports event. All the promises are accounted for as a single performance obligation.

Except for the participation in LPL tournament, which esports event organizer promises a fixed amount of RMB 3 million per year, the transaction price is mainly determined by two factors, one is the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

amount of prize pool collected by esports event organizer during each competition season and proportion agreed in the contract, the other is based on the ranking of the Group in each competition season. No amount of variable consideration should be included in the transaction price, since it is not probable that a significant reversal of cumulative revenue recognized will not occur resulting from a change in estimate of the consideration the Group will receive upon finalized prize pool and its ranking. The Company will recognize the revenue of the prize money at each reporting date when the uncertainty is resolved.

Esports event organizer could simultaneously receive and consume the benefits provided by the Group in the contract period, thus, the Group satisfies the performance obligation to esports event organizer over the contract period. Furthermore, the main cost to operate an esports team is the salary of players, hence, the Group uses input method to measure progress, and recognizes revenue on a straight-line basis during the tournament period.

IP licensing

The Group enters contract with customer, and grants the customer a right-to-access license of the Group's intellectual property ("IP") in selling game props, skins, stickers and player cards. The form of IP does not have stand-alone functionality associated with the Group's brand, and the utility of IP is significantly derived from the Group's past or ongoing activities undertaken to maintain or support the IP. The Group identifies one performance obligation in each sales order of digital goods, that is, the right-to-access license of symbolic IP. The customer has the right-to-access license of the Group's symbolic IP throughout license period and benefits from it as the Group's ongoing activities will continue to support and maintain the IP's utility. Thus, the Group uses input method to measure progress, and the revenues from IP licensing are recognized ratably over the contract term. The service consideration is reconciled and settled on a monthly basis, or the customer shall pay 30% of the total contract amount to the Group within seven days after signing the contract, and the remaining contract amount within seven days when the player cards hitting the market. The contract payment is not subject to any variable consideration or subsequent adjustment.

Player transfer and rental fee

The Group enters into contracts with customer, mainly other esports team, to transfer or lease the players right owned by the Group. Player transfer and rental fee is a fixed amount as stated in the contract. The Group recognizes player transfer revenue at a point in time from transfer fees upon satisfaction of the performance obligation, which coincides with the time that the esports player is registered on the league transfer registration platform. The Group uses output method to measure progress, and recognizes player rental revenue on a straight-line basis over the contract period when the performance obligation is satisfied.

Sponsorships and advertising

The Group offers advertisers or companies which like to be promoted a full range of promotional services, including but not limited to livestream announcements, content generation, social media posts, esports players to participate in the recording of advertising videos as customer spokesmen. In most of the cases, the sponsorship agreements may include multiple services that are capable of being individually distinct, however the intended benefit is an association with the Group's brand and the services are not distinct within the context of the contracts. Customers could simultaneously receive and consume the benefits provided by the Group in the contract period, thus, the Group satisfies the performance obligation to the customers over the contract period. The Group uses input method to measure progress, since what the major inputs is the labor cost and expended evenly throughout the performance period. Revenues from sponsorship agreements are recognized ratably over the contract term. The contract payment is not subject to any variable consideration or subsequent adjustment. Whenever the Group completes the milestone agreed

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

upon in the contract, they will confirm with the customer, and settle the relevant service consideration after obtaining their confirmation. In instances where the timing of revenue recognition differs from the timing of billing, the Group has determined the agreements generally do not include a significant financing component.

Reality show service

The Group provides service to the reality show hosted by customer in exchange for a fixed transaction price. The service includes seeking and engaging suitable guests to participate in the reality show, and providing planning and execution services for the reality show.

The Group acts as the principal in providing the service to customers and recognizes revenue on gross basis because the Group acts as the main obligor in the arrangement and has the discretion to set up the contract price with customers.

The services are distinct as each episode, but services are substantially the same and have the same pattern of transfer to the customer, so the services accounted for as a single performance obligation which is satisfied in the period of reality show. Since the duration for each episode is almost the same, the progress is measured by the output method, which refers to the completion of each episode; thus, the Group recognizes the revenue on average when each episode is completed.

Sales of branded merchandise

The Group also sells branded merchandise such as mouse, keyboard, hoodie etc. at official online store. The transaction price is fixed. The Group recognizes revenues from sales of branded merchandise at a point of time when the merchandise is delivered to the customer in sound condition.

Event production

Event production

The Group provides customized esports or other event production upon requests from its customers in exchange for a fixed transaction price. The services generally entail design, logistics, layout of events, and coordination and supervision of the actual event set-up and implementation. These services are not distinct within the context of the contracts and are considered as a single performance obligation.

The Group satisfies the performance obligation to customers over the contract period as the service rendered and recognizes the revenue on a straight-line basis over the contract period using the output method, which is based on the development milestones periodically confirmed by customers. The service consideration is reconciled and settled based on the development milestones periodically confirmed by customers.

Talent management service

There are two types of talent management service. One type is provided by esports players which is recorded in talent management service of esports, the other type is provided by third-party online entertainers which is recorded in talent management service of third-party online entertainers.

Provided by esports players

The Group cooperates with online platform operator, to arrange its owned esports players to provide live streaming of esports games on an online platform. Through this means, online platform operator attracts more audience to their platform and pays service fee to the Group accordingly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

Provided by third-party online entertainers

The Group establishes a live streaming talent agency, seeks and engages third party online entertainers to register as members of the talent agency. The Group provides training to these online entertainers, and recommends them to provide live streaming on the online platforms. Online platform operator enters tripartite business contract with the Group and the online entertainer. The Group provides talent management service to online platform operator inclusive of the recommendation of online entertainers to deliver live stream, management of online entertainers, training of online entertainers and monitoring of live stream content, etc. The Group charges service fee from online platform operator. The Group pays the online entertainers according to the supplier contract signed with him/her.

For both types of talent management service, the Group regards itself as a principal and recognizes revenue on a gross basis as it controls the services based on i) the primary responsibility for the integrated talent management service in the aspect of establishing the talent agency where the online entertainers register, reserving the right to recommend online entertainers, designate third-party online entertainers' live content and duration, the provision of management and training of online entertainers; ii) the inventory risk to bear the consequence of any breach of contract caused by the Group as well as online entertainers; and iii) discretion in setting up the price, rather than accepting a fixed percentage of transaction amount imposed by the online platforms and third party online entertainers.

The consideration is variable that determined by the agreed online entertainers' popularity ranking, and virtual gifts rewarded from the audience. The variable bonus shall be paid by online platform operators after the ranking agreed in the contract is reached. The variable amount related to virtual currencies shall be confirmed by online platform operators at the end of each month, and paid by next month. For talent management service provided by esports players, the variable service fee also depends on the rank of esports team on tournament.

The Group provides live stream services to online platform operators, the service including a) recommending its live streaming talent agency online entertainers to provide live stream on platform; b) providing live stream management service to online entertainers, including training online entertainers and monitoring the live stream content. Online platform operators could not benefit from these services separately, these services are not distinct and combined as a performance obligation. The Group satisfies the performance obligation to customer over the contract period and recognizes revenue when the variable consideration is expected to be entitled and a significant future reversal of cumulative revenue under the contract will not occur, that is the date on which the Group and customer agrees the service fee monthly. Therefore, the service consideration is reconciled and settled on a monthly basis.

For all the revenue streams, the contract payment is not subject to any refund, cancellation or termination provision. No significant financing component, noncash payment identified in the arrangements with customers.

Contract Balances

The Group applies the practical expedient in Topic 606 that permits the recognition of incremental costs of obtaining contracts as an expense when incurred if the amortization period of such costs is one year or less. These costs are included in cost of revenues.

Payment terms are established on the Group's pre-established credit requirements based upon an evaluation of customers' credit. Contract assets are recognized for in related accounts receivable.

Deferred revenue, which representing a contract liability, represents mostly unrecognized revenue amount received from customers. The balance of deferred revenue is recognized as revenue upon the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

completion of performance obligations. The Group's deferred revenue amounted to $208,685 and $500,785 as of December 31, 2022 and 2023, respectively. The Group's deferred revenue which recorded in amounts due to related parties amounted to $1,310,804 and $609,009 as of December 31, 2022 and December 31, 2023, respectively. Revenue recognized in the period that was included in the beginning of the period contract liability balance were $3,400,177 and $758,410 for the years ended December 31, 2022 and 2023, respectively.

Other than accounts receivable and deferred revenue, the Group had no other material contract assets, contract liabilities or deferred contract costs recorded on its consolidated balance sheets as of December 31, 2022 and 2023.

Transaction price allocated to remaining performance obligation

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods.

As of December 31, 2022, the aggregate amount of the transaction price allocated to the remaining performance obligation is $1,459,005, and the Group will recognize this revenue related to sponsorships and advertising over the remaining contract periods over 1 to 3 years. As of December 31, 2023, the aggregate amount of the transaction price allocated to the remaining performance obligation is $4,339,221, and the Group will recognize this revenue related to sponsorships and advertising over the remaining contract periods over 0.1 to 2.7 years.

The Group has elected, as a practical expedient, not to disclose the transaction price allocated to unsatisfied or partially unsatisfied performance obligations that are part of a contract that has an original expected duration of one year or less. These performance obligations are related to the revenue of sponsorships and advertising, and event production.

(o) Value added tax ("VAT")

The Group is subject to VAT and related surcharges on revenue generated from sales of products. The Group records revenue net of VAT. This VAT may be offset by qualified input VAT paid by the Group to suppliers. Net VAT balance between input VAT and output VAT is recorded in the line item of other current assets on the consolidated balance sheets.

The PRC VAT rate is 6% or 1% for taxpayers providing services and 13% for product sales for the years ended December 31, 2022 and 2023. For revenue generated from services, the VAT rate is 6% for the entities that qualified as general tax payers, which are allowed to offset qualified input VAT paid to suppliers against their output VAT liabilities. The VAT rate is 1% for the entities that qualified as small-scale taxpayers, which are not allowed to offset qualified input VAT paid to suppliers against their output VAT.

The standard VAT rate is 25% in Sweden, applicable to all the goods and services provided in Sweden for the years ended December 31, 2022 and 2023. Entities with a Swedish VAT number are allowed to offset qualified input VAT, paid to suppliers against their output VAT.

(p) Cost of revenues

Cost of revenues consists primarily of salaries and bonus of esports player, talent management service fee paid to online entertainers, the cost of venue set-up and service fee paid to other parties for event production, depreciation of long-lived assets and amortization of intangible asset related to esports or talent

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

management service, cost of merchandise sold, as well as related costs that are directly attributable to the Group's principal operations.

(q) Selling and marketing expenses

Selling and marketing expenses mainly consist of (i) staff cost, (ii) advertising costs and market promotion expenses.

(r) General and administrative expenses

General and administrative expenses mainly consist of (i) professional service fees; (ii) staff cost, rental and depreciation related to general and administrative personnel, (iii) share-based compensation and (iv) other corporate expenses.

(s) Share-based compensation

The Group periodically grants share-based awards to the Group's eligible employees, which are subject to service conditions.

Share-based awards are measured at the grant date fair value of the equity instrument issued and are recognized as general and administrative expense with graded-vesting schedules over the requisite service period for each separately vesting portion (or tranche) of the award. The Group elects to recognize the effect of forfeitures in general and administrative expense when they occur. To the extent the required vesting conditions are not met resulting in the forfeiture of the share-based awards, previously recognized general and administrative expense relating to those awards is reversed.

(t) Employee defined contribution plan

According to the regulations of the PRC, full-time eligible employees of the Group in the PRC are entitled to various government statutory employee benefit plans, including medical insurance, maternity insurance, workplace injury insurance, unemployment insurance and pension benefits through a PRC government-mandated multi-employer defined contribution plan. The Group is required to make contributions to the plan and accrues for these benefits based on certain percentages of the qualified employees' salaries. The Group has no further commitments beyond its required contribution.

(u) Income taxes

The Group accounts for income taxes under ASC 740. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred 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 tax assets and liabilities of a change in tax rates is recognized in income in the period including the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

The provisions of ASC 740-10-25, "Accounting for Uncertainty in Income Taxes," prescribe a more-likely-than-not threshold for consolidated financial statement recognition and measurement of a tax position taken (or expected to be taken) in a tax return. This interpretation also provides guidance on the recognition of

(In U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and related disclosures. Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. The Group's operating subsidiaries in PRC are subject to examination by the relevant tax authorities.

The Group did not accrue any liability, interest or penalties related to uncertain tax positions in its provision for income taxes line of its consolidated statements of operation for the years ended December 31, 2022 and 2023, respectively.

The Group does not expect that its assessment regarding unrecognized tax positions will materially change over the next 12 months.

(v) Non-controlling Interest

A non-controlling interest in a subsidiary of the Group represents the portion of the equity (net assets) in the subsidiary not directly or indirectly attributable to the Group. Non-controlling interests are presented as a separate component of equity on the consolidated balance sheets and net income and other comprehensive income attributable to non-controlling shareholders are presented as a separate component on the consolidated statements of operations.

(w) Foreign currency transactions and translations

The functional currency of the Company's PRC subsidiaries is RMB, which is the local currency used by the subsidiaries to determine financial position and operation result.

The functional currency of Ninjas in Pyjamas is SEK, which is the local currency used by the subsidiary to determine financial position and operation result.

The Group's financial statements are reported using U.S. Dollars ("$"). The results of operations and the consolidated statements of cash flows denominated in functional currency is translated at the average rate of exchange during the reporting period. Assets and liabilities denominated in functional currencies at the balance sheet date are translated at the applicable rates of exchange in effect at that date. The equity denominated in the functional currency is translated at the historical rate of exchange at the time of capital contribution. Because cash flows are translated based on the average translation rate, amounts related to assets and liabilities reported on the consolidated statements of cash flows will not necessarily agree with changes in the corresponding balances on the consolidated balance sheets. Translation adjustments arising from the use of different exchange rates from period to period are included as a separate component of accumulated other comprehensive income included in consolidated statements of changes in equity (deficit). Gains or losses from foreign currency transactions are included in the results of operations.

The value of RMB and SEK against $ and other currencies may fluctuate and is affected by, among other things, changes in political and economic conditions of the PRC and Sweden. Any significant revaluation of RMB and SEK may materially affect the Group's financial condition in terms of $ reporting. The following table outlines the currency exchange rates that were used in creating the consolidated financial statements:

	As of December 31,	
	2022	2023
Balance sheet items, except for equity accounts		
RMB against $	6.8972	7.0999
SEK against $	Not applicable	10.0506

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

	For the Years Ended December 31,	
	2022	2023
Items in the statements of operation and comprehensive loss, and statements of cash flows		
RMB against $	6.7290	7.0809
SEK against $	Not applicable	10.6105

No representation is made that the RMB amounts and SEK amounts could have been, or could be, converted into U.S. dollars at the rates used in translation.

For RMB against U.S. dollar, there was depreciation of approximately 2.9% during the year ended December 31, 2023. 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.

For SEK against U.S. dollar, there was appreciation of approximately 3.5% during the year ended December 31, 2023. It is difficult to predict how market forces or European Union or U.S. government policy may impact the exchange rate between the SEK and the U.S. dollar in the future.

To the extent that the Group needs to convert U.S. dollar into RMB and SEK for capital expenditures and working capital and other business purposes, appreciation of RMB and SEK against the U.S. dollar would have an adverse effect on the RMB and SEK amount of the Group would receive from the conversion. Conversely, if the Group decides to convert RMB and SEK into U.S. dollar for the purpose of making payments for working capital, dividends on ordinary shares, strategic acquisitions or investments or other business purposes, appreciation of U.S. dollar against RMB and SEK would have a negative effect on the U.S. dollar amount available to the Group. In addition, a significant depreciation of the RMB and SEK against the U.S. dollar may significantly reduce the U.S. dollar equivalent of the Group's earnings or losses.

Currency convertibility risk

The PRC government imposes controls on the convertibility of RMB into foreign currencies. The Group's cash and cash equivalents denominated in RMB that are subject to such government controls. The value of RMB is subject to changes in the central government policies and to international economic and political developments affecting supply and demand in the PRC foreign exchange trading system market. In the PRC, certain foreign exchange transactions are required by law to be transacted only by authorized financial institutions at exchange rates set by the People's Bank of China (the "PBOC"). Remittances in currencies other than RMB by the Group in the Chinese mainland must be processed through the PBOC or other Chinese foreign exchange regulatory bodies which require certain supporting documentation in order to process the remittance.

Foreign currency exchange rate risk

The RMB and SEK has fluctuated against the US$, at times significantly and unpredictably during the reporting periods. The depreciation of the RMB against the US$ was approximately 8% and 3% for the years ended December 31, 2022 and 2023, respectively. The appreciation of the SEK against the US$ was approximately 4% for the years ended December 31, 2023. It is difficult to predict how market forces or the PRC, Swedish or U.S. government policy may impact the exchange rate between the RMB, SEK and the US$ in the future.

(x) Loss per share

Basic loss per share is computed by dividing net loss attributable to ordinary shareholders, taking into consideration the deemed dividends to preferred shareholders (if any), by the weighted average number of

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

ordinary shares outstanding during the year using the two-class method. Under the two-class method, net income is allocated between ordinary shares and other participating securities based on their participating rights. Shares issuable for little to no consideration upon the satisfaction of certain conditions are considered as outstanding shares and included in the computation of basic loss per share as of the date that all necessary conditions have been satisfied. Net losses are not allocated to other participating securities if based on their contractual terms they are not obligated to share the losses.

Diluted loss per share is calculated by dividing net loss attributable to ordinary shareholders, as adjusted for the effect of dilutive ordinary equivalent shares, if any, by the weighted average number of ordinary and dilutive ordinary equivalent shares outstanding during the year. Ordinary equivalent shares consist of ordinary shares issuable upon the exercise of share options using the treasury stock method. Ordinary equivalent shares are not included in the denominator of the diluted loss per share calculation when inclusion of such share would be anti-dilutive.

(y) Segment reporting

Operating segments are defined as components of an enterprise engaging in businesses activities for which separate financial information is available that is regularly evaluated by the Group's chief operating decision makers ("CODM") in deciding how to allocate resources and assess performance. The Group's chief operating decision makers, CEOs, reviews segment results when making decisions about allocating resources and assessing performance of the Group.

As a result of the assessment made by CODM, the Group has two operating segments: Ninjas in Pyjamas, and entities registered in PRC, Hong Kong and Cayman Island, which operates in PRC ("PRC and other entities"). The Group considers a "management approach" concept as the basis for identifying reportable segments. The management approach considers the internal organization and reporting used by the Group's chief operating decision maker for making operating decisions and assessing performance as the source for determining the Group's reportable segments. The Group's reportable segments are business units that operate in different countries. Ninjas in Pyjamas, operates in Sweden, which is subject to different regulatory environment than other entities which operate in the PRC.

(z) Operating lease

On January 1, 2022, the Group adopted Accounting Standards Update ("ASU") 2016-02, Lease (FASB ASC Topic 842), using the non-comparative transition option pursuant to ASU 2018-11. Therefore, the Group has not restated comparative period financial information for the effects of ASC 842, and will not make the new required lease disclosures for comparative periods beginning before January 1, 2022. The adoption of Topic 842 resulted in the presentation of operating lease right-of-use ("ROU") assets and operating lease liabilities on the consolidated balance sheet. The Group has elected the package of practical expedients, which allows the Group not to reassess (1) whether any expired or existing contracts as of the adoption date are or contain a lease; (2) lease classification for any expired or existing leases as of the adoption date; and (3) initial direct costs for any expired or existing leases as of the adoption date. Lastly, the Group elected the short-term lease exemption for all contracts with lease terms of 12 months or less. The Group recognizes lease expense for short-term leases on a straight-line basis over the lease term.

Right-of-use assets represent the Group's right to use an underlying asset for the lease term and lease liabilities represent the Group's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments. As the interest rate implicit in the Group's leases is not readily determinable, the Group utilizes its incremental borrowing rate, determined by class of underlying asset, to discount the

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

lease payments. The operating lease right-of-use assets also include lease payments made before commencement and exclude lease incentives. Some of the Group's lease agreements contained renewal options; however, the Group did not recognize right-of-use assets or lease liabilities for renewal periods unless it was determined that the Group was reasonably certain of renewing the lease at inception or when a triggering event occurred. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Group's lease agreements did not contain any material residual value guarantees or material restrictive covenants.

(aa) Recent accounting pronouncements

The Group is an "emerging growth company" ("EGC") as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). Under the JOBS Act, EGC can delay adopting new or revised accounting standards issued subsequent to the enactment of the JOBS Act until such time as those standards apply to private companies.

In March 2023, the FASB issued new accounting guidance, ASU 2023-01, for leasehold improvements associated with common control leases, which is effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been made available for issuance. The new guidance introduced two issues: terms and conditions to be considered with leases between related parties under common control and accounting for leasehold improvements. The goals for the new issues are to reduce the cost associated with implementing and applying Topic 842 and to promote diversity in practice by entities within the scope when applying lease accounting requirements. ASU 2023-01 is effective for the Group for annual and interim reporting periods beginning after December 15, 2023. The Group concluded that no effect of the adoption of this ASU.

In October 2023, the FASB issued ASU 2023-06, Disclosure Improvements — codification amendments in response to SEC's disclosure Update and Simplification initiative which amend the disclosure or presentation requirements of codification subtopic 230-10 Statement of Cash Flows — Overall, 250-10 Accounting Changes and Error Corrections — Overall, 260-10 Earnings Per Share — Overall, 270-10 Interim Reporting — Overall, 440-10 Commitments — Overall, 470-10 Debt — Overall, 505-10 Equity — Overall, 815-10 Derivatives and Hedging — Overall, 860-30 Transfers and Servicing — Secured Borrowing and Collateral, 932-235 Extractive Activities — Oil and Gas — Notes to Financial Statements, 946-20 Financial Services — Investment Companies — Investment Company Activities, and 974-10 Real Estate — Real Estate Investment Trusts — Overall. Many of the amendments allow users to more easily compare entities subject to the SEC's existing disclosures with those entities that were not previously subject to the SEC's requirements. Also, the amendments align the requirements in the Codification with the SEC's regulations. For entities subject to existing SEC disclosure requirements or those that must provide financial statements to the SEC for securities purposes without contractual transfer restrictions, the effective date aligns with the date when the SEC removes the related disclosure from Regulation S-X or Regulation S-K. Early adoption is not allowed. For all other entities, the amendments will be effective two years later from the date of the SEC's removal. The Group is in the process of evaluating the effect of the adoption of this ASU.

In November 2023, the FASB issued ASU 2023-07, which is an update to Topic 280, Segment Reporting. The amendments in this Update improve financial reporting by requiring disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. The amendments in this update: (1) require that a public entity disclose, on an annual and interim basis, significant segment expenses that are regularly provided to the chief operating decision maker (CODM) and included within each reported measure of segment profit or loss (collectively referred to

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

as the "significant expense principle"), (2) Require that a public entity disclose, on an annual and interim basis, an amount for other segment items by reportable segment and a description of its composition. The other segment items category is the difference between segment revenue less the segment expenses disclosed under the significant expense principle and each reported measure of segment profit or loss, (3) Require that a public entity provide all annual disclosures about a reportable segment's profit or loss and assets currently required by Topic 280 in interim periods, and (4) Clarify that if the CODM uses more than one measure of a segment's profit or loss in assessing segment performance and deciding how to allocate resources, a public entity may report one or more of those additional measures of segment profit. However, at least one of the reported segment profit or loss measures (or the single reported measure, if only one is disclosed) should be the measure that is most consistent with the measurement principles used in measuring the corresponding amounts in the public entity's consolidated financial statements. In other words, in addition to the measure that is most consistent with the measurement principles under generally accepted accounting principles (GAAP), a public entity is not precluded from reporting additional measures of a segment's profit or loss that are used by the CODM in assessing segment performance and deciding how to allocate resources, (5) Require that a public entity disclose the title and position of the CODM and an explanation of how the CODM uses the reported measure(s) of segment profit or loss in assessing segment performance and deciding how to allocate resources, and (6) Require that a public entity that has a single reportable segment provide all the disclosures required by the amendments in this Update and all existing segment disclosures in Topic 280. The amendments in this Update also do not change how a public entity identifies its operating segments, aggregates those operating segments, or applies the quantitative thresholds to determine its reportable segments. The amendments in this Update are effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024. Early adoption is permitted. A public entity should apply the amendments in this Update retrospectively to all prior periods presented in the financial statements. Upon transition, the segment expense categories and amounts disclosed in the prior periods should be based on the significant segment expense categories identified and disclosed in the period of adoption. The Group is evaluating the effect this guidance will have on the Group's segment disclosures.

In December 2023, the FASB issued ASU 2023-09, which is an update to Topic 740, Income Taxes. The amendments in this update related to the rate reconciliation and income taxes paid disclosures improve the transparency of income tax disclosures by requiring (1) consistent categories and greater disaggregation of information in the rate reconciliation and (2) income taxes paid disaggregated by jurisdiction. The amendments allow investors to better assess, in their capital allocation decisions, how an entity's worldwide operations and related tax risks and tax planning and operational opportunities affect its income tax rate and prospects for future cash flows. 5 The other amendments in this Update improve the effectiveness and comparability of disclosures by (1) adding disclosures of pretax income (or loss) and income tax expense (or benefit) to be consistent with U.S. Securities and Exchange Commission (SEC) Regulation S-X 210.4-08(h), Rules of General Application — General Notes to Financial Statements: Income Tax Expense, and (2) removing disclosures that no longer are considered cost beneficial or relevant. For public business entities, the amendments in this Update are effective for annual periods beginning after December 15, 2024. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments in this Update should be applied on a prospective basis. Retrospective application is permitted. The Company is evaluating the effect this guidance will have on tax disclosures.

Other accounting standards that have been issued by FASB that do not require adoption until a future date are not expected to have a material impact on the consolidated financial statements upon adoption. The Company does not discuss recent standards that are not anticipated to have an impact on or are unrelated to its consolidated financial condition, results of operations, cash flows or disclosures.

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3. BUSINESS ACQUISITION

On January 10, 2023, the Group completed an acquisition through a series of agreements with the shareholders of Ninjas in Pyjamas (Note 1).

In accordance with ASC 805, (i) the transaction was identified as business combination with third party; (ii) the Company was identified as accounting acquirer and the acquisition date was January 10, 2023; (iii) the Company conducted the acquisition by issuing 43,044,524 Class B-1 Preferred Shares to original shareholders of Ninjas in Pyjamas and the Company elected to use fair value of the acquirer's equity interest as the consideration transferred since the Company has multiple rounds of equity financing from third parties prior to IPO, and the fair value of acquirer's equity interest was estimated by discounted cash flow method under income approach model. The excess of consideration over the fair value of assets and liabilities of businesses acquired shall be recognized as goodwill. The Company engaged an independent valuation appraiser to assist in identification and evaluation of fair value of issued shares for acquisition and identifiable assets acquired and liabilities assumed as of the acquisition date. Pursuant to ASC 830-30-45-3 and ASC 830-30-45-11, after the initial recognition, the Group recognized the fair values of the acquired assets and liabilities and translated the individual assets (including goodwill) of Ninjas in Pyjamas from SEK to USD, the Group elects not to apply pushdown accounting in Ninjas in Pyjamas' separate financial statements and maintains the records necessary to adjust the consolidated amounts to what they would have been had the amounts been recorded in the Ninjas in Pyjamas' books and records.

The Group used the following valuation methodologies to value assets acquired, liabilities assumed and intangible assets identified:

- Intangible assets — league tournaments right were valued using the multi-period excess earning method under income approach, which represents the excessive earnings generated by the asset that remains after a deduction for a return on other contributory assets;
- Intangible assets — Brand name were valued using the relief from royalty method under income approach, which represents the benefits of owning the intangible asset rather than paying royalties for its right of use;
- Other assets and liabilities carrying value approximated fair value at the time of acquisition.

On the acquisition date January 10, 2023, the allocation of the consideration of the assets acquired and liabilities assumed based on their fair value was as follows:

	Amount
Fair value of consideration transferred	**$**168,000,000
Fair value of the assets acquired and the liabilities assumed	
Net working capital[(1)]	1,989,535
Property and equipment, net	61,925
Intangible assets – league tournaments right	45,985,000
Intangible assets – Brand name	24,053,000
Intangible assets – Talent acquisition costs	907,590
Non-operating asset/liability	34,020
Deferred tax liability[(2)]	(14,427,828)
Total identifiable assets	**58,603,242**
Goodwill	**$109,396,758**

(1) Among which, cash acquired from acquisition of Ninjas in Pyjamas was $1,707,373.

(In U.S. dollars, except share and per share data)

3. BUSINESS ACQUISITION — (continued)

(2) Deferred tax liabilities were calculated based on appreciation fair value of all intangible assets multiplied by income tax rate.

The goodwill acquired resulted primarily from Ninjas in Pyjamas' expected synergies and assembled workforce from the integration of businesses acquired into the Company's existing business.

Net revenue and net loss arising from acquisition of Ninjas in Pyjamas made in period from acquisition date to December 31, 2023 that are included in the Group's consolidated statements of operations and comprehensive loss for the year ended December 31, 2023.

Supplemental pro forma information (unaudited)

The pro forma information for the periods set forth below gives effect to the business acquisition as if the business combination had occurred as of January 1, 2023. This pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the transactions been consummated as of that time.

	For the Year ended December 31, 2023
Net revenue	$ 83,733,206
Net loss	$(13,264,218)
Net loss per share – basic and diluted	$ (1.54)

4. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following:

	As of December 31,	
	2022	2023
Accounts receivable*	$14,448,371	$19,202,976
Provision for credit losses	—	(207,499)
Accounts receivable, net	**$14,448,371**	**$18,995,477**

* $3,914,532 in accounts receivable were pledged as collateral for China Merchants Bank's short-term borrowing as of December 31, 2023 (Note 10).

The Group recorded bad debt expense of nil and $49,429 for the years ended December 31, 2022 and 2023, respectively. The provision for credit losses as of December 31, 2023 were consisted of bad debt accrued by Ninjas in Pyjamas before the Group acquired Ninjas in Pyjamas.

Reversal of bad debt expense were nil and $11,041 for the years ended December 31, 2022 and 2023, respectively.

(In U.S. dollars, except share and per share data)

5. PREPAID EXPENSES AND OTHER CURRENT ASSETS, NET

Prepaid expenses and other current assets, net consist of the following:

	As of December 31,	
	2022	2023
Deposit	$ 406,961	$ 531,165
Government subsidies[1]	—	466,906
VAT prepayment	215,431	412,649
Prepaid expenses[2]	746,071	361,714
Inventories	52,876	165,510
Employee Reserve	159,274	158,132
Others	78,765	109,384
Shareholder investment fund receivable (Note 15)	2,999,845	—
Total prepayments and other current assets	**4,659,223**	**2,205,460**
Less: provision for credit losses	41,868	111,720
Total prepayments and other current assets, net	**$4,617,355**	**$2,093,740**

(1) The balances mainly represented the government subsidies receivable that have been approved and publicly announced by certain local governments. The Group's government subsidies were the subsidies that the local government has not specified a purpose for and were not tied to future trends or performance of the Group. Receipt of such subsidy income was not contingent upon any further actions or performance of the Group and the amounts did not have to be refunded under any circumstances. As of the date of issuance of the consolidated financial statements, the Group has collected $281,694 of receivable related to government subsidies.

(2) The balances mainly represented costs associated with the acquisition of certain Esports talent whose estimated useful lives were less than one year as of December 31, 2022 and 2023. The amortization expense for these members of talent was $76,472 and $726,715 for the years ended December 31, 2022 and 2023, respectively.

The Group recorded bad debt expense of nil and $71,048 for the years ended December 31, 2022 and 2023, respectively.

6. RECEIVABLES RELATED TO DISPOSAL OF LEAGUE TOURNAMENTS RIGHTS

On December 28, 2020, Xingjing Entertainment entered into a transaction with a third party to sell its League of Legends Pro League tournaments right and several players for RMB133 million including tax (approximately $20.9 million, among which approximately $14.2 million related to league tournaments right was recorded as receivable related to disposal of league tournaments right and $6.7 million related to several players was recorded as account receivable). As of December 31, 2023, the Group has collected all of receivable related to disposal of league tournaments right.

(In U.S. dollars, except share and per share data)

7. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following:

	As of December 31,	
	2022	2023
Leasehold improvement	$3,142,179	$3,623,430
Electronic equipment	584,688	624,212
Furniture	312,016	426,254
Vehicles and canteen equipment	142,436	138,370
Subtotal	**4,181,319**	**4,812,266**
Less: accumulated depreciation	1,286,103	1,894,741
Property and equipment, net	**$2,895,216**	**$2,917,525**

Depreciation expenses were $543,377 and $592,345 for the years ended December 31, 2022 and 2023, respectively.

8. INTANGIBLE ASSETS, NET

Intangible assets, net, consists of the following:

	As of December 31,	
	2022	2023
Indefinite useful lives:		
League tournaments rights*	$34,897,485	$ 81,569,968
Brand name of Ninjas in Pyjamas	—	24,933,835
Brand name of Wuhan ESVF	15,049,585	14,619,924
Subtotal	**49,947,070**	**121,123,727**
Definite useful lives		
Agency Contract Rights	16,437,284	17,648,868
Talent acquisition costs	4,270,239	3,990,059
Brand name of Hongli Culture	840,921	816,913
Software	6,897	290,903
Subtotal	**21,555,341**	**22,746,743**
Less: accumulated amortization	6,119,465	9,901,356
Definite useful lives, net	**15,435,876**	**12,845,387**
Intangible Assets, net	**$65,382,946**	**$133,969,114**

* League tournaments rights derived from business acquisition were $23,908,252 and $70,894,475 as of December 31, 2022 and 2023, respectively.

Amortization expenses were $4,723,102 and $4,764,034 for the years ended December 31, 2022 and 2023, respectively.

The following is a schedule, by fiscal years, of amortization amount of intangible asset as of December 31, 2023:

(In U.S. dollars, except share and per share data)

8. INTANGIBLE ASSETS, NET — (continued)

2024	$ 4,572,402
2025	4,308,305
2026	2,716,856
2027	476,722
2028	328,611
Thereafter	442,491
Total	**$12,845,387**

The Group entered into contracts with several third-parties to purchase league tournaments rights of KPL, LPL and CFPL, the Group is allowed to pay the purchase price on installment for a period of time exceeding one year. When league tournaments rights are purchased on installment terms that exceeds one year, the contract contains a significant financing component, and therefore the payable is recorded at the present value of the payments. The difference between the present value of the payable and the nominal or principal value of the contract amount is recognized as interest expense over the contractual repayment period using the effective interest rate method. The interest rate used to determine the present value of total amount receivable is the rate subject to management decision on the date of the transaction and it reflects the rate that the Group can obtain financing of a similar nature from other sources at the date of the transaction.

Pursuant to contract term, the amount due within one year as of December 31, 2022 and 2023 were $2,617,233 and $1,921,518, respectively. The remaining portion due after one year as of December 31, 2022 and 2023 were $2,915,875 and $2,342,940, respectively.

9. GOODWILL

	For the year ended December 31, 2023		
	PRC and other Subsidiaries	Ninjas in Pyjamas	Consolidated
Balance at December 31, 2021	$32,282,349	$ —	$ 32,282,349
Addition	—	—	—
Exchange difference	(2,455,391)	—	(2,455,391)
Balance at December 31, 2022	29,826,958	—	29,826,958
Addition	—	109,396,758	109,396,758
Exchange difference	(851,550)	3,030,161	2,178,611
Balance at December 31, 2023	$28,975,408	$112,426,919	$141,402,327

10. BORROWINGS

Interest expenses related to borrowing were $283,619 and $373,415 for the years ended December 31, 2022 and 2023, respectively. As of December 31, 2022 and 2023, the weighted average interest rate of the short-term borrowings was 5.14% and 3.93% per annum, respectively. As of December 31, 2022 and 2023, the weighted average interest rate of the long-term borrowing was nil and 4.40% per annum, respectively.

(In U.S. dollars, except share and per share data)

10. BORROWINGS — (continued)

Borrowing as of December 31, 2022 and 2023 represented the following:

Lender	Interest rate	Issuance Date	Maturity Date	As of December 31, 2022	As of December 31, 2023
Short-term borrowings					
China Merchants Bank[(i)]	3.90%	February 17, 2023	February 17, 2024	$ —	$4,225,412
China CITIC Bank[(ii)]	3.65%	October 9, 2023	October 8, 2024	—	704,235
Wuhan Rural Commercial Bank[(iii)]	4.81%	March 23, 2023	March 22, 2024	—	394,372
Bank of China[(iv)]	3.85%	October 8, 2022	October 7, 2023	1,014,905	—
China Everbright Bank[(v)]	5.55%	March 31, 2022	March 30, 2023	1,449,864	—
China Merchants Bank[(vi)]	5.50%	July 20, 2022	January 19, 2023	1,449,864	—
China Merchants Bank[(vii)]	5.50%	March 10, 2022	January 10, 2023	1,377,371	—
China CITIC Bank[(viii)]	4.95%	April 15, 2022	April 15, 2023	724,932	—
Wuhan Rural Commercial Bank[(ix)]	4.81%	March 24, 2022	March 23, 2023	405,960	—
Total				**$6,422,896**	**$5,324,019**

Lender	Interest rate	Issuance Date	Maturity Date	As of December 31,	As of December 31,
Long-term borrowing, current portion					
Hua Xia Bank[(x)]	4.40%	March 29, 2023	March 21, 2024	—	140,847
Hua Xia Bank[(x)]	4.40%	March 29, 2023	September 21, 2024	—	140,847
Subtotal				—	**281,694**
Long-term borrowing					
Hua Xia Bank[(x)]	4.40%	March 29, 2023	March 29, 2026	—	3,713,180
Total				**$ —**	**$3,994,874**

(i) The principal of the loan is RMB30,000,000 (approximately $4,225,412). The loan is pledged by existing and potential account receivables of Wuhan ESVF, Shenzhen VF and Xinghui Culture due from Tengjing Sports Culture Development (Shanghai) Co., Ltd., Shenzhen Tencent Computer Systems Co., Ltd., Tencent Technology (Chengdu) Co., Ltd., Tencent Technology (Shenzhen) Co., Ltd and Shanghai Lingyang Culture Communication Co., Ltd. (Note 4), and guaranteed by Shenzhen VF and the Group's shareholders, Liwei Sun and Rui Zhou.

(ii) The principal of the loan is RMB5,000,000 (approximately $704,235). The loan is guaranteed by the Group's shareholders, Liwei Sun and Rui Zhou.

(iii) The principal of the loan is RMB2,800,000 (approximately $394,372). The loan is guaranteed by the Group's director and senior vice president, and minority shareholder of Hongli Culture, Lei Zhang.

(iv) The principal of the loan is RMB7,000,000 (approximately $1,014,905). The loan is guaranteed by the Group's shareholder, Liwei Sun.

(v) The principal of the loan is RMB10,000,000 (approximately $1,449,864). The loan is guaranteed by Wuhan Zhongzhe Financing Guarantee Co., LTD., Shenzhen VF and the Group's shareholders, Liwei Sun and Rui Zhou.

(vi) The principal of the loan is RMB10,000,000 (approximately $1,449,864). The loan is guaranteed by Shenzhen VF and the Group's shareholders, Liwei Sun and Rui Zhou.

(vii) The principal of the loan is RMB9,500,000 (approximately $1,377,371). The loan is guaranteed by Shenzhen VF and the Group's shareholders, Liwei Sun and Rui Zhou.

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10. BORROWINGS — (continued)

(viii) The principal of the loan is RMB5,000,000 (approximately $724,932). The loan is guaranteed by the Group's shareholders, Liwei Sun and Rui Zhou.

(ix) The principal of the loan is RMB2,800,000 (approximately $405,960). The loan is guaranteed by the Group's director and senior vice president, and minority shareholder of Hongli Culture, Lei Zhang.

(x) The principal of the loan is RMB30,000,000 (approximately $4,225,412). The loan is guaranteed by Wuhan Zhongzhe Financing Guarantee Co., LTD., Hongli Culture and the Group's shareholders, Liwei Sun and Rui Zhou. For the year ended December 31, 2023, the payment of the principal of RMB1,000,000 (approximately $140,847) and debt issuance costs of RMB636,792 (approximately $89,690) were deducted from the proceeds from the loan. As of December 31, 2023, the outstanding loan principal of RMB2,000,000 (approximately $281,694) is due within twelve months, which is classified as current portion of long-term borrowing and the remaining portion of principal of RMB 26,363,208 (approximately $3,713,180) is presented as a long-term borrowing.

11. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

	As of December 31,	
	2022	2023
Professional service fees payable	$ 890,221	$2,776,082
Tax payable	936,404	1,098,012
Payroll payable	847,889	1,082,744
League tournaments transaction service fee[(1)]	834,078	810,265
Accrued expenses[(2)]	139,044	339,155
Payable for acquisition of noncontrolling interests	579,945	—
Total	**$4,227,581**	**$6,106,258**

(1) The balance represented the payable to KPL event organizer for the re-arrangement of league tournaments right resource due to the Group's Reverse Acquisition.

(2) The balance mainly consisted of reimbursement payable to employees and miscellaneous fees payable to third parties.

12. TAXATION

Cayman Islands

The Company was incorporated in the Cayman Islands. Under the current laws of the Cayman Islands, the Company is not subject to income or capital gains taxes. In addition, dividend payments are not subject to withholdings tax in the Cayman Islands.

Sweden

Generally, Ninjas in Pyjamas is considered Sweden resident enterprises under Sweden tax law, and is subject to enterprise income tax on their worldwide taxable income as determined under Sweden tax laws. The applicable statutory income tax rate for the year ended 2023 is 20.6%, unless otherwise specified.

Hong Kong

ESVF HK was established in Hong Kong and is subject to a two-tiered income tax rate for taxable income earned in Hong Kong effectively since April 1, 2018. The first HKD2 million of profits earned by a company is subject to be taxed at an income tax rate of 8.25%, while the remaining profits will continue

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12. TAXATION — (continued)

to be taxed at the existing tax rate, 16.5%. No provision for Hong Kong profits tax has been made in the consolidated financial statements as it has no assessable profit for the years ended December 31, 2022 and 2023.

PRC

Generally, the Group's WFOE and its subsidiaries, which are considered as PRC resident enterprises under PRC tax law, are subject to enterprise income tax on their worldwide taxable income as determined under PRC tax laws and accounting standards at a rate of 25%.

The State Administration of Taxation further announced that from January 1, 2021 to December 31, 2022, for the portion of taxable income not exceeding RMB1 million, the amount of taxable income can be halved from 25% to 12.5%, and the corporate income tax will be levied at 20%, for small and low-profit enterprises, and from January 1, 2022 to December 31, 2024, small and low-profit enterprises can enjoy a 20% corporate income tax rate on 25% of the taxable income amount for the portion of taxable income more than RMB1 million but not exceeding RMB3 million. In accordance with announcement of the Ministry of Finance and the State Taxation Administration [2023] No. 6, which was effective from January 1, 2023 to December 31, 2024, preferential tax rate became 5% on taxable income below RMB1 million. According to announcement of the Ministry of Finance and the State Taxation Administration [2023] No.12, which became effective on August 2, 2023 and until to December 31, 2027, small, low profit enterprises is subject to the preferential income tax rate of 5% (only 25% of such taxable income shall be subject to enterprises income tax at a tax rate of 20%).

For the year ended December 31, 2023, Dawei Xianglong, Changsha Liyao, Wuhan Yingciyuan, Xiamen Yingciyuan, Xingzhi Media, Xingjing Entertainment, Xinghui Media, Taicang Xingjing, Chengdu Xingjing Weiwu, Zhoushan Xingjing, Zhoushan Jingxi and Wuhan Muyecun were recognized as small-scale and low-profit enterprises.

The components of the (loss)/income before income taxes are as follows:

	For the years ended December 31,	
	2022	2023
PRC	$(5,909,664)	$(13,842,300)
Sweden	—	232,644
Others	(535,803)	(849,048)
Total	**$(6,445,467)**	**$(14,458,704)**

The income tax provision consists of the following components:

	As of December 31,	
	2022	2023
Current income tax expense	$ 363,351	$ 181,967
Deferred income tax benefits	(502,805)	(1,382,822)
Total income tax benefits	**$(139,454)**	**$(1,200,855)**

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(In U.S. dollars, except share and per share data)

12. TAXATION — (continued)

A reconciliation between the Group's actual provision for income taxes and the provision at the PRC, mainland statutory rate is as follows:

	As of December 31,	
	2022	2023
Loss before income tax expense	$(6,445,467)	$(14,458,704)
Income tax benefit at the PRC statutory rate	(1,611,367)	(3,614,676)
Effect of preferential tax rates	66,197	192,365
Impact of different tax rates in other jurisdictions	112,720	187,136
Tax effect on share-based compensation	41,430	1,530,587
Tax effect on charitable donations	18,944	—
Tax effect of non-deductible items	129,551	159,573
Prior year true up	(293,091)	(27,019)
Change in valuation allowance	1,396,162	371,179
Income tax benefits	**$ (139,454)**	**$ (1,200,855)**

As of December 31, 2022 and 2023, the significant components of the deferred tax assets and deferred tax liability are summarized below:

	As of December 31,	
	2022	2023
Deferred tax assets:		
Net operating loss carried forward	$ 1,377,263	$ 2,254,068
Deferred tax assets, gross	**1,377,263**	**2,254,068**
Valuation allowance	(1,372,267)	(1,703,274)
Deferred tax assets, net of valuation allowance	**$ 4,996**	**$ 550,794**
Deferred tax liabilities:		
Intangible assets acquired from business combination[(i)]	$ 7,889,276	$22,579,335
Intangible assets acquired from asset acquisition[(ii)]	2,956,626	2,079,880
Total deferred tax liabilities	**$10,845,902**	**$24,659,215**

(i) The Group initial recognized $8,798,807 and $14,427,828 of deferred tax liability from reverse acquisition on March 18, 2021 and business acquisition on January 10, 2023 due to appreciation fair value of intangible assets acquired. The Group reverse $42,046 and $40,846 due to amortization of related intangible assets during the years end December 31, 2022 and 2023, respectively.

(ii) The Group initial recognized $4,413,819 of deferred tax liability from asset acquisition in 2021 and reverse $815,621 and $792,335 due to amortization of related intangible assets during the years end December 31, 2022 and 2023, respectively.

(In U.S. dollars, except share and per share data)

12. TAXATION — (continued)

As of December 31, 2022 and 2023, the Group had net operating loss carryforwards of approximately $5,997,829 and $10,941,745 respectively, which arose from the Group's subsidiaries established in the PRC. As of December 31, 2023, net operating loss carryforwards will expire, if unused, in the following amounts:

2024	$ 1,606,251
2025	—
2026	736,699
2027	4,210,152
2028	4,388,643
Total	**$10,941,745**

As of December 31, 2023, the Group had net operating loss carryforwards of approximately $179,994 that can be carried forward indefinitely, which arose from Group's subsidiary established in the Hong Kong.

Movement of valuation allowance is as follow:

	For the years ended December 31,	
	2022	2023
Valuation allowance		
Balance at beginning of the year	10,988	1,372,267
Additions	1,398,293	377,624
Utilization	(2,131)	(6,445)
Exchange rate effect	(34,883)	(40,172)
Balance at end of the year	**1,372,267**	**1,703,274**

The Group considers positive and negative evidence to determine whether some portion or all of the deferred tax assets will more likely than not be realized. This assessment considers, among other matters, the nature, frequency and severity of recent losses, forecasts of future profitability, the duration of statutory carry forward periods, the Group's experience with tax attributes expiring unused and tax planning alternatives. Valuation allowances have been established for deferred tax assets based on a more-likely-than-not threshold. Under the applicable accounting standards, management has considered the Group's history of losses and concluded that it is more likely than not that some subsidiaries of the Group will not generate future taxable income prior to the expiration of the majority of net operating losses for $ 8,762,019. Accordingly, as of December 31, 2022 and 2023, a $1,372,267 and $1,703,274 valuation allowance has been established respectively.

Uncertain tax positions

The Group evaluates each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measure the unrecognized benefits associated with the tax positions. As of December 31, 2022 and 2023, the Group did not have any significant unrecognized uncertain tax positions. The Group does not believe that its uncertain tax benefits position will materially change over the next twelve months.

For the years ended December 31, 2022 and 2023, the Company did not incur any interest and penalties related to potential underpaid income tax expenses. As of December 31, 2023, the tax years ended December 31, 2018 through 2022 for the Group's subsidiaries in the PRC are generally subject to examination by the PRC tax authorities.

NIP GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2023
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13. SEGMENT INFORMATION

The CODMs review financial information of operating segments based on internal management report when making decisions about allocating resources and assessing the performance of the Group. As a result of the assessment made by CODMs, the Group has two reportable segments, including PRC and other entities, and Ninjas in Pyjamas.

The Group's CODMs evaluate performance based on the operating segment's revenue and their operating results. The revenue and operating results by segments were as follows:

	For the year ended December 31, 2022		
	PRC and other subsidiaries	Ninjas in Pyjamas	Consolidated
Revenue	$ 65,835,111	$ —	$65,835,111
Loss before tax	(6,445,467)	—	(6,445,467)

	For the year ended December 31, 2023		
	PRC and other subsidiaries	Ninjas in Pyjamas	Consolidated
Revenue	$ 75,179,138	$8,489,303	$ 83,668,441
(Loss) profit before tax	(14,691,348)	232,644	(14,458,704)

The total assets by segments as of December 31, 2022 and 2023 were as follows:

	As of December 31,	
	2022	2023
Segment assets		
PRC and other subsidiaries	$133,935,596	$123,007,801
Ninjas in Pyjamas	—	190,831,754
Total segment assets	**$133,935,596**	**$313,839,555**

The intangible assets by segments as of December 31, 2022 and 2023 were as follows:

	As of December 31,	
	2022	2023
Intangible assets, net		
PRC and other subsidiaries	$65,382,946	$ 60,952,553
Ninjas in Pyjamas	—	73,016,561
Total intangible assets, net	**$65,382,946**	**$133,969,114**

The goodwill by segments as of December 31, 2022 and 2023 were as follows:

	As of December 31,	
	2022	2023
Goodwill		
PRC and other subsidiaries	$29,826,958	$ 28,975,408
Ninjas in Pyjamas	—	112,426,919
Total goodwill	**$29,826,958**	**$141,402,327**

(In U.S. dollars, except share and per share data)

14. LEASES

The Group leases offices space under non-cancellable operating leases. The Group considers those renewal options that are reasonably certain to be exercised or termination options that are reasonably certain not to be exercised by the lessee in the determination of the lease term and initial measurement of right of use assets and lease liabilities.

The Group determines whether a contract is or contains a lease at inception of the contract and whether that lease meets the classification criteria of a finance or operating lease.

As of December 31, 2022 and 2023, the Group had no long-term leases that were classified as a financing lease, and the Group's lease contracts only contain fixed lease payments and do not contain any residual value guarantee.

The Group's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

A summary of lease cost recognized in the Group's consolidated statements of operations and comprehensive loss is as follows:

	For the Years Ended December 31,	
	2022	2023
Operating leases cost excluding short-term rental expense	$ 315,972	$ 545,166
Short-term lease cost	1,049,031	966,084
Total	$1,365,003	$1,511,250

The Group's lease agreements do not have a discount rate that is readily determinable. The incremental borrowing rate is determined at lease commencement or lease modification and represents the rate of interest the Group would have to pay to borrow on a collateralized basis over a similar term and an amount equal to the lease payments in a similar economic environment.

Cash paid for amounts included in the measurement of lease liabilities was $155,783 and $641,400 for the year ended December 31, 2022 and 2023, respectively.

As of December 31, 2022 and 2023, the weighted average remaining lease term was 6.8 and 4.75 years, and the weighted average discount rate was 4.65% and 4.37% for the Group's operating leases , respectively.

(In U.S. dollars, except share and per share data)

14. LEASES — (continued)

The following table summarizes the maturity of lease liabilities under operating leases as of December 31, 2023:

For the year ending December 31,	Operating Leases
2024	$ 723,875
2025	472,566
2026	302,672
2027	310,054
2028	310,054
2029 and thereafter	236,414
Total lease payments	2,355,635
Less: imputed interest	235,403
Total	2,120,232
Less: current portion	644,858
Non-current portion	$1,475,374

15. MEZZANINE EQUITY

The Group's preferred shares activities for the years ended December 31, 2022 and 2023 are summarized below:

	Class A		Class B		Class B-1		Total	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Balances at January 1, 2022*	**24,709,527**	**80,052,562**	**—**	**—**	**—**	**—**	**24,709,527**	**80,052,562**
Issuance of Preferred Shares	—	—	2,693,877	14,780,563	—	—	2,693,877	14,780,563
Accretion on Preferred Shares to redemption value	—	24,022,305	—	1,274,569	—	—	—	25,296,874
Exchange rate difference	—	(6,674,474)	—	7,182	—	—	—	(6,667,292)
Balances at December 31, 2022*	**24,709,527**	**97,400,393**	**2,693,877**	**16,062,314**	**—**	**—**	**27,403,404**	**113,462,707**
Acquisition of Ninjas in Pyjamas	—	—	—	—	43,044,524	168,000,000	43,044,524	168,000,000
Accretion on Preferred Shares to redemption value	—	20,327,824	—	704,422	—	22,882,461	—	43,914,707
Exchange rate difference	—	(2,835,151)	—	—	—	—	—	(2,835,151)
Balances at December 31, 2023*	**24,709,527**	**114,893,066**	**2,693,877**	**16,766,736**	**43,044,524**	**190,882,461**	**70,447,928**	**322,542,263**

* The shares are presented on a retroactive basis to reflect the stock split (Note 14)

Class A redeemable preferred shares

During fiscal year 2019, Shenzhen VF issued a total of 8,199,662 preferred shares for cash consideration of US$15,923,336.

15. MEZZANINE EQUITY — (continued)

During the Reverse Acquisition, each preferred shareholder of Shenzhen VF was changed to the preferred shareholder of Wuhan ESVF, certain redemption features and liquidation preference were modified simultaneously ("Modification"). Meanwhile, 15,764,427 preferred shares issued by Wuhan ESVF with carrying value of US$37,448,928 at the close of Reverse Acquisition was included in the consolidated balance sheets.

The Group had undergone a Reorganization on July 30, 2021. As part of the Reorganization, on June 8, 2021, each issuer of the preferred shares was changed to the reporting entity through share swaps. The major terms and number of shares of the preferred shares remained the same. Thus, there is no accounting impact on the preferred shares as a result of the Reorganization at the consolidated level. The Group determined all the preferred shares was re-designed as Class A preferred shares. Since the Reorganization were transactions under common control, the equity section of the Group after the Reorganization was assumed to have existed from the earliest period presented in the consolidated financial statements.

On September 30, 2021, the Company issued 745,438 Class A preferred shares to Shenzhen Media Group (International) Limited ("Shenzhen Media-HK") for a total investment amount in the U.S. dollar equivalent amount of RMB 10 million. The terms of the Class A preferred shares issued to Shenzhen Media-HK were same as the terms of the Class A preferred shares after the reorganization as mentioned above.

Below presents the key original and amended terms of the Class A redeemable preferred shares during the reporting period:

Conversion Features

There were no conversion rights granted to holders of preferred shares upon the issuance of the preferred shares to preferred shareholders of Shenzhen VF or on the Reverse Acquisition.

Along with the Reorganization on July 30, 2021, as stated in the amended Article of Association, all outstanding preferred shares can be automatically converted into ordinary shares of the Company after its listing in US capital market.

Voting Rights

Each holder of preferred shares before and after the Reverse Acquisition and is entitled to vote together with the holders of ordinary shares on all matters submitted to a vote of the shareholders of the company or the group on an as-if-converted basis.

Dividend Rights

Each holder of preferred shares before and after the Reverse Acquisition is entitled to receive non-cumulative dividends, payable out of funds or assets when and as such funds or assets become legally available therefor pari passum with ordinary shares, on an as-converted basis, when, as, and if declared by the Board of Directors.

Liquidation Preferences

In the event of any voluntary or involuntary liquidation, dissolution or winding up of the issuer, or in the event of a trade sale (include, among other things, a merger, share exchange, amalgamation or consolidation resulting in a change of control), collectively defined as "Deemed Liquidation Events", all assets and funds legally available for distribution to the members (after satisfaction of all creditors' claims and claims that may be preferred by law) shall be distributed to the holders of the preferred shares prior and

15. MEZZANINE EQUITY — (continued)

in preference to any distribution to the investors of any other class, an amount shall be the higher of (i) 100% of the preferred shares issuance price plus accrued daily interest at a rate of 8% per annum; and (ii) on a pro rata basis, percentage of each shareholders held multiplying with net assets available for distribution (collectively the "Preferred Shares Preference Amount").

Amendment in Liquidation Preferences

During the Reverse Acquisition, the Preferred Shares Preference Amount was amended to an amount equal to 100% of the preferred shares issue price, and the following terms were added.

If there are any assets or funds remaining after the Preferred Shares Preference Amount has been distributed or paid in full to the applicable holders of the preferred shares, the remaining assets and funds of the Group company available for distribution shall be distributed ratably among all members according to the relative number held by such member (including preferred shares on as-converted basis).

If the Preferred Shares Preference Amount cannot be paid in full, the holders of the preferred shares shall be entitled to the payment in proportion to their initial investment amount. If all assets and funds of the company legally available for distribution to the members upon liquidation, dissolution or winding up of the company exceed RMB 2 billion, the distribution shall be ratably among all members according to the relative number of ordinary shares held by such member (treating all outstanding preferred shares on as-converted basis).

Redemption Rights

The preferred shares can be redeemed at any time and from time to time on or after the earlier date of the occurrence of (1) the issuer's failure to complete the transaction as mutually agreed in the Preferred Share Purchase Agreement, or (2) (i) the issuer fails to obtain an receipt from the China Securities Regulatory Commission, the Hong Kong Securities Regulatory Commission, the SEC or any other exchange of recognized international reputation and standing duly approved by the shareholders ("Qualified Exchange") accepting the Company's application for IPO by January 31 2024; or (ii) the Company fails to achieve the IPO on a Qualified Exchange on or before 31 January 2025, or (3) a material breach of any of the warranties, undertakings or covenants specified under the Preferred Share Purchase Agreement or certain other agreements entered into in connection with such preferred shares financing.

Upon the occurrence of any Redemption Event, each holder of the then outstanding preferred shares is entitled to, by written request to the Company, request the Company to redeem all or part of the preferred shares then outstanding held by such holder at a redemption price (higher of (i) 100% of the preferred shares issue price plus accrued daily interest at a rate of 8% per annum minus any declared but unpaid dividends on such preferred shares; (ii) % of shareholding multiplying with the company's most recent fair value of net assets).

Amendment in Redemption Rights

During the Reverse Acquisition, the events that triggered the redemption of any of the preferred shares has been amended to the same term, where the preferred shares can be redeemed at any time of the occurrence of a material breach of any of the warranties, undertakings or covenants specified under the New Preferred Share Purchase Agreement (the "New Preferred Share Purchase Agreement") or certain other agreements entered into in connection with such preferred shares financing.

The redemption price for each preferred share that is redeemed has been amended to the same price, which shall be the higher of (a) an amount equal to 100% of such preferred shares issuance price plus accrued

15. MEZZANINE EQUITY — (continued)

daily interest at a simple rate of 8% per annum, and any accrued or declared but unpaid dividend on such preferred shares, and (b) the result of multiplying the as-converted shareholding percentage with the issuer's most recent fair value of net assets.

Class B redeemable preferred shares

On May 23, 2022, the Group entered into a share subscription purchase agreement with Digital WD., Ltd. ("Digital WD"). On September 5, 2022, the Group issued 1,718,691 Class B Preferred Shares to Digital WD, for an aggregate purchase price of $10,000,000.

On July 29, 2022, the Group entered into a subscription agreement with Maison Investment Holding Limited ("Maison"), a third-party investor, to sell 459,578 of the Company's Class B preferred shares to Maison in exchange of $2,674,000 cash consideration. The Group has received the full investment fund of $2,673,970 (after deduction of commission charges) from Maison in advance as of September 30, 2022 and recorded as subscription fees advance from shareholder, and thereafter recognized as equity when the Group completed the issuance of 459,578 Class B preferred shares on December 20, 2022.

On July 29, 2022, the Group entered into a subscription agreement with AER Capital SPC ("AER"), to sell 515,608 of the Company's Class B preferred shares to Maison in exchange of $3,000,000 cash consideration. As of December 31, 2022, the Group accounted the fund receivable from AER as shareholder investment fund receivable included in balance statement item prepaid expenses and other current assets, net (Note 5). In March 2023, the Group has received the full investment fund from AER.

Below presents the key original and amended terms of the Class B redeemable preferred shares during the reporting period:

Liquidation Preferences

Upon any liquidation event, all assets and funds of the Company thereafter legally available for distribution to the shareholders shall be distributed as follows: After any distribution or payment to the Class B-1 Preferred Shares held by all former shareholders of Ninjas in Pyjamas, and prior to any distribution or payment to the Class A preferred shareholders and the Ordinary shareholders, each Class B preferred shareholder shall be entitled to receive on a pro rata basis, an amount equal to the aggregate total of the initial subscription price with respect to each preferred share held by such Class B preferred shareholder.

Redemption Rights

If the Company is unable to settle the redemption obligations to the redemption shareholders in full, all available redemption funds shall be paid first to the Class B preferred shareholders on a pro-rata basis. The redemption price of Class B Preferred Share calculation is same as Class A preferred shares. The other terms of the Class B Preferred Shares issued were same as the terms of the Class A preferred shares.

Class B-1 redeemable preferred shares

On January 10, 2023, the Company completed an acquisition through a series of agreements with the shareholders of Ninjas in Pyjamas. The Company issued to Ninjas in Pyjamas former shareholders 43,044,524 Class B-1 Preferred Shares in exchange of 100% shares in Ninjas in Pyjamas (Note 1).

Below presents the key terms of the Class B-1 redeemable preferred shares during the reporting period:

15. MEZZANINE EQUITY — (continued)

Redemption Rights

In the case of a NIP redemption trigger event, Ninjas in Pyjamas former shareholders entitle to request the Company to redeem Class B-1 Preferred Shares held by them, and the Founder Shareholders ("Mario Ho Holdings Limited, xiaOt Sun Holdings Limited, Ayisia Zhou Holdings Limited and RayZ Holdings Limited") shall be jointly and severally liable to take all necessary actions permissible under applicable laws to procure that the Company shall have the required funding. The terms of NIP redemption trigger event include:

a) (i) the Company fails to obtain a receipt from the China Securities Regulatory Commission, the Hong Kong Securities Regulatory Commission, the SEC or any other exchange of recognized international reputation and standing duly approved by shareholders accepting the Company's application for IPO by January 31, 2024; or (ii) the Company fails to achieve the IPO on or before January 31, 2025 based on a pre-money valuation of the Company exceeding US$100,000,000;

b) the valuation of the Company, as determined by an independent valuer, does not exceed USD 250 million by December 31, 2023;

c) the Company fail to obtain the formal league approvals for the change of ownership in respect of the league slots related to League of Legends LOL, Honor of Kings and/or CrossFire Pro League, which results in the loss or suspension of any of such league slots or otherwise materially impacts the financial performance of the Group;

d) the implementation of the restructuring plan or the failure of the Company to implement the dismantling of its VIE structure in accordance with the Restructuring Plan has resulted in or might reasonably be expected to material impact on the financial performance of the Group;

e) the amount of the Company's revenue for the year ended December 31, 2022 based on the audit by an independent certified public accounting firm of internationally recognized standing according to the US GAAP for the purpose of the application for IPO is lower than USD 41,400,000.

As of December 31, 2023, the company has met the corresponding criterial for not triggering the redeemption events in b, c, d and e.

Except the above terms of NIP redemption trigger event, others redemption terms of Class B-1 Preferred Shares were similar with Class A and Class B Preferred Shares:

In the case of a NIP special redemption trigger event, the Founder Shareholders entitle to request the Company to redeem Class B-1 Preferred Shares held by Ninjas in Pyjamas former shareholders. The terms of NIP special redemption trigger event include:

a) any material breach by any of the Ninjas in Pyjamas former shareholders of its obligations under the shareholders agreement;

b) Ninjas in Pyjamas conducting any off-account sales and causing material impacts on the financial performance of the Group and damage to the interests of the Group or any preferred shareholders accordingly;

c) material violation of any applicable laws by the operation of Ninjas in Pyjamas which in turn materially impacts the financial performance of the Group;

d) sale of the whole or a substantial part of the business, undertaking, property or assets of the Ninjas in Pyjamas without the requisite approvals by the board and/or the shareholders;

15. MEZZANINE EQUITY — (continued)

e) any act of dishonesty, fraud, willful default, or gross negligence committed by any Ninjas in Pyjamas former shareholders which in turn materially impacts the financial performance of the Group;

f) (A) Ninjas in Pyjamas fails to acquire 51% or more of the total issued shares of (i) anyone of appointed target companies, or (ii) any other target company engaging in similar type of business, having a projected annual revenue of not less than the agreed upon amount in the financial year of 2023, by no later than December 31, 2023; or (B) the equity ratio of the former shareholders of the Company have been diluted due to the implementation of the aforesaid acquisition (unless such dilution has been agreed by the former shareholders of the Company).

The total redemption price for all Class B-1 Preferred Shares requested for redemption by the Company (the "NIP Redemption Price") shall be equivalent to the then net asset value (shall be "equity fair value" base on practical expedient provided by an independent valuer) of all Ninjas in Pyjamas in aggregate as of the redemption date. Payment of the NIP Redemption Price shall be settled by way of redemption in kind of all the shares held by the Company in the Ninjas in Pyjamas to the Ninjas in Pyjamas former shareholders. For the avoidance of doubt, the Ninjas in Pyjamas share distribution constitutes full settlement of the NIP Redemption Price, and no cash, other assets or funds of the Company shall be payable by the Company whatsoever to satisfy the payment of the NIP Redemption Price.

Liquidation Preferences

Upon any liquidation, the Company shall redeem all of the outstanding Class B-1 Preferred Shares held by all Ninjas in Pyjamas former shareholders at NIP Redemption Price. All assets and funds of the Company thereafter legally available for distribution to the remaining Shareholders shall be distributed to Ninjas in Pyjamas former shareholders prior to Class B Preferred Shareholders, Class A Preferred Shareholders and Ordinary Shareholders.

Conversion Features

There were no conversion rights granted to holders of Class B-1 Preferred Shares upon the issuance of the preferred shares to preferred shareholders.

All outstanding Class B-1 Preferred Shares can be automatically converted into ordinary shares of the Company after its listing in US capital market.

Voting Rights

Each holder of Class B-1 Preferred Shares is entitled to vote together with the holders of ordinary shares on all matters submitted to a vote of the shareholders of the company or the group on an as-if-converted basis.

Dividend Rights

Each holder of Class B-1 Preferred Shares is entitled to receive non-cumulative dividends, payable out of funds or assets when and as such funds or assets become legally available therefor pari passum with ordinary shares, on an as-converted basis, when, as, and if declared by the board of directors.

Accounting for the preferred shares

The Company classifies the preferred shares as mezzanine equity in the consolidated balance sheets because they are redeemable upon the occurrence of an event not solely within the control of the Company.

15. MEZZANINE EQUITY — (continued)

The preferred shares are recorded initially at fair value, net of issuance costs. The Company did not incur material issuance costs for any preferred shares issued. There were no declared or undeclared dividends in arrears on redeemable preferred shares as of December 31, 2022 and 2023.

For each reporting period, the Company assesses whether the preferred shares are currently redeemable and if the preferred shares are not currently redeemable, the Company further assesses whether it is probable that preferred shares will become redeemable. Except Class B-1 Preferred Shares which the redemption value were determined by the NIP Redemption Price, for any other preferred shares that are not currently redeemable and it is probable that preferred shares will become redeemable, the Company recognizes changes in the redemption value immediately as they occur over the period from the date of issuance to the earliest redemption date to equal the redemption value at the end of each reporting period based on the higher of (i) the issuance price plus a pre-determined annualized return set forth in the agreements and (ii) fair market value (estimated using the equity allocation model based on option pricing model with probability- weighted scenario analysis with the assistance from a valuation report prepared by an independent valuation firm using management's estimates and assumptions).

In accordance with ASC 480-10-S99, the accretion is recorded against retained earnings, or in the absence of retained earnings, by charges against additional paid-in-capital, or in the absence of additional paid-in-capital, by charges to accumulated deficit. The accretion of the preferred shares was $25,296,874 and $43,914,707 for the years ended December 31, 2022 and 2023.

16. ORDINARY SHARES

In June 2022, in connection with the issuance of Class B Preferred Shares, the capital of the Company is 500,000,000 shares consist of 467,163,996 ordinary shares, 24,709,527 Class A preferred shares and 8,126,477 Class B preferred shares.

In connection to the Reorganization (Note 1), on June 30, 2023, the Company issued shares at a fixed ratio 5.75% in relation to current shares to all the present shareholders without extra consideration, including 2,019,516 of ordinary shares, 1,342,752 of Class-A preferred shares, 146,389 of Class-B preferred shares and 2,339,106 of Class-B-1 preferred shares. Pursuant to ASC 505, the issuance of shares on June 30, 2023 was stock dividend in form, in the case of deficit position of retained earnings, the Company recorded this issuance of shares similar with a stock split and retrospectively adjust the historical financial statements included in the registration statement for all periods presented.

The effect of the ordinary shares issued in the Reorganization has been treated similarly to a share split and have been presented retrospectively as of the all period presented on the consolidated financial statements.

17. RESTRICTED NET ASSETS

A significant portion of the Group's operations are conducted through its PRC (excluding Hong Kong) subsidiaries, the Group's ability to pay dividends is primarily dependent on receiving distributions of funds from subsidiaries. Relevant PRC statutory laws and regulations permit payments of dividends by our subsidiaries only out of their retained earnings, if any, as determined in accordance with PRC accounting standards and regulations, and after it has met the PRC requirements for appropriation to statutory reserves. The Group is required to make appropriations to certain reserve funds, comprising the statutory surplus reserve and the discretionary surplus reserve, based on after-tax net income determined in accordance with generally accepted accounting principles of the PRC ("PRC GAAP"). Appropriations to the statutory surplus reserve are required to be at least 10% of the after-tax net income determined in accordance with PRC GAAP until the reserve is equal to 50% of the entity's registered capital. Appropriations to the surplus

17. RESTRICTED NET ASSETS — (continued)

reserve are made at the discretion of the shareholders. Paid-in capital of our subsidiaries included in the Company's consolidated net assets are also non-distributable for dividend purposes.

As a result of these PRC laws and regulations, the Group's PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to the Company. As of December 31, 2022 and 2023, net assets restricted in the aggregate, which include paid-in capital and statutory reserve funds of the Group's PRC subsidiaries, that are included in the consolidated net assets were $5,261,322 and $5,752,354, respectively.

18. SHARE-BASED COMPENSATION

Share options granted by NIP Group Inc. to optionees

In December 2019, the shareholders of Shenzhen VF approved and adopted the Stock Incentive Plan ("the 2019 Plan"), under which Mario Yau Kwan Ho ("founder, chairman of board, and major shareholder of the Group") transferred 15% equity interest of Shenzhen VF to a newly established entity at a consideration of RMB 1 as an incentive platform. The 2019 Plan allows the incentive platform to grant options of Shenzhen VF to its directors, employees, and non-employees etc. (collectively, the "Optionees") to acquire equity interest of Shenzhen VF at an exercise price of nil. The options have a contractual term of four years.

In connection with the Reverse Acquisition on March 18, 2021, Wuhan ESVF amended and restated the 2019 Plan, adopting the Amended 2019 Plan. In connection with the closing of the Reverse Acquisition, each stock option outstanding under the 2019 Plan immediately prior to the closing of the Reverse Acquisition was converted into an option to purchase a number of equity interest of Wuhan ESVF equal to the aggregate number of equity interest for which such stock option was exercisable immediately prior to the closing of the Reverse Acquisition multiplied by an exchange ratio.

As a result, the options to purchase 15% equity interest of Shenzhen VF prior to the closing of the Reverse Acquisition under the 2019 Plan were converted into options to purchase 7.5952% of equity interest of Wuhan ESVF. The exercise price of such options modified remained unchanged, which was nil.

The conversion of the incentive stock options of Shenzhen VF under the Amended 2019 Plan into incentive stock options of Wuhan ESVF was deemed a modification at closing of Reverse Acquisition. There is no incremental compensation cost of the modification.

After the Reorganization in July 2021, all share options granted by Wuhan ESVF during the period between 2019 and the first half of 2021 were replaced by share options granted by the Company. One share of equity interest changed to 98.69 ordinary shares of the Company, and through this, the shareholding percentage of the Group was unchanged.

The Reorganization did not change the classification and vesting condition of share-based awards as equity instruments. And all other inputs to the fair value of share options remain the same. No additional share-based compensation expenses were recognized as there was no incremental fair value change immediately before and after the Reorganization. Therefore, the Reorganization awards should be accounted for in the same way as its original awards.

On January 1, 2023, the Company granted options to its employee to purchase equity interest of 1,725,132 of the Company's Ordinary Shares at an exercise price of nil under the 2019 Plan, which was equivalent to 2.67% equity interest of the Company. All these options granted became exercisable immediately on grant date.

(In U.S. dollars, except share and per share data)

18. SHARE-BASED COMPENSATION — (continued)

Share-based compensation is measured based on the fair value of the Company's ordinary shares at the grant date of the award, which is estimated using the income approach and equity allocation method. Estimation of the fair value of the Company's ordinary shares involves significant assumptions that might not be observable in the market, and a number of complex and subjective variables, discount rate, risk-free interest rate and subjective judgments regarding the Company's projected financial and operating results, its unique business risks, the liquidity of its ordinary shares and its operating history and prospects at the time the grants are made. Share-based compensation in relation to the share options is estimated using the equity allocation model based on option pricing model with probability-weighted scenario analysis with respect to the fair value of 100% equity interest estimated using the discounted cash flow method under income approach. The fair value of these awards was determined by management with the assistance from a valuation report prepared by an independent valuation firm using management's estimates and assumptions.

The assumptions used to estimate the fair value of the share options granted during the periods presented are as follows:

	For the year ended December 31, 2023
Expected volatility	75,89%
Expected term (in years)	2.09
Risk-free interest rate per annum	2.35%

A summary of the share options activity for the year ended December 31, 2023 is presented below:

	Number of shares	Weighted average exercise price	Weighted average remaining contractual term	Aggregate intrinsic value
		USD	In years	USD
Outstanding, December 31, 2022	1,763,507	—	1	6,252,693
Granted	1,725,132	—	—	—
Exercised	(3,488,639)	—	—	—
Forfeited	—	—	—	—
Outstanding at December 31, 2023	—	—	—	—
Exercisable at December 31, 2023	—	—	—	—

* The shares are presented on a retroactive basis to reflect the stock split (Note 14)

The Group recognized compensation expense for the years ended December 31, 2022 and 2023 were $165,721 and $6,122,348, respectively.

On January 10, 2023, all the granted and vested shares have been exercised. As of December 31, 2023, there was no unrecognized compensation cost related to unvested share options.

19. LOSS PER SHARE

The following table sets forth the basic and diluted net loss per share computation and provides a reconciliation of the numerator and denominator for the years ended December 31, 2022 and 2023 presented:

NIP GROUP INC.

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19. LOSS PER SHARE — (continued)

	As of December 31,	
	2022	2023
Numerator:		
Net loss attributable to NIP Group Inc.'s shareholders	(31,512,555)	(57,172,736)
Denominator:		
Weighted average number of ordinary shares outstanding-basic and diluted*	34,987,683	37,124,622
Denominator for basic and diluted net loss per share calculation	34,987,683	37,124,622
Basic and diluted net loss per share attributable to ordinary shareholders of NIP Group Inc.'s shareholders	(0.90)	(1.54)

* The shares and per share data are presented on a retroactive basis to reflect the stock split (Note 14)

For the years ended December 31, 2022 and 2023, the Group had potential ordinary shares, including share options granted and preferred shares. As the Group incurred losses for the years ended December 31, 2022 and 2023, these potential ordinary shares were anti-dilutive and excluded from the calculation of diluted net loss per share of the Group. The weighted-average numbers of non-vested share options excluded from the calculation of diluted net loss per share of the Group were 450,564 and nil as of December 31, 2022 and 2023, respectively.

The 1,312,930 and nil stock options were vested but unexercised as of December 31, 2022 and 2023, respectively. The Group included these stock options to calculate the denominator because they are exercisable at RMB nil.

Holders of the preferred shares are entitled to receive non-cumulative dividends pari passum with ordinary shares, on an as-converted basis, hence the preferred shares meet the definition of participating securities pursuant to the definition under ASC 260-10-20. However, net loss available to ordinary shareholders were not adjusted due to the following: 1) the holders of the preferred shares are entitled to non-cumulative dividends and there was no declared non-cumulative dividends during the presented periods; 2) there was no undistributed earnings during the presented periods and the holders are not entitled to bear any loss (e.g. make additional contribution to the Group in case of significant losses) of the Group; and 3) the contractual principal or mandatory redemption amount of the holder is not reduced as a result of losses incurred by the Group. Therefore, there was no adjustment from undistributed earnings allocated to participating securities.

(In U.S. dollars, except share and per share data)

20. RELATED PARTY TRANSACTIONS

The following is a list of related parties which the Group has transactions with:

No.	Name of Related Parties	Relationship with the Group
1	Mario Yau Kwan Ho	Chairman and Co-Chief Executive Officer
2	Douyu Internet Technology Co., Ltd. (“Douyu”)*	Shareholder of the Group
3	Lei Zhang	Director and Senior Vice President, minority shareholder of Hongli Culture
4	Liwei Sun	Director and President
5	Rui Zhou	Shareholder of the Group
6	Haoming Yu	Senior Vice President
7	Ronghua Gu	Shareholder of the Group
8	Wuhan Tourism&Sports Group	Principal Beneficial of the Group
9	Wuhan Linyu Ecological Group Co., Ltd. (“Wuhan Linyu”)	Entity controlled by Wuhan Tourism&Sports Group
10	Hainan Xingjing Technology Center LLP (“Hainan Xingjing”)	An entity controlled by Liwei Sun
11	Wuhan Ouyue Online TV Co., Ltd. (“Wuhan Ouyue”)*	Entity controlled by Douyu
12	Shenzhen Media Group (“Shenzhen Media”)	Shareholder of the Group and minority shareholder of Dawei Xianglong
13	Wuhan Xingjing Culture Media Co., Ltd (“Xingjing Culture Media”)	Entity controlled by Liwei Sun
14	Tianjin Xingjingweiwu Management Consulting LLP (“Tianjin LLP”)	Entity controlled by Liwei Sun
15	Shenzhen Xingjing Weiwu Education Technology Co., Ltd. (“Shenzhen Xingjing”)	Entity which the Group holds 43.9144% equity interests
16	Tianjin Mingren Enterprise Management Partnership (Limited Partnership) (“Tianjin Mingren”)	Entity ultimately controlled by Mario Yau Kwan Ho
17	Hicham Chahine	Director and Co-Chief Executive Officer

* Pursuant to ASC 850, for the year ended December 31, 2022 and as of December 31, 2022, the Group identified Douyu and Wuhan Ouyue as related parties and disclose the related party transactions accordingly due to Douyu and Wuhan Ouyue have an ownership interest in the Group and can significantly influence the Group to an extent that might be prevented from fully pursuing its own separate interests. While through the reassessment of changes of factors occurred on January 10, 2023, the dilution of equity interest after acquisition of Ninjas in Pyjamas, Douyu and Ouyue lost such influence power and shall no longer be accounted as related parties of the Group.

Amounts due from related parties

Amounts due from related parties consisted of the following for the periods indicated, the amount due from Wuhan Ouyue was fully collected as of the issuance date of these financial statements.

(In U.S. dollars, except share and per share data)

20. RELATED PARTY TRANSACTIONS — (continued)

	As of December 31,	
	2022	2023
Shenzhen Xingjing[1][2]	$ —	$232,229
Liwei Sun[2]	38,258	37,165
Tianjin LLP[2]	289	282
Tianjin Mingren[2]	—	141
Wuhan Ouyue[3]	1,097,097	—
Total	**$1,135,644**	**$269,817**

(1) The balance represented the accounts receivable for providing event production service to related parties.

(2) The balance represented interest-free loan to related parties, which were due on demand.

(3) The balance represented the accounts receivable for providing talent management service to related parties. As dilution of equity interest after acquisition of Ninjas in Pyjamas on January 10, 2023, Wuhan Ouyue was no longer identified as a related party since then and the balance due from Wuhan Ouyue as of December 31, 2023 was recorded as accounts receivable.

Amounts due to related parties

Amount due to related parties consisted of the following for the periods indicated:

	As of December 31,	
	2022	2023
Wuhan Tourism&Sports Group[1]	$ 683,898	$ 609,009
Shenzhen Media[2]	290,321	422,540
Mario Yau Kwan Ho[3]	685,786	146,429
Xingjing Culture Media[4]	3,484,943	88,650
Hicham Chahine[5]	—	4,035
Wuhan Linyu	1,383	—
Subtotal of amount due to related parties-current	**5,146,331**	**1,270,663**
Shenzhen Xingjing[6]	—	131,017
Wuhan Tourism&Sports Group[1]	626,906	—
Subtotal of amount due to related parties-non-current	**626,906**	**131,017**
Total	**$5,773,237**	**$1,401,680**

(1) The balances represented the advertising proceeds that the Group received from the related party, which the service has not been provided by the Group as of December 31, 2022 and 2023.

(2) In April 2021, the Group entered into a cooperation agreement with the related party and agreed to allocate 60% of the government subsidies received to the related party. As of December 31, 2022 and December 31, 2023, the balance represents government subsidies the Group received and should pay to the related party.

(3) The balances represented the service fee for Mario Yau Kwan Ho who provided services to the reality show that hosted by the customers.

(4) The balances represented interest-free loan from related parties for daily operations, which were due on demand.

(5) The balances represented the reimbursement payable for operating expenses for Hicham Chahine.

(6) The balances represented the long-term equity investment fund payable to Shenzhen Xingjing.

The following is a list of related parties which the Group has major transactions with:

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20. RELATED PARTY TRANSACTIONS — (continued)

Nature	For the years ended December 31, 2022	2023
Xingjing Culture Media		
Loan repayment to Xingjing Culture Media	$ 9,912,320	3,588,153
Loan from Xingjing Culture Media	6,657,750	282,507
Mario Yau Kwan Ho		
Repayment of reality show service provided by Mario Yau Kwan Ho	—	667,994
Reality show service provided by Mario Yau Kwan Ho	—	146,822
Collection of loan to Mario Yau Kwan Ho	297,221	—
Wuhan Ouyue		
Talent management service	33,693,743	—
Wuhan Tourism&Sports Group		
Sponsorships and advertising services provided by the Group	700,993	666,156
Shenzhen Media		
Sponsorships and advertising services provided by the Group[(1)]	445,831	423,675
Rental expense[(1)]	641,997	610,092
Event production service provided by Shenzhen Media[(1)]	15,307	14,687
Government subsidies that should be distributed to Shenzhen Media[(2)]	445,831	423,675
Repayment of government subsidies distributed to Shenzhen Media	—	282,450
Repayment of capital injection	1,486,105	—
Tianjin LLP		
Loan to Tianjin LLP	149	—
Hainan Xingjing		
Collection of loan to Hainan Xingjing	53,500	—
Liwei Sun		
Loan to Liwei Sun	—	49,429
Collection of loan to Liwei Sun	113,721	49,429
Rui Zhou		
Reimbursement for operating expenses	167,221	—
Haoming Yu		
Loan from Haoming Yu	445,831	—
Repayment of loan from Haoming Yu	891,663	—
Advance to Haoming Yu for the Group's operations	609,637	—
Reimbursement for operating expenses	624,833	—
Ronghua Gu		
Loan from Ronghua Gu	445,831	—
Repayment of loan from Ronghua Gu	891,663	—
Advance to Ronghua Gu for the Group's operations	1,854,082	—
Reimbursement for talent management service's operating expenses	2,220,121	—

(In U.S. dollars, except share and per share data)

20. RELATED PARTY TRANSACTIONS — (continued)

Nature	For the years ended December 31, 2022	2023
Wuhan Linyu		
Services provided by Wuhan Linyu	3,812	6,758
Repayment of services provided by Wuhan Linyu	—	8,106
Interest expenses paid to Wuhan Linyu	416,517	—
Shenzhen Xingjing		
Event production services provided by the Group	—	75,988
Loan to Shenzhen Xingjing	—	152,304

(1) The Group provided sponsorships and advertising services, event production service for this related party in exchange for the use of stadium and dormitories owned by it. Sponsorships and advertising services provided were recorded as revenue, while rental expense was recorded as cost of revenue and general and administrative expenses. Among which, the cost of revenue for the years ended December 31, 2022 and 2023 were $461,138 and $438,362, respectively.

(2) The Group entered into a cooperation agreement with the related party and agreed to allocate 60% of the government subsidies received to the related party.

21. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially expose the Group to concentrations of credit risk consist primarily of accounts receivable. The Group conducts credit evaluations of its customers, and generally does not require collateral or other security from them. The Group evaluates its accounts receivable for expected credit losses on a regular basis and maintains an estimated allowance for credit losses to reduce its accounts receivable to the amount that it believes will be collected. The Group conducts periodic reviews of the financial condition and payment practices of its customers to minimize collection risk on accounts receivable.

The following table sets forth a summary of single customers who represent 10% or more of the Group's total revenue:

	For the years ended December 31, 2022	2023
Percentage of the Group's revenue		
Customer A	*	49%
Customer B	51%	13%
Total	**51%**	**62%**

The following table sets forth a summary of single customers who represent 10% or more of the Group's total accounts receivable:

	As of December 31, 2022	2023
Percentage of the Group's accounts receivable		
Customer C	13%	11%
Customer D	21%	*

(In U.S. dollars, except share and per share data)

21. CONCENTRATION OF CREDIT RISK — (continued)

	As of December 31,	
	2022	2023
Customer E	28%	*
Total	**62%**	**11%**

* Represent percentage less than 10%

22. COMMITMENTS AND CONTINGENCIES

Contingencies

In the ordinary course of business, the Group may be subject to legal proceedings regarding contractual and employment relationships and a variety of other matters. The Group records contingent liabilities resulting from such claims, when a loss is assessed to be probable and the amount of the loss is reasonably estimable. In the opinion of management, there were no pending or threatened claims and litigation as of December 31, 2023 and through the issuance date of these consolidated financial statements.

23. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY

The condensed financial information of the parent company, the Company, has been prepared using the same accounting policies as set out in the Group's consolidated financial statements except that the parent company has used equity method to account for its investment in its subsidiaries.

The Company and its subsidiaries are included in the consolidated financial statements where the inter-company balances and transactions are eliminated upon consolidation. For the purpose of the Company's stand-alone financial statements, its investments in subsidiaries are reported using the equity method of accounting. The Company's share of losses from its subsidiaries is reported as loss from subsidiaries in the accompanying condensed financial information of parent company.

The Company did not have significant capital and other commitments, long-term obligations, or guarantees as of December 31, 2022 and 2023.

NIP GROUP INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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23. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY — (continued)

Parent Company Balance Sheets:

	As of December 31,	
	2022	2023
Assets		
Current Assets		
Cash and cash equivalents	$ 7,058,778	$ 1,383,462
Amounts due from subsidiaries	5,322,080	11,043,642
Shareholder investment fund receivable (Note 13)	2,999,845	—
Other receivables	51,500	—
Total current assets	**15,432,203**	**12,427,104**
Non-current Assets		
Deferred offering costs	221,000	2,162,836
Investment in subsidiaries	69,667,459	234,838,675
Total non-current assets	**69,888,459**	**237,001,511**
Total Assets	**$ 85,320,662**	**$249,428,615**
Accrued expenses and other liabilities	863,925	1,689,455
Current Liabilities	**863,925**	**1,689,455**
Total liabilities	**$ 863,925**	**$ 1,689,455**
Mezzanine equity:		
Class A redeemable preferred shares (US$0.0001 par value; 24,709,527 and 24,709,527 shares authorized as of December 31, 2022 and 2023, respectively, 24,709,527 and 24,709,527 issued and outstanding as of December 31, 2022 and 2023, respectively*)	97,400,393	114,893,066
Class B redeemable preferred shares (US$0.0001 par value; 8,126,477 and 2,693,877 shares authorized as of December 31, 2022 and 2023, respectively, 2,693,877 and 2,693,877 issued and outstanding as of December 31, 2022 and 2023, respectively*)	16,062,314	16,766,736
Class B-1 redeemable preferred shares (US$0.0001 par value; nil and 43,044,524 shares authorized as of December 31, 2022 and 2023, respectively, nil and 43,044,524 issued and outstanding as of December 31, 2022 and 2023, respectively*)	—	190,882,461
Total mezzanine equity	**113,462,707**	**322,542,263**
Deficit		
Ordinary Shares (US$0.0001 par value; 467,163,996 and 429,552,072 shares authorized as of December 31, 2022 and 2023, respectively, 33,674,740 and 37,163,379 issued and outstanding as of December 31, 2022 and 2023, respectively*)	3,280	3,716
Subscription receivable	(3,280)	(3,716)
Accumulated deficit	(29,178,085)	(80,228,473)
Accumulated other comprehensive loss	172,115	5,425,370
Total deficit attributable to the shareholders of NIP Group Inc.	**(29,005,970)**	**(74,803,103)**
Total liabilities, mezzanine equity and deficit	**$ 85,320,662**	**$249,428,615**

(In U.S. dollars, except share and per share data)

23. CONDENSED FINANCIAL INFORMATION OF THE PARENT COMPANY — (continued)

Parent Company Statements of Operations and Comprehensive Loss:

	For the years ended December 31,	
	2022	2023
Loss from operations:		
Financial income	$ 69,589	$ 26,175
General and administrative expenses	(348,043)	(694,745)
Equity in loss of subsidiaries	(5,937,227)	(12,589,459)
Net loss	**(6,215,681)**	**(13,258,029)**
Total comprehensive (loss) income	**$(6,037,695)**	**$ (8,004,774)**

Parent Company Statements of Cash Flows:

	For the years ended December 31,	
	2022	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (6,215,681)	$(13,258,029)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Equity in loss of subsidiaries	5,937,227	12,589,459
Change in operating assets and liabilities:		
Amounts due from subsidiaries	(5,322,080)	(5,721,562)
Other receivables	(62,082)	(78,364)
Accrued expenses and other liabilities	391,208	(697,955)
Net cash used in operating activities	**(5,271,408)**	**(7,166,451)**
Investment in equity investees	—	(17,400,000)
Net cash used in investing activities	**—**	**(17,400,000)**
Collection of subscription receivable	—	2,999,845
Payment of deferred offering cost	—	(418,351)
Capital injection in Reorganization	—	16,309,641
Issuance of preferred shares	12,007,678	—
Net cash provided by financing activities	**12,007,678**	**18,891,135**
Net increase (decrease) in cash and cash equivalents	**6,736,270**	**(5,675,316)**
Cash and cash equivalents, at beginning of year	**322,508**	**7,058,778**
Cash and cash equivalents, at end of year	**$ 7,058,778**	**$ 1,383,462**

24. SUBSEQUENT EVENTS

In April 2024, the Group obtained several borrowings totaling RMB 20,000,000 (approximately $2,816,941) at an annual interest rate of 15%. The balances will mature within one year.

The Group has evaluated other subsequent events through the date of issuance of the consolidated financial statements, the Group did not identify any subsequent events with material financial impact on the Group's consolidated financial statements.

NINJAS IN PYJAMAS GAMING AB
INDEX TO FINANCIAL STATEMENTS [1]

(1) The financial statements of Ninjas in Pyjamas Gaming AB are required to be filed under Rule 3-05 of Regulation S-X as Ninjas in Pyjamas Gaming AB is a material acquired entity.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
of Ninjas In Pyjamas Gaming AB

Opinion on the Financial Statements

We have audited the accompanying balance sheets of Ninjas In Pyjamas Gaming AB (the "Company") as of December 31, 2021 and 2022, and the related statements of income and comprehensive income (loss), changes in equity and cash flows for each of the two years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company, as of December 31, 2021 and 2022, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's 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 in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Marcum Asia CPAs LLP

Marcum Asia CPAs LLP

We have served as the Company's auditor since 2022.
Beijing, China
June 5, 2023

NINJAS IN PYJAMAS GAMING AB

BALANCE SHEETS

(In U.S. dollars, except for share and per share data, or otherwise noted)

	As of December 31,	
	2021	**2022**
ASSETS		
Cash and cash equivalents	$1,631,203	$1,720,731
Accounts receivable, net	2,716,576	1,878,816
Prepaid expenses and other current assets	434,869	324,741
Total current assets	**4,782,648**	**3,924,288**
Property and equipment, net	99,167	61,583
Intangible assets, net	556,964	771,253
Right-of-use assets	—	549,203
Total non-current assets	**656,131**	**1,382,039**
Total assets	**$5,438,779**	**$5,306,327**
LIABILITIES		
Deferred revenue	586,374	605,497
Accounts payable	920,789	654,708
Income tax payable	35,333	171,301
Lease liabilities, current	—	187,518
Accrued expenses and other current liabilities	749,404	376,463
Total current liabilities	**2,291,900**	**1,995,487**
Lease liabilities, non-current	—	327,852
Total non-current liabilities	**—**	**327,852**
Total liabilities	**$2,291,900**	**$2,323,339**
SHAREHOLDERS' EQUITY		
Ordinary shares (US$0.0490 par value; 6,400,000 shares authorized as of December 31, 2021 and 2022; 1,732,720 shares issued and outstanding as of December 31, 2021 and 2022)	84,900	84,900
Additional paid-in capital	3,817,442	3,817,442
Accumulated deficit	(458,685)	(202,126)
Accumulated other comprehensive loss	(296,778)	(717,228)
Total shareholders' equity	**3,146,879**	**2,982,988**
Total liabilities and shareholders' equity	**$5,438,779**	**$5,306,327**

The accompanying notes are an integral part of these financial statements.

NINJAS IN PYJAMAS GAMING AB

STATEMENTS OF INCOME AND COMPREHENSIVE INCOME (LOSS)
(In U.S. dollars, except for share and per share data, or otherwise noted)

	For the years ended December 31,	
	2021	**2022**
Net revenue	$ 9,398,340	$ 7,372,837
Cost of revenue	(3,963,378)	(3,656,848)
Gross profit	**5,434,962**	**3,715,989**
Operating expenses		
Selling and marketing expenses	(1,821,982)	(1,712,535)
General and administrative expenses	(1,541,433)	(1,495,070)
Total operating expenses	**(3,363,415)**	**(3,207,605)**
Income from operation	**2,071,547**	**508,384**
Other income/(expenses), net		
Financial income/(expenses), net	47,776	(94,533)
Other income/(expenses), net	22,777	(12,447)
Total other income/(expenses), net	**70,553**	**(106,980)**
Income before income tax expense	**2,142,100**	**401,404**
Income tax expenses	(466,358)	(144,845)
Net income	**$ 1,675,742**	**$ 256,559**
Other comprehensive loss:		
Foreign currency translation adjustments, net of nil tax	(248,030)	(420,450)
Total other comprehensive loss	**(248,030)**	**(420,450)**
Total comprehensive income/(loss)	**$ 1,427,712**	**$ (163,891)**

The accompanying notes are an integral part of these financial statements.

NINJAS IN PYJAMAS GAMING AB

STATEMENTS OF CHANGES IN EQUITY
(In U.S. dollars, except for share and per share data, or otherwise noted)

	Ordinary shares		Additional paid-in capital	Accumulated deficit	Accumulated other comprehensive loss	Total Company's equity
	Share	Amount				
Balance as of December 31, 2020 (unaudited)	**1,706,215**	**$83,602**	**$3,850,620**	**$(2,134,427)**	**$ (48,748)**	**$1,751,047**
Contribution from shareholders	48,505	2,376	344	—	—	2,720
Withdrawal of capital contribution	(22,000)	(1,078)	(33,522)	—	—	(34,600)
Net income	—	—	—	1,675,742	—	1,675,742
Foreign currency translation adjustments	—	—	—	—	(248,030)	(248,030)
Balance as of December 31, 2021	**1,732,720**	**$84,900**	**$3,817,442**	**$ (458,685)**	**$ (296,778)**	**$3,146,879**
Net income	—	—	—	256,559	—	256,559
Foreign currency translation adjustments	—	—	—	—	(420,450)	(420,450)
Balance as of December 31, 2022	**1,732,720**	**$84,900**	**$3,817,442**	**$ (202,126)**	**$ (717,228)**	**$2,982,988**

The accompanying notes are an integral part of these financial statements.

NINJAS IN PYJAMAS GAMING AB

STATEMENTS OF CASH FLOWS
(In U.S. dollars, except for share and per share data, or otherwise noted)

	For the years ended December 31,	
	2021	**2022**
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 1,675,742	$ 256,559
Adjustments to reconcile net income to net cash provided by operating activities:		
Allowance for doubtful accounts	10,466	8,992
Depreciation and amortization	246,917	427,645
Amortization of right-of-use asset	—	31,526
Gain on disposal of intangible assets	(127,112)	(445,790)
Deferred tax benefit	429,096	—
Changes in operating assets and liabilities:		
Accounts receivable, net	(2,120,764)	492,476
Prepaid expenses and other current assets	(129,053)	48,994
Accounts payable	680,126	(149,634)
Deferred revenue	618,395	98,965
Income tax payable	37,262	144,845
Lease liabilities	—	(66,379)
Accrued expenses and other current liabilities	458,398	(282,883)
Net cash provided by operating activities	$ 1,779,473	$ 565,316
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of intangible assets	(733,572)	(1,060,170)
Proceeds from disposal of intangible asset	178,937	807,586
Net cash used in investing activities	$ (554,635)	$ (252,584)
CASH FLOWS FORM FINANCING ACTIVITIES		
Contribution from shareholders	2,720	—
Withdrawal of capital contribution	(34,600)	—
Net cash used in financing activities	$ (31,880)	$ —
Effect of exchange rate changes	(113,307)	(223,204)
Net increase in cash and cash equivalents	1,079,651	89,528
Cash and cash equivalents at the beginning of the year	551,552	1,631,203
Cash and cash equivalents at the end of the year	$ 1,631,203	$ 1,720,731
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Income tax paid	—	—
Interest expense paid	—	—
SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES:		
Operating lease right-of-use assets obtained in exchange for operating lease liabilities	—	549,203

The accompanying notes are an integral part of these financial statements.

NINJAS IN PYJAMAS GAMING AB

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2022
(In U.S. dollars, except share and per share data)

1. ORGANIZATION AND PRINCIPAL ACTIVITIES

Ninjas in Pyjamas Gaming AB ("NIP") was established under the laws of Sweden in January, 2014. NIP was a private company and primarily engages in Esports club operation, as well as production and sales of clothing and computer accessories in Stockholm, Sweden. NIP is recognized as one of the most renowned professional electronic sports brands in the world, most notably known for its history in the game of Counter-Strike.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

(b) Use of estimates

The preparation of the financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, related disclosures of contingent assets and liabilities at the balance sheet date, and the reported revenues and expenses during the reported periods in the financial statements and accompanying notes. Significant accounting estimates include, but not limited to, allowance for doubtful accounts, depreciable lives and recoverability of property and equipment and intangible assets. Changes in facts and circumstances may result in revised estimates. Actual results could differ from those estimates, and as such, differences may be material to the financial statements.

(c) Cash and cash equivalents

Cash and cash equivalents consist of cash in bank and highly liquid investments which are unrestricted as to withdrawal and use and have original maturities of less than three months.

(d) Accounts receivable

Accounts receivable are stated at the original amount less an allowance for doubtful receivables. Accounts receivable are recognized in the period when NIP has provided services to its customers and when its right to consideration is unconditional. NIP reviews the accounts receivable on a periodic basis and makes general and specific allowances when there is doubt as to the collectability of individual balances. NIP considers factors in assessing the collectability of its receivables, such as the age of the amounts due, the customer's payment history, credit-worthiness and other specific circumstances related to the accounts. An allowance for doubtful accounts is recorded in the period in which a loss is determined to be probable. Accounts receivable balances are written off after all collection efforts have been exhausted.

(e) Property and equipment, net

Property and equipment are stated at cost less accumulated depreciation and impairment, if any, and depreciated on a straight-line basis over the estimated useful lives of the assets. Cost represents the purchase price of the asset and other costs incurred to bring the asset into its intended use. Estimated useful lives are as follows:

Category	Estimated useful lives
Leasehold improvement	Shorter of the lease term or the estimated useful life of the assets
Electronic equipment	5 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

Repair and maintenance costs are charged to expenses as incurred, whereas the cost of renewals and betterment that extends the useful lives of property and equipment are capitalized as additions to the related assets. Retirements, sales and disposals of assets are recorded by removing the costs, accumulated depreciation and impairment with any resulting gain or loss recognized in the statements of income.

(f) Intangible assets, net

Intangible assets with finite useful lives are carried at cost less accumulated amortization and any recorded impairment. Estimated useful lives by intangible asset classes are as follows:

Category	Estimated useful lives
Talent acquisition costs	2 – 3 years

The estimated useful lives of intangible assets with finite lives are reassessed if circumstances occur that indicate the original estimated useful lives may have changed.

NIP capitalizes costs associated with the acquisition of esports players and amortizes these costs straight-line over their estimated useful lives, which reflect the contractual term of the associated player agreement.

(g) Impairment of long-lived assets

NIP reviews for the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. NIP measures the carrying amount of the asset against the estimated undiscounted future cash flows associated with it. Should the sum of the expected future net cash flows be less than the carrying value of the asset being evaluated, an impairment loss would be recognized for the amount by which the carrying value of the asset exceeds its fair value. The evaluation of asset impairment requires NIP to make assumptions about future cash flows over the life of the asset being evaluated. These assumptions require significant judgment and actual results may differ from assumed and estimated amounts. NIP did not record any impairment charge for the years ended December 31, 2021 and 2022.

(h) Revenue recognition

On January 1, 2020, NIP adopted Accounting Standards Codification (“ASC”) 606 using the modified retrospective approach.

NIP recognizes revenue under Accounting Standards Codification (“ASC”) 606, Revenue from Contracts with Customers. The core principle of the new revenue standard is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The following five steps are applied to achieve that core principle:

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the company satisfies a performance obligation

These criteria as they relate to each of the following major revenue generating activities are described below. Net revenue is presented net of value added taxes (“VAT”).

NINJAS IN PYJAMAS GAMING AB

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2022
(In U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

	For the years ended December 31,			
	2021		2022	
	Amount	%	Amount	%
Over time:				
Esports club operation				
Tournament participation of Esports	$3,684,888	39%	$2,398,462	33%
Sponsorships and advertising	1,772,378	19%	2,414,825	33%
IP licensing	3,659,761	39%	1,722,462	23%
Point time:				
Esports club operation				
Player transfer fee	178,937	2%	807,586	11%
Sales of merchandise	102,376	1%	29,502	0%
Total net revenue	**$9,398,340**	**100%**	**$7,372,837**	**100%**

Esports club operation

Tournament participation of esports

NIP enters into participation agreement with esports event organizer, to become a member team for the league and participate in esports tournaments such as Counter-Strike: Global Offensive (“CS:GO”), Rainbow Six: Siege, and FIFA.

NIP’s promises to esports event organizers consist of: 1) participating in esports tournaments in accordance with rules; 2) managing and operating the team and esports club in a professional manner; 3) ensuring all the applicable team personnel comply with the competition policies; 4) undertaking and performing the team promotion obligation as required in the agreement. All the promises are not separately identifiable within the context of the contract, and are served for the commitment to give esports event organizers the best opportunity to promote the league or tournament, and generate the highest level of revenue for the league or the tournament. Therefore, NIP identifies one performance obligation in the contract with esports event organizers.

The transaction price consists of two parts: 1) League revenue share earned through esports event is periodically allocated to member teams, which includes fixed consideration promised with minimum guarantee and variable consideration based on the team’s performance matrix. 2) Prize money is distributed to eligible teams in accordance with the tournament won, which will be received at the end of each tournament season.

Variable consideration is mainly determined by two factors: 1) the amount of prize pool collected by esports event organizer during each tournament season and the proportion allocated to the team as agreed; 2) the ranking and of NIP’s team in each tournament season. No amount of variable consideration in the transaction price should be recognized until the uncertainty is resolved, because it is not probable that a significant reversal of cumulative revenue recognized will not occur resulting from a change in estimate of the consideration received upon finalized prize pool, the team’s allocated proportion of revenue share and ranking.

Esports event organizer simultaneously receives and consumes the benefits provided by NIP’s performance over the contract period, hence, NIP satisfies the performance obligation to esports event

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

organizer over the contract period. Furthermore, the main cost to operate an esports club is the salaries or contract consideration paid to players. Thus, NIP uses input method to measure progress, and recognizes revenues overtime on a straight-line basis during the tournament season.

Sponsorships and advertising

NIP enters into sponsorship contract with customer, to promote and publicize the customer's products, services or brands through a full range of promotional channels, including but not limited to livestream announcements, content generation, social media posts, and esports players to participate in the recording of advertising videos as customer spokesmen. In most sponsorship contracts, NIP identifies one performance obligation as the intended benefit is an association with NIP's brand and the services are not distinct within the context of the contracts. Certain contracts with customers may include multiple performance obligations when the promises are separately identifiable with one another and are indicated with standalone selling price. For such arrangements, NIP allocates transaction price to each performance obligation based on its relative standalone selling price. NIP generally determines the standalone selling prices based on the prices charged to customers.

For general promotion activities, because customer simultaneously receives and consumes the benefits from exposure of the brand as NIP diligently performs various promotion activities, revenues from sponsorship agreements are recognized ratably over the entire contract term. For extra promotion activities distinctly identified as a separate PO, revenues are recognized upon completion of such activities or service deliverables.

The service consideration is the contract amount as agreed in the contact. The contract payment is not subject to any variable consideration or subsequent adjustment. In instances where the timing of revenue recognition differs from the timing of billing, NIP has determined the brand sponsorship agreements generally do not include a significant financing component.

IP licensing

NIP enters into contract with customer, and grants the customer a right-to-access license of NIP's intellectual property ("IP") in selling digital goods such as game props, skins or stickers. The form of IP does not have stand-alone functionality associated with NIP's brand, and the utility of IP is significantly derived from the NIP's past or ongoing activities undertaken to maintain or support the IP. NIP identifies one performance obligation in each sales order of digital goods, that is, the right-to-access license of symbolic IP. The customer has the right-to-access license of NIP's symbolic IP throughout license period and benefits from it as NIP's ongoing activities will continue to support and maintain the IP's utility. Thus, revenues from IP licensing are recognized ratably over the contract term.

The service consideration is reconciled and settled on a monthly basis. The contract payment is not subject to any variable consideration or subsequent adjustment.

Player transfer fees

NIP enters into contracts with customer, mainly other esports clubs, to transfer NIP's esports players. Player transfer fee is fixed consideration as agreed in the contract. NIP recognizes revenues from player transfer fees at a point of time upon satisfaction of the performance obligation, when the e-player is released from any and all contractual rights and obligations with NIP and any such contractual rights is transferred to the customer.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

Sales of branded merchandise

NIP also sells brand-related merchandise such as mouse, keyboard, hoodie and etc. at official online store. The transaction price is fixed. NIP recognizes revenues from sales of branded merchandise at a point of time when the merchandise is delivered to the customer in sound condition.

For all the products and services provided, NIP considers itself the principal and recognizes revenue on a gross basis as it controls the transfer of the products and services.

Principal versus Agent considerations

NIP signs contracts with esports players, in which they are obliged to conduct a series of promotion activities as required for the revenue generated from sponsorships and advertising. NIP has evaluated the terms with esports players and considers itself a principal and recognizes revenue on a gross basis in sponsorships and advertising as it controls the services through the following key considerations:

- NIP owns its brand and intellectual property, directs the esports players to conduct a series of promotion activities on NIP's behalf, and assumes primary responsibility for controlling the quality of promotion deliverables.
- As part of NIP's contracts with its esports players, NIP agrees to serve as the E-player's exclusive management company as it relates to any of the work esports players may perform, including content creation and sponsorships and advertising revenue generated from the content. While the E-player owns the content they create under the contract with NIP, the E-player grants NIP an exclusive perpetual license to the content, and NIP grants limited usage rights of that content back to the talent, conditional upon their compliance with the contract.
- NIP has discretion in setting up the price. esports players are only entitled to the monthly salary for their promotion obligation and do not participate in profit share for the revenue from sponsorships and advertising.

Contract Balances

Payment terms are established on NIP's pre-established credit requirements based upon an evaluation of customers' credit. Contract assets are recognized for in related accounts receivable.

Deferred revenue, which representing a contract liability, represents mostly unrecognized revenue amount received from customers. The balance of deferred revenue is recognized as revenue upon the completion of performance obligations. NIP's deferred revenue from sponsorships and advertising amounted to $586,374 and $605,497 as of December 31, 2021 and 2022. Revenue recognized in the period that was included in the beginning of the period contracts liability balance were nil and $586,374, respectively.

Other than accounts receivable and deferred revenue, NIP had no other material contract assets, contract liabilities or deferred contract costs recorded on its balance sheet as of December 31, 2021 and 2022.

Transaction price allocated to remaining performance obligation

Revenue allocated to remaining performance obligations represents contracted revenue that has not yet been recognized, which includes deferred revenue and amounts that will be invoiced and recognized as revenue in future periods.

As of December 31, 2021 and 2022, the aggregate amount of the transaction price allocated to the remaining performance obligation is $7,060,635 and $7,766,805, and NIP will recognize this revenue related to sponsorships and advertising over the remaining contract periods over 1 to 5 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

NIP has elected, as a practical expedient, not to disclose the transaction price allocated to unsatisfied or partially unsatisfied performance obligations that are part of a contract that has an original expected duration of one year or less. These performance obligations are related to the revenue of tournament participation of esports, and sponsorships and advertising.

(i) Cost of revenues

Cost of revenues consists primarily of salaries of esports players, prize winnings to esports players, expenditures for sponsorships and marketing deliverables, acquisition cost of E-players, cost of merchandise sold, as well as related costs that are directly attributable to NIP's principal operations.

(j) Value added tax ("VAT")

NIP is subject to VAT on revenue generated from providing goods and services. NIP records revenue net of VAT. This VAT may be offset by qualified input VAT paid by NIP to suppliers. Net VAT balance between input VAT and output VAT is recorded in the line item of other current assets on the balance sheets.

The standard VAT rate is 25% in Sweden, applicable to all the goods and services NIP provides for the years ended December 31, 2021 and 2022. Entities with a Swedish VAT number are allowed to offset qualified input VAT, paid to suppliers against their output VAT liabilities.

(k) Selling and marketing expenses

Selling and marketing expenses mainly consist of (i) advertising and promotion expenses; (ii) staff cost, rental, depreciation and amortization expenses related to selling and marketing functions; and (iii) professional service fees.

(l) General and administrative expenses

General and administrative expenses mainly consist of (i) staff cost, rental, depreciation and amortization expenses related to general and administrative functions; (ii) professional service fees; and (iii) other corporate expenses.

(m) Income taxes

NIP accounts for income taxes under ASC 740. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred 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 tax assets and liabilities of a change in tax rates is recognized in income in the period including the enactment date. Valuation allowances are established, when necessary, to reduce deferred tax assets to the amount expected to be realized. Current income taxes are provided for in accordance with the laws of the relevant taxing authorities.

The provisions of ASC 740-10-25, "Accounting for Uncertainty in Income Taxes," prescribe a more-likely-than-not threshold for financial statements recognition and measurement of a tax position taken (or expected to be taken) in a tax return. This interpretation also provides guidance on the recognition of income tax assets and liabilities, classification of current and deferred income tax assets and liabilities, accounting for interest and penalties associated with tax positions, and related disclosures. NIP as a private company in Sweden are subject to examination by the relevant tax authorities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

Penalties and interest incurred related to underpayment of income tax are classified as income tax expense in the period incurred. NIP did not accrue any liability, interest or penalties related to uncertain tax positions in its provision for income taxes line of its statements of income for the years ended December 31, 2021 and 2022.

NIP does not expect that its assessment regarding unrecognized tax positions will materially change over the next 12 months.

(n) Operating lease

On January 1, 2022, NIP adopted Accounting Standards Update ("ASU") 2016-02, Lease (FASB ASC Topic 842), using the non-comparative transition option pursuant to ASU 2018-11. Therefore, NIP has not restated comparative period financial information for the effects of ASC 842, and will not make the new required lease disclosures for comparative periods beginning before January 1, 2022. The adoption of Topic 842 resulted in the presentation of operating lease right-of-use ("ROU") assets and operating lease liabilities on the consolidated balance sheet. NIP has elected the package of practical expedients, which allows NIP not to reassess (1) whether any expired or existing contracts as of the adoption date are or contain a lease; (2) lease classification for any expired or existing leases as of the adoption date; and (3) initial direct costs for any expired or existing leases as of the adoption date. Lastly, NIP elected the short-term lease exemption for all contracts with lease terms of 12 months or less. NIP recognizes lease expense for short-term leases on a straight-line basis over the lease term.

Right-of-use assets represent NIP's right to use an underlying asset for the lease term and lease liabilities represent NIP's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments. As the interest rate implicit in NIP's leases is not readily determinable, NIP utilizes its incremental borrowing rate, determined by class of underlying asset, to discount the lease payments. The operating lease right-of-use assets also include lease payments made before commencement and exclude lease incentives. Some of NIP's lease agreements contained renewal options; however, NIP did not recognize right-of-use assets or lease liabilities for renewal periods unless it was determined that NIP was reasonably certain of renewing the lease at inception or when a triggering event occurred. Lease expense for lease payments is recognized on a straight-line basis over the lease term. NIP's lease agreements did not contain any material residual value guarantees or material restrictive covenants.

(o) Foreign currency transactions and translations

NIP's principal country of operations is Sweden. The financial position and results of its operations are determined using SEK, the local currency, as the functional currency. NIP's financial statements are reported using U.S. Dollars ("$"). The results of operations and the statements of cash flows denominated in functional currency is translated at the average rate of exchange during the reporting period. Assets and liabilities denominated in functional currencies at the balance sheet date are translated at the applicable rates of exchange in effect at that date. The equity denominated in the functional currency is translated at the historical rate of exchange at the time of capital contribution. Because cash flows are translated based on the average translation rate, amounts related to assets and liabilities reported on the statement of cash flows will not necessarily agree with changes in the corresponding balances on the balance sheet. Translation adjustments arising from the use of different exchange rates from period to period are included as a separate component of accumulated other comprehensive income (loss) included in statement of changes in equity. Gains and losses from foreign currency transactions are included in the results of operations.

The value of SEK against $ and other currencies may fluctuate and is affected by, among other things, changes in the Swedish political and economic conditions. Any significant revaluation of SEK may materially

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

affect NIP's financial condition in terms of $ reporting. The following table outlines the currency exchange rates that were used in creating the financial statements:

	As of December 31,	
	2021	2022
Balance sheet items, except for equity accounts	9.0498	10.4167

	For the Years Ended December 31,	
	2021	2022
Items in the statements of income and comprehensive income (loss), and statements of cash flows	8.5812	10.1118

No representation is made that the SEK amounts could have been, or could be, converted into U.S. dollars at the rates used in translation.

(p) Foreign currency exchange rate risk

For SEK against U.S. dollar, there was depreciation of approximately 10.2% and 15.1% during the years ended December 31, 2021 and 2022. It is difficult to predict how market forces or European Union or U.S. government policy may impact the exchange rate between the SEK and the U.S. dollar in the future.

To the extent that NIP needs to convert U.S. dollar into SEK for capital expenditures and working capital and other business purposes, appreciation of SEK against the U.S. dollar would have an adverse effect on the SEK amount NIP would receive from the conversion. Conversely, if NIP decides to convert SEK into U.S. dollar for the purpose of making payments for working capital, dividends on ordinary shares, strategic acquisitions or investments or other business purposes, appreciation of U.S. dollar against SEK would have a negative effect on the U.S. dollar amount available to NIP. In addition, a significant depreciation of the SEK against the U.S. dollar may significantly reduce the U.S. dollar equivalent of NIP's earnings or losses.

(q) Segment reporting

NIP uses the management approach in determining its operating segments. NIP's chief operating decision maker ("CODM") identified as NIP's Chief Executive Officer, relies upon the results of operations as a whole when making decisions about allocating resources and assessing the performance of NIP. As a result of the assessment made by CODM, NIP has only one reportable segment. NIP does not distinguish between markets or segments for the purpose of internal reporting. As NIP's long-lived assets are substantially located in Sweden, no geographical segments are presented.

(r) Recent accounting pronouncements

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments — Credit Losses", which will require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Subsequently, the FASB issued ASU No. 2018-19, Codification Improvements to Topic 326, to clarify that receivables arising from operating leases are within the scope of lease accounting standards. Further, the FASB issued ASU No. 2019-04, ASU 2019-05, ASU 2019-10, ASU 2019-11 and ASU 2020-02 to provide additional guidance on the credit losses standard. For all other entities, the amendments for ASU 2016-13 are effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years, with

(In U.S. dollars, except share and per share data)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES — (continued)

early adoption permitted. Adoption of the ASUs is on a modified retrospective basis. NIP will adopt ASU 2016-13 from January 1, 2023. NIP concluded that the adoption did not have a material impact on its consolidated financial statements.

In November 2021, the FASB issued ASU 2021-10, Disclosures by Business Entities about Government Assistance (Topic 832). The amendment requires a business entity to provide certain disclosures when it has entered into a legally enforceable agreement with a government to receive value, and accounts for the transaction using a grant or contribution accounting model by analogy. ASU 2021-10 is effective for fiscal years beginning after December 15, 2021 for all business entities. NIP concluded that the adoption did not have a material impact on its consolidated financial statements.

Other accounting standards that have been issued by FASB that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption. NIP does not discuss recent standards that are not anticipated to have an impact on or are unrelated to its financial condition, results of operations, cash flows or disclosures.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

	As of December 31,	
	2021	2022
Accounts receivable	$2,956,256	$2,090,269
Allowance for doubtful accounts	(239,680)	(211,453)
Accounts receivable, net	**$2,716,576**	**$1,878,816**

Bad debt expense recorded in allowance for doubtful accounts for was $10,466 and $3,321 for the years ended December 31, 2021 and 2022.

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

Prepaid expenses and other current assets consist of the following:

	As of December 31,	
	2021	2022
VAT prepayment	$249,510	$186,996
Prepaid rental expenses	86,654	53,663
Advance to suppliers	84,912	51,291
Inventories	8,937	13,054
Others	4,856	19,737
Prepaid expenses and other current assets	**$434,869**	**$324,741**

Bad debt expense recorded in write-off of the uncollectible balance was nil and $5,671 for the years ended December 31, 2021 and 2022.

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NOTES TO FINANCIAL STATEMENTS
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(In U.S. dollars, except share and per share data)

5. PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consists of the following:

	As of December 31,	
	2021	2022
Leasehold improvement	$134,866	$117,168
Electronic equipment	6,542	5,683
Subtotal	141,408	122,851
Less: accumulated depreciation	42,241	61,268
Property and equipment, net	**$ 99,167**	**$ 61,583**

Depreciation expense was $29,826 and $25,311 for the years ended December 31, 2021 and 2022.

6. INTANGIBLE ASSETS, NET

Intangible assets, net, consists of the following:

	As of December 31,	
	2021	2022
Talent acquisition costs	$730,251	1,060,612
Less: accumulated amortization	173,287	289,359
Intangible Assets, net	**$556,964**	**771,253**

Amortization expense was $217,091 and $402,334 for the years ended December 31, 2021 and 2022. Gain on transfer of a E-player was $127,112 and $445,790 and proceeds from transfer of a E-player was $178,937 and $807,586 for the years ended December 31, 2021 and 2022.

The following is a schedule, by fiscal years, of amortization amount of intangible asset as of December 31, 2022.

For the years ending December 31,	Amount
2023	$390,487
2024	342,315
2025	38,451
Thereafter	—
Total	**$771,253**

7. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities consist of the following:

	As of December 31,	
	2021	2022
Payroll payable	$129,018	$155,443
Accrued expenses[(1)]	620,386	221,020
Accrued expenses and other liabilities	**$749,404**	**$376,463**

(1) Accrued expenses mainly consisted of supplier payables for professional services, catering reception, and rent.

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8. LEASES

NIP leases offices space under non-cancellable operating leases. NIP considers those renewal or termination options that are reasonably certain to be exercised in the determination of the lease term and initial measurement of right-of-use assets and lease liabilities.

NIP determines whether a contract is or contains a lease at inception of the contract and whether that lease meets the classification criteria of a finance or operating lease.

As of December 31, 2022, NIP had no long-term leases that were classified as a financing lease, and NIP's lease contracts only contain fixed lease payments and do not contain any residual value guarantee. NIP's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

A summary of lease expense recognized in NIP's statements of income and comprehensive income (loss) is as follows:

	For the years ended December 31,	
	2021	2022
Operating leases expense excluding short-term lease expense	$ —	$ 34,853
Short-term lease expense	336,900	256,897
Total	**$336,900**	**$291,750**

NIP's lease agreements do not have a discount rate that is readily determinable. The incremental borrowing rate is determined at lease commencement or lease modification and represents the rate of interest NIP would have to pay to borrow on a collateralized basis over a similar term and an amount equal to the lease payments in a similar economic environment.

Cash paid for amounts included in the measurement of lease liabilities was $67,763 for the year ended December 31, 2022. Right-of-use assets obtained in exchange for new lease liabilities was $579,806 for the year ended December 31, 2022.

As of December 31, 2022, the weighted average remaining lease term was 2.8 years, and the weighted average discount rate was 3.60% for NIP's operating leases.

The following is a schedule of future minimum payments under NIP's operating leases as of December 31, 2022:

For the years ended December 31,	Lease payment
2023	$202,997
2024	202,997
2025	169,164
Total lease payments	**575,158**
Less: imputed interest	59,788
Total	**$515,370**
Less: current portion	187,518
Non-current portion	**$327,852**

NINJAS IN PYJAMAS GAMING AB

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2022
(In U.S. dollars, except share and per share data)

9. TAXATION

Sweden

Generally, NIP is considered Sweden resident enterprises under Sweden tax law, and is subject to enterprise income tax on their worldwide taxable income as determined under Sweden tax laws. The applicable statutory income tax rate for the years ended December 31, 2021 and 2022 is 20.6%, unless otherwise specified.

The income tax provision consists of the following components:

	For the years ended December 31,	
	2021	2022
Current income tax expenses	$ 37,263	$144,845
Deferred income tax expenses	429,095	—
Total income tax expenses	**$466,358**	**$144,845**

A reconciliation between NIP's actual provision for income taxes and the provision at the Sweden statutory rate is as follows:

	For the years ended December 31,	
	2021	2022
Income before income tax expenses	$2,142,100	$401,404
Income tax expenses at the Sweden statutory rate	441,273	82,689
Tax effect of non-deductible staff representation	—	16,266
Tax effect of other non-deductible expenses	8,656	3,479
Tax effect of undeclared expenses*	16,429	42,411
Total income tax expenses	**$ 466,358**	**$144,845**

* These items are mainly due to non-includable US GAAP adjustment

Movement of deferred tax assets for the year ended December 31, 2021 is as follow:

	For the years ended December 31,
Balance as of December 31, 2020	$ 406,876
Utilization of net operating loss carryforwards	(174,891)
Recognition of revenue adjusted for timing difference	(219,481)
Non-deductible expenses adjusted for timing difference	(34,723)
Exchange effect	22,219
Balance as of December 31, 2021	$ —
Recognition of revenue adjusted for timing difference	—
Non-deductible expenses adjusted for timing difference	—
Balance as of December 31, 2022	$ —

(In U.S. dollars, except share and per share data)

9. TAXATION — (continued)

Net operating loss arising in Sweden will not expire for deduction against future taxable profit. As of December 31, 2021 and 2022, NIP had no balance in deferred tax assets and deferred tax liability.

Uncertain tax positions

NIP evaluates each uncertain tax position (including the potential application of interest and penalties) based on the technical merits, and measure the unrecognized benefits associated with the tax positions. As of December 31, 2022, NIP did not have any significant unrecognized uncertain tax positions. NIP does not believe that its uncertain tax benefits position will materially change over the next twelve months. As of December 31, 2022, income for tax returns for the tax years ended December 31, 2017 through December 31, 2021, remain open for statutory examination.

10. ORDINARY SHARES

In January, 2014, NIP was incorporated as limited liability company with maximum authorized share capital of $313,600 divided into 6,400,000 shares with par value $0.0490 each.

NIP presents 1,706,215 ordinary shares as of December 31, 2020. In July, 2021, F0rest Gaming AB withdrew capital contribution of $34,600 and deregistered 22,000 ordinary shares. In December, 2021, NIP issued 48,505 ordinary shares, and proceeds from shareholders contribution were $2,720.

NIP presents 1,732,720 ordinary shares as of December 31, 2021 and 2022, out of which, 542,740, 531,520, 498,300, and 160,160 shares are held by DIGLIFE AS, Nyx Ventures AS, Sense Holding AB and other shareholders, respectively, proportional to the shareholders' capital injection.

11. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially expose NIP to concentrations of credit risk consist primarily of accounts receivable. NIP conducts credit evaluations of its customers, and generally does not require collateral or other security from them. NIP evaluates its collection experience and long outstanding balances to determine the need for an allowance for doubtful accounts. NIP conducts periodic reviews of the financial condition and payment practices of its customers to minimize collection risk on accounts receivable.

The following table sets forth a summary of single customers who represent 10% or more of NIP's total revenue:

	For the years ended December 31,	
	2021	2022
Customer A	39%	21%
Customer B	26%	17%
Customer C	*	11%
Total	**65%**	**49%**

* Represent percentage less than 10%

NINJAS IN PYJAMAS GAMING AB

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2022
(In U.S. dollars, except share and per share data)

11. CONCENTRATION OF CREDIT RISK — (continued)

The following table sets forth a summary of single customers who represent 10% or more of NIP's total accounts receivable:

	As of December 31,	
	2021	2022
Customer B	40%	32%
Customer D	23%	28%
Customer E	*	13%
Customer A	15%	11%
Total	**78%**	**84%**

* Represent percentage less than 10%

12. SUBSEQUENT EVENTS

In January 10, 2023, NIP entered into a share purchase agreement (the "SPA") with NIP Group Inc. ("NIP Group"), pursuant to which the shareholders of NIP shall subscribe for 40,705,418 shares of NIP Group in exchange for 100% shares in NIP. Upon the completion, 40,705,418 shares shall constitute 40% of the total issued shares of NIP Group, assuming the full exercise of the shares and calculation on a fully diluted and as-converted basis. NIP is in the process of evaluating the financial effect of this transaction.

NIP has performed an evaluation of subsequent events through June 5, 2023, which was the date of the issuance of the financial statements, and did not identify any subsequent events with material financial impact on the financial statements other than those discussed in above.

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.

The post-offering memorandum and articles of association that we adopted and will become effective immediately prior to the completion of this offering provide that we shall indemnify our directors and officers (each an indemnified person) against all actions, proceedings, costs, charges, expenses, losses, damages or liabilities incurred or sustained by such indemnified person, other than by reason of such person's own 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 indemnified person 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 indemnification agreements, the form of which is filed as Exhibit 10.2 to this registration statement, 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 such a director or officer.

The underwriting agreement, the form of which will be filed as Exhibit 1.1 to this registration statement, will also provide indemnification for us and our officers and directors for certain liabilities, including liabilities arising under the Securities Act, but only to the extent that such liabilities are caused by information relating to the underwriters furnished to us in writing expressly for use in this registration statement and certain other disclosure documents.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to 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. We believe that each of the following issuances was exempt from registration under the Securities Act in reliance on Regulation S under the Securities Act regarding sales by an issuer in offshore transactions. No underwriters were involved in these issuances of securities.

Securities/Purchaser	Date of Issuance	Number of Securities	Consideration
Ordinary shares			
Osiris International Cayman Limited	February 5, 2021	1	Nominal
xiaOt Sun Holdings Limited	February 5, 2021	10,274,550	Nominal
Ayisia Zhou Holdings Limited	February 5, 2021	1,934,570	Nominal
RayZ Holdings Limited	February 5, 2021	679,140	Nominal
Seventh Hokage Management Limited	March 18, 2021	15,816,680	Nominal
xiaOt Sun Holdings Limited	June 29, 2021	8,854,188	Nominal
Ayisia Zhou Holdings Limited	June 29, 2021	278,974	Nominal
RayZ Holdings Limited	June 29, 2021	148,545	Nominal

Securities/Purchaser	Date of Issuance	Number of Securities	Consideration
Seventh Hokage Management Limited	June 29, 2021	15,613,982	Nominal
Blooming Time International Limited	July 30, 2021	4,123,826	Nominal
Seventh Hokage Management Limited	September 30, 2021	14,448,668	Nominal
SIG China Investments Master Fund IV, LLLP	September 30, 2021	1,165,314	Nominal
Danny Yu Holdings Limited	March 18, 2022	1,404,255	Nominal
Oscar Gu Holdings Limited	March 18, 2022	2,106,383	Nominal
xiaOt Sun Holdings Limited	June 30, 2023	508,799	RMB343,313
Seventh Hokage Management Limited	June 30, 2023	830,282	RMB719,319
Ayisia Zhou Holdings Limited	June 30, 2023	127,200	RMB70,385
RayZ Holdings Limited	June 30, 2023	47,562	RMB24,709
Blooming Time International Limited	June 30, 2023	236,793	RMB189,980
SIG China Investments Master Fund IV, LLLP	June 30, 2023	66,964	Nominal
Danny Yu Holdings Limited	June 30, 2023	80,694	Nominal
Oscar Gu Holdings Limited	June 30, 2023	121,042	Nominal
Class A Preferred Shares			
Shanghai Yuyun Management Partnership (Limited Partnership)	July 30, 2021	8,607,242	RMB45,000,000
Douyu Investment Limited	July 30, 2021	2,986,308	RMB35,000,000
Shenzhen Guojin Angel Venture Investment III Partnership (Limited Partnership)	July 30, 2021	2,819,639	RMB40,000,000
Glorious Year Holdings Limited	July 30, 2021	2,819,639	RMB40,000,000
True Thrive Limited	July 30, 2021	1,530,175	RMB8,000,000
Shanghai Chuyuan Enterprise Management Partnership (Limited Partnership)	July 30, 2021	1,409,873	RMB20,000,000
Jiaxing ZhenFund Tianyu Equity Investment Partnership (Limited Partnership)	July 30, 2021	956,354	RMB5,000,000
Toplead Ventures Limited	July 30, 2021	827,685	RMB5,000,000
Jiangxi Everbright Industry Co., Ltd.	July 30, 2021	704,930	RMB10,000,000
Shenzhen Media Group (International) Limited	September 30, 2021	704,930	US$ equivalent of RMB10,000,000
Shanghai Yuyun Management Partnership (Limited Partnership)	June 30, 2023	494,609	RMB45,647,755
Douyu Investment Limited	June 30, 2023	171,606	RMB15,912,418
Shenzhen Guojin Angel Venture Investment III Partnership (Limited Partnership)	June 30, 2023	162,028	RMB15,024,521

Securities/Purchaser	Date of Issuance	Number of Securities	Consideration
Wuhan Rongzhu Information Technology Service Co., Ltd	June 30, 2023	2,981,667	RMB15,024,521
True Thrive Limited	June 30, 2023	87,930	RMB8,115,248
Shanghai Chuyuan Enterprise Management Partnership (Limited Partnership)	June 30, 2023	81,017	RMB7,512,550
Jiaxing ZhenFund Tianyu Equity Investment Partnership (Limited Partnership)	June 30, 2023	54,956	RMB5,071,949
Top Lead Ventures Limited	June 30, 2023	47,562	RMB4,410,263
Jiangxi Everbright Industry Co., Ltd.	June 30, 2023	40,508	RMB3,756,130
Shenzhen Media Group (International	June 30, 2023	40,508	Nominal
Class B Preferred Shares			
Digital WD., Ltd.	September 5, 2022	1,625,295	US$10,000,000
Maison Investment Holding Limited	December 20, 2022	434,604	US$2,674,000
AER Capital SPC	December 20, 2022	487,589	US$3,000,000
Digital WD., Ltd	June 30, 2023	93,396	Nominal
Maison Investment Holding Limited	June 30, 2023	24,974	Nominal
AER Capital SPC	June 30, 2023	28,019	Nominal
Class B-1 Preferred Shares			
DIGLIFE AS	January 10, 2023	12,636,248	US$77,747,389.62
Tolsona Ltd.	January 10, 2023	11,601,582	US$71,381,369.07
Nyx Ventures AS	January 10, 2023	12,375,021	US$76,140,127.01
Get Right Sweden AB	January 10, 2023	822,099	US$5,058,149.99
Shinobi Holdings Limited	January 10, 2023	2,906,798	US$17,884,735.96
Datakrigaren Ventures ApS	January 10, 2023	363,670	US$2,237,561.68
DIGLIFE AS	June 30, 2023	726,133	Nominal
Tolsona Ltd	June 30, 2023	666,676	Nominal
Nyx Ventures AS	June 30, 2023	711,121	Nominal
Get Right Sweden AB	June 30, 2023	47,241	Nominal
Shinobi Holdings Limited	June 30, 2023	167,037	Nominal
Datakrigaren Ventures ApS	June 30, 2023	20,898	Nominal
Options			
Certain directors and employees	July 30, 2021	Options to purchase 2,492,440 ordinary shares	Past and future services provided by these individuals to us
Certain directors and employees	January 1, 2023	Options to purchase 1,631,386 ordinary shares	Past and future services provided by these individuals to us

Item 8. Exhibits and Financial Statement Schedules

(a) Exhibits

See Exhibit Index beginning on page II-6 of this registration statement.

The agreements included as exhibits to this registration statement contain representations and warranties by each of the parties to the applicable agreement. These representations and warranties were made solely for the benefit of the other parties to the applicable agreement and (i) were not intended to be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate; (ii) may have been qualified in such agreement by disclosure that was made to the other party in connection with the negotiation of the applicable agreement; (iii) may apply contract standards of "materiality" that are different from "materiality" under the applicable securities laws; and (iv) were made only as of the date of the applicable agreement or such other date or dates as may be specified in the agreement.

We acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, we are responsible for considering whether additional specific disclosure of material information regarding material contractual provisions is required to make the statements in this registration statement not misleading.

(b) Financial Statement Schedules

Schedules have been omitted because the information required to be set forth therein is not applicable or is shown in the Consolidated Financial Statements or the Notes thereto.

Item 9. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements, certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to 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:

- 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 pursuant to 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.
- 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.
- For the purpose of determining liability under the Securities Act to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it

is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

- For the purpose of determining any liability of the registrant under the Securities Act to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:
  - Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
  - Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
  - The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
  - Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

The undersigned registrant hereby undertakes to file a post-effective amendment to the registration statement to include any financial statements required by Item 8.A of Form 20-F at the start of any delayed offering or throughout a continuous offering.

NIP Group Inc.

Exhibit Index

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement
3.1**	Seventh Amended and Restated Memorandum and Articles of Association of the Registrant, as currently in effect
3.2	Form of Eighth Amended and Restated Memorandum and Articles of Association of the Registrant, effective immediately prior to the completion of this offering
4.1	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, among the Registrant, the depositary and the holders and beneficial owners of American Depositary Shares issued thereunder
4.4†**	Fifth Amended and Restated Shareholders Agreement between the Registrant and other parties thereto dated June 30, 2023
5.1	Opinion of Carey Olsen Singapore LLP regarding the validity of the ordinary shares being registered and certain Cayman Islands tax matters
8.1	Opinion of Carey Olsen Singapore LLP regarding certain Cayman Islands tax matters (included in Exhibit 5.1)
8.2**	Opinion of CM Law Firm regarding certain PRC tax matters (included in Exhibit 99.2)
8.3**	Opinion of Baker & McKenzie Advokatbyrå KB regarding certain Sweden tax matters
10.1**	2021 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 executive officers
10.4	2024 Share Incentive Plan
21.1**	Significant Subsidiaries of the Registrant
23.1	Consent of Marcum Asia CPAs, LLP, an independent registered public accounting firm for the Registrant
23.2	Consent of Marcum Asia CPAs, LLP, an independent registered public accounting firm for Ninjas in Pyjamas Gaming AB
23.3	Consent of Carey Olsen Singapore LLP (included in Exhibit 5.1)
23.4**	Consent of CM Law Firm (included in Exhibit 99.2)
23.5**	Consent of Baker & McKenzie Advokatbyrå KB (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 CM Law Firm regarding certain PRC law matters
99.3**	Consent of Frost & Sullivan
107	Filing Fee Table

* To be filed by amendment.

** Previously filed.

† Portions of this exhibit have been omitted because they both are not material and would be competitively harmful if publicly disclosed.

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 Wuhan, the People's Republic of China and Stockholm, Sweden, on July 5, 2024.

NIP Group Inc.

By: /s/ Mario Yau Kwan Ho
Name: Mario Yau Kwan Ho
Title: Co-Chief Executive Officer

By: /s/ Hicham Chahine
Name: Hicham Chahine
Title: Co-Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed by the following persons in the capacities and on July 5, 2024.

Signature	Title
/s/ Mario Yau Kwan Ho Mario Yau Kwan Ho	Chairman and Co-Chief Executive Officer (Principal Executive Officer)
/s/ Hicham Chahine Hicham Chahine	Director and Co-Chief Executive Officer
* Liwei Sun	Director and President
* Heng Tang	Director and Executive Vice President
* Yanjun Xu	Director and Executive Director
* Lei Zhang	Director and Senior Vice President
* Thomas Neslein	Director
* Felix Granander	Director
* Andrew Reader	Director
* Carter Jack Feldman	Independent Director

Signature	Title
*	Independent Director
Hans Alesund	
*	Chief Financial Officer (Principal Financial and Accounting Officer)
Zhiyong Li	

*By: /s/ Mario Yau Kwan Ho

Name: Mario Yau Kwan Ho
Attorney-in-fact

/s/ Hicham Chahine

Name: Hicham Chahine
Attorney-in-fact

SIGNATURE OF AUTHORIZED REPRESENTATIVE IN THE UNITED STATES

Pursuant to the Securities Act of 1933, the undersigned, the duly authorized representative in the United States of NIP Group Inc. has signed this registration statement or amendment thereto in New York on July 5, 2024.

Authorized U.S. Representative

By: /s/ Colleen A. De Vries

Name: Colleen A. De Vries
Title: Senior Vice-President on behalf of Cogency Global Inc.

Exhibit 3.2

THE COMPANIES ACT (AS REVISED) OF THE CAYMAN ISLANDS

EXEMPTED COMPANY LIMITED BY SHARES

EIGHTH AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION OF NIP GROUP INC.

CAREY OLSEN

THE COMPANIES ACT (AS REVISED) OF THE CAYMAN ISLANDS

EXEMPTED COMPANY LIMITED BY SHARES

EIGHTH AMENDED AND RESTATED

MEMORANDUM OF ASSOCIATION

OF

NIP GROUP INC.

(adopted by Special Resolution passed on 29 June 2024 and effective immediately prior to the completion of the initial public offering of the Company's American Depositary Shares representing the Company's Class A ordinary Shares)

1. The name of the Company is NIP Group Inc.

2. The registered office of the Company shall be at the office of Osiris International Cayman Limited, Suite #4-210, Governors Square, 23 Lime Tree Bay Avenue, PO Box 32311, Grand Cayman KY1-1209, or at such other place as the Directors may from time to time decide.

3. The objects for which the Company is established are unrestricted and the Company shall have full power and authority to carry out any object not prohibited by the Companies Act or any other law of the Cayman Islands.

4. The liability of each Member is limited to the amount from time to time unpaid on such Member's Shares.

5. The authorized share capital of the Company is US$50,000 divided into 500,000,000 shares comprising (i) 461,995,682 Class A ordinary shares of a par value of US$0.0001 each, (ii) 24,641,937 Class B1 ordinary shares of a par value of US$0.0001 each, (iii) 13,362,381 Class B2 ordinary share of a par value of US$0.0001, each of such class or classes (however designated) as the board of directors may determine in accordance with the Articles. Subject to the Companies Act and the Articles, the Company shall have power to redeem or purchase any of its Shares and to increase or reduce its authorized share capital 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.

6. The Company has the power to register by way of continuation outside of the Cayman Islands in accordance with the Companies Act and to de-register as an exempted company in the Cayman Islands.

7. Capitalised terms that are not defined in this Memorandum of Association have the same meaning as those given in the Articles of Association of the Company.

THE COMPANIES ACT (AS REVISED) OF THE CAYMAN ISLANDS

EXEMPTED COMPANY LIMITED BY SHARES

EIGHTH AMENDED AND RESTATED

ARTICLES OF ASSOCIATION

OF

NIP GROUP INC.

(adopted by Special Resolution passed on 29 June 2024 and effective immediately prior to the completion of the initial public offering of the Company's American Depositary Shares representing the Company's Class A ordinary Shares)

CONTENTS

1. PRELIMINARY

1.1 Table A not to apply

The regulations contained or incorporated in Table A in the First Schedule to the Companies Act shall not apply to the Company and these Articles shall apply in place thereof.

1.2 Definitions

"ADS"	means an American Depositary Share representing Class A Ordinary Shares;
"Affiliate"	in respect of a person, means 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 (a) in the case of a natural person, shall include, without limitation, such person's spouse, civil partner, parents, children, siblings, mother-in-law and father-in-law and brothers and sisters-in-law, whether by blood, marriage or adoption or anyone residing in such person's home, a trust for the benefit of any of the foregoing, a company, partnership or any natural person or entity wholly or jointly owned by any of the foregoing and (b) in the case of an entity, shall include a partnership, a corporation or any natural person or entity which directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such entity;
"**Articles**"	means these articles of association of the Company, as amended or substituted from time to time;
"**Auditor**"	means the person (if any) for the time being performing the duties of auditor of the Company;
"**Beneficial Ownership**"	means, with respect to a security, sole or shared voting power (which includes the power to vote, or to direct the voting of, such security) and/or investment power (which includes the power to acquire (or an obligation to acquire) or dispose, or to direct the acquisition or disposal of, such security) and/or a long economic exposure, whether absolute or conditional, to changes in the price of such security, in each case, whether direct or indirect, and whether though any contract, arrangement, understanding, relationship, or otherwise and "**beneficial owner**" shall mean a person entitled to such Interest;
"**Board**"	means, the board of Directors of the Company;
"**business day**"	means any day on which the Exchange is open for the business of dealing in securities;

"**certificated**"	means, in relation to a Share, a Share which is recorded in the Register of Members as being held in certificated form;
"**Class**" or "**Classes**"	means any class or classes of Shares as may from time to time be issued by the Company;
"**Class A Share**"	means a Class A ordinary share of a par value of US$0.0001 in the share capital of the Company;
"**Class B Share**"	means a Class B1 Share or a Class B2 Share;
"**Class B1 Share**"	means a Class B1 ordinary share of a par value of US$0.0001 in the share capital of the Company;
"**Class B2 Share**"	means a Class B2 ordinary share of a par value of US$0.0001 in the share capital of the Company;
"**Class B Majority Holder**"	means a Class B1 Majority Holder or a Class B2 Majority Holder;
"**Class B1 Majority Holder**"	means a Member who holds the highest number of the issued Class B1 ordinary share of a par value of US$0.0001 in the share capital of the Company;
"**Class B2 Majority Holder**"	means a Member who holds the highest number of the issued Class B2 ordinary share of a par value of US$0.0001 in the share capital of the Company;
"**clear days**"	in relation to the period of a notice means that period excluding the day when the notice is served or deemed to be served and the day for which it is given or on which it is to take effect;
"**Clearing House**"	means a clearing house recognised by the laws of the jurisdiction in which the Shares (or any Interests in Shares) are listed or quoted on an Exchange.
"**Companies Act**"	means the Companies Act (as revised) of the Cayman Islands, as amended or revised from time to time;
"**Company**"	means the above-named company;
"**Depository**"	means any person who is a Member by virtue of its holding Shares as trustee or otherwise on behalf of those who have elected to hold Shares in dematerialised form through a Depository Interest.

"**Depository Interest**"	means a dematerialised depository receipt representing the underlying Share in the capital of the Company to be issued by a Depository nominated by the Company.
"**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;
"**Dollar**" or "**US$**"	means the lawful currency of the United States of America;
"**Electronic Record**"	has the same meaning as in the Electronic Transactions Act;
"**Electronic Transactions Act**"	means the Electronic Transactions Act (as revised) of the Cayman Islands, as amended or revised from time to time;
"**Exchange**"	means the Nasdaq Stock Market or the Nasdaq Global Select Market for so long as any Shares or Interests in Shares are there listed or quoted and any other recognised securities exchange(s) on which any Shares or Interests in Shares are listed or quoted for trading from time to time;
"**Exchange Rules**"	means any relevant code, rules and regulations, as amended, from time to time, applicable as a result of the original and continued listing or quotation of any Shares (or any Interests in Shares) on an Exchange;
"**Founder Member Appointed Director**"	means any Member Appointed Director appointed by a holder of Class B Share in accordance with Article 29.2(a);
"**Group**"	means the group comprising the Company and its subsidiary undertakings (not including any parent undertaking of the Company);
"**Group Undertaking**"	means any undertaking in the Group, including the Company;
"**Interest**"	in securities or in a person means any form of Beneficial Ownership (including, for the avoidance of doubt, any derivative, contractual or economic right or contract for difference) of securities of such person;
"**Listed Share**"	means a Share that is listed or admitted to trading on an Exchange;
"**Listed Share Register**"	means the register of members which registers the holdings of Listed Shares;
"**Member**"	means any person from time to time entered in the Register of Members as a holder of one or more Shares (and may also be referred to as Shareholder);

"**Member Appointed Director**"	has the meaning given to that term in Article 29.2 (a);
"**Memorandum**"	means the memorandum of association of the Company, as amended or substituted from time to time;
"**Ordinary Resolution**"	means a resolution: (a) passed by (i) a simple majority of 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 by the Articles; and (ii) a simple majority of such holders of Class B1 Shares 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 holder of Class B1 Shares is entitled by the Articles, and further (iii) a simple majority of such holders of Class B2 Shares 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 holder of Class B2 Shares is entitled by the Articles; or (b) approved in writing by all of the Members entitled to vote at a general meeting of the Company, passed in accordance with these Articles;
"**Register of Members**"	means the Listed Share Register, the Unlisted Share Register and any branch register(s) in each case as the context requires;
"**Registered Office**"	means the registered office for the time being of the Company in the Cayman Islands;
"**Relevant System**"	means any computer-based system and procedures permitted by the Exchange Rules, which enable title to Interests in a security to be evidenced and transferred without a written instrument, and which facilitate supplementary and incidental matters;

"**Seal**"	means the common seal of the Company (if any) and includes every duplicate seal;
"**Secretary**"	means any person or persons appointed by the Directors to perform any of the duties of the secretary of the Company;
"**Share**"	means a Class A Share, a Class B1 Share or a Class B2 Share in the capital of the Company and includes a fraction of a Share;
"**Special Resolution**"	means a special resolution passed in accordance with the Companies Act, being a resolution: (a) passed by a majority of not less than two-thirds of 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 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, subject to any Weighted Voting Right, 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, passed in accordance with these Articles;
"**subsidiary undertaking**"	a company or undertaking is a subsidiary of a parent undertaking if the parent undertaking (i) holds a majority of the voting rights in it, or (ii) is a member of it and has the right to appoint or remove a majority of its board of directors, or (iii) is a member of it and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in it;
"**Treasury Shares**"	means Shares held in treasury pursuant to the Companies Act and these Articles;
"**uncertificated**"	means, in relation to a Share, a Share to which title is recorded in the Register of Members as being in uncertificated form and title to which may be transferred by means of a Relevant System;
"**Uncertificated Proxy Instruction**"	means a properly authenticated dematerialised instruction and/or other instruction or notification, which is sent by means of the Relevant System concerned and received by such participant in that system acting on behalf of the Company as the Directors may prescribe, in such form and subject to such terms and conditions as may from time to time be prescribed by the Directors (subject always to the facilities and requirements of the Relevant System concerned);

"**Unlisted Share Register**"	means the register of members that registers the holdings of Unlisted Shares and which, for the purposes of the Companies Act, constitutes the Company's "principal register";
"**Unlisted Shares**"	means a Share that is not listed or admitted to trading on an Exchange; and
"**Weighted Voting Right**"	any provision pursuant to which the voting power that any Member is entitled to exercise with respect to any Shares registered in the name of the Member is increased or decreased, as the case may be.

1.3 Interpretation

Unless the contrary intention appears, in these Articles:

(a) singular words include the plural and vice versa;

(b) a word of any gender includes the corresponding words of any other gender;

(c) references to "persons" include natural persons, companies, partnerships, firms, joint ventures, associations or other bodies of persons (whether or not incorporated);

(d) a reference to a person includes that person's successors and legal personal representatives;

(e) "writing" and "written" includes any method of representing or reproducing words in a visible form, including in the form of an Electronic Record;

(f) a reference to "shall" shall be construed as imperative and a reference to "may" shall be construed as permissive;

(g) in relation to determinations to be made by the Directors and all powers, authorities and discretions exercisable by the Directors under these Articles, the Directors may make those determinations and exercise those powers, authorities and discretions in their sole and absolute discretion, either generally or in a particular case, subject to any qualifications or limitations expressed in these Articles or imposed by law;

(h) any reference to the powers of the Directors shall include, when the context admits, the service providers or any other person to whom the Directors may, from time to time, delegate their powers;

(i) the term "and/or" is used in these Articles to mean both "and" as well as "or". The use of "and/or" in certain contexts in no respects qualifies or modifies the use of the terms "and" or "or" in others. "Or" shall not be interpreted to be exclusive, and "and" shall not be interpreted to require the conjunctive, in each case unless the context requires otherwise;

(j) any phrase introduced by the terms "including", "includes", "in particular" or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms;

(k) headings are inserted for reference only and shall not affect construction;

(l) a reference to a law includes regulations and instruments made under that law;

(m) a reference to a law or a provision of law includes amendments, re-enactments, consolidations or replacements of that law or the provision;

(n) "fully paid" and "paid up" means paid up as to the par value and any premium payable in respect of the issue or re-designation of any Shares and includes credited as fully paid;

(o) where an Ordinary Resolution is expressed to be required for any purpose, a Special Resolution is also effective for that purpose;

(p) sections 8 and 19(3) of the Electronic Transactions Act are hereby excluded;

(q) references to the Exchange Rules shall only apply if the Company is listed on the Exchange; and

(r) a reference to the exercise by a Member of "voting power" or words to that effect, shall be construed as a reference to the percentage of the votes permitted to be cast by such Member at the relevant meeting of Members as a percentage of the aggregate number of votes permitted to be cast by Members entitled to attend and vote at such meeting. Where there is more than one Member holding Class B Shares that is subject to a Weighted Voting Right for the purposes of passing a Special Resolution, then the voting power entitled to be exercised in respect of such Class B Shares, shall be divided equally between the Class B1 Majority Holder and the Class B2 Majority Holder, provided always that:

(i) in the event that a Class B Majority Holder votes "against" a Special Resolution (the "**Relevant Class B Majority Holder**"), then all of the voting power entitled to be exercised in respect of such Class B Shares, shall be exercised by that Relevant Class B Majority Holder only, and

(ii) if there is only one Class B Majority Holder then the voting power entitled to be exercised in respect of such Class B Shares, shall be exercised by that Class B Majority Holder alone.

2. COMMENCEMENT OF BUSINESS

2.1 The business of the Company may be commenced as soon after incorporation as the Directors shall see fit.

2.2 The Directors may pay, out of the capital or any other monies of the Company, all expenses incurred in connection with the formation and operation of the Company, including the expenses of registration and any expenses relating to the offer of, subscription for, or issuance of Shares.

2.3 Expenses may be amortised over such period as the Directors may determine.

3. REGISTERED OFFICE AND OTHER OFFICES

3.1 Subject to the provisions of the Companies Act, the Company may by resolution of the Directors change the location of its Registered Office.

3.2 The Directors, in addition to the Registered Office, may in their discretion establish and maintain such other offices, places of business and agencies whether within or outside of the Cayman Islands.

4. SERVICE PROVIDERS

The Directors may appoint any person to act as a service provider to the Company and may delegate to any such service provider any of the functions, duties, powers and discretions available to them as Directors, upon such terms and conditions (including as to the remuneration payable by the Company) and with such powers of sub-delegation, but subject to such restrictions, as they think fit.

5. ISSUE OF SHARES

5.1 Power of Directors to issue Shares

(a) The issue of Shares is under the control of the Directors who may:

(i) offer, issue, allot or otherwise dispose of them to such persons, in such manner, on such terms and having such rights and being subject to such restrictions, as they may from time to time determine; and

(ii) grant options over such Shares and issue warrants, convertible securities or similar instruments with respect thereto, subject to the Companies Act, the Memorandum, these Articles, the Exchange Rules (where applicable), any resolution that may be passed by the Company in general meeting and any rights attached to any Shares or Class of Shares.

save that the Directors shall not allot, issue, grant options over or otherwise dispose of Shares (including fractions of a Share) to the extent that it may affect the ability of the Company to carry out a conversion of Class B Shares pursuant to Article 6.3.

(b) The Directors may authorise the division of Shares into any number of Classes and the different Classes 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, conversion, return of capital and redemption rights), restrictions, powers, preferences, privileges and payment obligations as between the different Classes (if any) shall be fixed and determined by the Directors. The Directors may issue Shares with such preferred or other rights, all or any of which may be greater than the rights of Ordinary Shares, at such time and on such terms as they may think appropriate. Notwithstanding Article 19.1, the Directors may issue from time to time, out of the authorised share capital of the Company (other than the authorised but unissued Ordinary Shares), series of preferred shares in their absolute discretion and without approval of the Members; provided, however, before any preferred shares of any such series are issued, the Directors shall by resolution of Directors determine, with respect to any series of preferred shares, the terms and rights of that series, including:

(i) the designation of such series, the number of preferred shares to constitute such series and the subscription price thereof if different from the par value thereof;

(ii) whether the preferred shares of such series shall have voting rights, in addition to any voting rights provided by law, and, if so, the terms of such voting rights, which may be general or limited;

(iii) the dividends, if any, payable on such series, whether any such dividends shall be cumulative, and, if so, from what dates, the conditions and dates upon which such dividends shall be payable, and the preference or relation which such dividends shall bear to the dividends payable on any shares of any other class or any other series of shares;

(iv) whether the preferred shares of such series shall be subject to redemption by the Company, and, if so, the times, prices and other conditions of such redemption;

(v) whether the preferred shares of such series shall have any rights to receive any part of the assets available for distribution amongst the Members upon the liquidation of the Company, and, if so, the terms of such liquidation preference, and the relation which such liquidation preference shall bear to the entitlements of the holders of shares of any other class or any other series of shares;

(vi) whether the preferred shares of such series shall be subject to the operation of a retirement or sinking fund and, if so, the extent to and manner in which any such retirement or sinking fund shall be applied to the purchase or redemption of the preferred shares of such series for retirement or other corporate purposes and the terms and provisions relative to the operation thereof;

(vii) whether the preferred shares of such series shall be convertible into, or exchangeable for, shares of any other class or any other series of preferred shares or any other securities and, if so, the price or prices or the rate or rates of conversion or exchange and the method, if any, of adjusting the same, and any other terms and conditions of conversion or exchange;

(viii) the limitations and restrictions, if any, to be effective while any preferred shares of such series are outstanding upon the payment of dividends or the making of other distributions on, and upon the purchase, redemption or other acquisition by the Company of, the existing shares or shares of any other class of shares or any other series of preferred shares;

(ix) the conditions or restrictions, if any, upon the creation of indebtedness of the Company or upon the issue of any additional shares, including additional shares of such series or of any other class of shares or any other series of preferred shares; and

(x) any other powers, preferences and relative, participating, optional and other special rights, and any qualifications, limitations and restrictions thereof;

and, for such purposes, the Directors may reserve an appropriate number of Shares for the time being unissued.

(c) 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.

5.2 Payment of commission or brokerage

Subject to the provisions of the Companies Act, the Company may pay a commission or brokerage in connection with the subscription for or issue of any Shares. The Company may pay the commission or brokerage in cash or by issuing fully or partly paid Shares or by a combination of both.

5.3 No Shares to bearer

The Company shall not issue Shares to bearer.

5.4 Fractional Shares

The Directors may issue fractions of a Share of any Class, and, if so issued, a fraction of a Share (calculated to such decimal points as the Directors may determine) shall be subject to and carry the corresponding fraction of liabilities (whether with respect to any unpaid amount thereon, contribution, calls or otherwise), limitations, preferences, privileges, qualifications, restrictions, rights (including, without limitation, voting and participation rights) and other attributes of a whole Share of the same Class. If more than one fraction of a Share of the same Class is issued to or acquired by the same Shareholder such fractions shall be accumulated.

5.5 Treasury Shares

(a) Shares that the Company purchases, redeems or acquires by way of surrender in accordance with the Companies Act shall be held as Treasury Shares and not treated as cancelled if:

(i) the Directors so determine prior to the purchase, redemption or surrender of those shares; and

(ii) the relevant provisions of the Memorandum and Articles, the Companies Act and the Exchange Rules are otherwise complied with.

(b) No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made to the Company in respect of a Treasury Share.

(c) The Company shall be entered in the Register of Members as the holder of the Treasury Shares. However:

(i) the Company shall not be treated as a Member for any purpose and shall not exercise any right in respect of the Treasury Shares, and any purported exercise of such a right shall be void; and

(ii) a Treasury Share shall not be voted, directly or indirectly, at any general meeting of the Company and shall not be counted in determining the total number of issued Shares at any given time, whether for the purposes of these Articles or the Companies Act.

(d) Nothing in paragraph (c) above prevents an allotment of Shares as fully paid up bonus Shares in respect of a Treasury Share and Shares allotted as fully paid up bonus Shares in respect of a Treasury Share shall be treated as Treasury Shares.

(e) Treasury Shares may be disposed of by the Company in accordance with the Companies Act and otherwise on such terms and conditions as the Directors determine.

6. SPECIAL RIGHTS ATTACHING TO CLASS B SHARES

6.1 Special Voting Rights

(a) The Class A Shares shall confer upon such Members the right to receive notice of and to attend and to vote at any general meeting of the Company, and at any such meeting, subject to any Weighted Voting Right, the holders of Class A Shares shall have one vote per Class A Share held.

(b) The Class B1 Shares shall confer upon such Members the right to receive notice of and to attend and to vote at any general meeting of the Company, and at any such meeting, subject to any Weighted Voting Provision, the holders of Class B1 Shares shall have twenty (20) votes per Class B1 Share held.

(c) The Class B2 Shares shall confer upon such Members the right to receive notice of and to attend and to vote at any general meeting of the Company, and at any such meeting, subject to any Weighted Voting Provision, the holders of Class B2 Shares shall have twenty (20) votes per Class B2 Share held.

6.2 Weighted Voting Rights

At any general meeting of the Company convened to consider any Special Resolution, the voting power permitted to be exercised by the holders of Class B Shares shall be weighted in respect of such Special Resolution such that the Class B Shares shall be entitled to exercise, in the aggregate, sixty-seven per cent. (67%) of the voting power of all Members entitled to receive notice of, attend and vote at any such general meeting of the Company.

6.3 Class B Share Conversion

(a) Each Class B Share is convertible into one (1) Class A Share at any time at the option of the holder thereof (the "**Initial Conversion Ratio**"). The right to convert shall be exercisable by the holder of the Class B Share delivering a written notice to the Company that such holder elects to convert a specified number of Class B Shares into Class A Shares.

(b) Class B1 Shares shall automatically convert into Class A Shares at the Initial Conversion Ratio upon the occurrence of any of the following:

(i) any direct or indirect sale, transfer, assignment or disposition of such number of Class B1 Shares by the holder thereof or the direct or indirect transfer to any person that is neither an Affiliate of such holder nor another holder of the same class of Shares or an Affiliate of such another holder;

for the avoidance of doubt, the creation of any pledge, charge, encumbrance or other third party right of whatever description on any of Class B1 Shares to secure contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition under this clause (i) unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in a third party, which is neither an Affiliate of such holder nor another holder of the same class of Shares or an Affiliate of such another holder, holding directly or indirectly beneficial ownership or voting power through voting proxy or otherwise to the related Class B1 Shares, in which case all the related Class B1 Shares shall be automatically converted into the same number of Class A Shares; or

(ii) any direct or indirect sale, transfer, assignment or disposition of a majority of the issued and voting securities of, or the direct or indirect transfer, or the direct or indirect sale, transfer, assignment or disposition of all or substantially all of the assets of, a holder of Class B1 Shares that is an entity to any person that is neither an Affiliate of such holder nor another holder of the same class of Shares or an Affiliate of such holder;

for the avoidance of doubt, the creation of any pledge, charge, encumbrance or other third party right of whatever description on the issued and outstanding voting securities or the assets of a holder of Class B1 Shares that is an entity to secure contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition under this clause (b) unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in a third party, which is neither an Affiliate of such holder nor another holder of the same class of Shares or an Affiliate of such another holder, holding directly or indirectly beneficial ownership or voting power through voting proxy or otherwise to the related issued and outstanding voting securities or the assets.

(iii) If a holder of Class B1 Shares holds less than five percent (5%) of the issued Shares, all of the Class B1 Shares held by the relevant holder and its Affiliates shall automatically convert into an equivalent number of Class A Shares.

(c) Class B2 Shares shall automatically convert into Class A Shares at the Initial Conversion Ratio upon the occurrence of any of the following:

(i) any direct or indirect sale, transfer, assignment or disposition of such number of Class B2 Shares by the holder thereof or the direct or indirect transfer to any person that is neither an Affiliate of such holder nor another holder of the same class of Shares or an Affiliate of such another holder;

for the avoidance of doubt, the creation of any pledge, charge, encumbrance or other third party right of whatever description on any of Class B2 Shares to secure contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition under this clause (i) unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in a third party, which is neither an Affiliate of such holder nor another holder of the same class of Shares or an Affiliate of such another holder, holding directly or indirectly beneficial ownership or voting power through voting proxy or otherwise to the related Class B2 Shares, in which case all the related Class B2 Shares shall be automatically converted into the same number of Class A Shares; or

(ii) any direct or indirect sale, transfer, assignment or disposition of a majority of the issued and voting securities of, or the direct, or the direct or indirect sale, transfer, assignment or disposition of all or substantially all of the assets of, a holder of Class B2 Shares that is an entity to any person that is neither an Affiliate of such holder nor another holder of the same class of Shares or an Affiliate of such holder;

for the avoidance of doubt, the creation of any pledge, charge, encumbrance or other third party right of whatever description on the issued and outstanding voting securities or the assets of a holder of Class B2 Shares that is an entity to secure contractual or legal obligations shall not be deemed as a sale, transfer, assignment or disposition under this clause (b) unless and until any such pledge, charge, encumbrance or other third party right is enforced and results in a third party, which is neither an Affiliate of such holder nor another holder of the same class of Shares or an Affiliate of such another holder, holding directly or indirectly beneficial ownership or voting power through voting proxy or otherwise to the related issued and outstanding voting securities or the assets.

(iii) If a holder of Class B2 Shares holds less than five percent (5%) of the issued Shares, all of the Class B2 Shares held by the relevant holder and its Affiliates shall automatically convert into an equivalent number of Class A Shares.

(d) The Initial Conversion Ratio shall be adjusted to account for any subdivision (by share split, subdivision, exchange, capitalisation, rights issue, reclassification, recapitalisation or otherwise) or combination (by reverse share split, share consolidation, exchange, reclassification, recapitalisation or otherwise) or similar reclassification or recapitalisation of the Class A Shares in issue into a greater or lesser number of shares occurring after the original filing of the Articles without a proportionate and corresponding subdivision, combination or similar reclassification or recapitalisation of the Class B1 Shares and Class B2 Shares in issue.

(e) Any conversion of Class B Shares into Class A Shares pursuant to these Articles shall be effected by means of the re-designation of each relevant Class B Share as a Class A Share. Such conversion shall become effective (i) in the case of any conversion effected pursuant to Article 6.3(a), forthwith upon the receipt by the Company of the written notice delivered to the Company as described therein (or at such later date as may be specified in such notice), or (ii) in the case of any automatic conversion effected pursuant to Article 6.3 (b) or Article 6.3(c), forthwith upon occurrence of the event specified therein which triggers such automatic conversion, and the Company shall make entries in the Register to record the re-designation of the relevant Class B Shares as Class A Shares at the relevant time.

(f) References in this Article to "converted", "conversion" or "exchange" shall mean the compulsory redemption without notice of Class B1 Shares or Class B2 Shares of any Member and, on behalf of such Members, automatic application of such redemption proceeds in paying for such new Class A Shares into which the Class B1 Shares and Class B2 Shares have been converted or exchanged at a price per Class B1 Share or Class B2 Share necessary to give effect to a conversion or exchange calculated on the basis that the Class A Shares to be issued as part of the conversion or exchange will be issued at par. The Class A Shares to be issued on an exchange or conversion shall be registered in the name of such Member or in such name as the Member may direct.

(g) Notwithstanding anything to the contrary in this Article, in no event may any Class B1 Share or Class B2 Share convert into Class A Shares at a ratio that is less than one-for-one.

(h) The Company shall at all times keep available out of its authorised but unissued Class A Shares solely for the purpose of effecting the conversion of the Class B Shares such number of its Class A Shares as shall from time to time be sufficient to effect the conversion of all issued Class B Shares, and if at any time the number of authorized but unissued Class A Shares shall not be sufficient to effect the conversion of all then issued Class B Shares, in addition to such other remedies as shall be available to the holder of such Class B 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 Class A Shares to such number of shares as shall be sufficient for such purposes.

(i) Class A Shares are not convertible into Class B Shares under any circumstances.

6.4 Other Special Rights

Save and except for voting rights and conversion rights as set out in this Article 6, Class A Shares, the Class B1 Shares and the Class B2 Shares shall rank *pari passu* with one another and shall have the same rights, preferences, privileges and restrictions.

7. REGISTER OF MEMBERS

7.1 Duty to establish and maintain a Register of Members

(a) The Directors shall cause the Company to keep at its Registered Office, or at any other place within or outside the Cayman Islands they think fit, the Register of Members (which, for the avoidance of doubt, comprises the Listed Share Register, the Unlisted Share Register and any branch register(s) maintained from time to time) in which shall be entered:

(i) the particulars of the Members;

(ii) the particulars of the Shares issued to each of them; and

(iii) other particulars required under the Companies Act and the Exchange Rules (as appropriate).

(b) If the recording complies with the Companies Act, the Exchange Rules and any other applicable law, the Listed Share Register may be kept by recording the particulars required under the Companies Act in a form otherwise than in a physically written form. However, to the extent the Listed Share Register is kept in a form otherwise than in a physically written form, it must be capable of being reproduced in a legible form.

7.2 Power to establish and maintain branch registers

(a) Subject to the Exchange Rules, the rules and regulations of the Relevant System and any other applicable laws, if the Directors consider it necessary or desirable, whether for administrative purposes or otherwise, they may cause the Company to establish and maintain a branch register or registers of members of such category or categories and at such location or locations within or outside the Cayman Islands as they think fit.

(b) The Company shall cause to be kept at the place where the Unlisted Share Register is kept, a duplicate of any branch register duly entered up from time to time. Subject to this Article, with respect to a duplicate of any branch register:

(i) the Unlisted Shares registered in the branch register shall be distinguished from those registered in the Unlisted Share Register; and

(ii) no transaction with respect to any Unlisted Shares registered in a branch register shall, during the continuance of that registration, be registered in any other register.

(c) The Company may discontinue keeping any branch register and thereupon all entries in such branch register shall be transferred to another branch register kept by the Company or to the Unlisted Share Register.

8. CLOSING REGISTER OF MEMBERS AND FIXING RECORD DATE

8.1 Power of Directors to close the Register of Members

For the purpose of determining Members entitled to notice of, or to vote at any meeting of Members or any adjournment of a meeting, or Members entitled to receive payment of any dividend or distribution, or in order to make a determination of Members for any other proper 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 (30) days.

8.2 Power of Directors to fix a record date

In lieu of, or apart from, closing the Register of Members, the Directors may fix in advance or arrear a date as the record date for any such determination of Members entitled to notice of or to vote at a meeting of the Members, and for the purpose of determining the Members entitled to receive payment of any dividend or distribution, or in order to make a determination of Members for any other purpose.

8.3 Circumstances where Register of Members is not closed and no fixed record date

If the Register of Members is not 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 or distribution, 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 of that meeting.

9. CERTIFICATED SHARES

9.1 Right to certificates

Subject to the Companies Act, the requirements of (to the extent applicable) the Exchange Rules and/or the Exchange, and these Articles, every person, upon becoming the holder of a certificated Share is entitled, without charge, to one certificate for all the certificated Shares of a Class in his name, or in the case of certificated Shares of more than one Class being registered in his name, to a separate certificate for each Class of Shares, unless the terms of issue of the Shares provide otherwise.

9.2 Form of share certificates

Share certificates, if any, shall be in such form as the Directors may determine and shall be signed by one or more Directors or other person authorised by the Directors. The Directors may authorise share certificates to be issued with the authorised signature(s) affixed by mechanical process. All share certificates shall be consecutively numbered or otherwise identified and shall specify the number and Class of Shares to which they relate and the amount paid up thereon or the fact that they are fully paid, as the case may be. All share 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 evidencing a like number of relevant Shares shall have been surrendered and cancelled. Where only some of the certificated Shares evidenced by a share certificate are transferred, the old certificate shall be surrendered and cancelled and a new certificate for the balance of the certificated Shares shall be issued in lieu without charge.

9.3 Certificates for jointly-held Shares

If the Company issues a share certificate in respect of certificated Shares held jointly by more than one person, delivery of a single share certificate to one joint holder shall be a sufficient delivery to all of them.

9.4 Replacement of share certificates

If a share certificate is defaced, worn-out or alleged to have been lost, stolen or destroyed, a new share certificate shall be issued on the payment of such expenses reasonably incurred by the Company and the person requiring the new share certificate shall first surrender the defaced or worn-out share certificate or give such evidence of the loss, theft or destruction of the share certificate and such indemnity to the Company as the Directors may require.

10. UNCERTIFICATED SHARES

10.1 Uncertificated Shares held by means of a Relevant System

(a) The Directors may permit Shares to be held in uncertificated form and shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any Class of Shares to be transferred by means of a Relevant System of holding and transferring Shares (subject always to any applicable law and the requirements of the Relevant System concerned).

(b) (For the purpose of this Article 10, the expression "Shares", where the context permits, also includes Interests in such Shares).

10.2 Disapplication of inconsistent Articles

Where the arrangements described in this Article 10 are implemented, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

(a) the holding of Shares of that Class in uncertificated form; and

(b) the facilities and requirements of the Relevant System.

10.3 Arrangements for uncertificated Shares

Notwithstanding anything contained in these Articles (but subject always to the Companies Act, any other applicable laws and regulations and the facilities and requirements of any Relevant System):

(a) unless the Directors otherwise determine, Shares held by the same holder or joint holder in certificated form and uncertificated form shall be treated as separate holdings;

(b) conversion of Shares held in certificated form into Shares held in uncertificated form, and vice versa, may be made in such a manner as the Directors may in their absolute discretion think fit and in accordance with applicable regulations;

(c) shares may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in such manner as the Directors may in their absolute discretion, think fit;

(d) Article 14.2 shall not apply in respect of Shares recorded on the Register of Members as being held in uncertificated form to the extent that Article 14.2 requires or contemplates the effecting of a transfer by an instrument in writing and the production of a certificate for the Share to be transferred;

(e) a Class of Share shall not be treated as two Classes by virtue only of that Class comprising both certificated and uncertificated Shares or as a result of any provision of these Articles or any other applicable law or regulation which applies only in respect of certificated and uncertificated Shares;

(f) where the Company is entitled under applicable law or these Articles to sell, transfer or otherwise dispose of, redeem, repurchase, re-allot, accept the surrender of, forfeit or enforce a lien over, a Share in the Company, the Directors shall, subject to such applicable laws, these Articles and the facilities and requirements of the Relevant System be entitled (without limitation):

(i) to require the holder of that Share by notice to convert that Share into certificated form within the period specified in the notice and to hold that Share in certificated form so long as required by the Company;

(ii) to require the operator of the Relevant System to convert that Share into certificated form;

(iii) to require the holder of that Share by notice to give any instructions necessary to transfer title to that Share by means of the Relevant System within the period specified in the notice;

(iv) to require the holder of that Share by notice to appoint any person to take any step, including without limitation the giving of any instructions by means of the Relevant System, necessary to transfer that Share within the period specified in the notice;

(v) to take any other action that the Directors consider necessary or expedient to achieve the sale, transfer, disposal, re-allotment, forfeiture or surrender of that Share or otherwise to enforce a lien in respect of that Share;

(vi) to require the deletion of any entries in the Relevant System reflecting the holding of such Share in uncertificated form; and

(vii) to require the operator of the Relevant System to alter the entries in the Relevant System so as to divest the holder of the relevant Share of the power to transfer such Share other than to a person selected or approved by the Directors for the purposes of such transfer.

(g) Article 9 shall not apply so as to require the Company to issue a certificate to any person holding Shares in uncertificated form.

11. DEPOSITORY INTERESTS

11.1 Depository Interests held by means of a Relevant System

The Directors may permit Shares of any Class to be represented by Depository Interests and to be transferred or otherwise dealt with by means of a Relevant System and may revoke any such permission.

11.2 Disapplication of inconsistent Articles

Where the arrangements described in this Article 11 are implemented, no provision of these Articles shall apply or have effect to the extent that it is in any respect inconsistent with:

(a) the holding of Depository Interests; and

(b) the facilities and requirements of the Relevant System.

11.3 Arrangements for Depository Interests

(a) The Directors may make such arrangements or regulations (if any) as they may from time to time in their absolute discretion think fit in relation to the evidencing, issue and transfer of Depository Interests and otherwise for the purpose of implementing and/or supplementing the provisions of this Article 11 and the Exchange Rules and the facilities and requirements of the Relevant System.

(b) The Company may use the Relevant System in which any Depository Interests are held to the fullest extent available from time to time in the exercise of any of its powers or functions under the Companies Act, the Exchange Rules or these Articles or otherwise in effecting any actions.

(c) For the purpose of effecting any action by the Company, the Directors may determine that Depository Interests held by a person shall be treated as a separate holding from certificated Shares held by that person.

11.4 Not separate Class

Shares in a particular Class shall not form a separate Class of Shares from other Shares in that Class because they are dealt with as Depository Interests.

11.5 Power of sale

(a) Where the Company is entitled under applicable law or these Articles to sell, transfer or otherwise dispose of, redeem, repurchase, re-allot, accept the surrender of, forfeit or enforce a lien over, any Share represented by a Depository Interest, the Directors shall, subject to such applicable laws, these Articles and the facilities and requirements of the Relevant System be entitled (without limitation):

(b) to require the holder of that Depository Interest by notice to convert that Share represented by the Depository Interest into certificated form within the period specified in the notice and to hold that Share in certificated form so long as required by the Company;

(c) to require the holder of that Depository Interest by notice to give any instructions necessary to transfer title to that Share by means of the Relevant System within the period specified in the notice;

(d) to require the holder of that Depository Interest by notice to appoint any person to take any step, including without limitation the giving of any instructions by means of the Relevant System, necessary to transfer that Share within the period specified in the notice; and

(e) to take any other action that the Directors consider necessary or expedient to achieve the sale, transfer, disposal, re-allotment, forfeiture or surrender of that Share or otherwise to enforce a lien in respect of that Share.

12. CALLS ON SHARES

12.1 Calls, how made

(a) Subject to the terms on which Shares are allotted, the Directors may make calls on the Members (and any persons entitled by transmission) in respect of any amounts unpaid on their Shares (whether in respect of nominal value or premium or otherwise) and not payable on a date fixed by or in accordance with the allotment terms. Each such Member or other person shall pay to the Company the amount called, subject to receiving at least fourteen (14) clear days' notice specifying when and where the payment is to be made, as required by such notice.

(b) A call may be made payable by instalments. A call shall be deemed to have been made when the resolution of the Directors authorising it is passed. A call may, before the Company's receipt of any amount due under it, be revoked or postponed in whole or in part as the Directors may decide. A person upon whom a call is made will remain liable for calls made on him notwithstanding the subsequent transfer of the Shares in respect of which the call was made.

12.2 Liability of joint holders

The joint holders of a Share shall be jointly and severally liable to pay all calls in respect of it.

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lf the whole of the sum payable in respect of any call is not paid by the day it becomes due and payable, the person from whom it is due shall pay all costs, charges and expenses that the Company may have incurred by reason of such non-payment, together with interest on the unpaid amount from the day it became due and payable until it is paid at the rate fixed by the terms of the allotment of the Share or in the notice of the call or, if no rate is fixed, at such rate as the Directors shall determine. The Directors may waive payment of such costs, charges, expenses or interest in whole or in part.

12.4 Differentiation

Subject to the allotment terms, the Directors may make arrangements on or before the issue of Shares to differentiate between the holders of Shares in the amounts and times of payment of calls on their Shares.

12.5 Payment in advance of calls

(a) The Directors may receive from any Member (or any person entitled by transmission) all or any part of the amount uncalled and unpaid on the Shares held by him (or to which he is entitled). The liability of each such Member or other person on the Shares to which such payment relates shall be reduced by such amount. The Company may pay interest on such amount from the time of receipt until the time when such amount would, but for such advance, have become due and payable at such rate as the Directors may decide.

(b) No sum paid up on a Share in advance of a call shall entitle the holder to any portion of a dividend subsequently declared or paid in respect of any period prior to the date on which such sum would, but for such payment, become due and payable.

12.6 Restrictions if calls unpaid

Unless the Directors decide otherwise, no Member shall be entitled to receive any dividend or to be present or vote at any meeting or to exercise any right or privilege as a Member until he has paid all calls due and payable on every Share held by him, whether alone or jointly with any other person, together with interest and expenses (if any) to the Company.

12.7 Sums due on allotment treated as calls

Any sum payable in respect of a Share on allotment or at any fixed date, whether in respect of the nominal value of the Share or by way of premium or otherwise or as an instalment of a call, shall be deemed to be a call. lf such sum is not paid, these Articles shall apply as if it had become due and payable by virtue of a call.

13. FORFEITURE OF SHARES

13.1 Forfeiture after notice of unpaid call

(a) lf a call or an instalment of a call remains unpaid after it has become due and payable, the Directors may give to the person from whom it is due not less than fourteen (14) days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses that the Company may have incurred by reason of such non-payment. The notice shall state the place where payment is to be made and that if the notice is not complied with the Shares in respect of which the call was made will be liable to be forfeited. lf the notice is not complied with, any Shares in respect of which it was given may, before the payment required by the notice has been made, be forfeited by a resolution of the Directors. The forfeiture will include all dividends and other amounts payable in respect of the forfeited Shares which have not been paid before the forfeiture.

(b) The Directors may accept the surrender of a Share which is liable to be forfeited in accordance with these Articles. All provisions in these Articles which apply to the forfeiture of a Share also apply to the surrender of a Share.

13.2 Notice after forfeiture

When a Share has been forfeited, the Company shall give notice of the forfeiture to the person who was before forfeiture the holder of the Share or the person entitled by transmission to the Share. An entry that such notice has been given and of the fact and date of forfeiture shall be made in the Register of Members. Notwithstanding the above, no forfeiture will be invalidated by any omission to give such notice or make such entry.

13.3 Consequences of forfeiture

(a) A Share shall, on its forfeiture, become the property of the Company.

(b) All interest in and all claims and demands against the Company in respect of a Share and all other rights and liabilities incidental to the Share as between its holder and the Company shall, on its forfeiture, be extinguished and terminate except as otherwise stated in these Articles.

(c) The holder of a Share (or the person entitled to it by transmission) which is forfeited shall:

(i) on its forfeiture cease to be a Member (or a person entitled) in respect of it;

(ii) if a certificated Share, surrender to the Company for cancellation the share certificate for the Share;

(iii) remain liable to pay to the Company all monies payable in respect of the Share at the time of forfeiture, with interest from such time of forfeiture until the time of payment, in the same manner in all respects as if the Share had not been forfeited; and

(iv) remain liable to satisfy all (if any) claims and demands which the Company might have enforced in respect of the Share at the time of forfeiture without any deduction or allowance for the value of the Share at the time of forfeiture or for any consideration received on its disposal.

13.4 Disposal of forfeited Share

(a) A forfeited Share may be sold, re-allotted or otherwise disposed of on such terms and in such manner as the Directors may decide either to the person who was before the forfeiture the holder or to any other person. At any time before the disposal, the forfeiture may be cancelled on such terms as the Directors may decide. Where for the purpose of its disposal a forfeited Share is to be transferred to any transferee, the Directors may:

(i) in the case of certificated Shares, authorise a person to execute an instrument of transfer of Shares in the name and on behalf of their holder to the purchaser or as the purchaser may direct;

(ii) in the case of uncertificated Shares, exercise any power conferred on them by Article 10.3(f) to effect a transfer of the Shares; and

(iii) if the Share is represented by a Depository Interest, exercise any of the Company's powers under Article 11.5 to effect the sale of the Share to, or in accordance with the directions of, the buyer.

(b) The purchaser will not be bound to see to the application of the purchase monies in respect of any such sale. The title of the transferee to the Shares will not be affected by any irregularity in or invalidity of the proceedings connected with the sale or transfer. Any instrument or exercise referred to at paragraph (a) of this Article shall be effective as if it had been executed or exercised by the holder of, or the person entitled by transmission to, the Shares to which it relates.

13.5 Proof of forfeiture

A statutory declaration by a Director or any other officer that a Share has been forfeited on a specified date shall be conclusive evidence of the facts stated in it against all persons claiming to be entitled to the Share. The declaration shall (subject to the execution of any necessary instrument of transfer) constitute good title to the Share. The person to whom the Share is disposed of shall not be bound to see to the application of the consideration (if any) given for it on such disposal. His title to the Share will not be affected by any irregularity in, or invalidity of, the proceedings connected with the forfeiture or disposal.

14. TRANSFER OF SHARES

14.1 Form of transfer

Subject to these Articles, a Member may transfer all or any of his Shares:

(a) in the case of certificated Shares, by an instrument of transfer in writing in any usual form or in another form approved by the Directors or prescribed by the Exchange, which must be executed by or on behalf of the transferor and (in the case of a transfer of a Share which is not fully paid) by or on behalf of the transferee; or

(b) in the case of uncertificated Shares, without a written instrument in accordance with the rules or regulations of any Relevant System in which the Shares are held, or may be by an instrument of transfer in the usual or common form or any other form approved by the Directors.

14.2 Registration of Share transfer

(a) Subject to these Articles, the Directors may, in their absolute discretion and without giving a reason, refuse to register the transfer of a Share unless:

(i) it is in respect of a Share which is fully paid;

(ii) it is in respect of a Share on which the Company has no lien;

(iii) the instrument of transfer is lodged with the Company, accompanied by the certificate for the ordinary shares (if any) to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer;

(iv) it is in respect of only one class of ordinary shares;

(v) it is properly stamped, if required;

(vi) 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

(vii) fee of such maximum sum as the Exchange may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof.

(b) lf the Directors refuse to register a transfer pursuant to this Article, they shall, within three (3) months after the date on which the transfer was delivered to the Company, send notice of the refusal to the transferee and the transferor. An instrument of transfer which the Directors refuse to register shall (except in the case of suspected fraud) be returned to the person delivering it. All instruments of transfer which are registered may, subject to these Articles, be retained by the Company.

(c) The registration of transfers may, after compliance with any notice required of the Exchange, be suspended at such times and for such periods as the Directors may from time to time determine, provided, however, that the registration of transfers shall not be suspended for more than 30 days in any year as the Directors may determine.

14.3 Transfers of Depository Interests

(a) The Company may register the transfer of any Shares represented by Depository Interests in accordance with the rules or regulations of the Relevant System and any other applicable laws and regulations.

(b) Where permitted by the rules or regulations of the Relevant System and any other applicable laws and regulations, the Directors may, in their absolute discretion and without giving any reason for their decision, refuse to register any transfer of any Share represented by a Depository Interest.

14.4 No fee on registration

No fee shall be charged for the registration of a transfer of a Share or other document relating to or affecting the title to any Share.

14.5 Renunciations of Shares

Nothing in these Articles shall preclude the Directors from recognising the renunciation of any Share by the allottee thereof in favour of some other person.

14.6 Enforceability of and interpretation/administration of this Article

(a) If any provision of this Article 14 or any part of such provision is held under any circumstances to be invalid or unenforceable in any jurisdiction, then:

(i) the invalidity of unenforceability of such provision shall not affect the validity or enforceability of such provision or part thereof under any other circumstances or in any other jurisdiction; and

(ii) the invalidity or unenforceability of such provision or part thereof shall not affect the validity or enforceability of the remainder of such provision or the validity or enforceability of any other provision of these Articles.

(b) The Directors shall have the exclusive power and authority to administer and interpret the provisions of this Article 14 and to exercise all rights and powers specifically granted the Directors and the Company or as may be necessary or advisable in the administration of this Article 14. All such actions, calculations, determinations and interpretations which are done or made by the Directors in good faith shall be final, conclusive, and binding on the Company and the beneficial and registered owners of the Shares and shall not subject the Directors to any liability.

14.7 No transfers to an infant etc

No transfer shall be made to an infant or to a person of whom an order has been made by competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs or under other legal disability.

14.8 Effect of registration

The transferor shall be deemed to remain the holder of the Share transferred until the name of the transferee is entered in the Register of Members in respect of that Share.

15. TRANSMISSION OF SHARES

15.1 Transmission of Shares

If a Member dies, becomes bankrupt, commences liquidation or is dissolved, the only person that the Company will recognise as having any title to, or interest in, that Member's Share (other than the Member) are:

(a) if the deceased Member was a joint holder, the survivor;

(b) if the deceased Member was a sole or the only surviving holder, the personal representative of that Member; or

(c) any trustee in bankruptcy or other person succeeding to the Member's interest by operation of law,

but nothing in these Articles releases the estate of a deceased Member, or any other successor by operation of law, from any liability in respect of any Share held by that Member solely or jointly.

15.2 Election by persons entitled on transmission

Any person becoming entitled to a Share as a result of the death, bankruptcy, liquidation or dissolution of a Member (or in any other way than by transfer) may, upon such evidence being produced as may from time to time be required by the Directors, elect either to become registered as the holder of the Share or nominate another person to be registered as the holder of that Share. If he elects to be registered as the holder of the Share himself, he shall give written notice to the Company to that effect. If he elects to have some other person registered as the holder of the Share, he shall:

(a) in the case of a certificated Share, execute an instrument of transfer of such Share to such person;

(b) in the case of an uncertificated Share, either:

(i) procure that all the appropriate instructions are given by means of the Relevant System to effect the transfer of such Share to such person; or

(ii) change the uncertificated Share to certified form and then execute a transfer of such Share to such person; and

(c) in the case of a Share represented by a Depository Interest, take any action the Directors may require (including, without limitation, the execution of any document and the giving of any instruction by means of the Relevant System) to effect the transfer of the Share to that person.

15.3 Rights of persons entitled by transmission

A person becoming entitled to a Share by reason of the death, bankruptcy, liquidation or dissolution of a Member (or in any other case than by transfer) shall be entitled to the same Dividends and other rights to which he would be entitled if he were the registered holder of the Share. However, the person shall not, before being registered as a Member in respect of the Share, be entitled in respect of it to attend or vote at any meeting of the Company and the Directors may at any time give notice requiring any such person to elect either to be registered himself or to have some person nominated by him registered as the holder (and the Directors shall, in either case, have the same right to refuse registration as they would have had in the case of a transfer of the Share by that Member before his death, bankruptcy, liquidation or dissolution, as the case may be). If the notice is not complied with within ninety (90) days the Directors may withhold payment of all Dividends, bonuses or other monies payable in respect of the Share until the requirements of the notice have been complied with.

16. REDEMPTION, PURCHASE AND SURRENDER OF SHARES

16.1 Subject to the Companies Act, the Memorandum, these Articles, the Exchange Rules (where applicable) and any rights conferred on the holders of any Shares or attaching to any Class of Shares, the Company may:

(a) issue Shares on terms that they are to be redeemed or are liable to be redeemed at the option of one or both of the Company or the Member on such terms and in such manner as the Directors may determine before the issue of the Shares;

(b) purchase, or enter into a contract under which it will or may repurchase, any of its own Shares of any Class (including any redeemable Shares) on such terms and in such manner as the Directors may determine or agree with the Member;

(c) make a payment in respect of the redemption or purchase of its own Shares in any manner authorised by the Companies Act, including out of capital; and

(d) accept the surrender for no consideration of any paid up Share (including any redeemable Share) on such terms and in such manner as the Directors may determine.

16.2 Any Share in respect of which notice of redemption has been given shall not be entitled to participate in the profits of the Company in respect of the period after the date specified as the date of redemption in the notice of redemption.

16.3 The redemption or purchase of any Share shall not be deemed to give rise to the redemption or purchase of any other Share.

16.4 The holder of the Shares being purchased shall be bound to deliver up to the Company the certificate(s) (if any) thereof for cancellation and thereupon the Company shall pay to him the purchase or redemption monies or consideration in respect thereof.

16.5 The Directors may when making payments in respect of the redemption or purchase of Shares, if authorised by the terms of issue of the Shares being redeemed or purchased or with the agreement of the holder of such Shares, make such payment either in cash or in specie. The Directors may accept the surrender for no consideration of any fully paid Share.

16.6 The Directors may hold any repurchased, redeemed or surrendered Shares as Treasury Shares in accordance with the provisions of the Companies Act and these Articles.

17. FINANCIAL ASSISTANCE

Any financial assistance given by the Company in connection with a purchase made or to be made by any person of any Shares or Interests in Shares in the Company shall only be made in accordance with the Companies Act, applicable law and the Exchange Rules (where applicable).

18. REGISTRATION OF EMPOWERING INSTRUMENTS

The Company shall be entitled to charge a fee not exceeding one U.S. dollar (US$1.00) on the registration of every probate, letters of administration, certificate of death or marriage, power of attorney, notice in lieu of distringas, or other instrument.

19. CLASS RIGHTS AND CLASS MEETINGS

19.1 Variation of class rights

Subject to the Companies Act, if at any time the share capital of the Company is divided into different Classes of Shares, all or any of the rights attached to any Class of Shares may be varied in such manner as those rights may provide or, if no such provision is made either:

(a) with the consent in writing of holders of two-thirds holders of the issued Shares of that Class, or

(b) with the sanction of a resolution passed at a separate meeting of the holders of the Shares of that Class by a two-thirds majority of the holders of the Shares of that Class present and voting at such meeting (whether in person or by proxy).

19.2 Treatment of classes of Shares by Directors

The Directors may treat two or more or all of the Classes of Shares as forming one class of Shares if the Directors consider that such Classes of Shares would be affected by the proposed variation in the same way.

19.3 Effect of Share issue on class rights

The rights attached to any Class of Shares are not taken to be varied by:

(a) the creation or issue of further Shares ranking equally with them unless expressly provided by the terms of the issue of the Shares of that Class; or

(b) the reduction of capital paid up on such Shares or by the repurchase, redemption or surrender of any Shares in accordance with the Companies Act and these Articles.

19.4 Class meetings

The provisions of these Articles relating to general meetings of the Company shall apply mutatis mutandis to any Class meeting, except that (i) the quorum shall be one or more Members that together hold at least one-third of the Shares of that Class and (ii) subject to Article 19.1, no separate class meeting shall be required to be held to facilitate the votes of the holders of a Class B Share at a general meeting (including for the purpose of passing an Ordinary Resolution or a Special Resolution).

20. NO RECOGNITION OF TRUSTS OR THIRD PARTY INTERESTS

Except as otherwise expressly provided by these Articles or as required by law or as ordered by a court of competent jurisdiction, the Company:

(a) is not required to recognise a person as holding any Share on any trust, even if the Company has notice of the trust; and

(b) is not required to recognise, and is not bound by, any interest in or claim to any Share, except for the registered holder's absolute legal ownership of the Share, even if the Company has notice of that interest or claim.

21. LIEN ON SHARES

21.1 Lien on Shares generally

The Company shall have a first and paramount lien on all Shares registered in the name of a Member (whether solely or jointly with others). The Company's lien on a Share extends to any amount payable in respect of it, including but not limited to dividends. The Company's lien on a Share is released if a transfer of that Share is registered.

21.2 Enforcement of lien by sale

The Company may sell, on such terms and in such manner as the Directors think fit, any Share on which the Company has a lien, if a sum in respect of which the lien exists is presently payable, and is not paid within fourteen (14) clear days after notice has been given by the Company to the holder of the Share (or to any other person entitled by transmission to the Shares) demanding payment of that amount and giving notice of intention to sell the Share if such payment is not made.

21.3 Completion of sale under lien

(a) To give effect to a sale of Shares under a lien the Directors may:

(i) in the case of certificated Shares, authorise any person to execute an instrument of transfer in respect of the Shares to be sold to, or in accordance with the directions of, the relevant purchaser;

(ii) in the case of uncertificated Shares, exercise any power conferred on them by Article 10.3(f) to effect a transfer of Shares; and

(iii) if the Shares are represented by a Depository Interest, exercise any of the Company's powers under Article 11.5 to effect the sale of such Shares to, or in accordance with the directions of the purchaser.

(b) The purchaser or his nominee 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 any consideration provided for the Shares, nor will the purchaser’s title to the Shares be affected by any irregularity or invalidity in connection with the sale or the exercise of the Company's power of sale under these Articles.

21.4 Application of proceeds of sale

The net proceeds of a sale made under a lien after payment of costs, shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable and any balance shall (subject to a like lien for sums not presently payable as existed upon the Shares before the sale) be paid to the person who was entitled to the Shares immediately prior to the sale.

22. UNTRACED MEMBERS

22.1 Sale of Shares

(a) The Company may sell at the best price reasonably obtainable any Share of a Member, or any Share to which a person is entitled by transmission, if:

(i) during the period of six (6) years prior to the date of the publication of the advertisements referred to in this paragraph (a) (or, if published on different dates, the earlier or earliest of them):

(A) no cheque, warrant or money order in respect of such Share sent by or on behalf of the Company to the Member or to the person entitled by transmission to the Share, at his address in the Register of Members or other address last known to the Company has been cashed; and

(B) no cash dividend payable on the Shares has been satisfied by the transfer of funds to a bank account of the Member (or person entitled by transmission to the share) or by transfer of funds by means of the Relevant System, and the Company has received no communication (whether in writing or otherwise) in respect of such Share from such Member or person, provided that during such six year period the Company has paid at least three cash dividends (whether interim or final) in respect of Shares of the Class in question and no such dividend has been claimed by the person entitled to such Share;

(ii) on or after the expiry of such six year period the Company has given notice of its intention to sell such Share by advertisements in a national newspaper published in the country in which the Registered Office is located and in a newspaper circulating in the area in which the address in the Register of Members or other last known address of the member or the person entitled by transmission to the Share or the address for the service of notices on such member or person notified to the Company in accordance with these Articles is located;

(iii) such advertisements, if not published on the same day, are published within thirty (30) days of each other;

(iv) during a further period of three months following the date of publication of such advertisements (or, if published on different dates, the date on which the requirements of this paragraph (a) concerning the publication of newspaper advertisements are met) and prior to the sale the Company has not received any communication (whether in writing or otherwise) in respect of such Share from the Member or person entitled by transmission.

(b) lf during such six year period, or during any subsequent period ending on the date when all the requirements of paragraph (a) of this Article have been met in respect of any Shares, any additional Shares have been issued in respect of those held at the beginning of, or previously so issued during, any such subsequent period and all the requirements of paragraph (a) of this Article have been satisfied with regard to such additional Shares, the Company may also sell the additional Shares.

(c) To give effect to a sale pursuant to paragraph (a) or paragraph (b) of this Article, the Directors may:

(i) in the case of certificated Shares, authorise a person to execute an instrument of transfer of Shares in the name and on behalf of the holder of, or the person entitled by transmission to, them to the purchaser or as the purchaser may direct;

(ii) in the case of uncertificated Shares, exercise any power conferred on them by Article 10.3(f) to effect a transfer of the Shares; and

(iii) if the Share is represented by a Depository Interest, exercise any of the Company's powers under Article 11.5 to effect the sale of the Share to, or in accordance with the directions of, the purchaser.

(d) The purchaser will not be bound to see to the application of the purchase monies in respect of any such sale. The title of the transferee to the Shares will not be affected by any irregularity in or invalidity of the proceedings connected with the sale or transfer. Any instrument or exercise referred to at paragraph (c) of this Article shall be effective as if it had been executed or exercised by the holder of, or the person entitled by transmission to, the Shares to which it relates.

22.2 Application of sale proceeds

The Company shall account to the Member or other person entitled to such Share for the net proceeds of such sale by carrying all monies in respect of the sale to a separate account. The Company shall be deemed to be a debtor to, and not a trustee for, such Member or other person in respect of such monies. Monies carried to such separate account may either be employed in the business of the Company or invested as the Directors may think fit. No interest shall be payable to such Member or other person in respect of such monies and the Company shall not be required to account for any money earned on them.

23. ALTERATION OF SHARE CAPITAL

23.1 Increase, consolidation, subdivision and cancellation

(a) The Company may by Ordinary Resolution:

(i) increase its share capital by such sum, to be divided into Shares of such Classes and amounts as the resolution shall prescribe;

(ii) consolidate, or consolidate and divide all or any of its share capital into Shares of a larger amount than its existing Shares;

(iii) subdivide its Shares, or any of them, into Shares of a smaller amount than is fixed by the Memorandum; 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.

(b) All new Shares created in accordance with the provisions of this Article shall be subject to the same provisions of these Articles with reference to liens, transfer, transmission and otherwise as the Shares in the original share capital.

23.2 Dealing with fractions resulting from consolidation or subdivision of Shares

(a) Whenever, as a result of a consolidation or subdivision of Shares, any Members would become entitled to fractions of a Share the Directors may on behalf of those Members deal with the fractions as they think fit, including (without limitation):

(i) selling the Shares representing the fractions for the best price reasonably obtainable to any person (including, subject to the provisions of the Companies Act, the Company); and

(ii) distributing the net proceeds in due proportion among those Members (except that if the amount due to a person is less than US$5.00, or such other sum as the Directors may decide, the Company may retain such sum for its own benefit).

(b) For the purposes of this Article, the Directors may:

(i) in the case of certificated Shares, authorise some person to execute an instrument of transfer of the Shares to, or in accordance with the directions of, the purchaser;

(ii) in the case of uncertificated Shares, exercise any power conferred on it by Article 10.3(f) to effect a transfer of the Shares; and

(iii) if the Share is represented by a Depository Interest, exercise any of the Company's powers under Article 11.5 to effect the sale of the Share to, or in accordance with the directions of, the purchaser.

(c) The transferee shall not be bound to see to the application of the purchase money nor shall the transferee’s title to the Shares be affected by any irregularity in, or invalidity of, the proceedings in respect of any sale undertaken pursuant to this Article.

23.3 Reduction of Share Capital

Subject to the provisions of the Companies Act and to any rights attached to any Shares, the Company may by Special Resolution reduce its share capital, any capital redemption reserve, any share premium account or any other undistributable reserve in any way.

24. GENERAL MEETINGS

24.1 Annual general meetings and general meetings

(a) The Company may, but shall not be obliged to, hold an annual general meeting in each calendar year, which shall be convened by the Directors, in accordance with these Articles and held at such time and place as may be determined by the Directors.

(b) All general meetings other than annual general meetings shall be called general meetings.

24.2 Convening of general meetings

The Directors may convene a general meeting of the Company whenever the Directors think fit, and must do so if required to do so pursuant to a valid Members' requisition. The Company may (but shall not be obliged to) in each calendar year hold a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it. At these meetings the report of the Directors (if any) shall be presented. The annual general meeting shall be held at such time and place as may be determined by the Directors. The Chairman or a majority of the Directors may call general meetings, and they shall on a Members' requisition forthwith proceed to convene a general meeting of the Company.

24.3 Members' requisition

A Members' requisition is a requisition of Members of the Company holding, at the date of deposit of the requisition at the Registered Office, not less than one-third of all votes attaching to the issued Shares in the Company entitled to vote at the general meeting.

24.4 Requirements of Members' requisition

(a) The requisition must state the objects of the general meeting and must be signed by the requisitionists and deposited at the Registered Office, and may consist of several documents in like form each signed by one or more requisitionists.

(b) If the Directors do not within twenty-one (21) days from the date of the deposit of the requisition duly proceed to convene a general meeting to be held within a further twenty-one (21) days, the requisitionists, or any of them representing a majority of the total voting rights of all of them, may themselves convene a general meeting of the Company, but any meeting so convened shall not be held after the expiration of three months after the expiration of such twenty-one (21) day period.

(c) A general meeting convened in accordance with this Article by requisitionists shall be convened (insofar as is possible) in the same manner as that in which general meetings are to be convened by Directors.

25. NOTICE OF GENERAL MEETINGS

25.1 Length and form of notice and persons to whom notice must be given

(a) At least seven (7) calendar days' notice shall be given of any annual general meeting or general meeting of the Company.

(b) Subject to the Companies Act and notwithstanding that it is convened by shorter notice than that specified in paragraph (a) of this Article, a general meeting shall be deemed to have been duly convened if it is so agreed:

(i) in the case of an annual general meeting, by all the Members (or their proxies) entitled to attend and vote thereat; and

(ii) in the case of a general meeting, by a majority of the Members having a right to attend and vote at the meeting and Present at the meeting.

(c) The notice of meeting shall specify:

(i) whether the meeting is an annual general meeting or a general meeting;

(ii) the place, the day and the time of the meeting;

(iii) subject to the requirements of (to the extent applicable) the Exchange Rules and/or the Exchange, the general nature of the business to be transacted;

(iv) if the meeting is convened to consider a Special Resolution, the intention to propose the resolution as such; and

(v) with reasonable prominence, that a Member entitled to attend and vote is entitled to appoint one or more proxies to attend and, on a poll, vote instead of him and that a proxy need not also be a Member.

(d) The notice of meeting:

(i) shall be given to the Members (other than a Member who, under these Articles or any restrictions imposed on any Shares, is not entitled to receive notice from the Company), to each Director and alternate Director, to the Auditor and to such other persons as may be required by the Exchange Rules and/or the Exchange; and

(ii) may specify a time by which a person must be entered on the Register of Members in order for such person to have the right to attend or vote at the meeting.

(e) The Directors may determine that the Members entitled to receive notice of a meeting are those persons entered on the Register of Members at the close of business on a day determined by the Directors.

25.2 Omission or non-receipt of notice or instrument of proxy

The accidental omission to send or give notice of meeting or, in cases where it is intended that it be sent out or given with the notice, an instrument of proxy or other document to, or the non-receipt of any such item by, any person entitled to receive such notice shall not invalidate the proceedings at that meeting.

26. PROCEEDINGS AT GENERAL MEETINGS

26.1 Requirement and number for a quorum

No business may be transacted at a general meeting unless a quorum is present. A quorum is those Members present in person or by proxy or by a duly authorised representative holding shares entitled to vote on the business to be transacted which represent not less than one-third of all votes, unless the Company has only one Member in which case that Member alone constitutes a quorum The absence of a quorum will not prevent the appointment of a chairman of the meeting. Such appointment shall not be treated as being part of the business of the meeting.

26.2 General meetings by telephone or other communications device

A general meeting may be held by means of any telephone, electronic or other communications facilities that permit all persons in the meeting to communicate with each other and participation in such a meeting shall constitute presence in person at such meeting. Unless otherwise determined by resolution of the Members present, the meeting shall be deemed to be held at the place where the chairman is physically present.

26.3 Adjournment if quorum not present

If within thirty (30) minutes after the time appointed for a general meeting a quorum is not present (or if during such a meeting a quorum ceases to be present), the meeting:

(a) if convened upon the requisition of Members, shall be dissolved; and

(b) in any other case, stands adjourned to the same day in the next week at the same time and place or to such other day, time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within thirty (30) minutes from the time appointed for the meeting the Members present shall be a quorum.

26.4 Appointment of chairman of general meeting

(a) If the Directors have elected one of their number as chairman of their meetings that person shall preside as chairman at every general meeting of the Company. If there is no such chairman, or if the elected chairman is not present within fifteen (15) minutes after the time appointed for the holding of the meeting, or is unable or unwilling to act, the Directors present shall elect one of their number to be chairman of the meeting.

(b) If no Director is willing to act as chairman or if no Director is present within fifteen (15) minutes after the time appointed for holding the meeting, the Members present shall choose one of their number to be chairman of the meeting.

26.5 Orderly conduct

The chairman shall take such action or give directions for such action to be taken as he thinks fit to promote the orderly conduct of the business of the meeting. The chairman's decision on points of order, matters of procedure or arising incidentally from the business of the meeting shall be final as shall be his determination as to whether any point or matter is of such a nature.

26.6 Entitlement to attend and speak

Each Director shall be entitled to attend and speak at any general meeting of the Company. The chairman may invite any person to attend and speak at any general meeting of the Company where he considers that this will assist in the deliberations of the meeting.

26.7 Adjournment of general meeting

The chairman may, with the consent of a 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 general meeting is adjourned for fourteen (14) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Otherwise it shall not be necessary to give any such notice.

26.8 Voting on a poll

At any general meeting a resolution put to the vote of the meeting must be decided on a poll vote.

26.9 No Casting vote for chairman

If there is an equality of votes on a poll, the chairman is not entitled to a second or casting vote in addition to any other vote he may have or be entitled to exercise.

27. VOTES OF MEMBERS

27.1 Written resolutions of Members

A resolution (including a Special Resolution) in writing (in one or more counterparts) signed by or on behalf of all Members for the time being entitled to receive notice of and to attend and vote at general meetings of the Company shall be as valid and effective as if the resolution had been passed at a general meeting of the Company duly convened and held. A resolution in writing is adopted when all Members entitled to do so have signed it.

27.2 Registered Members to vote

No person shall be entitled to vote at any general meeting unless he is registered as a Member in the Register of Members on the record date for such meeting.

27.3 Default Voting rights (absent any Special Voting Rights)

(a) Subject to these Articles (including Article 6) and to any rights or restrictions and any Weighted Voting Right for the time being attached to any Class or Classes of Shares on a poll, each Member present in person has one vote for each Share held by the Member and each person present as a proxy or duly authorised representative of a Member has one vote for each Share held by the Member that the person represents. Each fractional Share shall carry the applicable fraction of one vote.

(b) If there are any rights and restrictions for the time being attached to any Class or Classes of Shares or any applicable Weighted Voting Right, then in effect, then such rights, restrictions or Weighted Voting Right shall be applied and given effect to on any vote.

27.4 Voting rights of joint holders

If a Share is held jointly and more than one of the joint holders votes in respect of that Share, only the vote of the joint holder whose name appears first in the Register of Members in respect of that Share counts.

27.5 Voting rights of Members incapable of managing their affairs

A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in matters concerning mental disorder, may vote a poll by his receiver, curator bonis, or other person on such Member's behalf appointed by that court, and any such receiver, curator bonis or other person may vote by proxy.

27.6 Voting restriction on an outstanding call

Unless the Directors decide otherwise, no Member shall be entitled to be present or vote at any general meeting either personally or by proxy until he has paid all calls due and payable on every Share held by him whether alone or jointly with any other person together with interest and expenses (if any) to the Company.

27.7 Objection to error in voting

(a) An objection to the right of a person to attend or vote at a general meeting or adjourned general meeting:

(i) may not be raised except at that meeting or adjourned meeting; and

(ii) must be referred to the chairman of the meeting whose decision is final.

(b) If any objection is raised to the right of a person to vote and the chairman disallows the objection then the vote cast by that person is valid for all purposes.

28. REPRESENTATION OF MEMBERS AT GENERAL MEETINGS

28.1 How Members may attend and vote

(a) Subject to these Articles, each Member entitled to vote at a general meeting may attend and vote at the general meeting:

(i) in person, or where a Member is a company or non-natural person, by a duly authorised representative; or

(ii) by one or more proxies.

(b) A proxy or a duly authorised representative may, but not need be, a Member of the Company.

28.2 Appointment of proxies

(a) The instrument appointing a proxy shall be in writing and be executed by or on behalf of the Member appointing the proxy.

(b) A corporation may execute an instrument appointing a proxy either under its common seal (or in any other manner permitted by law and having the same effect as if executed under seal) or under the hand of a duly authorised officer, attorney or other person.

(c) A Member may appoint more than one proxy to attend on the same occasion, but only one proxy may be appointed in respect of any one Share.

(d) The appointment of a proxy shall not preclude a Member from attending and voting at the meeting or any adjournment of it.

28.3 Form of instrument of proxy

The instrument appointing a proxy may be in any usual or common form (or in any other form approved by the Directors or prescribed by the Exchange) and may be expressed to be for a particular general meeting (or any adjournment of a general meeting) or generally until revoked.

28.4 Authority under instrument of proxy

The instrument appointing a proxy shall be deemed (unless the contrary is stated in it) to confer authority to demand or join in demanding a poll and to vote, on a poll, on a resolution as a motion or an amendment of a resolution put to, or other business which may properly come before, the meeting or meetings for which it is given or any adjournment of any such meeting, as the proxy thinks fit.

28.5 Receipt of proxy appointment

The instrument appointing a proxy and any authority under which it is executed shall be deposited at the Registered Office or at such other place as is specified in the notice convening the meeting (or in any instrument of proxy sent out by the Company) prior to the time set out in such notice or instrument (or if no such time is specified, no later than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting). Notwithstanding the foregoing, the chairman may, in any event, at his discretion, direct that an instrument of proxy shall be deemed to have been duly deposited.

28.6 Uncertificated Proxy Instruction

In relation to any Shares which are held by means of a Relevant System, the Directors may from time to time permit appointments of a proxy to be made by means of an electronic communication in the form of an Uncertificated Proxy Instruction. The Directors may in a similar manner permit supplements to, or amendments or revocations of, any such Uncertificated Proxy Instruction to be made by like means. The Directors may in addition prescribe the method of determining the time at which any such properly authenticated dematerialised instruction (and/or other instruction or notification) is to be treated as received by the Company or such participant. Notwithstanding any other provision in these Articles, the Directors may treat any such Uncertificated Proxy Instruction which purports to be or is expressed to be sent on behalf of a holder of a Share as sufficient evidence of the authority of the persons sending that instruction to send it on behalf of the holder.

28.7 Validity of votes cast by proxy

Votes given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument of proxy or of the authority under which the instrument of proxy was executed, or the transfer of the Share in respect of which the proxy is appointed unless notice in writing of such death, insanity, revocation or transfer was received by the Company at the Registered Office before the commencement of the general meeting, or adjourned meeting at which the proxy voted.

28.8 Corporate representatives

A corporation which is a Member may, 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 at any separate meeting of the holders of any Class of Shares. Any person so authorised shall be entitled to exercise the same powers on behalf of the corporation (in respect of that part of the corporation's holdings to which the authority relates) as the corporation could exercise if it were an individual Member. The corporation shall for the purposes of these Articles be deemed to be present in person at any such meeting if a person so authorised is present at it. All references in these Articles to attendance and voting in person shall be construed accordingly. A Director, the Secretary or some other person authorised for the purpose by a Director may require the representative to produce a certified copy of the resolution so authorising him or such other evidence of his authority reasonably satisfactory to such person before permitting him to exercise his powers.

28.9 Clearing Houses and Depositories

If a Clearing House or a Depository (or its nominee(s)), being a corporation, is a Member, it may authorise such persons as it thinks fit to act as its representatives at any meeting of the Company or at any separate meeting of the holders of any Class of Shares provided that, if more than one person is so authorised, the authorisation shall specify the number and Class of Shares in respect of which each such representative is so authorised. Each person so authorised under the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or the Depository (or its nominee(s)) as if such person was the registered holder of the Shares of the Company held by the Clearing House or the Depository (or its nominee(s)).

28.10 Termination of proxy or corporate authority

A vote given or poll demanded by proxy or by the duly authorised representative of a corporation shall be valid notwithstanding the previous termination of the authority of the person voting or demanding a poll, unless notice of the termination was received by the Company at the Registered Office, or at such other place at which the instrument of proxy was duly deposited, or, where the appointment of proxy was contained in an electronic communication, at the address at which such appointment was duly received, at least one hour before the commencement of the meeting or adjourned meeting at which the vote Is given or the poll demanded or (in the case of a poll not taken on the same day as the meeting or adjourned meeting) at least one hour before the time appointed for taking the poll.

28.11 Amendment to resolution

(a) If an amendment shall be proposed to any resolution but shall in good faith be ruled out of order by the chairman of the meeting, any error in such ruling shall not invalidate the proceedings on the substantive resolution.

(b) ln the case of a resolution duly proposed as a Special Resolution, no amendment to it (other than an amendment to correct a patent error) may be considered or voted on and in the case of a resolution duly proposed as an Ordinary Resolution no amendment to it (other than an amendment to correct a patent error) may be considered or voted on unless either at least forty-eight (48) hours prior to the time appointed for holding the meeting or adjourned meeting at which such Ordinary Resolution is to be proposed notice in writing of the terms of the amendment and intention to move it has been lodged at the Registered Office or the chairman of the meeting in his absolute discretion decides that it may be considered or voted on.

28.12 Shares that may not be voted

Shares that are beneficially owned by the Company shall not be voted, directly or indirectly, at any general meeting or Class meeting (as applicable) and shall not be counted in determining the total number of outstanding Shares at any given time.

29. APPOINTMENT, RETIREMENT AND REMOVAL OF DIRECTORS

29.1 Number of Directors

(a) The Company may from time to time by Special Resolution establish or vary a maximum and/or minimum number of Directors. Unless otherwise determined by the Company by Special Resolution the number of Directors (other than alternate Directors) shall not be more than seven and there shall be no minimum number of Directors. In the event that there are five or more Member Appointed Directors (as defined in Article 29.2) appointed by the Members pursuant to Article 29.2, the total number of Directors (other than alternate Directors) shall be not more than nine and there shall be no minimum number of Directors.

(b) In no event shall the maximum and/or minimum number of Directors be increased or decreased in such a manner that would prevent or prohibit the appointment or removal of a Member Appointed Director, in which case, such threshold shall be deemed adjusted upwards or downwards to give effect to Article 29.2(a).

29.2 Appointment of Directors

(a) Notwithstanding anything to the contrary in these Articles, for so long as a Member and its Affiliates in aggregate hold at least eight percent (8%) of the issued Shares, they shall be entitled to appoint, remove and replace one (1) Director (a "**Member Appointed Director**") by delivering a written notice to the Company, and such appointment, removal or replacement as specified therein shall be valid and effective automatically and forthwith upon delivery of such written notice to the Company (without the requirement for any further approval or action on the part of the Members or the Directors), and the Company shall update the Register of Directors and Officers accordingly; for the avoidance of doubt, a Member Appointed Director shall be automatically removed from office once the Member who appointed him and its Affiliates in aggregate hold less than eight percent (8%) of the issued and outstanding Shares, and in which case, an "Independent Directors" as defined in the NASDAQ Listing Rules shall be appointed pursuant to Article 29.2 (b).

(b) The Company may by Ordinary Resolution appoint any person to be a Director that is not a Member Appointed Director. Subject to the terms of these Articles, the Directors may appoint any person to be a Director, either to fill a vacancy or as an additional Director.

(c) The Company may by Ordinary Resolution remove any Director from office, with or without cause (except with regard to (i) the removal of a Member Appointed Director, who may only be removed from office pursuant to Article 29.3 (a) , or (ii) the Chairman, who may only be removed from office by Special Resolution), notwithstanding anything in these Articles or in any agreement between the Company and such Director (but without prejudice to any claim for damages under such agreement). The notice of any meeting at which a resolution to remove a Director shall be proposed or voted upon must contain a statement of the intention to remove that Director and such notice must be served on that Director not less than ten (10) calendar days before the meeting. Such Director is entitled to attend the meeting and be heard on the motion for his removal. A vacancy on the Board created by the removal of a Director under the previous sentence may be filled by Ordinary Resolution or by the affirmative vote of a simple majority of the remaining Directors present and voting at a Board meeting.

29.3 Appointment of executive Directors

(a) The Directors may appoint one or more of its members to an executive office or other position of employment with the Company for such term and on any other conditions the Directors think fit. Subject to Article 29.3(b) below, the Directors may revoke, terminate or vary the terms of any such appointment, without prejudice to a claim for damages for breach of contract between the Director and the Company.

(b) Notwithstanding Article 29.3(a), with respect to the Company's chief executive officer (or any co-chief executive officer), the terms of such appointment may only be revoked, terminated, or varied by (a) Ordinary Resolution, or (b) by (i) a resolution passed by a majority of not less than eighty percent (80)% of such Members holding Class A Shares 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 computing a majority to the number of votes to which each holder of Class A Share is entitled, and (ii) the unanimous consent of the holders of either Class B1 Shares or Class B2 Shares.

29.4 No age limit

(a) No person shall be disqualified from being appointed or re-appointed as a Director and no Director shall be requested to vacate that office by reason of his attaining the age of seventy or any other age.

(b) It shall not be necessary to give special notice of any resolution appointing, re-appointing or approving the appointment of a Director by reason of his age.

29.5 Other circumstances in which a Director ceases to hold office

(a) Without prejudice to the provisions in these Articles, a Director ceases to hold office as a Director if:

(i) he resigns as Director by notice in writing delivered to the Directors or to the Registered Office or tendered at a meeting of Directors;

(ii) he is not present personally or by proxy or represented by an alternate Director at meetings of the Directors for three consecutive board meetings without special leave of absence from the Directors, and the Directors pass a resolution that he has by reason of such absence vacated office;

(iii) he only held office as a Director for a fixed term and such term expires;

(iv) he dies, becomes bankrupt or makes any arrangement or composition with his creditors generally;

(v) he is removed from office pursuant to these Articles or the Companies Act or becomes prohibited by law from being a Director;

(vi) an order is made by any court of competent jurisdiction on the ground (however formulated) of mental disorder or unsound mind for his detention or for the appointment of a guardian or receiver or other person to exercise powers with respect to his property or affairs or he is admitted to hospital in pursuance of an application for admission for treatment under any legislation relating to mental health or unsound mind and the Directors resolve that his office be vacated;

(vii) in the case of a Director who holds executive office, his appointment to such office is terminated or expires and the Directors resolve that his office be vacated;

(viii) in the case of independent Director, with 30-day advance written notice from the Company or the independent Director, or such other shorter period of notice as mutually agreed between the Company and that Director.

(b) A Resolution of the Directors declaring a Director to have vacated office pursuant to this Article shall be conclusive as to the fact and grounds of vacation stated in the resolution.

30. ALTERNATE DIRECTORS

30.1 Appointment

(a) A Director (other than an alternate Director) may appoint any other Director or any person approved for that purpose by the Directors and willing to act, to be his alternate by notice in writing delivered to the Directors or to the Registered Office, or in any other manner approved by the Directors.

(b) The appointment of an alternate Director who is not already a Director shall require the approval of either a majority of the Directors or the Directors by way of a Directors' resolution.

(c) An alternate Director need not hold a Share qualification and shall not be counted in reckoning any maximum or minimum number of Directors allowed by these Articles.

30.2 Responsibility

Every person acting as an alternate Director shall be an officer of the Company, shall alone be responsible to the Company for his own acts and defaults and shall not be deemed to be the agent of the Director appointing him.

30.3 Participation at Directors' meetings

An alternate Director shall (subject to his giving to the Company an address at which notices may be served on him) be entitled to receive notice of all meetings of the Directors and all committees of the Directors of which his appointor is a member and, in the absence from such meetings of his appointor, to attend and vote at such meetings and to exercise all the powers, rights, duties and authorities of his appointor (other than the power to appoint an alternate Director). A Director acting as alternate Director shall have a separate vote at Directors' meetings for each Director for whom he acts as alternate Director, but he shall count as only one for the purpose of determining whether a quorum is present.

30.4 Interests

An alternate Director shall be entitled to contract and be interested in and benefit from contracts or arrangements with the Company and to be repaid expenses and to be indemnified in the same way and to the same extent as a Director. However, he shall not be entitled to receive from the Company any fees for his services as alternate, except only such part (if any) of the fee payable to his appointor as such appointor may by notice in writing to the Company direct. Subject to this Article, the Company shall pay to an alternate Director such expenses as might properly have been paid to him if he had been a Director.

30.5 Termination of appointment

(a) An alternate Director shall cease to be an alternate Director:

(b) if his appointor revokes his appointment by notice delivered to the Directors or to the Registered Office or in any other manner approved by the Directors; or

(c) if his appointor ceases for any reason to be a Director, provided that if any Director retires but is re-appointed or deemed to be re-appointed at the same meeting, any valid appointment of the alternate Director which was in force immediately before his retirement shall remain in force; or

(d) if any event happens in relation to him which, if he were a Director, would cause his office as Director to be vacated.

31. POWERS OF DIRECTORS

31.1 General powers to manage the Company's business

(a) Subject to the provisions of the Companies Act, the Memorandum and these Articles and to any directions given by Special Resolution, the business of the Company shall be managed by the Directors, who may exercise all the powers of the Company. No alteration of the Memorandum or Articles and no such direction shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made or that direction had not been given.

(b) The powers given by this Article shall not be limited by any special power given to the Directors by these Articles and a duly convened meeting of Directors at which a quorum is present may exercise all powers exercisable by the Directors.

31.2 Signing of cheques

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.

31.3 Retirement payments and other benefits

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 dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

31.4 Borrowing powers of Directors

The Directors may from time to time at their discretion exercise all the powers of the Company to borrow money and to mortgage or charge all or any part of its undertaking and property 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.

32. PROCEEDINGS OF DIRECTORS

32.1 Directors' meetings

Subject to the provisions of these Articles, the Directors may regulate their proceedings as they think fit.

32.2 Voting

Questions arising at any Directors' meeting shall be decided by more than two-thirds of votes. In the case of an equality of votes (if relevant), the chairman shall not have a second or casting 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.

32.3 Notice of a Directors' meeting

A Director or an alternate Director may, or any other officer of the Company at the request of a Director or alternate Director shall, call a meeting of the Directors by not less than twenty-four (24) hours' notice. Notice of a meeting of the Directors must specify the time and place of the meeting and the general nature of the business to be considered, and shall be deemed to be given to a Director if it is given to him personally or by word of mouth or sent in writing to his last known address given to the Company by him for such purpose or given by electronic communications to an address for the time being notified to the Company by the Director. A Director may waive the requirement that notice of any Directors' meeting be given to him, either at, before or after the meeting.

32.4 Failure to give notice

A Director or alternate Director who attends any Directors' meeting waives any objection that he or she may have to any failure to give notice of that meeting. The accidental failure to give notice of a Directors' meeting to, or the non-receipt of notice by, any person entitled to receive notice of that meeting does not invalidate the proceedings at that meeting or any resolution passed at that meeting.

32.5 Quorum

No business shall be transacted at any meeting of the Directors unless a quorum is present. The quorum shall be a majority of Directors then in office, which shall include each Founder Member Appointed Director; provided, however, a quorum shall nevertheless exist at a meeting at which a quorum would exist but for the fact that the Founder Appointed Director is voluntarily absent from the meeting and notifies the Board of his decision to be absent from that meeting, before or at the meeting. A Director represented by proxy or by an alternate Director at any meeting shall be deemed to be present for the purposes of determining whether or not a quorum is present.

32.6 Power to act notwithstanding vacancies

The continuing Directors or sole continuing Director may act notwithstanding any vacancies in their number, but if the number of Directors is less than the number fixed as the quorum, the continuing Directors or Director may act only for the purpose of filling vacancies in that number, or for calling a general meeting of the Company.

32.7 Chairman to preside

The Directors may elect a chairman of their board 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 the meeting, the Directors present may appoint one of their number to be chairman of the meeting.

32.8 Validity of acts of Directors in spite of a formal defect

All acts done by a meeting of the Directors or of a committee of Directors (including any person acting as an alternate Director) shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Director or alternate Director, or that they or any of them were disqualified from holding office (or had vacated office) or were not entitled to vote, be as valid as if every such person had been duly appointed and qualified to be a Director or alternate Director as the case may be and had been entitled to vote.

32.9 Directors' meetings by telephone or other communication device

A meeting of the Directors (or committee of Directors) may be held by means of any telephone, electronic or such other communications facilities that permit all persons in the meeting to communicate with each other simultaneously and instantaneously and participation in such a meeting shall constitute presence in person at such meeting. Unless otherwise determined by the Directors the meeting shall be deemed to be held at the place where the chairman is physically present.

32.10 Written resolutions of Directors

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 effective 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. A resolution in writing is adopted when all the Directors (whether personally, by an alternate Director or by a proxy) have signed it.

32.11 Appointment of a proxy

A Director but not an alternate Director may be represented at any meeting of the 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. The authority of any such proxy shall be deemed unlimited unless expressly limited in the written instrument appointing him.

32.12 Presumption of assent

A Director (or alternate Director) present at a meeting of Directors is taken to have cast a vote in favour of a resolution of the Directors 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 chairman or secretary of the meeting before the adjournment of the meeting 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 a resolution of the Directors.

32.13 Directors' interests

(a) Subject to the provisions of the Companies Act and provided that he has declared to the Directors the nature and extent of any personal interest of his in a matter, transaction or arrangement, a Director or alternate Director notwithstanding his office may:

(i) hold any office or place of profit in the Company, except that of Auditor;

(ii) hold any office or place of profit in any other company or entity promoted by the Company or in which it has an interest of any kind;

(iii) enter into any contract, transaction or arrangement with the Company or in which the Company is otherwise interested;

(iv) act in a professional capacity (or be a member of a firm which acts in a professional capacity) for the Company, except as Auditor;

(v) sign or participate in the execution of any document in connection with matters related to that interest;

(vi) participate in, vote on and be counted in the quorum at any meeting of the Directors that considers matters relating to that interest; and

(vii) do any of the above despite the fiduciary relationship of the Director's office:

(viii) without any liability to account to the Company for any direct or indirect benefit accruing to the Director; and

(ix) without affecting the validity of any contract, transaction or arrangement.

(b) For the purposes of this Article, a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any matter, transaction or arrangement for which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such matter, transaction or arrangement of the nature and extent so specified.

32.14 Minutes of meetings to be kept

The Directors shall cause minutes to be made in books kept for the purpose of all appointments of officers made by the Directors, all resolutions and proceedings at general and Class meetings of the Company and meetings of the Directors or committees of the Directors, including the names of the Directors or alternate Directors present at each meeting.

33. DELEGATION OF DIRECTORS' POWERS

33.1 Power of Directors to delegate The Directors may:

(a) delegate any of their powers, authorities and discretions to any person or committee consisting of one or more Directors and (if the Directors think fit) to one or more other persons in each case to such extent, by such means (including by power of attorney) and on such terms and conditions as the Directors think fit;

(b) authorise any person or committee to whom powers, authorities and discretions are delegated under this Article by the Directors to further delegate some or all of those powers, authorities and discretions;

(c) delegate their powers, authorities and discretions under this Article either collaterally with or to the exclusion of their own powers, authorities and discretions; and

(d) at any time revoke any delegation made under this Article by the Directors in whole or in part or vary its terms and conditions.

33.2 Delegation to Committees

A committee to which any powers, authorities and discretions have been delegated under the preceding Article must exercise those powers, authorities and discretions in accordance with the terms of delegation and any other regulations that may be imposed by the Directors on that committee. The proceedings of a committee of the Directors must be conducted in accordance with any regulations imposed by the Directors, and, subject to any such regulations, to the provisions of these Articles dealing with proceedings of Directors insofar as they are capable of applying.

33.3 Delegation to executive Directors

The Directors may delegate to a Director holding executive office any of its powers, authorities and discretions for such time and on such terms and conditions as it shall think fit. The Directors may grant to a Director the power to sub-delegate, and may retain or exclude the right of the Directors to exercise the delegated powers, authorities or discretions collaterally with the Director. The Directors may at any time revoke the delegation or alter its terms and conditions.

33.4 Delegation to local boards

(a) The Directors may establish any local or divisional board or agency for managing any of the affairs of the Company whether in the Cayman Islands or elsewhere and may appoint any persons to be members of a local or divisional board, or to be managers or agents, and may fix their remuneration.

(b) The Directors may delegate to any local or divisional board, manager or agent any of its powers and authorities (with power to sub-delegate) and may authorise the members of any local or divisional board or any of them to fill any vacancies and to act notwithstanding vacancies.

(c) Any appointment or delegation under this Article may be made on such terms and subject to such conditions as the Directors think fit and the Directors may remove any person so appointed, and may revoke or vary any delegation.

33.5 Appointing an attorney, agent or authorised signatory of the Company

(a) The Directors may by power of attorney or otherwise appoint any person to be the attorney, agent 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 think fit.

(b) Any such power of attorney or other appointment may contain such provisions for the protection and convenience of persons dealing with any such attorney, agent or authorised signatory as the Directors think fit and may also authorise any such attorney, agent or authorised signatory to delegate all or any of the powers, authorities and discretions vested in such person.

33.6 Officers

Subject to Articles 29.2(c) and 29.3: (i) the Directors may appoint such officers (including a Secretary) 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 think fit, and (ii) unless otherwise specified in the terms of his appointment an officer may be removed from that office by resolution of the Directors or by Ordinary Resolution.

34. DIRECTORS' RENUMERATION, EXPENSES AND BENEFITS

34.1 Fees

The Company shall pay to the Directors (but not alternate Directors) for their services as Directors such aggregate amount of fees as the Directors may decide. The aggregate fees shall be divided among the Directors in such proportions as the Directors may decide or, if no decision is made, equally. A fee payable to a Director pursuant to this Article shall be distinct from any salary, remuneration or other amount payable to him pursuant to other provisions of these Articles and accrues from day to day.

34.2 Expenses

A Director may also be paid all travelling, hotel and other expenses properly incurred by him in connection with his attendance at meetings of the Directors or of committees of the Directors or general meetings or separate meetings of the holders of any Class of Shares or otherwise in connection with the discharge of his duties as a Director, including (without limitation) any professional fees incurred by him (with the approval of the Directors or in accordance with any procedures stipulated by the Directors) in taking independent professional advice in connection with the discharge of such duties.

34.3 Remuneration of executive Directors

The salary or remuneration of a Director appointed to hold employment or executive office in accordance with the Articles may be a fixed sum of money, or wholly or in part governed by business done or profits made, or as otherwise decided by the Directors (including, for the avoidance of doubt, by the Directors acting through a duly authorised Directors' committee), and may be in addition to or instead of a fee payable to him for his services as Director pursuant to these Articles.

34.4 Special remuneration

A Director who, at the request of the Directors, goes or resides abroad, makes a special journey or performs a special service on behalf of or for the Company (including, without limitation, services as a chairman of the board of Directors, services as a member of any committee of the Directors and services which the Directors consider to be outside the scope of the ordinary duties of a Director) may be paid such reasonable additional remuneration (whether by way of salary, bonus, commission, percentage of profits or otherwise) and expenses as the Directors (including, for the avoidance of doubt, the Directors acting through a duly authorised Directors' committee) may decide.

34.5 Pensions and other benefits

The Directors may exercise all the powers of the Company to provide pensions or other retirement or superannuation benefits and to provide death or disability benefits or other allowances or gratuities (by insurance or otherwise) for a person who is or has at any time been a Director, an officer or a director or an employee of a company which is or was a Group Undertaking, a company which is or was allied to or associated with the Company or with a Group Undertaking or a predecessor in business of the Company or of a Group Undertaking (and for any member of his family, including a spouse or former spouse, or a person who is or was dependent on him). For this purpose the Directors may establish, maintain, subscribe and contribute to any scheme, trust or fund and pay premiums. The Directors may arrange for this to be done by the Company alone or in conjunction with another person. A Director or former Director is entitled to receive and retain for his own benefit any pension or other benefit provided in accordance with this Article and is not obliged to account for it to the Company.

35. SEAL

35.1 Directors to determine use of Seal

The Company may, if the Directors so determine, have a Seal. The Seal shall only be used with the authority of the Directors or a committee of the Directors established for such purpose. Every document to which the Seal is affixed shall be signed by at least one person who shall be either a Director or some officer or other person appointed by the Directors for that purpose unless the Directors decide that, either general or in a particular case, that a signature may be dispensed with or affixed by mechanical means.

35.2 Duplicate Seal

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.

36. DIVIDENDS, DISTRIBUTIONS AND RESERVES

36.1 Declaration

Subject to the Companies Act and these Articles, the Directors or the Company by Ordinary Resolution may declare dividends and distributions on any one or more Classes of Shares in issue and authorise payment of the dividends or distributions out of the funds of the Company lawfully available therefor, (provided that no dividend may be declared by Company at a meeting of Members which exceeds the amount recommended by the Directors). No dividend or distribution shall be paid except out of the realised or unrealised profits of the Company or from any reserve set aside from profits which the Directors determine is no longer needed, or out of the share premium account, or as otherwise permitted by the Companies Act.

36.2 Interim dividends

Subject to the Companies Act, the Directors may pay such interim dividends (including any dividend payable at a fixed rate) as appears to the Directors to be available for distribution. If at any time the share capital of the Company is divided into different Classes, the Directors may pay such interim dividends on Shares which rank after Shares conferring preferential rights with regard to dividend as well as on Shares conferring preferential rights, unless at the time of payment any preferential dividend is in arrears. If the Directors act in good faith, they shall not incur any liability to the holders of Shares conferring preferential rights for any loss that they may suffer by the lawful payment of an interim dividend on any Shares ranking after those with preferential rights.

36.3 Entitlement to dividends

(a) Except as otherwise provided by these Articles or the rights attached to Shares:

(i) a dividend shall be declared and paid according to the amounts paid up (otherwise than in advance of calls) on the nominal value of the Shares on which the dividend is paid; and

(ii) dividends shall be apportioned and paid proportionately to the amounts paid up on the nominal value of the Shares during any portion or portions of the period in respect of which the dividend is paid, but if any Share is issued on terms that it shall rank for dividend as from a particular date, it shall rank for dividend accordingly.

(b) Except as otherwise provided by these Articles or the rights attached to Shares:

(i) a dividend may be paid in any currency or currencies decided by the Directors; and

(ii) the Company may agree with a Member that any dividend declared or which may become due in one currency will be paid to the Member in another currency, for which purpose the Directors may use any relevant exchange rate current at any time as the Directors may select for the purpose of calculating the amount of any Member's entitlement to the dividend.

36.4 Payment methods

(a) The Company may pay a dividend, interest or other amount payable in respect of a Share in cash or by cheque, warrant or money order or by a bank or other funds transfer system or (in respect of any uncertificated Share or any Share represented by a Depository Interest) through the Relevant System in accordance with any authority given to the Company to do so (whether in writing, through the Relevant System or otherwise) by or on behalf of the Member in a form or in a manner satisfactory to the Directors. Any joint holder or other person jointly entitled to a Share may give an effective receipt for a dividend, interest or other amount paid in respect of such Share.

(b) The Company may send a cheque, warrant or money order by post:

(i) in the case of a sole holder, to his registered address;

(ii) in the case of joint holders, to the registered address of the person whose name stands first in the Register of Members;

(iii) in the case of a person or persons entitled by transmission to a Share, as if it were a notice given in accordance with Article 15; or

(iv) in any case, to a person and address that the person or persons entitled to the payment may in writing direct.

(c) Every cheque, warrant or money order shall be sent at the risk of the person or persons entitled to the payment and shall be made payable to the order of the person or persons entitled or to such other person or persons as the person or persons entitled may in writing direct. The payment of the cheque, warrant or money order shall be a good discharge to the Company. If payment is made by a bank or other funds transfer or through the Relevant System, the Company shall not be responsible for amounts lost or delayed in the course of transfer. If payment is made by or on behalf of the Company through the Relevant System:

(i) the Company shall not be responsible for any default in accounting for such payment to the Member or other person entitled to such payment by a bank or other financial intermediary of which the Member or other person is a customer for settlement purposes in connection with the Relevant System; and

(ii) the making of such payment in accordance with any relevant authority referred to in paragraph (a) above shall be a good discharge to the Company.

(d) The Directors may:

(i) lay down procedures for making any payments in respect of uncertificated Shares through the Relevant System;

(ii) allow any holder of uncertificated Shares to elect to receive or not to receive any such payment through the Relevant System; and

(iii) lay down procedures to enable any such holder to make, vary or revoke any such election.

(e) The Directors may withhold payment of a dividend (or part of a dividend) payable to a person entitled by transmission to a Share until he has provided any evidence of his entitlement that the Directors may reasonably require.

36.5 Deductions

The Directors may deduct from any dividend or other amounts payable to any person in respect of a Share all such sums as may be due from him to the Company on account of calls or otherwise in relation to any Shares.

36.6 Interest

No dividend or other money payable in respect of a Share shall bear interest against the Company, unless otherwise provided by the rights attached to the Share.

36.7 Unclaimed dividends

All unclaimed dividends or other monies payable by the Company in respect of a Share may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed. The payment of any unclaimed dividend or other amount payable by the Company in respect of a Share into a separate account shall not constitute the Company a trustee in respect of it. Any dividend unclaimed after a period of three (3) years from the date the dividend became due for payment shall be forfeited and shall revert to the Company.

36.8 Uncashed dividends

(a) lf, in respect of a dividend or other amount payable in respect of a Share:

(b) a cheque, warrant or money order is returned undelivered or left uncashed; or

(c) a transfer made by or through a bank transfer system and/or other funds transfer system(s) (including, without limitation, the Relevant System in relation to any uncertificated Shares) fails or is not accepted, on two consecutive occasions, or one occasion and reasonable enquiries have failed to establish another address or account of the person entitled to the payment, the Company shall not be obliged to send or transfer a dividend or other amount payable in respect of such Share to such person until he notifies the Company of an address or account to be used for such purpose.

36.9 Dividends in kind

The Directors may direct that any dividend or distribution shall be satisfied wholly or partly by the distribution of assets (including, without limitation, paid up Shares or securities of any other body corporate). Where any difficulty arises concerning such distribution, the Directors may settle it as it thinks fit. Ln particular (without limitation), the Directors may:

(a) issue fractional certificates or ignore fractions;

(b) fix the value for distribution of any assets, and may determine that cash shall be paid to any Member on the footing of the value so fixed in order to adjust the rights of Members; and

(c) vest any assets in trustees on trust for the persons entitled to the dividend.

36.10 Scrip dividends

(a) The Directors may offer any holders of ordinary Shares the right to elect to receive ordinary Shares, credited as fully paid, instead of cash in respect of the whole (or some part, to be determined by the Directors) of any dividend specified by the Ordinary Resolution, subject to the Companies Act and to the provisions of this Article.

(b) The Directors may make any provision they consider appropriate in relation to an allotment made or to be made pursuant to this Article (whether before or after the passing or the Ordinary Resolution referred to in paragraph (a) of this Article), including (without limitation):

(i) the giving of notice to holders of the right of election offered to them;

(ii) the provision of forms of election and/or a facility and a procedure for making elections through the Relevant System (whether in respect of a particular dividend or dividends generally);

(iii) determination of the procedure for making and revoking elections;

(iv) the place at which, and the latest time by which, forms of election and other relevant documents must be lodged in order to be effective;

(v) the disregarding or rounding up or down or carrying forward of fractional entitlements, in whole or in part, or the accrual of the benefit of fractional entitlements to the Company (rather than to the holders concerned); and

(vi) the exclusion from any offer of any holders of ordinary Shares where the Directors consider that the making of the offer to them would or might involve the contravention of the laws of any territory or that for any other reason the offer should not be made to them.

(c) The dividend (or that part of the dividend in respect of which a right of election has been offered) shall not be payable on ordinary Shares in respect of which a valid election has been made ("the elected ordinary Shares"). Instead additional ordinary Shares shall be allotted to the holders of the elected ordinary Shares on the basis of allotment determined under this Article. For such purpose, the Directors may capitalise out of any amount for the time being standing to the credit of any reserve or fund of the Company (including any share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution, a sum equal to the aggregate nominal amount of the additional ordinary Shares to be allotted on that basis and apply it in paying up in full the appropriate number of unissued ordinary Shares for allotment and distribution to the holders of the elected ordinary Shares on that basis.

(d) The additional ordinary Shares when allotted shall rank equally in all respects with the fully paid ordinary Shares in issue on the record date for the dividend in respect of which the right of election has been offered, except that they will not rank for any dividend or other entitlement which has been declared, paid or made by reference to such record date.

(e) The Directors may:

(i) do all acts and things which it considers necessary or expedient to give effect to any such capitalisation, and may authorise any person to enter on behalf of all the Members interested into an agreement with the Company providing for such capitalisation and incidental matters and any agreement so made shall be binding on all concerned;

(ii) establish and vary a procedure for election mandates in respect of future rights of election and determine that every duly effected election in respect of any ordinary Shares shall be binding on every successor in title to the holder of such Shares; and

(iii) terminate, suspend or amend any offer of the right to elect to receive ordinary Shares in lieu of any cash dividend at any time and generally implement any scheme in relation to any such offer on such terms and conditions as the Directors may from time to time determine and take such other action as the Directors may deem necessary or desirable from time to time in respect of any such scheme.

36.11 Reserves

The Directors may set aside out of the profits of the Company and carry to reserve such sums as it thinks fit. Such sums standing to reserve may be applied, at the Directors' discretion, for any purpose to which the profits of the Company may properly be applied and, pending such application, may either be employed in the business of the Company or be invested in such investments as the Directors thinks fit. The Directors may divide the reserve into such special funds as it thinks fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided as it thinks fit. The Directors may also carry forward any profits without placing them to reserve.

36.12 Capitalisation of profits and reserves

The Directors may, with the authority of an Ordinary Resolution:

(a) subject to this Article, resolve to capitalise any undivided profits of the Company not required for paying any preferential dividend (whether or not available for distribution) or any sum standing to the credit of any reserve or fund of the Company (including any share premium account, capital redemption reserve and profit and loss account), whether or not available for distribution;

(b) appropriate the sum resolved to be capitalised to the holders of ordinary Shares in proportion to the nominal amounts of the Shares (whether or not fully paid) held by them respectively which would entitle them to participate in a distribution of that sum if the Shares were fully paid and the sum were then distributable and were distributed by way of dividend and apply such sum on their behalf either in or towards paying up the amounts, if any, unpaid on any Shares held by them respectively, or in paying up in full unissued Shares or debentures of the Company of a nominal amount equal to that sum, and allot the Shares or debentures credited as fully paid to those holders of ordinary Shares or as the Directors may direct, in those proportions, or partly in one way and partly in the other, but so that the share premium account, the capital redemption reserve and any profits or reserves which are not available for distribution may, for the purposes of this Article, only be applied in paying up unissued Shares to be allotted to Members credited as fully paid;

(c) resolve that any Shares so allotted to any Member in respect of a holding by him of any partly paid Shares shall, so long as such Shares remain partly paid, rank for dividend only to the extent that such partly paid Shares rank for dividend;

(d) make such provision by the issue of fractional certificates (or by ignoring fractions or by accruing the benefit of fractions to the Company rather than to the holders concerned) or by payment in cash or otherwise as the Directors may determine in the case of Shares or debentures becoming distributable in fractions;

(e) authorise any person to enter on behalf of all the Members concerned into an agreement with the Company providing for either:

(i) the allotment to them respectively, credited as fully paid, of any further Shares or debentures to which they are entitled upon such capitalisation; or

(ii) the payment up by the Company on behalf of such Members by the application thereto of their respective proportions of the reserves or profits resolved to be capitalised, of the amounts or any part of the amounts remaining unpaid on their existing Shares, and so that any such agreement shall be binding on all such Members; and

(f) generally do all acts and things required to give effect to such resolution.

37. SHARE PREMIUM ACCOUNT

37.1 Directors to maintain share premium account

The Directors shall establish a share premium account in accordance with the Companies Act. They shall carry to the credit of that account from time to time an amount equal to the amount or value of the premium paid on the issue of any Share or capital contributed or such other amounts required by the Companies Act.

37.2 Debits to share premium account

(a) The following amounts shall be debited to any share premium account:

(i) on the redemption or purchase of a Share, the difference between the nominal value of that Share and the redemption or purchase price; and

(ii) any other amount paid out of a share premium account as permitted by the Companies Act.

(b) Notwithstanding paragraph (a) above, on the redemption or purchase of a Share, the Directors may pay the difference between the nominal value of that Share and the redemption purchase price out of the profits of the Company or, as permitted by the Companies Act, out of capital.

38. DISTRIBUTION PAYMENT RESTRICTIONS

Notwithstanding any other provision of these Articles, the Company shall not be obliged to make any payment to a Member in respect of a dividend, repurchase, redemption or other distribution if the Directors suspect that such payment may result in the breach or violation of any applicable laws or regulations (including, without limitation, any anti-money laundering laws or regulations) or such refusal is required by the laws and regulations governing the Company or its service providers.

39. BOOKS OF ACCOUNT

39.1 Books of account to be kept

The Directors shall cause proper books of account to be kept with respect to all sums of money received and expended by the Company and the matters in respect of which the receipt or expenditure takes place, all sales and purchases of goods by the Company and the assets and liabilities of the Company. Proper books shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the affairs of the Company and to explain its transactions.

39.2 Inspection by Members

The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them will be open to the inspection of Members (not being Directors). No Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by the Companies Act by order of the court or authorised by the Directors or by Ordinary Resolution.

39.3 Accounts required by law

The Directors shall cause to be prepared and to be laid before the Company at each annual general meeting profit and loss accounts, balance sheets, group accounts (if any) and such other reports and accounts as may be required by law.

39.4 Retention of records

All books of account maintained by the Company shall be retained for a period of at least five years, or such longer period required by any applicable law or regulation from time to time.

40. AUDITOR

40.1 Appointment of Auditor

The Directors may appoint an Auditor who shall hold office until removed from office by a resolution of the Directors, and may fix the Auditor's remuneration.

40.2 Rights of Auditor

The Auditor 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.

40.3 Reporting requirements of Auditor

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 general meeting following their appointment, and at any other time during their term of office, upon request of the Directors or any general meeting of the Company.

41. NOTICES

41.1 Forms of notices

(a) Any notice to be given to or by any person pursuant to these Articles (other than a notice calling a meeting of the Directors) shall be in writing or shall be given using electronic communications to an address for the time being notified for that purpose to the person giving the notice, except that a notice to a holder of any uncertificated Shares or given in respect of any such Shares may be given electronically through the Relevant System (if permitted by, and subject to, the facilities and requirements of the Relevant System and subject to compliance with any relevant requirements of the Exchange Rules and/or the Exchange).

(b) (ln this Article "address", in relation to electronic communications, includes any number or address used for the purposes of such communications).

41.2 Service on Members

(a) A notice or other document may be given by the Company to any Member either personally or by sending it by post in a pre-paid envelope addressed to such Member at his registered address or by leaving it at that address or by giving it using electronic communications to an address for the time being notified to the Company by the Member, or by any other means authorised in writing by the Member concerned or (in the case of a notice to a Member holding uncertificated Shares) by transmitting the notice through the Relevant System.

(b) ln the case of joint holders of a Share, all notices and documents shall be given to the person whose name stands first in the Register of Members in respect of that Share. Notice so given shall be sufficient notice to all the joint holders.

(c) Any notice or other document to be given to a Member may be given by reference to the Register of Members as it stands at any time within the period of 21 days before the day that the notice is given or (where and as applicable) within any other period permitted by, or in accordance with the requirements of, (to the extent applicable) the Exchange Rules and/or the Exchange. No change in the Register of Members after that time shall invalidate the giving of such notice or document or require the Company to give such item to any other person.

(d) lf on three consecutive occasions notices or other documents have been sent through the post to any Member at his registered address or his address for the service of notices but have been returned undelivered, such Member shall not be entitled to receive notices or other documents from the Company until he shall have communicated with the Company and supplied in writing a new registered address for the service of notices.

(e) lf on three consecutive occasions notices or other documents have been sent using electronic communications to an address for the time being notified to the Company by the Member and the Company becomes aware that there has been a failure of transmission, the Company shall revert to giving notices and other documents to the Member by post or by any other means authorised in writing by the Member concerned. Such Member shall not be entitled to receive notices or other documents from the Company using electronic communications until he shall have communicated with the Company and supplied in writing a new address to which notices or other documents may be sent using electronic communications.

41.3 Evidence of giving notice

(a) A notice or other document addressed to a Member at his registered address shall be, if sent by post or airmail, deemed to have been served five (5) calendar days after the time when the letter containing the same is posted.

(b) A notice or other document addressed to a Member at his registered address shall be, if sent by facsimile, deemed to have been served upon production by the transmitting facsimile machine of a report confirming transmission of the facsimile in full to the facsimile number of the recipient.

(c) A notice or other document addressed to a Member at his registered address shall be, if sent by recognized courier service, deemed to have been 48 hours after the time when the letter containing the same is delivered to the courier service.

(d) A notice or other document address to a Member at an address to which notices may be sent using electronic communications shall be, if sent by electronic communications, deemed to have been served immediately (i) upon the time of the transmission to the electronic mail address supplied by the Member to the Company or (ii) upon the time of its placement on the Company's Website.

(e) In proving service by post or courier service it shall be sufficient to prove that the letter containing the notice or documents was properly addressed and duly posted or delivered to the courier service.

(f) A notice or document not sent by post but:

(i) left at a registered address or address for giving notice in jurisdictions(s) where Exchange(s) located shall be deemed to be given on the day it is left; and

(ii) given through the Relevant System shall be deemed to be given when the Company or other relevant person acting on the Company's behalf sends the relevant instruction or other relevant message in respect of such notice.

(g) A Member present either in person or by proxy, or in the case of a corporate Member by a duly authorised representative, at any meeting of the Company or of the holders of any Class of Shares shall be deemed to have received due notice of such meeting and, where required, of the purposes for which it was called.

41.4 Notice binding on transferees

A person who becomes entitled to a Share by transfer, transmission or otherwise shall be bound by any notice in respect of that Share which, before his name is entered in the Register of Members, has been given to the person from whom he derives his title.

41.5 Notice to persons entitled by transmission

A notice or other document may be given by the Company to a person entitled by transmission to a Share in consequence of the death or bankruptcy of a Member or otherwise by sending or delivering it in any manner authorised by these Articles for the giving of notice to a Member, addressed to that person by name, or by the title of representative of the deceased or trustee of the bankrupt or by any similar or equivalent description, to the address to which notices have been requested to be sent for that purpose by the person claiming to be so entitled. Until such an address has been supplied, a notice or other document may be given in any manner in which it might have been given if the event giving rise to the transmission had not occurred. The giving of notice in accordance with this Article shall be sufficient notice to all other persons interested in the Share.

42. WINDING UP

42.1 Method of winding up

(a) 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.

(b) 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.

(c) This Article is without prejudice to the rights of the holders of Shares issued upon special terms and conditions.

42.2 Distribution of assets in a winding up

Subject to any rights or restrictions for the time being attached to any Class of Shares, on a winding up of the Company the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Companies Act, distribute among the Members 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:

(a) decide how the assets are to be distributed as between the Members or different Classes of Members;

(b) value the assets to be distributed in such manner as the liquidator thinks fit; and

(c) vest the whole or any part of any assets in such trustees and on such trusts for the benefit of the Members entitled to the distribution of those assets as the liquidator sees fit, but so that no Member shall be obliged to accept any assets in respect of which there is any liability.

43. INDEMNITY AND INSURANCE

43.1 Indemnity and limitation of liability of Directors and officers

(a) To the maximum extent permitted by law, every current and former Director and officer of the Company (excluding an Auditor) (each an "Indemnified Person"), shall be entitled to be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses, including legal expenses (each a "Liability"),which such Indemnified Person may incur in that capacity unless such Liability arose as a result of the dishonesty, actual fraud or wilful default of such person.

(b) No Indemnified Person shall be liable to the Company for any loss or damage resulting (directly or indirectly) from such Indemnified Person carrying out his or her duties unless that liability arises through the actual fraud or wilful default of such Indemnified Person.

(c) For the purpose of these Articles, no Indemnified Person shall be deemed to have committed "actual fraud" or "wilful default" until a court of competent jurisdiction has made a final, non-appealable finding to that effect.

43.2 Advance of legal fees

The Company shall advance to each Indemnified Person reasonable legal fees and other costs and expenses incurred in connection with the defence of any action, suit, proceeding or investigation involving such Indemnified Person for which indemnity will or could be sought. In connection with any such advance of expenses, the Indemnified Person shall execute an undertaking to repay the advanced amount to the Company if it is determined that the Indemnified Person was not entitled to indemnification under these Articles.

43.3 Indemnification to form part of contract

The indemnification and exculpation provisions of these Articles are deemed to form part of the employment contract or terms of appointment entered into by each Indemnified Person with the Company and accordingly are enforceable by such persons against the Company.

43.4 Insurance

The Directors may purchase and maintain insurance for or for the benefit of any Indemnified Person including (without prejudice to the generality of the foregoing) insurance against any Liability incurred by such persons in respect of any act or omission in the actual or purported execution or discharge of their duties or the exercise or purported exercise of their powers or otherwise in relation to or in connection with their duties, powers or offices in relation to the Company.

44. REQUIRED DISCLOSURE

If required to do so under the laws of any jurisdiction to which the Company (or any of its service providers) is subject, or in compliance with Exchange Rules of any Exchange, or to ensure the compliance by any person with any anti-money laundering legislation in any relevant jurisdiction, any Director, officer or service provider (acting on behalf of the Company) shall be entitled to release or disclose any information in its possession regarding the affairs of the Company or a Member, including, without limitation, any information contained in the Register of Members or subscription documentation of the Company relating to any Member.

45. FINANCIAL YEAR

Unless the Directors resolve otherwise, the financial year of the Company shall end on 31 December in each year and, following the year of incorporation, shall begin on 1 January in each year.

46. TRANSFER BY WAY OF CONTINUATION

The Company shall, with the approval of a Special Resolution, have the power to register by way of continuation to a jurisdiction outside of the Cayman Islands in accordance with the Companies Act.

47. MERGERS AND CONSOLIDATIONS

The Company shall, with the approval of a Special Resolution, have the power to merge or consolidate with one or more constituent companies (as defined in the Companies Act), upon such terms as the Directors may determine.

48. AMENDMENT OF MEMORANDUM AND ARTICLES

48.1 Power to change name or amend Memorandum

Subject to the Companies Act, the Company may, by Special Resolution:

(a) change its name; or

(b) change the provisions of its Memorandum with respect to its objects, powers or any other matter specified in the Memorandum.

48.2 Power to amend these Articles

Subject to the Companies Act and as provided in these Articles, the Company may, by Special Resolution, amend these Articles in whole or in part.

49. TAX TRANSPARENCY REPORTING

49.1 Each Member shall provide the Company on a timely basis with any documents, tax certifications, financial and other information (collectively "Tax Reporting Information") as the Company may request in connection with the Company's compliance with any legal and tax information reporting and exchange obligations applicable to it under the laws of the Cayman Islands or any other applicable jurisdiction (collectively, "Tax Reporting Obligations"), including, without limitation, any Tax Reporting Obligations under any Cayman Islands laws, regulations or guidance notes that give effect to: (i) the United States' Foreign Account Tax Compliance Act; (ii) the Organisation for Economic Co-operation and Development's Common Reporting Standard; and (iii) any additional inter-governmental agreement or treaty entered into by, or otherwise binding upon the Cayman Islands that provides for the exchange of tax information with another jurisdiction.

49.2 The Company shall have the power to release, report or otherwise disclose to the Department for International Tax Cooperation in the Cayman Islands (or any other authority as may be required under the Tax Reporting Obligations) any Tax Reporting Information provided by a Member to the Company and any other information held by the Company in respect of the Member's investment in the Company, in connection with the Tax Reporting Obligations, including, without limitation, in relation to the identity, address, tax identification number, tax status and interest in the Company of the Member (and any of its direct or indirect owners or affiliates).

49.3 If a Member fails to provide the Company with any requested Tax Reporting Information on a timely basis and such failure results, or may result, in the Company's inability to comply with its Tax Reporting Obligations or if the Company is otherwise unable to comply with its Tax Reporting Obligations as a result of the direct or indirect action (or inaction) of a Member, the Company may:

(a) compulsorily repurchase some or all of such Member's Shares without notice at a price per Share equal to the fair value of such Shares (as determined by the Directors) and may deduct or withhold from such redemption proceeds any penalty, debt, withholding or back up tax, costs, expenses, obligations, liabilities or other adverse consequences (collectively, "Tax Reporting Liabilities") imposed on the Company, its Members and/or any of their respective directors, officers, employees, agents, managers, shareholders and/or partners as a result of such failure, action or inaction by such Member; and/or

(b) re-designate, immediately and without consent, such Member's Shares as belonging to a separate class and create a separate internal account in respect of such Shares so that any Tax Reporting Liabilities may be allocated solely to that class and debited from such class.

50. EXCLUSIVE FORUM

50.1 For the avoidance of doubt and without limiting the jurisdiction of the Cayman Courts to hear, settle and/or determine disputes related to the Company, the courts of the Cayman Islands shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Company, (ii) any action asserting a claim of breach of a fiduciary duty owed by any Director, officer, or other employee of the Company to the Company or the Members, (iii) any action asserting a claim arising pursuant to any provision of the Companies Act or these Articles including but not limited to any purchase or acquisition of Shares, security, or guarantee provided in consideration thereof, or (iv) any action asserting a claim against the Company which if brought in the United States of America would be a claim arising under the internal affairs doctrine (as such concept is recognized under the laws of the United States from time to time).

50.2 Unless the Company consents in writing to the selection of an alternative forum, the United States District Court for the Southern District of New York (or, if the United States District Court for the Southern District of New York lacks subject matter jurisdiction over a particular dispute, the state courts in New York County, New York) shall be the exclusive forum within the United States for the resolution of any complaint asserting a cause of action arising out of or relating in any way to the federal securities laws of the United States, regardless of whether such legal suit, action, or proceeding also involves parties other than the Company. Any person or entity purchasing or otherwise acquiring any Share or other securities in the Company, or purchasing or otherwise acquiring ADSs issued pursuant to deposit agreements, shall be deemed to have notice of and consented to the provisions of this Article. Without prejudice to the foregoing, if the provision in this Article is held to be illegal, invalid or unenforceable under applicable law, the legality, validity or enforceability of the rest of these Articles shall not be affected and this Article shall be interpreted and construed to the maximum extent possible to apply in the relevant jurisdiction with whatever modification or deletion may be necessary so as best to give effect to the intention of the Company.

Exhibit 4.2

NIP Group Inc.

NUMBER CLASS A ORDINARY SHARES

Incorporated under the laws of the Cayman Islands

Share capital is **US$50,000** divided into **500,000,000 shares** of a par value of **US$0.0001** each, comprising
(i) **429,552,072 ordinary shares** of a par value of **US$0.0001** each,
(ii) **24,709,527 Class A preferred shares** of a par value of **US$0.0001** each, and
(iii) **2,693,877 Class B preferred shares** of a par value of **US$0.0001** each.

THIS IS TO CERTIFY that is the registered holder of Class A ordinary shares in the above-named company subject to the memorandum and articles of association thereof.

EXECUTED on behalf of the said company on

_____
Director

Exhibit 4.3

DEPOSIT AGREEMENT

by and among

NIP GROUP INC.

and

CITIBANK, N.A.,
as Depositary,

and

ALL HOLDERS AND BENEFICIAL OWNERS OF
AMERICAN DEPOSITARY SHARES
ISSUED HEREUNDER

Dated as of [·]

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DEPOSIT AGREEMENT

DEPOSIT AGREEMENT, dated as of [·], by and among (i) NIP GROUP INC., a Cayman Islands exempted company, and its successors (the "Company"), (ii) CITIBANK, N.A., a national banking association organized under the laws of the United States of America ("Citibank") acting in its capacity as depositary, and any successor depositary hereunder (Citibank in such capacity, the "Depositary"), and (iii) all Holders and Beneficial Owners of American Depositary Shares issued hereunder (all such capitalized terms as hereinafter defined).

W I T N E S S E T H T H A T:

WHEREAS, the Company desires to establish with the Depositary an ADR facility to provide for the deposit of the Shares (as hereinafter defined) and the creation of American Depositary Shares representing the Shares so deposited and for the execution and Delivery (as hereinafter defined) of American Depositary Receipts (as hereinafter defined) evidencing such American Depositary Shares; and

WHEREAS, the Depositary is willing to act as the Depositary for such ADR facility upon the terms set forth in the Deposit Agreement (as hereinafter defined); and

WHEREAS, any American Depositary Receipts issued pursuant to the terms of the Deposit Agreement are to be substantially in the form of Exhibit A attached hereto, with appropriate insertions, modifications and omissions, as hereinafter provided in the Deposit Agreement; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS

All capitalized terms used, but not otherwise defined, herein shall have the meanings set forth below, unless otherwise clearly indicated:

Section 1.1 "ADS Record Date" shall have the meaning given to such term in Section 4.9.

Section 1.2 "Affiliate" shall have the meaning assigned to such term by the Commission (as hereinafter defined) under Regulation C promulgated under the Securities Act (as hereinafter defined), or under any successor regulation thereto.

Section 1.3 "American Depositary Receipt(s)", "ADR(s)" and **"Receipt(s)"** shall mean the certificate(s) issued by the Depositary to evidence the American Depositary Shares issued under the terms of the Deposit Agreement in the form of Certificated ADS(s) (as hereinafter defined), as such ADRs may be amended from time to time in accordance with the provisions of the Deposit Agreement. An ADR may evidence any number of ADSs and may, in the case of ADSs held through a central depository such as DTC, be in the form of a "Balance Certificate."

Section 1.4 "American Depositary Share(s)" and **"ADS(s)"** shall mean the rights and interests in the Deposited Property (as hereinafter defined) granted to the Holders and Beneficial Owners pursuant to the terms and conditions of the Deposit Agreement and, if issued as Certificated ADS(s) (as hereinafter defined), the ADR(s) issued to evidence such ADSs. ADS(s) may be issued under the terms of the Deposit Agreement in the form of (a) Certificated ADS(s) (as hereinafter defined), in which case the ADS(s) are evidenced by ADR(s), or (b) Uncertificated ADS(s) (as hereinafter defined), in which case the ADS(s) are not evidenced by ADR(s) but are reflected on the direct registration system maintained by the Depositary for such purposes under the terms of Section 2.13. Unless otherwise specified in the Deposit Agreement or in any ADR, or unless the context otherwise requires, any reference to ADS(s) shall include Certificated ADS(s) and Uncertificated ADS(s), individually or collectively, as the context may require. Each ADS shall represent the right to receive, and to exercise the beneficial ownership interests in, the number of Shares specified in the form of ADR attached hereto as Exhibit A (as amended from time to time) that are on deposit with the Depositary and/or the Custodian, subject, in each case, to the terms and conditions of the Deposit Agreement and the applicable ADR (if issued as a Certificated ADS), until there shall occur a distribution upon Deposited Securities referred to in Section 4.2 or a change in Deposited Securities referred to in Section 4.11 with respect to which additional ADSs are not issued, and thereafter each ADS shall represent the right to receive, and to exercise the beneficial ownership interests in, the applicable Deposited Property on deposit with the Depositary and the Custodian determined in accordance with the terms of such Sections, subject, in each case, to the terms and conditions of the Deposit Agreement and the applicable ADR (if issued as a Certificated ADS). In addition, the ADS(s)-to-Share(s) ratio is subject to amendment as provided in Articles IV and VI of the Deposit Agreement (which may give rise to Depositary fees).

Section 1.5 "Articles of Association" shall mean the memorandum and articles of association of the Company, and any other constitutional documents of the Company, as amended or restated and in effect from time to time.

Section 1.6 "Beneficial Owner(s)" shall mean, as to any ADS, any person or entity having a beneficial interest deriving from the ownership of such ADS. Notwithstanding anything else contained in the Deposit Agreement, any ADR(s) or any other instruments or agreements relating to the ADSs and the corresponding Deposited Property, 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 holders only of the Deposited Property represented by the ADSs for the benefit of the Holders and Beneficial Owners of the corresponding ADSs. The Depositary, on its own behalf and on behalf of the Custodian and their respective nominees, disclaims any beneficial ownership interest in the Deposited Property held on behalf of the Holders and Beneficial Owners of ADSs. The beneficial ownership interests in the Deposited Property are 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 the Deposited Property. The beneficial ownership interests in the Deposited Property shall, unless otherwise agreed by the Depositary, be exercisable by the Beneficial Owners of the ADSs only through the Holders of such ADSs, by the Holders of the ADSs (on behalf of the applicable Beneficial Owners) only through the Depositary, and by the Depositary (on behalf of the Holders and Beneficial Owners of the corresponding ADSs) directly, or indirectly through the Custodian or their respective nominees, in each case upon the terms of the Deposit Agreement and, if applicable, the terms of the ADR(s) evidencing the ADSs. A Beneficial Owner of ADSs may or may not be the Holder of such ADSs. A Beneficial Owner shall be able to exercise any right or receive any benefit hereunder solely through the person who is the Holder of the ADSs owned by such Beneficial Owner. Unless otherwise identified to the Depositary, a Holder shall be deemed to be the Beneficial Owner of all the ADSs registered in his/her/its name. The manner in which Beneficial Owners own and/or hold ADSs (e.g., in a brokerage account vs. as registered Holders on the ADS register maintained by the Depositary), the type of ADSs held (e.g., freely transferable ADSs vs. Restricted ADSs, and/or Full Entitlement ADSs vs. Partial Entitlement ADSs), the timeframe of issuance and ownership of ADSs (e.g., as of an ADS Record Date vs. before and/or after an ADS Record Date), and the number of ADSs held, may affect the rights and obligations of Beneficial Owners (including, without limitation, the ADS fees payable by Beneficial Owners), and the manner in which, and the extent to which, services are made available to, Beneficial Owners, in each case pursuant to the terms of the Deposit Agreement.

Section 1.7 "Certificated ADS(s)" shall have the meaning set forth in Section 2.13.

Section 1.8 "Citibank" shall mean Citibank, N.A., a national banking association organized under the laws of the United States of America, and its successors.

Section 1.9 "Commission" shall mean the Securities and Exchange Commission of the United States or any successor governmental agency thereto in the United States.

Section 1.10 "Company" shall mean NIP Group Inc., a Cayman Islands exempted company, and its successors.

Section 1.11 "Custodian" shall mean (i) as of the date hereof, Citibank, N.A. – Hong Kong, having its principal office at 9/F Citi Tower, One Bay East, 83 Hoi Bun Road, Kwun Tong, Kowloon, Hong Kong, as the custodian of Deposited Property for the purposes of the Deposit Agreement, (ii) Citibank, N.A., acting as custodian of Deposited Property pursuant to the Deposit Agreement, and (iii) any other entity that may be appointed by the Depositary pursuant to the terms of Section 5.5 as successor, substitute or additional custodian hereunder. The term "Custodian" shall mean any Custodian individually or all Custodians collectively, as the context requires.

Section 1.12 "Deliver" and **"Delivery"** shall mean (x) *when used in respect of Shares and other Deposited Securities*, either (i) the physical delivery of the certificate(s) representing such securities, or (ii) the book-entry transfer and recordation of such securities on the books of the Share Registrar (as hereinafter defined) or in the applicable book-entry settlement system, if available, and (y) *when used in respect of ADSs*, either (i) the physical delivery of ADR(s) evidencing the ADSs, or (ii) the book-entry transfer and recordation of ADSs on the books of the Depositary or any book-entry settlement system in which the ADSs are settlement-eligible.

Section 1.13 "Deposit Agreement" shall mean this Deposit Agreement and all exhibits hereto, as the same may from time to time be amended and supplemented from time to time in accordance with the terms of the Deposit Agreement.

Section 1.14 "Depositary" shall mean Citibank, N.A., a national banking association organized under the laws of the United States, in its capacity as depositary under the terms of the Deposit Agreement, and any successor depositary hereunder.

Section 1.15 "Deposited Property" shall mean the Deposited Securities and any cash and other property held on deposit by the Depositary and the Custodian in respect of the ADSs under the terms of the Deposit Agreement, subject, in the case of cash, to the provisions of Section 4.8. All Deposited Property shall be held by the Custodian, the Depositary and their respective nominees for the benefit of the Holders and Beneficial Owners of the ADSs representing the Deposited Property. The Deposited Property is not intended to, and shall not, constitute proprietary assets of the Depositary, the Custodian or their nominees. Beneficial ownership in the Deposited Property 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 the Deposited Property.

Section 1.16 "Deposited Securities" shall mean the Shares and any other securities held on deposit by the Custodian from time to time in respect of the ADSs under the Deposit Agreement and constituting Deposited Property.

Section 1.17 "Dollars" and **"$"** shall refer to the lawful currency of the United States.

Section 1.18 "DTC" shall mean The Depository Trust Company, a national clearinghouse and the central book-entry settlement system for securities traded in the United States and, as such, the custodian for the securities of DTC Participants (as hereinafter defined) maintained in DTC, and any successor thereto.

Section 1.19 "DTC Participant" shall mean any financial institution (or any nominee of such institution) having one or more participant accounts with DTC for receiving, holding and delivering the securities and cash held in DTC. A DTC Participant may or may not be a Beneficial Owner. If a DTC Participant is not the Beneficial Owner of the ADSs credited to its account at DTC, or of the ADSs in respect of which the DTC Participant is otherwise acting, such DTC Participant shall be deemed, for all purposes hereunder, to have all requisite authority to act on behalf of the Beneficial Owner(s) of the ADSs credited to its account at DTC or in respect of which the DTC Participant is so acting. A DTC Participant, upon acceptance in any one of its DTC accounts of any ADSs (or any interest therein) issued in accordance with the terms and conditions of the Deposit Agreement, shall (notwithstanding any explicit or implicit disclosure that it may be acting on behalf of another party) be deemed for all purposes to be a party to, and bound by, the terms of the Deposit Agreement and the applicable ADR(s) to the same extent as, and as if the DTC Participant were, the Holder of such ADSs.

Section 1.20 "Exchange Act" shall mean the United States Securities Exchange Act of 1934, as amended from time to time.

Section 1.21 "Foreign Currency" shall mean any currency other than Dollars.

Section 1.22 "Full Entitlement ADR(s)", "Full Entitlement ADS(s)" and **"Full Entitlement Share(s)"** shall have the respective meanings set forth in Section 2.12.

Section 1.23 "Holder(s)" shall mean the person(s) in whose name the ADSs are registered on the books of the Depositary (or the Registrar, if any) maintained for such purpose. A Holder may or may not be a Beneficial Owner. If a Holder is not the Beneficial Owner of the ADS(s) registered in its name, such person shall be deemed, for all purposes hereunder, to have all requisite authority to act on behalf of the Beneficial Owners of the ADSs registered in its name. The manner in which Holders hold ADSs (e.g., in a brokerage account vs. as registered holders), the type of ADSs held (e.g., freely transferable ADSs vs. Restricted ADSs, and/or Full Entitlement ADSs vs. Partial Entitlement ADSs), the timeframe of issuance and ownership of ADSs (e.g., as of an ADS Record Date vs. before and/or after an ADS Record Date), and the number of ADSs held, may affect the rights and obligations of Holders (including, without limitation, the ADS fees payable by Holders), and the manner in which, and the extent to which, services are made available to, Holders, in each case pursuant to the terms of the Deposit Agreement.

Section 1.24 "Partial Entitlement ADR(s)", "Partial Entitlement ADS(s)" and **"Partial Entitlement Share(s)"** shall have the respective meanings set forth in Section 2.12.

Section 1.25 "Principal Office" shall mean, when used with respect to the Depositary, the principal office of the Depositary at which at any particular time its depositary receipts business shall be administered, which, at the date of the Deposit Agreement, is located at 388 Greenwich Street, New York, New York 10013, U.S.A.

Section 1.26 "Registrar" shall mean the Depositary or any bank or trust company having an office in the Borough of Manhattan, The City of New York, which shall be appointed by the Depositary to register issuances, transfers and cancellations of ADSs as herein provided, and shall include any co-registrar appointed by the Depositary for such purposes. Registrars (other than the Depositary) may be removed and substitutes appointed by the Depositary. Each Registrar (other than the Depositary) appointed pursuant to the Deposit Agreement shall be required to give notice in writing to the Depositary accepting such appointment and agreeing to be bound by the applicable terms of the Deposit Agreement.

Section 1.27 "Restricted Securities" shall mean Shares, Deposited Securities or ADSs which (i) have been acquired directly or indirectly from the Company or any of its Affiliates in a transaction or chain of transactions not involving any public offering and are subject to resale limitations under the Securities Act or the rules issued thereunder, or (ii) are held by an executive officer or director (or persons performing similar functions) or other Affiliate of the Company, or (iii) are subject to other restrictions on sale or deposit under the laws of the United States, the Cayman Islands, or under a shareholder agreement or the Articles of Association or under the regulations of an applicable securities exchange unless, in each case, such Shares, Deposited Securities or ADSs are being transferred or sold to persons other than an Affiliate of the Company in a transaction (a) covered by an effective resale registration statement, or (b) exempt from the registration requirements of the Securities Act (as hereinafter defined), and the Shares, Deposited Securities or ADSs are not, when held by such person(s), Restricted Securities.

Section 1.28 "Restricted ADR(s)", "Restricted ADS(s)" and **"Restricted Shares"** shall have the respective meanings set forth in Section 2.14.

Section 1.29 "Securities Act" shall mean the United States Securities Act of 1933, as amended from time to time.

Section 1.30 "Share Registrar" shall mean Osiris International Cayman Limited or any other institution organized under the laws of the Cayman Islands appointed by the Company from time to time to carry out the duties of registrar for the Shares, and any successor thereto.

Section 1.31 "Shares" shall mean the Company's Class A ordinary shares, par value $0.0001 per share, validly issued and outstanding and fully paid and may, if the Depositary so agrees after consultation with the Company, include evidence of the right to receive Shares; provided that in no event shall Shares include evidence of the right to receive Shares with respect to which the full purchase price has not been paid or Shares as to which preemptive rights have theretofore not been validly waived or exercised; provided further, however, that, if there shall occur any change in par value, split-up, consolidation, reclassification, exchange, conversion or any other event described in Section 4.11 in respect of the Shares of the Company, the term "Shares" shall thereafter, to the maximum extent permitted by law, represent the successor securities resulting from such event.

Section 1.32 "Uncertificated ADS(s)" shall have the meaning set forth in Section 2.13.

Section 1.33 "United States" and "U.S." shall have the meaning assigned to it in Regulation S as promulgated by the Commission under the Securities Act.

ARTICLE II
APPOINTMENT OF DEPOSITARY; FORM OF RECEIPTS; DEPOSIT OF SHARES; EXECUTION AND DELIVERY, TRANSFER AND SURRENDER OF RECEIPTS

Section 2.1 Appointment of Depositary. The Company hereby appoints the Depositary as depositary for the Deposited Property and hereby authorizes and directs the Depositary to act in accordance with the terms and conditions set forth in the Deposit Agreement and the applicable ADRs. Each Holder and each Beneficial Owner, upon acceptance of any ADSs (or any interest therein) issued in accordance with the terms and conditions of the Deposit Agreement shall be deemed for all purposes to (a) be a party to and bound by the terms of the Deposit Agreement and the applicable ADR(s), and (b) appoint the Depositary as 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(s), to adopt any and all procedures necessary to comply with applicable law 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(s), the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof.

Section 2.2 Form and Transferability of ADSs.

(a) Form. Certificated ADSs shall be evidenced by definitive ADRs which shall be engraved, printed, lithographed or produced in such other manner as may be agreed upon by the Company and the Depositary. ADRs may be issued under the Deposit Agreement in denominations of any whole number of ADSs. The ADRs shall be substantially in the form set forth in Exhibit A to the Deposit Agreement, with any appropriate insertions, modifications and omissions, in each case as otherwise contemplated in the Deposit Agreement or required by law. ADRs shall be (i) dated, (ii) signed by the manual or facsimile signature of a duly authorized signatory of the Depositary, (iii) countersigned by the manual or facsimile signature of a duly authorized signatory of the Registrar, and (iv) registered in the books maintained by the Registrar for the registration of issuances and transfers of ADSs. No ADR and no Certificated ADS evidenced thereby shall be entitled to any benefits under the Deposit Agreement or be valid or enforceable for any purpose against the Depositary or the Company, unless such ADR shall have been so dated, signed, countersigned and registered. ADRs bearing the facsimile signature of a duly-authorized signatory of the Depositary or the Registrar, who at the time of signature was a duly-authorized signatory of the Depositary or the Registrar, as the case may be, shall bind the Depositary, notwithstanding the fact that such signatory has ceased to be so authorized prior to the Delivery of such ADR by the Depositary. The ADRs shall bear a CUSIP number that is different from any CUSIP number that was, is or may be assigned to any depositary receipts previously or subsequently issued pursuant to any other arrangement between the Depositary (or any other depositary) and the Company and which are not ADRs outstanding hereunder.

(b) Legends. The ADRs may be endorsed with, or have incorporated in the text thereof, such legends or recitals not inconsistent with the provisions of the Deposit Agreement as may be (i) necessary to enable the Depositary and the Company to perform their respective obligations hereunder, (ii) required to comply with any applicable laws or regulations, or with the rules and regulations of any securities exchange or market upon which ADSs may be traded, listed or quoted, or to conform with any usage with respect thereto, (iii) necessary to indicate any special limitations or restrictions to which any particular ADRs or ADSs are subject by reason of the date of issuance of the Deposited Securities or otherwise, or (iv) required by any book-entry system in which the ADSs are held. Holders and Beneficial Owners shall be deemed, for all purposes, to have notice of, and to be bound by, the terms and conditions of the legends set forth, in the case of Holders, on the ADR registered in the name of the applicable Holders or, in the case of Beneficial Owners, on the ADR representing the ADSs owned by such Beneficial Owners.

(c) Title. Subject to the limitations contained herein and in the ADR, title to an ADR (and to each Certificated ADS evidenced thereby) shall be transferable upon the same terms as a certificated security under the laws of the State of New York, provided that, in the case of Certificated ADSs, such ADR has been properly endorsed or is accompanied by proper instruments of transfer. Notwithstanding any notice to the contrary, the Depositary and the Company may deem and treat the Holder of an ADS (that is, the person in whose name an ADS is registered on the books of the Depositary) as the absolute owner thereof for all purposes. Neither the Depositary nor the Company shall have any obligation nor be subject to any liability under the Deposit Agreement or any ADR to any holder or any Beneficial Owner unless, in the case of a holder of ADSs, such holder is the Holder registered on the books of the Depositary or, in the case of a Beneficial Owner, such Beneficial Owner, or the Beneficial Owner's representative, is the Holder registered on the books of the Depositary.

(d) Book-Entry Systems. The Depositary shall make arrangements for the acceptance of the ADSs into DTC. All ADSs held through DTC will be registered in the name of the nominee for DTC (currently "Cede & Co."). As such, the nominee for DTC will be the only "Holder" of all ADSs held through DTC. Unless issued by the Depositary as Uncertificated ADSs, the ADSs registered in the name of Cede & Co. will be evidenced by one or more ADR(s) in the form of a "Balance Certificate," which will provide that it represents the aggregate number of ADSs from time to time indicated in the records of the Depositary as being issued hereunder and that the aggregate number of ADSs represented thereby may from time to time be increased or decreased by making adjustments on such records of the Depositary and of DTC or its nominee as hereinafter provided. Citibank, N.A. (or such other entity as is appointed by DTC or its nominee) may hold the "Balance Certificate" as custodian for DTC. Each Beneficial Owner of ADSs held through DTC must rely upon the procedures of DTC and the DTC Participants to exercise or be entitled to any rights attributable to such ADSs. The DTC Participants shall for all purposes be deemed to have all requisite power and authority to act on behalf of the Beneficial Owners of the ADSs held in the DTC Participants' respective accounts in DTC and the Depositary shall for all purposes be authorized to rely upon any instructions and information given to it by DTC Participants. So long as ADSs are held through DTC or unless otherwise required by law, ownership of beneficial interests in the ADSs registered in the name of the nominee for DTC will be shown on, and transfers of such ownership will be effected only through, records maintained by (i) DTC or its nominee (with respect to the interests of DTC Participants), or (ii) DTC Participants or their nominees (with respect to the interests of clients of DTC Participants). Any distributions made, and any notices given, by the Depositary to DTC under the terms of the Deposit Agreement shall (unless otherwise specified by the Depositary) satisfy the Depositary's obligations under the Deposit Agreement to make such distributions, and give such notices, in respect of the ADSs held in DTC (including, for avoidance of doubt, to the DTC Participants holding the ADSs in their DTC accounts and to the Beneficial Owners of such ADSs).

Section 2.3 Deposit of Shares. Subject to the terms and conditions of the Deposit Agreement and applicable law, Shares or evidence of rights to receive Shares (other than Restricted Securities) may be deposited by any person (including the Depositary in its individual capacity but subject, however, in the case of the Company or any Affiliate of the Company, to Section 5.7) at any time, whether or not the transfer books of the Company or the Share Registrar, if any, are closed, by Delivery of the Shares to the Custodian. Every deposit of Shares shall be accompanied by the following: (A) (i) *in the case of Shares represented by certificates issued in registered form*, appropriate instruments of transfer or endorsement, in a form satisfactory to the Custodian, (ii) *in the case of Shares represented by certificates in bearer form,* the requisite coupons and talons pertaining thereto, and (iii) *in the case of Shares delivered by book-entry transfer and recordation*, confirmation of such book-entry transfer and recordation in the books of the Share Registrar or of the applicable book-entry settlement entity, as applicable, to the Custodian or that irrevocable instructions have been given to cause such Shares to be so transferred and recorded, (B) such certifications and payments (including, without limitation, the Depositary's fees and related charges) and evidence of such payments (including, without limitation, stamping or otherwise marking such Shares by way of receipt) as may be required by the Depositary or the Custodian in accordance with the provisions of the Deposit Agreement and applicable law, (C) if the Depositary so requires, a written order directing the Depositary to issue and deliver to, or upon the written order of, the person(s) stated in such order the number of ADSs representing the Shares so deposited, (D) evidence reasonably satisfactory to the Depositary (which may be an opinion of counsel) that all necessary approvals have been granted by, or there has been compliance with the rules and regulations of, any applicable governmental agency in the Cayman Islands, and (E) if the Depositary so requires, (i) an agreement, assignment or instrument reasonably satisfactory to the Depositary or the Custodian which provides for the prompt transfer by any person in whose name the Shares are or have been recorded to the Custodian of any distribution, or right to subscribe for additional Shares or to receive other property in respect of any such deposited Shares or, in lieu thereof, such indemnity or other agreement as shall be reasonably satisfactory to the Depositary or the Custodian and (ii) if the Shares are registered in the name of the person on whose behalf they are presented for deposit, a proxy or proxies entitling the Custodian to exercise voting rights in respect of the Shares for any and all purposes until the Shares so deposited are registered in the name of the Depositary, the Custodian or any nominee.

Without limiting any other provision of the Deposit Agreement, the Depositary shall instruct the Custodian not to, and the Depositary shall not knowingly, accept for deposit (a) any Restricted Securities (except as contemplated by Section 2.14) nor (b) any fractional Shares or fractional Deposited Securities nor (c) a number of Shares or Deposited Securities which upon application of the ADS to Shares ratio would give rise to fractional ADSs. No Shares shall be accepted for deposit unless accompanied by evidence, if any is required by the Depositary, that is reasonably satisfactory to the Depositary or the Custodian that all conditions to such deposit have been satisfied by the person depositing such Shares under the laws and regulations of the Cayman Islands and any necessary approval has been granted by any applicable governmental body in the Cayman Islands, if any. The Depositary may issue ADSs against evidence of rights to receive Shares from the Company, any agent of the Company or any custodian, registrar, transfer agent, clearing agency or other entity involved in ownership or transaction records in respect of the Shares. Such evidence of rights shall consist of written blanket or specific guarantees of ownership of Shares furnished by the Company or any such custodian, registrar, transfer agent, clearing agency or other entity involved in ownership or transaction records in respect of the Shares.

Without limitation of the foregoing, the Depositary shall not knowingly accept for deposit under the Deposit Agreement (A) any Shares or other securities required to be registered under the provisions of the Securities Act, unless (i) a registration statement is in effect as to such Shares or other securities or (ii) the deposit is made upon terms contemplated in Section 2.14, or (B) any Shares or other securities the deposit of which would violate any provisions of the Articles of Association. For purposes of the foregoing sentence, the Depositary shall be entitled to rely upon representations and warranties made or deemed made pursuant to the Deposit Agreement and shall not be required to make any further investigation. The Depositary will comply with written instructions of the Company (received by the Depositary reasonably in advance) not to accept for deposit hereunder any Shares identified in such instructions at such times and under such circumstances as may reasonably be specified in such instructions in order to facilitate the Company’s compliance with the securities laws of the United States.

Section 2.4 Registration and Safekeeping of Deposited Securities. The Depositary shall instruct the Custodian upon each Delivery of registered Shares being deposited hereunder with the Custodian (or other Deposited Securities pursuant to Article IV hereof), together with the other documents above specified, to present such Shares, together with the appropriate instrument(s) of transfer or endorsement, duly stamped, to the Share Registrar for transfer and registration of the Shares (as soon as transfer and registration can be accomplished and at the expense of the person for whom the deposit is made) in the name of the Depositary, the Custodian or a nominee of either. Deposited Securities shall be held by the Depositary, or by a Custodian for the account and to the order of the Depositary or a nominee of the Depositary, in each case, on behalf of the Holders and Beneficial Owners, at such place(s) as the Depositary or the Custodian shall determine. Notwithstanding anything else contained in the Deposit Agreement, any ADR(s), or any other instruments or agreements relating to the ADSs and the corresponding Deposited Property, the registration of the Deposited Securities in the name of the Depositary, the Custodian or any of their respective nominees, shall, to the maximum extent permitted by applicable law, vest in the Depositary, the Custodian or the applicable nominee the record ownership in the applicable Deposited Securities with the beneficial ownership rights and interests in such Deposited Securities being at all times vested with the Beneficial Owners of the ADSs representing the Deposited Securities. Notwithstanding the foregoing, the Depositary, the Custodian and the applicable nominee shall at all times be entitled to exercise the beneficial ownership rights in all Deposited Property, in each case only on behalf of the Holders and Beneficial Owners of the ADSs representing the Deposited Property, upon the terms set forth in the Deposit Agreement and, if applicable, the ADR(s) representing the ADSs. The Depositary, the Custodian and their respective nominees shall for all purposes be deemed to have all requisite power and authority to act in respect of Deposited Property on behalf of the Holders and Beneficial Owners of ADSs representing the Deposited Property, and upon making payments to, or acting upon instructions from, or information provided by, the Depositary, the Custodian or their respective nominees all persons shall be authorized to rely upon such power and authority.

Section 2.5 Issuance of ADSs. The Depositary has made arrangements with the Custodian for the Custodian to confirm to the Depositary upon receipt of a deposit of Shares (i) that a deposit of Shares has been made pursuant to Section 2.3, (ii) that such Deposited Securities have been recorded in the name of the Depositary, the Custodian or a nominee of either on the shareholders' register maintained by or on behalf of the Company by the Share Registrar or on the books of the applicable book-entry settlement entity, (iii) that all required documents have been received, and (iv) the person(s) to whom or upon whose order ADSs are deliverable in respect thereof and the number of ADSs to be so delivered. Such notification may be made by letter, cable, telex, SWIFT message or, at the risk and expense of the person making the deposit, by facsimile or other means of electronic transmission. Upon receiving such notice from the Custodian, the Depositary, subject to the terms and conditions of the Deposit Agreement and applicable law, shall issue the ADSs representing the Shares so deposited to or upon the order of the person(s) named in the notice delivered to the Depositary and, if applicable, shall execute and deliver at its Principal Office Receipt(s) registered in the name(s) requested by such person(s) and evidencing the aggregate number of ADSs to which such person(s) is/are entitled, but, in each case, only upon payment to the Depositary of the ADS fees and charges of the Depositary for accepting a deposit of Shares and issuing ADSs (as set forth in Section 5.9 and Exhibit B hereto) and all taxes and governmental charges and fees payable in connection with such deposit and the transfer of the Shares and the issuance of the ADS(s). Upon receipt of satisfactory instructions from ADS Holders and payment of applicable taxes and the ADS fees and charges of the Depositary for the issuance, cancellation and conversion of ADSs (as set forth in Section 5.9 and Exhibit B hereto), the Depositary shall also, subject to the applicable terms and conditions of, and contemplated in, the Deposit Agreement and applicable law, issue new ADSs in connection with the conversion of existing ADSs of one series for ADSs of another series (e.g. in connection with the conversion of Restricted ADSs into freely transferable ADSs and the conversion of Partial Entitlement ADSs into Full Entitlement ADSs), in which case the Depositary shall (i) only issue such number of new ADSs of one series as equals the number of existing ADSs cancelled of the corresponding series, and (ii) only process such ADS conversion to the extent the Depositary has to the extent applicable instructed the Custodian to transfer the corresponding Shares from and into the applicable custody accounts maintained for the applicable ADS series. The Depositary shall only issue ADSs in whole numbers and deliver, if applicable, ADR(s) evidencing whole numbers of ADSs.

Section 2.6 Transfer, Combination and Split-up of ADRs.

(a) Transfer. The Registrar shall as promptly as commercially practicable register the transfer of ADRs (and of the ADSs represented thereby) on the books maintained for such purpose and the Depositary shall as promptly as commercially practicable (x) cancel such ADRs and execute new ADRs evidencing the same aggregate number of ADSs as those evidenced by the ADRs canceled by the Depositary, (y) cause the Registrar to countersign such new ADRs and (z) Deliver such new ADRs to or upon the order of the person entitled thereto, if each of the following conditions has been satisfied: (i) the ADRs have been duly Delivered by the Holder (or by a duly authorized attorney of the Holder) to the Depositary at its Principal Office for the purpose of effecting a transfer thereof, (ii) the surrendered ADRs have been properly endorsed or are accompanied by proper instruments of transfer (including signature guarantees in accordance with standard securities industry practice), (iii) the surrendered ADRs have been duly stamped (if required by the laws of the State of New York or of the United States), and (iv) all applicable ADS fees and charges of, and expenses incurred by, the Depositary and all applicable taxes and governmental charges (as are set forth in Section 5.9 and Exhibit B hereto) have been paid, *subject, however, in each case,* to the terms and conditions of the applicable ADRs, of the Deposit Agreement and of applicable law, in each case as in effect at the time thereof.

(b) Combination & Split-Up. The Registrar shall as promptly as commercially practicable register the split-up or combination of ADRs (and of the ADSs represented thereby) on the books maintained for such purpose and the Depositary shall as promptly as commercially practicable (x) cancel such ADRs and execute new ADRs for the number of ADSs requested, but in the aggregate not exceeding the number of ADSs evidenced by the ADRs canceled by the Depositary, (y) cause the Registrar to countersign such new ADRs and (z) Deliver such new ADRs to or upon the order of the Holder thereof, if each of the following conditions has been satisfied: (i) the ADRs have been duly Delivered by the Holder (or by a duly authorized attorney of the Holder) to the Depositary at its Principal Office for the purpose of effecting a split-up or combination thereof, and (ii) all applicable fees and charges of, and expenses incurred by, the Depositary and all applicable taxes and governmental charges (as are set forth in Section 5.9 and Exhibit B hereto) have been paid, *subject, however, in each case*, to the terms and conditions of the applicable ADRs, of the Deposit Agreement and of applicable law, in each case as in effect at the time thereof.

Section 2.7 Surrender of ADSs and Withdrawal of Deposited Securities. The Holder of ADSs shall be entitled to Delivery (at the Custodian's designated office) of the Deposited Securities at the time represented by the ADSs upon satisfaction of each of the following conditions: (i) the Holder (or a duly-authorized attorney of the Holder) has duly Delivered ADSs to the Depositary at its Principal Office (and if applicable, the ADRs evidencing such ADSs) for the purpose of withdrawal of the Deposited Securities represented thereby, (ii) if applicable and so required by the Depositary, the ADRs Delivered to the Depositary for such purpose have been properly endorsed in blank or are accompanied by proper instruments of transfer in blank (including signature guarantees in accordance with standard securities industry practice), (iii) if so required by the Depositary, the Holder of the ADSs has executed and delivered to the Depositary a written order directing the Depositary to cause the Deposited Securities being withdrawn to be Delivered to or upon the written order of the person(s) designated in such order, and (iv) all applicable ADS fees and charges of, and expenses incurred by, the Depositary and all applicable taxes and governmental charges (as are set forth in Section 5.9 and Exhibit B) have been paid, *subject, however, in each case*, to the terms and conditions of the ADRs evidencing the surrendered ADSs, of the Deposit Agreement, of the Articles of Association, and of any applicable laws and the rules of the applicable book-entry settlement entity, and to any provisions of or governing the Deposited Securities, in each case as in effect at the time thereof.

Upon satisfaction of each of the conditions specified above, the Depositary (i) shall as promptly as commercially practicable cancel the ADSs Delivered to it (and, if applicable, the ADR(s) evidencing the ADSs so Delivered), (ii) shall direct the Registrar to record the cancellation of the ADSs so Delivered on the books maintained for such purpose, and (iii) shall direct the Custodian to Deliver, or cause the Delivery of, in each case, without unreasonable delay, the Deposited Securities represented by the ADSs so canceled together with any certificate or other document of title for the Deposited Securities, or evidence of the electronic transfer thereof (if available), as the case may be, to or upon the written order of the person(s) designated in the order delivered to the Depositary for such purpose, *subject however, in each case,* to the terms and conditions of the Deposit Agreement, of the ADRs evidencing the ADSs so canceled, of the Articles of Association, of any applicable laws and of the rules of the applicable book-entry settlement entity, and to the terms and conditions of or governing the Deposited Securities, in each case as in effect at the time thereof.

The Depositary shall not accept for surrender ADSs representing less than one (1) Share. In the case of Delivery to it of ADSs representing a number other than a whole number of Shares, the Depositary shall cause ownership of the appropriate whole number of Shares to be Delivered in accordance with the terms hereof, and shall, at the discretion of the Depositary, either (i) return to the person surrendering such ADSs the number of ADSs representing any remaining fractional Share, or (ii) sell or cause to be sold the fractional Share represented by the ADSs so surrendered and remit the proceeds of such sale (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes withheld) to the person surrendering the ADSs.

Upon receipt of satisfactory instructions from ADS Holders and payment of applicable taxes and the ADS fees and charges of the Depositary for the issuance, cancellation, and conversion of ADSs (as set forth in Section 5.9 and Exhibit B hereto), the Depositary shall also, subject to the applicable terms and conditions of, and contemplated in, the Deposit Agreement and applicable law, cancel ADSs in connection with the conversion of ADSs of one series for ADSs of another series (e.g., in connection with the conversion of Restricted ADSs into freely transferable ADSs and the conversion of Partial Entitlement ADSs into Full Entitlement ADSs), in which case, (i) the number of ADSs of one series so cancelled shall equal the number of ADSs issued of the corresponding series, and (ii) the Depositary shall to the extent applicable direct the Custodian to transfer the corresponding Shares from and into the applicable custody accounts maintained for the applicable ADS series.

Notwithstanding anything else contained in any ADR or the Deposit Agreement, the Depositary may make delivery at the Principal Office of the Depositary of Deposited Property consisting of (i) any cash dividends or cash distributions, or (ii) any proceeds from the sale of any non-cash distributions, which are at the time held by the Depositary in respect of the Deposited Securities represented by the ADSs surrendered for cancellation and withdrawal. At the request, risk and expense of any Holder so surrendering ADSs, and for the account of such Holder, the Depositary shall direct the Custodian to forward (to the extent permitted by law) any Deposited Property (other than Deposited Securities) held by the Custodian in respect of such ADSs to the Depositary for delivery at the Principal Office of the Depositary. Such direction shall be given by letter or, at the request, risk and expense of such Holder, by cable, telex or facsimile transmission.

Section 2.8 Limitations on Execution and Delivery, Transfer, etc. of ADSs; Suspension of Delivery, Transfer, etc.

(a) Additional Requirements. As a condition precedent to the execution and Delivery, the registration of issuance, transfer, split-up, combination or surrender, of any ADS, the delivery of any distribution thereon, or the withdrawal of any Deposited Property, the Depositary or the Custodian may require (i) payment from the depositor of Shares or presenter of ADSs or of an ADR of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees and charges of the Depositary as provided in Section 5.9 and Exhibit B, (ii) the production of proof reasonably satisfactory to it as to the identity and genuineness of any signature or any other matter contemplated by Section 3.1, and (iii) compliance with (A) any laws or governmental regulations relating to the execution and Delivery of ADRs or ADSs or to the withdrawal of Deposited Securities and (B) such reasonable regulations as the Depositary and the Company may establish consistent with the provisions of the representative ADR, if applicable, the Deposit Agreement and applicable law.

(b) Additional Limitations. The issuance of ADSs against deposits of Shares generally or against deposits of particular Shares may be suspended, or the deposit of particular Shares may be refused, or the registration of transfer of ADSs in particular instances may be refused, or the registration of transfers of ADSs generally may be suspended, during any period when the transfer books of the Company, the Depositary, a Registrar or the Share Registrar are closed or if any such action is deemed necessary or advisable by the Depositary or the Company, in good faith, at any time or from time to time because of any requirement of law or regulation, any government or governmental body or commission or any securities exchange on which the ADSs or Shares are listed, or under any provision of the Deposit Agreement or the representative ADR(s), if applicable, or under any provision of, or governing, the Deposited Securities, or because of a meeting of shareholders of the Company or for any other reason, subject, in all cases, to Section 7.8(a).

(c) Regulatory Restrictions. Notwithstanding any provision of the Deposit Agreement or any ADR(s) to the contrary, Holders are entitled to surrender outstanding ADSs to withdraw the Deposited Securities associated herewith at any time subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company 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, (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the ADSs or to the withdrawal of the Deposited Securities, and (iv) other circumstances specifically contemplated by Instruction I.A.(l) of the General Instructions to Form F-6 (as such General Instructions may be amended from time to time).

Section 2.9 Lost ADRs, etc. In case any ADR shall be mutilated, destroyed, lost, or stolen, the Depositary shall execute and deliver a new ADR of like tenor at the expense of the Holder (a) *in the case of a mutilated ADR,* in exchange of and substitution for such mutilated ADR upon cancellation thereof, or (b) *in the case of a destroyed, lost or stolen ADR,* in lieu of and in substitution for such destroyed, lost, or stolen ADR, after the Holder thereof (i) has submitted to the Depositary a written request for such exchange and substitution before the Depositary has notice that the ADR has been acquired by a bona fide purchaser, (ii) has provided such security or indemnity (including an indemnity bond) as may be required by the Depositary to save it and any of its agents harmless, and (iii) has satisfied any other reasonable requirements imposed by the Depositary, including, without limitation, evidence satisfactory to the Depositary of such destruction, loss or theft of such ADR, the authenticity thereof and the Holder's ownership thereof.

Section 2.10 Cancellation and Destruction of Surrendered ADRs; Maintenance of Records. All ADRs surrendered to the Depositary shall be canceled by the Depositary. Canceled ADRs shall not be entitled to any benefits under the Deposit Agreement or be valid or enforceable against the Depositary or the Company for any purpose. The Depositary is authorized to destroy ADRs so canceled, provided the Depositary maintains a record of all destroyed ADRs. Any ADSs held in book-entry form (*e.g.*, through accounts at DTC) shall be deemed canceled when the Depositary causes the number of ADSs evidenced by the Balance Certificate to be reduced by the number of ADSs surrendered (without the need to physically destroy the Balance Certificate).

Section 2.11 Escheatment. In the event any unclaimed property relating to the ADSs, for any reason, is in the possession of the Depositary and has not been claimed by the Holder thereof or cannot be delivered to the Holder thereof through usual channels, the Depositary shall, upon expiration of any applicable statutory period relating to abandoned property laws, escheat such unclaimed property to the relevant authorities in accordance with the laws of each of the relevant States of the United States.

Section 2.12 Partial Entitlement ADSs. In the event any Shares are deposited which (i) entitle the holders thereof to receive a per-share distribution or other entitlement in an amount different from the Shares then on deposit or (ii) are not fully fungible (including, without limitation, as to settlement or trading) with the Shares then on deposit (the Shares then on deposit collectively, "Full Entitlement Shares" and the Shares with different entitlement, "Partial Entitlement Shares"), the Depositary shall (i) cause the Custodian to hold Partial Entitlement Shares separate and distinct from Full Entitlement Shares, and (ii) subject to the terms of the Deposit Agreement, issue ADSs representing Partial Entitlement Shares which are separate and distinct from the ADSs representing Full Entitlement Shares, by means of separate CUSIP numbering and legending (if necessary) and, if applicable, by issuing ADRs evidencing such ADSs with applicable notations thereon ("Partial Entitlement ADSs/ADRs" and "Full Entitlement ADSs/ADRs", respectively). If and when Partial Entitlement Shares become Full Entitlement Shares, the Depositary shall convert the Partial Entitlement ADSs for Full Entitlement ADSs only upon receipt of applicable and satisfactory instructions from ADS Holders (to the extent ADS Holder instructions are deemed necessary and appropriate by the Depositary) and payment of applicable taxes and the ADS fees and charges of the Depositary (as set forth in Section 5.9 and Exhibit B hereto) for each of the issuance, cancellation, transfer and conversion processes undertaken in connection with the removal of distinctions between the Partial Entitlement ADRs, the Partial Entitlement ADSs and/or the Partial Entitlement Shares (on the one hand) and the Full Entitlement ADRs, the Full Entitlement ADSs and/or the Full Entitlement Shares (on the other hand), and subject to the applicable terms and conditions of, and contemplated in, the Deposit Agreement and applicable law, by (a) giving notice thereof to Holders of Partial Entitlement ADSs and giving Holders of Partial Entitlement ADRs the opportunity to exchange such Partial Entitlement ADRs for Full Entitlement ADRs, (b) causing the Custodian to transfer the Partial Entitlement Shares into the account of the Full Entitlement Shares, and (c) taking such actions as are necessary to convert the Partial Entitlement ADRs and ADSs, for the corresponding Full Entitlement ADRs and ADSs on the other, in which case, the number of Full Entitlement ADSs issued shall equal the number of Partial Entitlement ADSs cancelled. Holders and Beneficial Owners of Partial Entitlement ADSs shall only be entitled to the entitlements of Partial Entitlement Shares. Holders and Beneficial Owners of Full Entitlement ADSs shall be entitled only to the entitlements of Full Entitlement Shares. All provisions and conditions of the Deposit Agreement shall apply to Partial Entitlement ADRs and ADSs to the same extent as Full Entitlement ADRs and ADSs, except as contemplated by this Section 2.12. The Depositary is authorized to take any and all other actions as may be necessary (including, without limitation, making the necessary notations on ADRs) to give effect to the terms of this Section 2.12. The Company agrees to give timely written notice to the Depositary if any Shares issued or to be issued are Partial Entitlement Shares and shall assist the Depositary with the establishment of procedures enabling the identification of Partial Entitlement Shares upon Delivery to the Custodian.

Section 2.13 Certificated/Uncertificated ADSs. Notwithstanding any other provision of the Deposit Agreement, the Depositary may, at any time and from time to time, issue ADSs that are not evidenced by ADRs (such ADSs, the "Uncertificated ADS(s)" and the ADS(s) evidenced by ADR(s), the "Certificated ADS(s)"). When issuing and maintaining Uncertificated ADS(s) under the Deposit Agreement, the Depositary shall at all times be subject to (i) the standards applicable to registrars and transfer agents maintaining direct registration systems for equity securities in New York and issuing uncertificated securities under New York law, and (ii) the terms of New York law applicable to uncertificated equity securities. Uncertificated ADSs shall not be represented by any instruments but shall be evidenced by registration in the books of the Depositary maintained for such purpose. Holders of Uncertificated ADSs, that are not subject to any registered pledges, liens, restrictions or adverse claims of which the Depositary has notice at such time, shall at all times have the right to exchange the Uncertificated ADS(s) for Certificated ADS(s) of the same type and class, subject in each case to (x) applicable laws and any rules and regulations the Depositary may have established in respect of the Uncertificated ADSs, and (y) the continued availability of Certificated ADSs in the U.S. Holders of Certificated ADSs shall, if the Depositary maintains a direct registration system for the ADSs, have the right to exchange the Certificated ADSs for Uncertificated ADSs upon (i) the due surrender of the Certificated ADS(s) to the Depositary for such purpose and (ii) the presentation of a written request to that effect to the Depositary, subject in each case to (a) all liens and restrictions noted on the ADR evidencing the Certificated ADS(s) and all adverse claims of which the Depositary then has notice, (b) the terms of the Deposit Agreement and the rules and regulations that the Depositary may establish for such purposes hereunder, (c) applicable law, and (d) payment of the Depositary fees and expenses applicable to such exchange of Certificated ADS(s) for Uncertificated ADS(s). Uncertificated ADSs shall in all material respects be identical to Certificated ADS(s) of the same type and class, except that (i) no ADR(s) shall be, or shall need to be, issued to evidence Uncertificated ADS(s), (ii) Uncertificated ADS(s) shall, subject to the terms of the Deposit Agreement, be transferable upon the same terms and conditions as uncertificated securities under New York law, (iii) the ownership of Uncertificated ADS(s) shall be recorded on the books of the Depositary maintained for such purpose and evidence of such ownership shall be reflected in periodic statements provided by the Depositary to the Holder(s) in accordance with applicable New York law, (iv) the Depositary may from time to time, upon notice to the Holders of Uncertificated ADSs affected thereby, establish rules and regulations, and amend or supplement existing rules and regulations, as may be deemed reasonably necessary to maintain Uncertificated ADS(s) on behalf of Holders, provided that (a) such rules and regulations do not conflict with the terms of the Deposit Agreement and applicable law, and (b) the terms of such rules and regulations are readily available to Holders upon request, (v) the Uncertificated ADS(s) shall not be entitled to any benefits under the Deposit Agreement or be valid or enforceable for any purpose against the Depositary or the Company unless such Uncertificated ADS(s) is/are registered on the books of the Depositary maintained for such purpose, (vi) the Depositary may, in connection with any deposit of Shares resulting in the issuance of Uncertificated ADSs and with any transfer, pledge, release and cancellation of Uncertificated ADSs, require the prior receipt of such documentation as the Depositary may deem reasonably appropriate, and (vii) upon termination of the Deposit Agreement, the Depositary shall not require Holders of Uncertificated ADSs to affirmatively instruct the Depositary before remitting proceeds from the sale of the Deposited Property represented by such Holders' Uncertificated ADSs under the terms of Section 6.2. When issuing ADSs under the terms of the Deposit Agreement, including, without limitation, issuances pursuant to Sections 2.5, 4.2, 4.3, 4.4, 4.5 and 4.11, the Depositary may in its discretion determine to issue Uncertificated ADSs rather than Certificated ADSs, unless otherwise specifically instructed by the applicable Holder to issue Certificated ADSs. All provisions and conditions of the Deposit Agreement shall apply to Uncertificated ADSs to the same extent as to Certificated ADSs, except as contemplated by this Section 2.13. The Depositary is authorized and directed to take any and all actions and establish any and all procedures deemed reasonably necessary to give effect to the terms of this Section 2.13. Any references in the Deposit Agreement or any ADR(s) to the terms "American Depositary Share(s)" or "ADS(s)" shall, unless the context otherwise requires, include Certificated ADS(s) and Uncertificated ADS(s). Except as set forth in this Section 2.13 and except as required by applicable law, the Uncertificated ADSs shall be treated as ADSs issued and outstanding under the terms of the Deposit Agreement. In the event that, in determining the rights and obligations of parties hereto with respect to any Uncertificated ADSs, any conflict arises between (a) the terms of the Deposit Agreement (other than this Section 2.13) and (b) the terms of this Section 2.13, the terms and conditions set forth in this Section 2.13 shall be controlling and shall govern the rights and obligations of the parties to the Deposit Agreement pertaining to the Uncertificated ADSs.

Section 2.14 Restricted ADSs. The Depositary shall, at the request and expense of the Company, establish procedures enabling the deposit hereunder of Shares that are Restricted Securities in order to enable the holder of such Shares to hold its ownership interests in such Restricted Securities in the form of ADSs issued under the terms hereof (such Shares, "Restricted Shares"). Upon receipt of a written request from the Company to accept Restricted Shares for deposit hereunder, the Depositary agrees to establish procedures permitting the deposit of such Restricted Shares and the issuance of ADSs representing the right to receive, subject to the terms of the Deposit Agreement and the applicable ADR (if issued as a Certificated ADS), such deposited Restricted Shares (such ADSs, the "Restricted ADSs," and the ADRs evidencing such Restricted ADSs, the "Restricted ADRs"). Notwithstanding anything contained in this Section 2.14, the Depositary and the Company may, to the extent not prohibited by law, agree to issue the Restricted ADSs in uncertificated form ("Uncertificated Restricted ADSs") upon such terms and conditions as the Company and the Depositary may deem necessary and appropriate. The Company shall assist the Depositary in the establishment of such procedures and agrees that it shall take all steps necessary and reasonably satisfactory to the Depositary to ensure that the establishment of such procedures does not violate the provisions of the Securities Act or any other applicable laws. The depositors of such Restricted Shares and the Holders of the Restricted ADSs may be required prior to the deposit of such Restricted Shares, the transfer of the Restricted ADRs and Restricted ADSs or the withdrawal of the Restricted Shares represented by Restricted ADSs to provide such written certifications or agreements as the Depositary or the Company may require. The Company shall provide to the Depositary in writing the legend(s) to be affixed to the Restricted ADRs (if the Restricted ADSs are to be issued as Certificated ADSs), or to be included in the statements issued from time to time to Holders of Uncertificated ADSs (if issued as Uncertificated Restricted ADSs), which legends shall (i) be in a form reasonably satisfactory to the Depositary and (ii) contain the specific circumstances under which the Restricted ADSs, and, if applicable, the Restricted ADRs evidencing the Restricted ADSs, may be transferred or the Restricted Shares withdrawn. The Restricted ADSs issued upon the deposit of Restricted Shares shall be separately identified on the books of the Depositary and the Restricted Shares so deposited shall, to the extent required by law, be held separate and distinct from the other Deposited Securities held hereunder. The Restricted ADSs shall not be eligible for inclusion in any book-entry settlement system, including, without limitation, DTC (unless (x) otherwise agreed by the Company and the Depositary, (y) the inclusion of Restricted ADSs is acceptable to the applicable clearing system, and (z) the terms of such inclusion are generally accepted by the Commission for Restricted Securities of that type), and shall not in any way be fungible with the ADSs issued under the terms hereof that are not Restricted ADSs. The Restricted ADSs, and, if applicable, the Restricted ADRs evidencing the Restricted ADSs, shall be transferable only by the Holder thereof upon delivery to the Depositary of (i) all documentation otherwise contemplated by the Deposit Agreement and (ii) an opinion of counsel reasonably satisfactory to the Depositary setting forth, *inter alia*, the conditions upon which the Restricted ADSs presented, and, if applicable, the Restricted ADRs evidencing the Restricted ADSs, are transferable by the Holder thereof under applicable securities laws and the transfer restrictions contained in the legend applicable to the Restricted ADSs presented for transfer. Except as set forth in this Section 2.14 and except as required by applicable law, the Restricted ADSs and the Restricted ADRs evidencing Restricted ADSs shall be treated as ADSs and ADRs issued and outstanding under the terms of the Deposit Agreement. In the event that, in determining the rights and obligations of parties hereto with respect to any Restricted ADSs, any conflict arises between (a) the terms of the Deposit Agreement (other than this Section 2.14) and (b) the terms of (i) this Section 2.14 or (ii) the applicable Restricted ADR, the terms and conditions set forth in this Section 2.14 and of the Restricted ADR shall be controlling and shall govern the rights and obligations of the parties to the Deposit Agreement pertaining to the deposited Restricted Shares, the Restricted ADSs and Restricted ADRs.

If the Restricted ADRs, the Restricted ADSs and the Restricted Shares cease to be Restricted Securities, the Depositary, upon receipt of (x) an opinion of counsel reasonably satisfactory to the Depositary setting forth, *inter alia*, that the Restricted ADRs, the Restricted ADSs and the Restricted Shares are not as of such time, or in connection with a transaction, Restricted Securities, (y) instructions from the Company and/or the applicable ADS Holder to remove the restrictions applicable to the Restricted ADRs, the Restricted ADSs and the Restricted Shares, and (z) payment of applicable taxes and the ADS fees and charges of the Depositary (as set forth in Section 5.9 and Exhibit B hereto) for each of the issuance, cancellation, transfer and conversion processes undertaken in connection with the removal of the restrictions applicable to the Restricted ADRs, Restricted ADSs and/or Restricted Shares (as the case may be), shall (i) eliminate the distinctions and separations that may have been established between the applicable Restricted Shares held on deposit under this Section 2.14 and the other Shares held on deposit under the terms of the Deposit Agreement that are not Restricted Shares by converting the Restricted ADSs into freely transferable ADSs (which shall entail, inter alia, the cancellation of the Restricted ADSs and the issuance of the corresponding freely transferable ADSs, and instructing the Custodian to transfer the corresponding Shares from and into the applicable custody accounts maintained for the applicable ADS series), (ii) treat the newly unrestricted ADRs and ADSs on the same terms as, and fully fungible with, the other ADRs and ADSs issued and outstanding under the terms of the Deposit Agreement that are not Restricted ADRs or Restricted ADSs, and (iii) take all actions necessary to remove any distinctions, limitations and restrictions previously existing under this Section 2.14 between the applicable Restricted ADRs and Restricted ADSs, respectively, on the one hand, and the other ADRs and ADSs that are not Restricted ADRs or Restricted ADSs, respectively, on the other hand, including, without limitation, by making the newly-unrestricted ADSs eligible for inclusion in the applicable book-entry settlement systems.

ARTICLE III
CERTAIN OBLIGATIONS OF HOLDERS AND BENEFICIAL OWNERS OF ADSs

Section 3.1 Proofs, Certificates and Other Information. Any person presenting Shares for deposit, any Holder and any Beneficial Owner may be required, and every Holder and Beneficial Owner agrees, from time to time to provide to the Depositary and the Custodian such proof of citizenship or residence, taxpayer status, payment of all applicable taxes or other governmental charges, exchange control approval, legal or beneficial ownership of ADSs and Deposited Property, compliance with applicable laws, the terms of the Deposit Agreement or the ADR(s) evidencing the ADSs and the provisions of, or governing, the Deposited Property, to execute such certifications and to make such representations and warranties, and to provide such other information and documentation (or, in the case of Shares in registered form presented for deposit, such information relating to the registration on the books of the Company or of the Share Registrar) as the Depositary or the Custodian may deem necessary or proper or as the Company may reasonably require by written request to the Depositary consistent with its obligations under the Deposit Agreement and the applicable ADR(s). The Depositary and the Registrar, as applicable, may, and at the request of the Company, to the extent practicable, shall, withhold the execution or delivery or registration of transfer of any ADR or ADS or the distribution or sale of any dividend or distribution of rights or of the proceeds thereof or, to the extent not limited by the terms of Section 7.8(a), the delivery of any Deposited Property until such proof or other information is filed or such certifications are executed, or such representations and warranties are made, or such other documentation or information provided, in each case to the Depositary's, the Registrar's and the Company's satisfaction. The Depositary shall provide the Company, in a timely manner, with copies or originals if necessary and appropriate of (i) any such proofs of citizenship or residence, taxpayer status, or exchange control approval or copies of written representations and warranties which it receives from Holders and Beneficial Owners, and (ii) any other information or documents which the Company may reasonably request and which the Depositary shall request and receive from any Holder or Beneficial Owner or any person presenting Shares for deposit or ADSs for cancellation, transfer or withdrawal. Nothing herein shall obligate the Depositary to (i) obtain any information for the Company if not provided by the Holders or Beneficial Owners, or (ii) verify or vouch for the accuracy of the information so provided by the Holders or Beneficial Owners.

Section 3.2 Liability for Taxes and Other Charges. Any tax or other governmental charge payable by the Custodian or by the Depositary with respect to any Deposited Property, ADSs or ADRs shall be payable by the Holders and Beneficial Owners to the Depositary. The Company, the Custodian and/or the Depositary may withhold or deduct from any distributions made in respect of Deposited Property held on behalf of such Holder and/or Beneficial Owner, and may sell for the account of a Holder and/or Beneficial Owner any or all of such Deposited Property and apply such distributions and sale proceeds in payment of, any taxes (including applicable interest and penalties) or charges that are or may be payable by Holders or Beneficial Owners in respect of the ADSs, Deposited Property and ADRs, the Holder and the Beneficial Owner remaining liable for any deficiency. The Custodian may refuse the deposit of Shares and the Depositary may refuse to issue ADSs, to deliver ADRs, register the transfer of ADSs, register the split-up or combination of ADRs and (subject to Section 7.8(a)) the withdrawal of Deposited Property until payment in full of such tax, charge, penalty or interest is received. Every Holder and Beneficial Owner agrees to indemnify the Depositary, the Company, the Custodian, and any of their agents, directors, officers, employees and Affiliates for, and to hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from (i) any ADSs held by such Holder and/or owned by such Beneficial Owner, (ii) the Deposited Property represented by the ADSs, and (iii) any transaction entered into by such Holder and/or Beneficial Owner in respect of the ADSs and/or the Deposited Property represented thereby. Notwithstanding anything to the contrary contained in the Deposit Agreement or any ADR, the obligations of Holders and Beneficial Owners under this Section 3.2 shall survive any transfer of ADSs, any cancellation of ADSs and withdrawal of Deposited Securities, and the termination of the Deposit Agreement.

Section 3.3 Representations and Warranties on Deposit of Shares. Each person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that (i) such Shares and the certificates therefor are duly authorized, validly issued, fully paid, non-assessable and legally obtained by such person, (ii) all preemptive (and similar) rights, if any, with respect to such Shares have been validly waived or exercised, (iii) the person making such deposit is duly authorized so to do, (iv) the Shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, (v) the Shares presented for deposit are not, and the ADSs issuable upon such deposit will not be, Restricted Securities (except as contemplated in Section 2.14), and (vi) the Shares presented for deposit have not been stripped of any rights or entitlements. Such representations and warranties shall survive the deposit and withdrawal of Shares, the issuance and cancellation of ADSs in respect thereof and the transfer of such ADSs. If any such representations or warranties are false in any way, the Company and the Depositary shall be authorized, at the cost and expense of the person depositing Shares, to take any and all actions necessary to correct the consequences thereof.

Section 3.4 Compliance with Information Requests. Notwithstanding any other provision of the Deposit Agreement or any ADR(s), each Holder and Beneficial Owner agrees to comply with requests from the Company pursuant to applicable law, the rules and requirements of any stock exchange on which the Shares or ADSs are, or will be, registered, traded or listed or the Articles of Association, which are made to provide information, *inter alia*, as to the capacity in which such Holder or Beneficial Owner owns ADSs (and Shares as the case may be) and regarding the identity of any other person(s) interested in such ADSs and the nature of such interest and various other matters, whether or not they are Holders and/or Beneficial Owners at the time of such request. The Depositary agrees to use its reasonable efforts to forward, upon the request of the Company, as promptly as commercially practicable, and at the Company's expense, any such request from the Company to the Holders and to forward to the Company any such responses to such requests received by the Depositary.

Section 3.5 Ownership Restrictions. Notwithstanding any other provision contained in the Deposit Agreement or any ADR(s) to the contrary, the Company may restrict transfers of the Shares where such transfer might result in ownership of Shares exceeding limits imposed by applicable law or the Articles of Association. The Company may also restrict, in such manner as it deems appropriate, transfers of the ADSs where such transfer may result in the total number of Shares represented by the ADSs owned by a single Holder or Beneficial Owner to exceed any such limits. The Company may, in its sole discretion but subject to applicable law, instruct the Depositary to take action with respect to the ownership interest of any Holder or Beneficial Owner in excess of the limits set forth in the preceding sentence, including, but not limited to, the imposition of restrictions on the transfer of ADSs, the removal or limitation of voting rights or mandatory sale or disposition on behalf of a Holder or Beneficial Owner of the Shares represented by the ADSs held by such Holder or Beneficial Owner in excess of such limitations, if and to the extent such disposition is permitted by applicable law and the Articles of Association. Nothing herein shall be interpreted as obligating the Depositary or the Company to ensure compliance with the ownership restrictions described in this Section 3.5.

Section 3.6 Reporting Obligations and Regulatory Approvals. Applicable laws and regulations may require holders and beneficial owners of Shares, including the Holders and Beneficial Owners of ADSs, to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. Holders and Beneficial Owners of ADSs are solely responsible for determining and complying with such reporting requirements and obtaining such approvals. Each Holder and each Beneficial Owner hereby agrees to make such determination, file such reports, and obtain such approvals to the extent and in the form required by applicable laws and regulations as in effect from time to time. Neither the Depositary, the Custodian, the Company or any of their respective agents or affiliates shall be required to take any actions whatsoever on behalf of Holders or Beneficial Owners to determine or satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

ARTICLE IV
THE DEPOSITED SECURITIES

Section 4.1 Cash Distributions. Whenever the Company intends to make a distribution of a cash dividend or other cash distribution in respect of any Deposited Securities, the Company shall give notice thereof to the Depositary at least twenty (20) days prior to the proposed distribution specifying, *inter alia*, the record date applicable for determining the holders of Deposited Securities entitled to receive such distribution. Upon the timely receipt of such notice, the Depositary shall establish the ADS Record Date upon the terms described in Section 4.9. Upon confirmation of the receipt of (x) any cash dividend or other cash distribution in respect of any Deposited Property (whether from the Company or otherwise), or (y) proceeds from the sale of any Deposited Property held in respect of the ADSs under the terms hereof, the Depositary will (i) if any amounts are received in a Foreign Currency, promptly convert or cause to be converted such cash dividend, distribution or proceeds into Dollars (subject to the terms and conditions of Section 4.8), (ii) if applicable and unless previously established, establish the ADS Record Date upon the terms described in Section 4.9, and (iii) distribute promptly the amount thus received (net of (a) the applicable fees and charges set forth in the Fee Schedule attached hereto as Exhibit B, and (b) applicable taxes withheld) to the Holders entitled thereto as of the ADS Record Date in proportion to the number of ADSs held as of the ADS Record Date. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Holder a fraction of one cent, and any balance not so distributed shall be held by the Depositary (without liability for interest thereon) and shall be added to and become part of the next sum received by the Depositary for distribution to Holders of ADSs outstanding at the time of the next distribution. If the Company, the Custodian or the Depositary is required to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Securities, or from any cash proceeds from the sales of Deposited Property, an amount on account of taxes, duties or other governmental charges, the amount distributed to Holders on the ADSs shall be reduced accordingly. Such withheld amounts shall be forwarded by the Company, the Custodian or the Depositary to the relevant governmental authority. Evidence of payment thereof by the Company shall be forwarded by the Company to the Depositary upon request. The Depositary will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable Holders and Beneficial Owners of ADSs until the distribution can be effected or the funds that the Depositary holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed distribution provided for in this Section 4.1, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in this Section 4.1, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in this Section 4.1 where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

Section 4.2 Distribution in Shares. Whenever the Company intends to make a distribution that consists of a dividend in, or free distribution of, Shares, the Company shall give notice thereof to the Depositary at least twenty (20) days prior to the proposed distribution, specifying, *inter alia*, the record date applicable to holders of Deposited Securities entitled to receive such distribution. Upon the timely receipt of such notice from the Company, the Depositary shall establish the ADS Record Date upon the terms described in Section 4.9. Upon receipt of confirmation from the Custodian of the receipt of the Shares so distributed by the Company, the Depositary shall either (i) subject to Section 5.9, distribute to the Holders as of the ADS Record Date in proportion to the number of ADSs held as of the ADS Record Date, additional ADSs, which represent in the aggregate the number of Shares received as such dividend, or free distribution, subject to the other terms of the Deposit Agreement (including, without limitation, (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes), or (ii) if additional ADSs are not so distributed, take all actions necessary so that each ADS issued and outstanding after the ADS Record Date shall, to the extent permissible by law, thenceforth also represent rights and interests in the additional integral number of Shares distributed upon the Deposited Securities represented thereby (net of (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes). In lieu of delivering fractional ADSs, the Depositary shall sell the number of Shares or ADSs, as the case may be, represented by the aggregate of such fractions and distribute the net proceeds upon the terms described in Section 4.1. In the event that the Depositary determines that any distribution in property (including Shares) is subject to any tax or other governmental charges which the Depositary is obligated to withhold, or, if the Company in the fulfillment of its obligation under Section 5.7, has furnished an opinion of U.S. counsel determining that Shares must be registered under the Securities Act or other laws in order to be distributed to Holders (and no such registration statement has been declared effective), the Depositary may dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable, and the Depositary shall distribute the net proceeds of any such sale (after deduction of (a) taxes and (b) fees and charges of, and expenses incurred by, the Depositary) to Holders entitled thereto upon the terms described in Section 4.1. The Depositary shall hold and/or distribute any unsold balance of such property in accordance with the provisions of the Deposit Agreement. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed distribution provided for in this Section 4.2, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in this Section 4.2, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in this Section 4.2 where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

Section 4.3 Elective Distributions in Cash or Shares. Whenever the Company intends to make a distribution payable at the election of the holders of Deposited Securities in cash or in additional Shares, the Company shall give notice thereof to the Depositary at least forty-five (45) days prior to the proposed distribution specifying, *inter alia*, the record date applicable to holders of Deposited Securities entitled to receive such elective distribution and whether or not it wishes such elective distribution to be made available to Holders of ADSs. Upon the timely receipt of a notice indicating that the Company wishes such elective distribution to be made available to Holders of ADSs, the Depositary shall consult with the Company to determine, and the Company shall assist the Depositary in its determination, whether it is lawful and reasonably practicable to make such elective distribution available to the Holders of ADSs. The Depositary shall make such elective distribution available to Holders only if (i) the Company shall have timely requested that the elective distribution be made available to Holders, (ii) the Depositary shall have determined that such distribution is reasonably practicable and (iii) the Depositary shall have received satisfactory documentation within the terms of Section 5.7. If the above conditions are not satisfied or if the Company requests such elective distribution not to be made available to Holders of ADSs, the Depositary shall establish the ADS Record Date on the terms described in Section 4.9 and, to the extent permitted by law, distribute to the Holders, on the basis of the same determination as is made in the Cayman Islands in respect of the Shares for which no election is made, either (X) cash upon the terms described in Section 4.1 or (Y) additional ADSs representing such additional Shares upon the terms described in Section 4.2. If the above conditions are satisfied, the Depositary shall establish an ADS Record Date on the terms described in Section 4.9 and establish procedures to enable Holders to elect the receipt of the proposed distribution in cash or in additional ADSs. The Company shall assist the Depositary in establishing such procedures to the extent necessary. If a Holder elects to receive the proposed distribution (X) in cash, the distribution shall be made upon the terms described in Section 4.1, or (Y) in ADSs, the distribution shall be made upon the terms described in Section 4.2. Nothing herein shall obligate the Depositary to make available to Holders a method to receive the elective distribution in Shares (rather than ADSs). There can be no assurance that Holders generally, or any Holder in particular, will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of Shares. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed distribution provided for in this Section 4.3, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in this Section 4.3, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in this Section 4.3 where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

Section 4.4 Distribution of Rights to Purchase Additional ADSs.

(a) Distribution to ADS Holders. Whenever the Company intends to distribute to the holders of the Deposited Securities rights to subscribe for additional Shares, the Company shall give notice thereof to the Depositary at least forty-five (45) days prior to the proposed distribution specifying, *inter alia*, the record date applicable to holders of Deposited Securities entitled to receive such distribution and whether or not it wishes such rights to be made available to Holders of ADSs. Upon the timely receipt of a notice indicating that the Company wishes such rights to be made available to Holders of ADSs, the Depositary shall consult with the Company to determine, and the Company shall assist the Depositary in its determination, whether it is lawful and reasonably practicable to make such rights available to the Holders. The Depositary shall make such rights available to Holders only if (i) the Company shall have timely requested that such rights be made available to Holders, (ii) the Depositary shall have received satisfactory documentation within the terms of Section 5.7, and (iii) the Depositary shall have determined that such distribution of rights is reasonably practicable. In the event any of the conditions set forth above are not satisfied or if the Company requests that the rights not be made available to Holders of ADSs, the Depositary shall proceed with the sale of the rights as contemplated in Section 4.4(b) below. In the event all conditions set forth above are satisfied, the Depositary shall establish the ADS Record Date (upon the terms described in Section 4.9) and establish procedures to (x) distribute rights to purchase additional ADSs (by means of warrants or otherwise), (y) enable the Holders to exercise such rights (upon payment of the subscription price and of the applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes), and (z) deliver ADSs upon the valid exercise of such rights. The Company shall assist the Depositary to the extent necessary in establishing such procedures. Nothing herein shall obligate the Depositary to make available to the Holders a method to exercise rights to subscribe for Shares (rather than ADSs).

(b) Sale of Rights. If (i) the Company does not timely request the Depositary to make the rights available to Holders or requests that the rights not be made available to Holders, (ii) the Depositary fails to receive satisfactory documentation within the terms of Section 5.7, or determines it is not reasonably practicable to make the rights available to Holders, or (iii) any rights made available are not exercised and appear to be about to lapse, the Depositary shall determine whether it is lawful and reasonably practicable to sell such rights, in a riskless principal capacity, at such place and upon such terms (including public or private sale) as it may deem practicable. The Company shall assist the Depositary to the extent necessary to determine such legality and practicability. The Depositary shall, upon such sale, convert and distribute proceeds of such sale (net of applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes) upon the terms set forth in Section 4.1.

(c) Lapse of Rights. If the Depositary is unable to make any rights available to Holders upon the terms described in Section 4.4(a) or to arrange for the sale of the rights upon the terms described in Section 4.4(b), the Depositary shall allow such rights to lapse.

The Depositary shall not be liable for (i) any failure to accurately determine whether it may be lawful or practicable to make such rights available to Holders in general or any Holders in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale, or exercise, or (iii) the content of any materials forwarded to the Holders on behalf of the Company in connection with the rights distribution.

Notwithstanding anything to the contrary in this Section 4.4, if registration (under the Securities Act or any other applicable law) of the rights or the securities to which any rights relate may be required in order for the Company to offer such rights or such securities to Holders and to sell the securities represented by such rights, the Depositary will not distribute such rights to the Holders (i) unless and until a registration statement under the Securities Act (or other applicable law) covering such offering is in effect or (ii) unless the Company furnishes the Depositary opinion(s) of counsel for the Company in the United States and counsel to the Company in any other applicable country in which rights would be distributed, in each case reasonably satisfactory to the Depositary, to the effect that the offering and sale of such securities to Holders and Beneficial Owners are exempt from, or do not require registration under, the provisions of the Securities Act or any other applicable laws.

In the event that the Company, the Depositary or the Custodian shall be required to withhold and does withhold from any distribution of Deposited Property (including rights) an amount on account of taxes or other governmental charges, the amount distributed to the Holders of ADSs shall be reduced accordingly. In the event that the Depositary reasonably determines that any distribution of Deposited Property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charges which the Depositary is obligated to withhold, the Depositary may dispose of all or a portion of such Deposited Property (including Shares and rights to subscribe therefor) in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable to pay any such taxes or charges.

There can be no assurance that Holders generally, or any Holder in particular, will be given the opportunity to receive or exercise rights on the same terms and conditions as the holders of Shares or be able to exercise such rights. Nothing herein shall obligate the Company to file any registration statement in respect of any rights or Shares or other securities to be acquired upon the exercise of such rights.

Section 4.5 Distributions Other Than Cash, Shares or Rights to Purchase Shares.

(a) Whenever the Company intends to distribute to the holders of Deposited Securities property other than cash, Shares or rights to purchase additional Shares, the Company shall give timely notice thereof to the Depositary and shall indicate whether or not it wishes such distribution to be made to Holders of ADSs. Upon receipt of a notice indicating that the Company wishes such distribution to be made to Holders of ADSs, the Depositary shall consult with the Company, and the Company shall assist the Depositary, to determine whether such distribution to Holders is lawful and reasonably practicable. The Depositary shall not make such distribution unless (i) the Company shall have requested the Depositary to make such distribution to Holders, (ii) the Depositary shall have received satisfactory documentation within the terms of Section 5.7, and (iii) the Depositary shall have determined that such distribution is reasonably practicable.

(b) Upon receipt of satisfactory documentation and the request of the Company to distribute property to Holders of ADSs and after making the requisite determinations set forth in (a) above, the Depositary shall distribute the property so received to the Holders of record, as of the ADS Record Date, in proportion to the number of ADSs held by them respectively and in such manner as the Depositary may deem practicable for accomplishing such distribution (i) upon receipt of payment or net of the applicable fees and charges of, and expenses incurred by, the Depositary, and (ii) net of any taxes withheld. The Depositary may dispose of all or a portion of the property so distributed and deposited, in such amounts and in such manner (including public or private sale) as the Depositary may deem practicable or necessary to satisfy any taxes (including applicable interest and penalties) or other governmental charges applicable to the distribution.

(c) If (i) the Company does not request the Depositary to make such distribution to Holders or requests the Depositary not to make such distribution to Holders, (ii) the Depositary does not receive satisfactory documentation within the terms of Section 5.7, or (iii) the Depositary determines that all or a portion of such distribution is not reasonably practicable, the Depositary shall sell or cause such property to be sold in a public or private sale, at such place or places and upon such terms as it may deem practicable and shall (i) cause the proceeds of such sale, if any, to be converted into Dollars and (ii) distribute the proceeds of such conversion received by the Depositary (net of applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes) to the Holders as of the ADS Record Date upon the terms of Section 4.1. If the Depositary is unable to sell such property, the Depositary may dispose of such property for the account of the Holders in any way it deems reasonably practicable under the circumstances.

(d) Neither the Depositary nor the Company shall be liable for (i) any failure to accurately determine whether it is lawful or practicable to make the property described in this Section 4.5 available to Holders in general or any Holders in particular, nor (ii) any loss incurred in connection with the sale or disposal of such property.

Section 4.6 Distributions with Respect to Deposited Securities in Bearer Form. Subject to the terms of this Article IV, distributions in respect of Deposited Securities that are held by the Depositary or the Custodian in bearer form shall be made to the Depositary for the account of the respective Holders of ADS(s) with respect to which any such distribution is made upon due presentation by the Depositary or the Custodian to the Company of any relevant coupons, talons, or certificates. The Company shall promptly notify the Depositary of such distributions. The Depositary or the Custodian shall promptly present such coupons, talons or certificates, as the case may be, in connection with any such distribution.

Section 4.7 Redemption. If the Company intends to exercise any right of redemption in respect of any of the Deposited Securities, the Company shall give notice thereof to the Depositary at least forty-five (45) days prior to the intended date of redemption which notice shall set forth the particulars of the proposed redemption. Upon timely receipt of (i) such notice and (ii) satisfactory documentation given by the Company to the Depositary within the terms of Section 5.7, and only if the Depositary shall have reasonably determined that such proposed redemption is practicable, the Depositary shall provide to each Holder a notice setting forth the intended exercise by the Company of the redemption rights and any other particulars set forth in the Company's notice to the Depositary. The Depositary shall instruct the Custodian to present to the Company the Deposited Securities in respect of which redemption rights are being exercised against payment of the applicable redemption price. Upon receipt of confirmation from the Custodian that the redemption has taken place and that funds representing the redemption price have been received, the Depositary shall convert, transfer, and distribute the proceeds (net of applicable (a) fees and charges of, and the expenses incurred by, the Depositary, and (b) taxes), retire ADSs and cancel ADRs, if applicable, upon delivery of such ADSs by Holders thereof and the terms set forth in Sections 4.1 and 6.2. If less than all outstanding Deposited Securities are redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as may be determined by the Depositary. The redemption price per ADS shall be the dollar equivalent of the per share amount received by the Depositary (adjusted to reflect the ADS(s)-to-Share(s) ratio) upon the redemption of the Deposited Securities represented by ADSs (subject to the terms of Section 4.8 and the applicable fees and charges of, and expenses incurred by, the Depositary, and taxes) multiplied by the number of Deposited Securities represented by each ADS redeemed.

Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed redemption provided for in this Section 4.7, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in this Section 4.7, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in this Section 4.7 where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

Section 4.8 Conversion of Foreign Currency. Whenever the Depositary or the Custodian shall receive Foreign Currency, by way of dividends or other distributions or the net proceeds from the sale of Deposited Property, which in the judgment of the Depositary can at such time be converted on a practicable basis, by sale or in any other manner that it may determine in accordance with applicable law, into Dollars transferable to the United States and distributable to the Holders entitled thereto, the Depositary shall convert or cause to be converted, by sale or in any other manner that it may reasonably determine, such Foreign Currency into Dollars, and shall distribute such Dollars (net of the fees and charges set forth in the Fee Schedule attached hereto as Exhibit B, and applicable taxes withheld) in accordance with the terms of the applicable sections of the Deposit Agreement. The Depositary and/or its agent (which may be a division, branch or Affiliate of the Depositary) may act as principal for any conversion of Foreign Currency. If the Depositary shall have distributed warrants or other instruments that entitle the holders thereof to such Dollars, the Depositary shall distribute such Dollars to the holders of such warrants and/or instruments upon surrender thereof for cancellation, in either case without liability for interest thereon. Such distribution may be made upon an averaged or other practicable basis without regard to any distinctions among Holders on account of any application of exchange restrictions or otherwise.

If such conversion or distribution generally or with regard to a particular Holder can be effected only with the approval or license of any government or agency thereof, the Depositary shall have authority to file such application for approval or license, if any, as it may deem desirable. In no event, however, shall the Depositary be obligated to make such a filing.

If at any time the Depositary shall determine that in its judgment the conversion of any Foreign Currency and the transfer and distribution of proceeds of such conversion received by the Depositary is not practicable or lawful, or if any approval or license of any governmental authority or agency thereof that is required for such conversion, transfer and distribution is denied or, in the opinion of the Depositary, not obtainable at a reasonable cost or within a reasonable period, the Depositary may, in its reasonable discretion, (i) make such conversion and distribution in Dollars to the Holders for whom such conversion, transfer and distribution is lawful and practicable, (ii) distribute the Foreign Currency (or an appropriate document evidencing the right to receive such Foreign Currency) to Holders for whom this is lawful and practicable, or (iii) hold (or cause the Custodian to hold) such Foreign Currency (without liability for interest thereon) for the respective accounts of the Holders entitled to receive the same.

Section 4.9 Fixing of ADS Record Date. Whenever (a) the Depositary shall receive notice of the fixing of a record date by the Company for the determination of holders of Deposited Securities entitled to receive any distribution (whether in cash, Shares, rights, or other distribution), (b) for any reason the Depositary causes a change in the number of Shares that are represented by each ADS, (c) the Depositary shall receive notice of any meeting of, or solicitation of consents or proxies of, holders of Shares or other Deposited Securities, or (d) the Depositary shall find it necessary or convenient in connection with the giving of any notice, solicitation of any consent or any other matter, the Depositary shall fix the record date (the "ADS Record Date") for the determination of the Holders of ADS(s) who shall be entitled to receive such distribution, to give instructions for the exercise of voting rights at any such meeting, to give or withhold such consent, to receive such notice or solicitation or to otherwise take action, or to exercise the rights of Holders with respect to such changed number of Shares represented by each ADS. The Depositary shall make reasonable efforts to establish the ADS Record Date as closely as practicable to the applicable record date for the Deposited Securities (if any) set by the Company in the Cayman Islands and shall not announce the establishment of any ADS Record Date prior to the relevant corporate action having been made public by the Company (if such corporate action affects the Deposited Securities). Subject to applicable law and the provisions of Section 4.1 through 4.8 and to the other terms and conditions of the Deposit Agreement, only the Holders of ADSs at the close of business in New York on such ADS Record Date shall be entitled to receive such distribution, to give such voting instructions, to receive such notice or solicitation, or otherwise take action.

Section 4.10 Voting of Deposited Securities.[1] As soon as practicable after receipt of notice of any meeting at which the holders of Deposited Securities are entitled to vote, or of solicitation of consents or proxies from holders of Deposited Securities, the Depositary shall fix the ADS Record Date in respect of such meeting or solicitation of consent or proxy in accordance with Section 4.9. The Depositary shall, if requested by the Company in writing in a timely manner (the Depositary having no obligation to take any further action if the request shall not have been received by the Depositary at least thirty (30) days prior to the date of such vote or meeting), at the Company's expense and provided no U.S. legal prohibitions exist, distribute to Holders as of the ADS Record Date: (a) such notice of meeting or solicitation of consent or proxy, (b) a statement that the Holders at the close of business on the ADS Record Date will be entitled, subject to any applicable law, the provisions of the Deposit Agreement, the Articles of Association and the provisions of or governing the Deposited Securities (which provisions, if any, shall be summarized in pertinent part by the Company), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Deposited Securities represented by such Holder's ADSs, and (c) a brief statement as to the manner in which such voting instructions may be given.

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 Holders a notice that provides Holders with, or otherwise publicizes to Holders, instructions on how to retrieve such materials or receive such materials upon request (*e.g.*, by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

[1] PBWT NTD: Once the Company has finalized the voting section, this section is subject to review and comment by Citibank.

The Depositary has been advised by the Company that under the Articles of Association as in effect on the date of the Deposit Agreement, voting at any meeting of shareholders of the Company must be decided on a poll vote.

Voting instructions may be given only in respect of a number of ADSs representing an integral number of Deposited Securities. Upon the timely receipt from a Holder of ADSs as of the ADS Record Date of voting instructions in the manner specified by the Depositary, the Depositary shall endeavor, insofar as practicable and permitted under applicable law, the provisions of the Deposit Agreement, Articles of Association and the provisions of the Deposited Securities, to vote, or cause the Custodian to vote, the Deposited Securities (in person or by proxy) represented by such Holder's ADSs in accordance with the voting instructions timely received from the Holders of ADSs. If the Depositary does not receive voting instructions from a Holder as of the ADS Record Date on or before the date established by the Depositary for such purpose, such Holder shall be deemed, and the Depositary shall deem such Holder, to have instructed the Depositary to give a discretionary proxy to a person designated by the Company to vote the Deposited Securities; provided, however, that no such discretionary proxy shall be given by the Depositary with respect to any matter to be voted upon as to which the Company informs the Depositary that (a) the Company does not wish such proxy to be given, (b) substantial opposition exists, or (c) the rights of holders of Deposited Securities may be adversely affected.

Deposited Securities represented by ADSs for which no timely voting instructions are received by the Depositary from the Holder shall not be voted (except as contemplated in this Section 4.10). Neither the Depositary nor the Custodian shall under any circumstances exercise any discretion as to voting and neither the Depositary nor the Custodian shall vote, attempt to exercise the right to vote, or in any way make use of, save for purposes of establishing a quorum, the Deposited Securities represented by ADSs, except pursuant to and in accordance with the voting instructions timely received from Holders or as otherwise contemplated herein. If the Depositary timely receives voting instructions from a Holder which fail to specify the manner in which the Depositary is to vote the Deposited Securities represented by such Holder's ADSs, the Depositary will deem such Holder (unless otherwise specified in the notice distributed to Holders) to have instructed the Depositary to vote in favor of the items set forth in such voting instructions. Notwithstanding anything else contained herein, the Depositary shall, if so requested in writing by the Company, represent all Deposited Securities (whether or not voting instructions have been received in respect of such Deposited Securities from Holders as of the ADS Record Date) for the sole purpose of establishing quorum at a meeting of shareholders.

Notwithstanding anything else contained in the Deposit Agreement or any ADR, the Depositary shall not have any obligation to take any action with respect to any meeting, or solicitation of consents or proxies, of holders of Deposited Securities if the taking of such action would violate U.S. laws. The Company agrees to take any and all actions reasonably necessary and as required by Cayman Island law to enable Holders and Beneficial Owners to exercise the voting rights accruing to the Deposited Securities and to deliver to the Depositary an opinion of U.S. counsel addressing any actions requested to be taken if so requested by the Depositary.

There can be no assurance that Holders generally or any Holder in particular will receive the notice described above with sufficient time to enable the Holder to return voting instructions to the Depositary, or otherwise take action in a timely manner.

Section 4.11 Changes Affecting Deposited Securities. Upon any change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger, consolidation or sale of assets affecting the Company or to which it is a party, any property which shall be received by the Depositary or the Custodian in exchange for, or in conversion of, or replacement of, or otherwise in respect of, such Deposited Securities shall, to the extent permitted by law, be treated as new Deposited Property under the Deposit Agreement, and the ADSs shall, subject to the provisions of the Deposit Agreement, any ADR(s) evidencing such ADSs and applicable law, represent the right to receive such additional or replacement Deposited Property. In giving effect to such change, split-up, cancellation, consolidation or other reclassification of Deposited Securities, recapitalization, reorganization, merger, consolidation or sale of assets, the Depositary may, with the Company's approval, and shall, if the Company shall so request, subject to the terms of the Deposit Agreement (including, without limitation, (a) the applicable fees and charges of, and expenses incurred by, the Depositary, and (b) applicable taxes) and receipt of an opinion of counsel to the Company reasonably satisfactory to the Depositary that such actions are not in violation of any applicable laws or regulations, (i) issue and deliver additional ADSs as in the case of a stock dividend on the Shares, (ii) amend the Deposit Agreement and the applicable ADRs, (iii) amend the applicable Registration Statement(s) on Form F-6 as filed with the Commission in respect of the ADSs, (iv) call for the surrender of outstanding ADRs to be exchanged for new ADRs, and (v) take such other actions as are appropriate to reflect the transaction with respect to the ADSs. The Company agrees to, jointly with the Depositary, amend the Registration Statement on Form F-6 as filed with the Commission to permit the issuance of such new form of ADRs. Notwithstanding the foregoing, in the event that any Deposited Property so received may not be lawfully distributed to some or all Holders, the Depositary may, with the Company's approval, and shall, if the Company requests, subject to receipt of an opinion of Company's counsel reasonably satisfactory to the Depositary that such action is not in violation of any applicable laws or regulations, sell such Deposited Property at public or private sale, at such place or places and upon such terms as it may deem proper and may allocate the net proceeds of such sales (net of (a) fees and charges of, and expenses incurred by, the Depositary and (b) applicable taxes) for the account of the Holders otherwise entitled to such Deposited Property upon an averaged or other practicable basis without regard to any distinctions among such Holders and distribute the net proceeds so allocated to the extent practicable as in the case of a distribution received in cash pursuant to Section 4.1. The Depositary shall not be responsible for (i) any failure to determine that it may be lawful or practicable to make such Deposited Property available to Holders in general or to any Holder in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale, or (iii) any liability to the purchaser of such Deposited Property.

Section 4.12 Available Information. The Company is subject to the periodic reporting requirements of the Exchange Act and, accordingly, is required to file or furnish certain reports with the Commission. These reports can be retrieved from the Commission's website (www.sec.gov) and can be inspected and copied at the public reference facilities maintained by the Commission located (as of the date of the Deposit Agreement) at 100 F Street, N.E., Washington D.C. 20549.

Section 4.13 Reports. The Depositary shall make available for inspection by Holders at its Principal Office, as promptly as commercially practicable after receipt thereof, any reports and communications, including any proxy soliciting materials, received from the Company which are both (a) received by the Depositary, the Custodian, or the nominee of either of them as the holder of the Deposited Property and (b) made generally available to the holders of such Deposited Property by the Company. The Depositary shall also provide or make available to Holders copies of such reports when furnished by the Company pursuant to Section 5.6.

Section 4.14 List of Holders. Promptly upon written request by the Company, the Depositary shall furnish to it a list, as of a recent date, of the names, addresses and holdings of ADSs of all Holders.

Section 4.15 Taxation. The Depositary will, and will instruct the Custodian to, forward to the Company or its agents such information from its records as the Company may reasonably request to enable the Company or its agents to file the necessary tax reports with governmental authorities or agencies. The Depositary, the Custodian or the Company and its agents may file such reports as are necessary to reduce or eliminate applicable taxes on dividends and on other distributions in respect of Deposited Property under applicable tax treaties or laws for the Holders and Beneficial Owners. In accordance with instructions from the Company and to the extent practicable, the Depositary or the Custodian will take reasonable administrative actions to obtain tax refunds, reduced withholding of tax at source on dividends and other benefits under applicable tax treaties or laws with respect to dividends and other distributions on the Deposited Property. As a condition to receiving such benefits, Holders and Beneficial Owners of ADSs may be required from time to time, and in a timely manner, to file such proof of taxpayer status, residence and beneficial ownership (as applicable), to execute such certificates and to make such representations and warranties, or to provide any other information or documents, as the Depositary or the Custodian may deem necessary or proper to fulfill the Depositary's or the Custodian's obligations under applicable law. The Depositary and the Company shall have no obligation or liability to any person if any Holder or Beneficial Owner fails to provide such information or if such information does not reach the relevant tax authorities in time for any Holder or Beneficial Owner to obtain the benefits of any tax treatment. The Holders and Beneficial Owners shall indemnify the Depositary, the Company, the Custodian and any of their respective 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.

If the Company (or any of its agents) withholds from any distribution any amount on account of taxes or governmental charges, or pays any other tax in respect of such distribution (*e.g.*, stamp duty tax, capital gains or other similar tax), the Company shall (and shall cause such agent to) remit promptly to the Depositary information about such taxes or governmental charges withheld or paid, and, if so requested, the tax receipt (or other proof of payment to the applicable governmental authority) therefor, in each case, in a form reasonably satisfactory to the Depositary. The Depositary shall, to the extent required by U.S. law, report to Holders any taxes withheld by it or the Custodian, and, if such information is provided to it by the Company, any taxes withheld by the Company. The Depositary and the Custodian shall not be required to provide the Holders with any evidence of the remittance by the Company (or its agents) of any taxes withheld, or of the payment of taxes by the Company, except to the extent the evidence is provided by the Company to the Depositary or the Custodian, as applicable. None of the Company, the Depositary or the Custodian shall be liable for the failure by any Holder or Beneficial Owner to obtain the benefits of credits on the basis of non-U.S. tax paid against such Holder's or Beneficial Owner's income tax liability.

The Depositary is under no obligation to provide the Holders and Beneficial Owners with any information about the tax status of the Company. Neither the Company nor the Depositary shall incur any liability for any tax consequences that may be incurred by Holders and Beneficial Owners on account of their ownership of the ADSs, including without limitation, tax consequences resulting from the Company (or any of its subsidiaries) being treated as a "Passive Foreign Investment Company" (in each case as defined in the U.S. Internal Revenue Code and the regulations issued thereunder) or otherwise.

ARTICLE V
THE DEPOSITARY, THE CUSTODIAN AND THE COMPANY

Section 5.1 Maintenance of Office and Transfer Books by the Registrar. Until termination of the Deposit Agreement in accordance with its terms, the Registrar shall maintain in the Borough of Manhattan, the City of New York, an office and facilities for the issuance and delivery of ADSs, the acceptance for surrender of ADS(s) for the purpose of withdrawal of Deposited Securities, the registration of issuances, cancellations, transfers, combinations and split-ups of ADS(s) and, if applicable, to countersign ADRs evidencing the ADSs so issued, transferred, combined or split-up, in each case in accordance with the provisions of the Deposit Agreement.

The Registrar shall keep books for the registration of ADSs which at all reasonable times shall be open for inspection by the Company and by the Holders of such ADSs, provided that such inspection shall not be, to the Registrar's knowledge, for the purpose of communicating with Holders of such ADSs in the interest of a business or object other than the business of the Company or other than a matter related to the Deposit Agreement or the ADSs.

The Registrar may close the transfer books with respect to the ADSs, at any time or from time to time, when deemed necessary or advisable by it in good faith in connection with the performance of its duties hereunder, or at the reasonable written request of the Company subject, in all cases, to Section 7.8(a).

If any ADSs are listed on one or more stock exchanges or automated quotation systems in the United States, the Depositary shall act as Registrar or appoint a Registrar or one or more co-registrars for registration of issuances, cancellations, transfers, combinations and split-ups of ADSs and, if applicable, to countersign ADRs evidencing the ADSs so issued, transferred, combined or split-up, in accordance with any requirements of such exchanges or systems. Such Registrar or co-registrars may be removed and a substitute or substitutes appointed by the Depositary (whereupon the Depositary shall notify the Company).

Section 5.2 Exoneration. Notwithstanding anything contained in the Deposit Agreement or any ADR, neither the Depositary nor the Company shall be obligated to do or perform any act or thing which is inconsistent with the provisions of the Deposit Agreement or incur any liability (to the extent not limited by Section 7.8(b)) (i) if the Depositary, the Custodian, the Company or their respective agents shall be prevented or forbidden from, hindered or delayed in, doing or performing any act or thing required or contemplated by the terms of the Deposit Agreement, by reason of any provision of any present or future law or regulation of the United States, the Cayman Islands or any other country, or of any other governmental authority or regulatory authority or stock exchange, or on account of potential criminal or civil penalties or restraint, or by reason of any provision, present or future, of the Articles of Association or any provision of or governing any Deposited Securities, or by reason of any act of God or other event or circumstance beyond its control (including, without limitation, fire, flood, earthquake, tornado, hurricane, tsunami, explosion, or other natural disaster, nationalization, expropriation, currency restriction, work stoppage, strikes, civil unrest, act of war (whether declared or not) or terrorism, revolution, rebellion, embargo, computer failure, failure of public infrastructure (including communication or utility failure), failure of common carriers, nuclear, cyber or biochemical incident, any pandemic, epidemic or other prevalent disease or illness with an actual or probable threat to human life, any quarantine order or travel restriction imposed by a governmental authority or other competent public health authority, or the failure or unavailability of the United States Federal Reserve Bank (or other central banking system) or DTC (or other clearing system)), (ii) by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement or in the Articles of Association or provisions of or governing Deposited Securities, (iii) for any action or inaction in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder, any Beneficial Owner or authorized representative thereof, or any other person believed by it in good faith to be competent to give such advice or information, (iv) for the inability by a Holder or Beneficial Owner to benefit from any distribution, offering, right or other benefit which is made available to holders of Deposited Securities but is not, under the terms of the Deposit Agreement, made available to Holders of ADSs, (v) for any action or inaction of any clearing or settlement system (and any participant thereof) for the Deposited Property or the ADSs, or (vi) for any consequential or punitive damages (including lost profits) for any breach of the terms of the Deposit Agreement.

The Depositary, its controlling persons, its agents, any Custodian and the Company, its controlling persons and its agents may rely and shall be protected in acting upon any written notice, request or other document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.

Section 5.3 Standard of Care. The Company and the Depositary assume no obligation and shall not be subject to any liability under the Deposit Agreement or any ADRs to any Holder(s) or Beneficial Owner(s), except that the Company and the Depositary agree to perform their respective obligations specifically set forth in the Deposit Agreement or the applicable ADRs without negligence or bad faith.

Without limitation of the foregoing, neither the Depositary, nor the Company, nor any of their respective controlling persons, or agents, shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Property or in respect of the ADSs, which in its reasonable opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required (and no Custodian shall be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary).

The Depositary and its agents shall not be liable for any failure to carry out any instructions to vote any of the Deposited Securities, or for the manner in which any vote is cast or the effect of any vote, provided that any such action or omission is in good faith and without negligence and in accordance with the terms of the Deposit Agreement. The Depositary shall not incur any liability for any failure to accurately determine that any distribution or action may be lawful or reasonably practicable, for the content of any information submitted to it by the Company for distribution to the Holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring interests in the Deposited Property (or the manner in which such interests are acquired or held), for the validity or worth of the Deposited Property, for the value of any Deposited Property or any distribution thereon, for any interest on Deposited Property, for any financial transaction entered into by any person in respect of the ADSs or any Deposited Property, for any tax consequences that may result from the ownership of, or any transaction involving, ADSs or Deposited Property, for the credit worthiness of any third party, for allowing any rights to lapse upon the terms of the Deposit Agreement, for the failure or timeliness of any notice from the Company, for the manner in which a Holder or Beneficial Owner elects to own and/or hold ADSs (e.g., in a brokerage account vs. as registered Holder on the register of ADSs maintained by the Depositary), the type of ADSs a Holder or Beneficial Owner holds or owns (e.g., freely transferable ADSs vs. Restricted ADSs, and/or Full Entitlement ADSs vs. Partial Entitlement ADSs), the timeframe of issuance and ownership of ADSs (e.g., as of an ADS Record Date vs. before and/or after an ADS Record Date), or for any action of or failure to act by, or any information provided or not provided by, DTC or any DTC Participant.

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, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

The Depositary shall not be liable for any acts or omissions made by a predecessor depositary whether in connection with an act or omission of the Depositary or in connection with any matter arising wholly prior to the appointment of the Depositary or after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

Section 5.4 Resignation and Removal of the Depositary; Appointment of Successor Depositary. The Depositary may at any time resign as Depositary hereunder by written notice of resignation delivered to the Company, such resignation to be effective on the earlier of (i) the 90th day after delivery thereof to the Company (whereupon the Depositary shall be entitled to take the actions contemplated in Section 6.2), or (ii) the appointment by the Company of a successor depositary and its acceptance of such appointment as hereinafter provided.

The Depositary may at any time be removed by the Company by written notice of such removal, which removal shall be effective on the later of (i) the 90th day after delivery thereof to the Depositary (whereupon the Depositary shall be entitled to take the actions contemplated in Section 6.2), or (ii) upon the appointment by the Company of a successor depositary and its acceptance of such appointment as hereinafter provided.

In case at any time the Depositary acting hereunder shall resign or be removed, the Company shall use its best efforts to appoint a successor depositary, which shall be a bank or trust company having an office in the Borough of Manhattan, the City of New York. Every successor depositary shall be required by the Company to execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed (except as required by applicable law), shall become fully vested with all the rights, powers, duties and obligations of its predecessor (other than as contemplated in Sections 5.8 and 5.9). The predecessor depositary, upon payment of all sums due it and on the written request of the Company, shall, (i) execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder (other than as contemplated in Sections 5.8 and 5.9), (ii) duly assign, transfer and deliver all of the Depositary's right, title and interest to the Deposited Property to such successor, and (iii) deliver to such successor a list of the Holders of all outstanding ADSs and such other information relating to ADSs and Holders thereof as the successor may reasonably request. Any such successor depositary shall promptly provide notice of its appointment to such Holders.

Any entity into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

Section 5.5 The Custodian. The Depositary has initially appointed Citibank, N.A. – Hong Kong as Custodian for the purpose of the Deposit Agreement. The Custodian or its successors in acting hereunder shall be authorized to act as custodian in the Cayman Islands and shall be subject at all times and in all respects to the direction of the Depositary for the Deposited Property for which the Custodian acts as custodian and shall be responsible solely to it. If any Custodian resigns or is discharged from its duties hereunder with respect to any Deposited Property and no other Custodian has previously been appointed hereunder, the Depositary shall promptly appoint a substitute custodian. The Depositary shall require such resigning or discharged Custodian to Deliver, or cause the Delivery of, the Deposited Property held by it, together with all such records maintained by it as Custodian with respect to such Deposited Property as the Depositary may request, to the Custodian designated by the Depositary. Whenever the Depositary determines, in its discretion, that it is appropriate to do so, it may appoint an additional custodian with respect to any Deposited Property, or discharge the Custodian with respect to any Deposited Property and appoint a substitute custodian, which shall thereafter be Custodian hereunder with respect to the Deposited Property. Immediately upon any such change, the Depositary shall give notice thereof in writing to all Holders of ADSs, each other Custodian and the Company.

Citibank may at any time act as Custodian of the Deposited Property pursuant to the Deposit Agreement, in which case any reference to Custodian shall mean Citibank solely in its capacity as Custodian pursuant to the Deposit Agreement. Notwithstanding anything contained in the Deposit Agreement or any ADR to the contrary, the Depositary shall not be obligated to give notice to the Company, any Holders of ADSs or any other Custodian of its acting as Custodian pursuant to the Deposit Agreement.

Upon the appointment of any successor depositary, any Custodian then acting hereunder shall, unless otherwise instructed by the Depositary, continue to be the Custodian of the Deposited Property without any further act or writing, and shall be subject to the direction of the successor depositary. The successor depositary so appointed shall, nevertheless, on the written request of any Custodian, execute and deliver to such Custodian all such instruments as may be proper to give to such Custodian full and complete power and authority to act on the direction of such successor depositary.

Section 5.6 Notices and Reports. On or before the first date on which the Company gives notice, by publication or otherwise, of any meeting of holders of Shares or other Deposited Securities, or of any adjourned meeting of such holders, or of the taking of any action by such holders other than at a meeting, or of the taking of any action in respect of any cash or other distributions or the offering of any rights in respect of Deposited Securities, the Company shall transmit to the Depositary and the Custodian a copy of the notice thereof in the English language but otherwise in the form given or to be given to holders of Shares or other Deposited Securities. The Company shall also furnish to the Custodian and the Depositary a summary, in English, of any applicable provisions or proposed provisions of the Articles of Association that may be relevant or pertain to such notice of meeting or be the subject of a vote thereat.

The Company will also transmit to the Depositary (a) an English-language version of the other notices, reports and communications which are made generally available by the Company to holders of its Shares or other Deposited Securities and (b) the English-language versions of the Company's annual and semi-annual reports prepared in accordance with the applicable requirements of the Commission. The Depositary shall arrange, at the request of the Company and at the Company's expense, to provide copies thereof to all Holders or make such notices, reports and other communications available to all Holders on a basis similar to that for holders of Shares or other Deposited Securities or on such other basis as the Company may advise the Depositary or as may be required by any applicable law, regulation or stock exchange requirement. The Company has made available to the Depositary and the Custodian a copy of the Articles of Association in effect as at the date of the Deposit Agreement along with the provisions of or governing the Shares and any other Deposited Securities issued by the Company in connection with such Shares, and promptly upon any amendment thereto or change therein, the Company shall make available to the Depositary and the Custodian a copy of such amendment thereto or change therein. The Depositary may rely upon such copy for all purposes of the Deposit Agreement.

The Depositary will, at the expense of the Company, make available a copy of any such notices, reports or communications issued by the Company and delivered to the Depositary for inspection by the Holders of the ADSs at the Depositary's Principal Office, at the office of the Custodian and at any other designated transfer office.

Section 5.7 Issuance of Additional Shares, ADSs etc. The Company agrees that in the event it or any of its Affiliates proposes (i) an issuance, sale or distribution of additional Shares, (ii) an offering of rights to subscribe for Shares or other Deposited Securities, (iii) an issuance or assumption of securities convertible into or exchangeable for Shares, (iv) an issuance of rights to subscribe for securities convertible into or exchangeable for Shares, (v) an elective dividend of cash or Shares, (vi) a redemption of Deposited Securities, (vii) a meeting of holders of Deposited Securities, or solicitation of consents or proxies, relating to any reclassification of securities, merger or consolidation or transfer of assets, (viii) any assumption, reclassification, recapitalization, reorganization, merger, consolidation or sale of assets which affects the Deposited Securities, or (ix) a distribution of securities other than Shares, it will obtain U.S. legal advice and take all steps necessary to ensure that the application of the proposed transaction to Holders and Beneficial Owners does not violate the registration provisions of the Securities Act, or any other applicable laws (including, without limitation, the Investment Company Act of 1940, as amended, the Exchange Act and the securities laws of the states of the U.S.). In support of the foregoing, the Company will furnish to the Depositary (a) a written opinion of U.S. counsel (reasonably satisfactory to the Depositary) stating whether such transaction (1) requires a registration statement under the Securities Act to be in effect or (2) is exempt from the registration requirements of the Securities Act and (b) an opinion of Cayman Islands counsel stating that (1) making the transaction available to Holders and Beneficial Owners does not violate the laws or regulations of the Cayman Islands and (2) all requisite regulatory consents and approvals have been obtained in the Cayman Islands. If the filing of a registration statement is required, the Depositary shall not have any obligation to proceed with the transaction unless it shall have received evidence reasonably satisfactory to it that such registration statement has been declared effective. If, being advised by counsel, the Company determines that a transaction is required to be registered under the Securities Act, the Company will either (i) register such transaction to the extent necessary, (ii) alter the terms of the transaction to avoid the registration requirements of the Securities Act or (iii) direct the Depositary to take specific measures, in each case as contemplated in the Deposit Agreement, to prevent such transaction from violating the registration requirements of the Securities Act. The Company agrees with the Depositary that neither the Company nor any of its Affiliates will at any time (i) deposit any Shares or other Deposited Securities, either upon original issuance or upon a sale of Shares or other Deposited Securities previously issued and reacquired by the Company or by any such Affiliate, or (ii) issue additional Shares, rights to subscribe for such Shares, securities convertible into or exchangeable for Shares or rights to subscribe for such securities or distribute securities other than Shares, unless such transaction and the securities issuable in such transaction do not violate the registration provisions of the Securities Act, or any other applicable laws (including, without limitation, the Investment Company Act of 1940, as amended, the Exchange Act and the securities laws of the states of the U.S.).

Notwithstanding anything else contained in the Deposit Agreement, nothing in the Deposit Agreement shall be deemed to obligate the Company to file any registration statement in respect of any proposed transaction.

Section 5.8 Indemnification. The Depositary agrees to indemnify the Company and its directors, officers, employees, agents and Affiliates against, and hold each of them harmless from, any direct loss, liability, tax, charge or expense of any kind whatsoever (including, but not limited to, the reasonable fees and expenses of counsel) which may arise out of acts performed or omitted by the Depositary under the terms hereof due to the negligence or bad faith of the Depositary.

The Company agrees to indemnify the Depositary, the Custodian and any of their respective directors, officers, employees, agents and Affiliates against, and hold each of them harmless from, any direct loss, liability, tax, charge or expense of any kind whatsoever (including, but not limited to, the reasonable fees and expenses of counsel) that may arise (a) out of, or in connection with, any offer, issuance, sale, resale, transfer, deposit or withdrawal of ADRs, ADSs, the Shares, or other Deposited Securities, as the case may be, (b) out of, or as a result of, any offering documents in respect thereof or (c) out of acts performed or omitted, including, but not limited to, any delivery by the Depositary on behalf of the Company of information regarding the Company, in connection with the Deposit Agreement, any ancillary or supplemental agreement entered into between the Company and the Depositary, the ADRs, the ADSs, the Shares, or any Deposited Property, in any such case (i) by the Depositary, the Custodian or any of their respective directors, officers, employees, agents and Affiliates, except to the extent such loss, liability, tax, charge or expense is due to the negligence or bad faith of any of them, or (ii) by the Company or any of its directors, officers, employees, agents and Affiliates. The Company shall not indemnify the Depositary, the Custodian or any of their respective directors, officers, employees, agents and Affiliates against any liability or expense arising out of the information relating to the Depositary or such Custodian, as the case may be, furnished in a writing to the Company, by the Depositary or such Custodian expressly for use in any registration statement, prospectus or preliminary prospectus relating to any Deposited Securities represented by the ADSs.

The obligations set forth in this Section shall survive the termination of the Deposit Agreement and the succession or substitution of any party hereto.

Any person seeking indemnification hereunder (an "indemnified person") shall notify the person from whom it is seeking indemnification (the "indemnifying person") of the commencement of any indemnifiable action or claim promptly after such indemnified person becomes aware of such commencement (provided that the failure to make such notification shall not affect such indemnified person's rights to seek indemnification except to the extent the indemnifying person is materially prejudiced by such failure) and shall consult in good faith with the indemnifying person as to the conduct of the defense of such action or claim that may give rise to an indemnity hereunder, which defense shall be reasonable in the circumstances. No indemnified person shall compromise or settle any action or claim that may give rise to an indemnity hereunder without the consent of the indemnifying person, which consent shall not be unreasonably withheld.

Section 5.9 ADS Fees and Charges. The Company, the Holders, the Beneficial Owners, persons depositing Shares or withdrawing Deposited Securities in connection with the issuance and cancellation of ADSs, and persons receiving ADSs upon issuance or whose ADSs are being cancelled shall be required to pay the Depositary's fees and related charges (some of which may be cumulative) identified as payable by them respectively in the Fee Schedule attached hereto as Exhibit B. All ADS fees and charges so payable may be deducted from distributions or must be remitted to the Depositary, or its designee, and may, at any time and from time to time, be changed by agreement between the Depositary and the Company, but, in the case of ADS fees and charges payable by Holders and Beneficial Owners only in the manner contemplated in Section 6.1. The Depositary shall provide, without charge, a copy of its latest ADS fee schedule to anyone upon request.

ADS fees and charges for (i) the issuance of ADSs and (ii) the cancellation of ADSs will be payable by the person for whom the ADSs are so issued by the Depositary (in the case of ADS issuances) and by the person for whom ADSs are being cancelled (in the case of ADS cancellations). In the case of ADSs issued by the Depositary into DTC or presented to the Depositary via DTC, the ADS issuance and cancellation fees and charges will be payable by the DTC Participant(s) receiving the ADSs from the Depositary or the DTC Participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the Beneficial Owner(s) and will be charged by the DTC Participant(s) to the account(s) of the applicable Beneficial Owner(s) in accordance with the procedures and practices of the DTC Participant(s) as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are payable by Holders as of the applicable ADS Record Date established by the Depositary. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, the applicable Holders as of the ADS Record Date established by the Depositary will be invoiced for the amount of the ADS fees and charges and such ADS fees may be deducted from distributions made to Holders. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC Participants in accordance with the procedures and practices prescribed by DTC from time to time and the DTC Participants in turn charge the amount of such ADS fees and charges to the Beneficial Owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series (which may entail the cancellation, issuance and transfer of ADSs and the conversion of ADSs from one series to another series), the applicable ADS issuance, cancellation, transfer and conversion fees will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

The Depositary may reimburse the Company for certain expenses incurred by the Company in respect of the ADR program established pursuant to the Deposit Agreement, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as the Company and the Depositary agree from time to time. The Company shall pay to the Depositary such fees and charges, and reimburse the Depositary for such out-of-pocket expenses, as the Depositary and the Company may agree from time to time. Responsibility for payment of such fees, charges and reimbursements may from time to time be changed by agreement between the Company and the Depositary. Any failure by the Company to timely pay any fees, charges and reimbursements of the Depositary for which the Company is responsible pursuant to the Deposit Agreement, or any ancillary agreement between the Depositary and the Company, may suspend the obligation of the Depositary to provide the services contemplated in the Deposit Agreement at the expense of the Company (including services being made available to Holders and Beneficial Owners), and the Depositary shall have no obligation to provide any such services made available at the Company's expense (including services being made available to Holders and Beneficial Owners) unless and until payment has been made in full by the Company. Unless otherwise agreed, the Depositary shall present its statement for such fees, charges and reimbursements to the Company once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

The obligations of the Company, Holders and Beneficial Owners to pay ADS fees, charges and reimbursements shall survive the termination of the Deposit Agreement. As to any Depositary, upon the resignation or removal of such Depositary as described in Section 5.4, the right to collect ADS fees and charges shall extend for those ADS fees and charges incurred prior to the effectiveness of such resignation or removal.

Section 5.10 Restricted Securities Owners. The Company agrees to advise in writing each of the persons or entities who, to the knowledge of the Company, holds Restricted Securities that such Restricted Securities are ineligible for deposit hereunder (except under the circumstances contemplated in Section 2.14) and, to the extent practicable, shall require each of such persons to represent in writing that such person will not deposit Restricted Securities hereunder (except under the circumstances contemplated in Section 2.14).

ARTICLE VI
AMENDMENT AND TERMINATION

Section 6.1 Amendment/Supplement. Subject to the terms and conditions of this Section 6.1 and applicable law, the ADRs outstanding at any time, the provisions of the Deposit Agreement and the form of ADR attached hereto and to be issued under the terms hereof may at any time and from time to time be amended or supplemented by written agreement between the Company and the Depositary in any respect which they may deem necessary or desirable without the prior written consent of the Holders or Beneficial Owners. Any amendment or supplement which shall impose or increase any fees or charges (other than charges in connection with foreign exchange control regulations, and taxes and other governmental charges, delivery and other such expenses), or which shall otherwise materially prejudice any substantial existing right of Holders or Beneficial Owners, shall not, however, become effective as to outstanding ADSs until the expiration of thirty (30) days after notice of such amendment or supplement shall have been given to the Holders of outstanding ADSs. Notice of any amendment to the Deposit Agreement or any ADR 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 Holders identifies a means for Holders and Beneficial Owners to retrieve or receive the text of such amendment (*e.g.*, upon retrieval from the Commission's, the Depositary's or the Company's website or upon request from the Depositary). The parties hereto agree that any amendments or supplements which (i) are reasonably necessary (as agreed by the Company and the Depositary) in order for (a) the ADSs to be registered on Form F-6 under the Securities Act or (b) the ADSs to be settled 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 Holders, shall be deemed not to materially prejudice any substantial existing rights of Holders or Beneficial Owners. Every Holder and Beneficial Owner at the time any amendment or supplement so becomes effective shall be deemed, by continuing to hold such ADSs, to consent and agree to such amendment or supplement and to be bound by the Deposit Agreement and the ADR, if applicable, as amended or supplemented thereby. In no event shall any amendment or supplement impair the right of the Holder to surrender such ADS and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law. Notwithstanding the foregoing, if any governmental body should adopt new laws, rules or regulations which would require an amendment of, or supplement to, the Deposit Agreement to ensure compliance therewith, the Company and the Depositary may amend or supplement the Deposit Agreement and any ADRs at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the Deposit Agreement and any ADRs in such circumstances may become effective before a notice of such amendment or supplement is given to Holders or within any other period of time as required for compliance with such laws, rules or regulations.

Section 6.2 Termination. The Depositary shall, at any time at the written direction of the Company, terminate the Deposit Agreement by distributing notice of such termination to the Holders of all ADSs then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination. If (i) ninety (90) days shall have expired after the Depositary shall have delivered to the Company a written notice of its election to resign, or (ii) ninety (90) days shall have expired after the Company shall have delivered to the Depositary a written notice of the removal of the Depositary, and, in either case, a successor depositary shall not have been appointed and accepted its appointment as provided in Section 5.4 of the Deposit Agreement, the Depositary may terminate the Deposit Agreement by distributing notice of such termination to the Holders of all ADSs then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination. The date so fixed for termination of the Deposit Agreement in any termination notice so distributed by the Depositary to the Holders of ADSs is referred to as the "Termination Date". Until the Termination Date, the Depositary shall continue to perform all of its obligations under the Deposit Agreement, and the Holders and Beneficial Owners will be entitled to all of their rights under the Deposit Agreement.

If any ADSs shall remain outstanding after the Termination Date, the Depositary shall not, after the Termination Date, have any obligation to perform any further acts under the Deposit Agreement, except that the Depositary shall, subject, in each case, to the terms and conditions of the Deposit Agreement, continue to (i) collect dividends and other distributions pertaining to Deposited Securities, (ii) sell Deposited Property received in respect of Deposited Securities, (iii) deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any other Deposited Property, in exchange for ADSs surrendered to the Depositary (after deducting, or charging, as the case may be, in each case, the fees and charges of, and expenses incurred by, the Depositary, and all applicable taxes or governmental charges for the account of the Holders and Beneficial Owners, in each case upon the terms set forth in Section 5.9 of the Deposit Agreement), and (iv) take such actions as may be required under applicable law in connection with its role as Depositary under the Deposit Agreement.

At any time after the Termination Date, the Depositary may sell the Deposited Property then held under the Deposit Agreement and shall after such sale hold un-invested the net proceeds of such sale, together with any other cash then held by it under the Deposit Agreement, in an un-segregated account and without liability for interest, for the pro rata benefit of the Holders whose ADSs have not theretofore been surrendered. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement except (i) to account for such net proceeds and other cash (after deducting, or charging, as the case may be, in each case, the fees and charges of, and expenses incurred by, the Depositary, and all applicable taxes or governmental charges for the account of the Holders and Beneficial Owners, in each case upon the terms set forth in Section 5.9 of the Deposit Agreement), and (ii) as may be required at law in connection with the termination of the Deposit Agreement.

Notwithstanding anything contained in the Deposit Agreement or any ADR, in connection with the termination of the Deposit Agreement, the Depositary may, independently and without the need for any action by the Company, make available to Holders of ADSs a means to withdraw the Deposited Securities represented by their ADSs and to direct the deposit of such Deposited Securities into an unsponsored American depositary shares program established by the Depositary, upon such terms and conditions as the Depositary may deem reasonably appropriate, subject however, in each case, to satisfaction of the applicable registration requirements by the unsponsored American depositary shares program under the Securities Act, and to receipt by the Depositary of payment of the applicable taxes and ADS fees and charges of, and reimbursement of the applicable expenses incurred by, the Depositary.

After the Termination Date, the Company shall be discharged from all obligations under the Deposit Agreement, except for its obligations to the Depositary under Sections 5.8, 5.9, 6.2, and 7.6 of the Deposit Agreement. The obligations under the terms of the Deposit Agreement of Holders and Beneficial Owners of ADSs outstanding as of the Termination Date shall survive the Termination Date and shall be discharged only when the applicable ADSs are presented by their Holders to the Depositary for cancellation under the terms of the Deposit Agreement (except as specifically provided in the Deposit Agreement).

ARTICLE VII
MISCELLANEOUS

Section 7.1 Counterparts. The Deposit Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of such counterparts together shall constitute one and the same agreement. Copies of the Deposit Agreement shall be maintained with the Depositary and shall be open to inspection by any Holder during business hours.

Section 7.2 No Third-Party Beneficiaries/Acknowledgments. The Deposit Agreement is for the exclusive benefit of the parties hereto (and their successors) and shall not be deemed to give any legal or equitable right, remedy or claim whatsoever to any other person, except to the extent specifically set forth in the Deposit Agreement. Nothing in the Deposit Agreement shall be deemed to give rise to a partnership or joint venture among the parties nor establish a fiduciary or similar relationship among the parties. The parties hereto acknowledge and agree that (i) Citibank and its Affiliates may at any time have multiple banking relationships with the Company, the Holders, the Beneficial Owners, and their respective Affiliates, (ii) Citibank and its Affiliates may own and deal in any class of securities of the Company and its Affiliates and in ADSs, and may be engaged at any time in transactions in which parties adverse to the Company, the Holders, the Beneficial Owners or their respective Affiliates may have interests, (iii) the Depositary and its Affiliates may from time to time have in their possession non-public information about the Company, the Holders, the Beneficial Owners, and their respective Affiliates, (iv) nothing contained in the Deposit Agreement shall (a) preclude Citibank or any of its Affiliates from engaging in such transactions or establishing or maintaining such relationships, or (b) obligate Citibank or any of its Affiliates to disclose such information, transactions or relationships, or to account for any profit made or payment received in such transactions or relationships, (v) the Depositary shall not be deemed to have knowledge of any information any other division of Citibank or any of its Affiliates may have about the Company, the Holders, the Beneficial Owners, or any of their respective Affiliates, and (vi) the Company, the Depositary, the Custodian and their respective agents and controlling persons may be subject to the laws and regulations of jurisdictions other than the U.S. and the Cayman Islands, and the authority of courts and regulatory authorities of such other jurisdictions, and, consequently, the requirements and the limitations of such other laws and regulations, and the decisions and orders of such other courts and regulatory authorities, may affect the rights and obligations of the parties to the Deposit Agreement.

Section 7.3 Severability. In case any one or more of the provisions contained in the Deposit Agreement or in the ADRs should be or become invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein or therein shall in no way be affected, prejudiced or disturbed thereby.

Section 7.4 Holders and Beneficial Owners as Parties; Binding Effect. The Holders and Beneficial Owners from time to time of ADSs issued hereunder shall be parties to the Deposit Agreement and shall be bound by all of the terms and conditions hereof and of any ADR evidencing their ADSs by acceptance thereof or any beneficial interest therein.

Section 7.5 Notices. Any and all notices to be given to the Company shall be deemed to have been duly given if personally delivered or sent by mail, air courier or cable, telex or facsimile transmission, confirmed by letter personally delivered or sent by mail or air courier, addressed to No. 26, Gaoxin Second Road, Jiangxia District, Wuhan, Hubei, China (Wuhan Xingjingweiwu Culture & Sports Development Co., Ltd.), Attention: Heng Zhang, or to any other address which the Company may specify in writing to the Depositary.

Any and all notices to be given to the Depositary shall be deemed to have been duly given if personally delivered or sent by mail, air courier or cable, telex or facsimile transmission, confirmed by letter personally delivered or sent by mail or air courier, addressed to Citibank, N.A., 388 Greenwich Street, New York, New York 10013, U.S.A., Attention: Depositary Receipts Department, or to any other address which the Depositary may specify in writing to the Company.

Any and all notices to be given to any Holder shall be deemed to have been duly given **(a)** if personally delivered or sent by mail or cable, telex or facsimile transmission, confirmed by letter, addressed to such Holder at the address of such Holder as it appears on the books of the Depositary or, if such Holder shall have filed with the Depositary a request that notices intended for such Holder be mailed to some other address, at the address specified in such request, or **(b)** if a Holder shall have designated such means of notification as an acceptable means of notification under the terms of the Deposit Agreement, by means of electronic messaging addressed for delivery to the e-mail address designated by the Holder for such purpose. Notice to Holders shall be deemed to be notice to Beneficial Owners for all purposes of the Deposit Agreement. Failure to notify a Holder or any defect in the notification to a Holder shall not affect the sufficiency of notification to other Holders or to the Beneficial Owners of ADSs held by such other Holders. Any notices given to DTC under the terms of the Deposit Agreement shall (unless otherwise specified by the Depositary) constitute notice to the DTC Participants who hold the ADSs in their DTC accounts and to the Beneficial Owners of such ADSs.

Delivery of a notice sent by mail, air courier or cable, telex or facsimile transmission shall be deemed to be effective at the time when a duly addressed letter containing the same (or a confirmation thereof in the case of a cable, telex or facsimile transmission) is deposited, postage prepaid, in a post-office letter box or delivered to an air courier service, without regard for the actual receipt or time of actual receipt thereof by a Holder. The Depositary or the Company may, however, act upon any cable, telex or facsimile transmission received by it from any Holder, the Custodian, the Depositary, or the Company, notwithstanding that such cable, telex or facsimile transmission shall not be subsequently confirmed by letter.

Delivery of a notice by means of electronic messaging shall be deemed to be effective at the time of the initiation of the transmission by the sender (as shown on the sender's records), notwithstanding that the intended recipient retrieves the message at a later date, fails to retrieve such message, or fails to receive such notice on account of its failure to maintain the designated e-mail address, its failure to designate a substitute e-mail address or for any other reason.

Section 7.6 Governing Law and Jurisdiction. The Deposit Agreement, the ADRs and the ADSs shall be interpreted in accordance with, and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by, the laws of the State of New York applicable to contracts made and to be wholly performed in that State. Notwithstanding anything contained in the Deposit Agreement to the contrary, any ADR or any present or future provisions of the laws of the State of New York, the rights of holders of Shares and of any other Deposited Securities and the obligations and duties of the Company in respect of the holders of Shares and other Deposited Securities, as such, shall be governed by the laws of the Cayman Islands (or, if applicable, such other laws as may govern the Deposited Securities).

Except as set forth in the following paragraph of this Section 7.6, the Company and the Depositary agree that the federal or state courts in the City of New York shall have jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute between them that may arise out of or in connection with the Deposit Agreement and, for such purposes, each irrevocably submits to the non-exclusive jurisdiction of such courts. The Company hereby irrevocably designates, appoints and empowers Cogency Global Inc. (the "Agent") now at 122 East 42nd Street, 18th Floor, New York, NY 10168 as its authorized agent to receive and accept for and on its behalf, and on behalf of its properties, assets and revenues, service by mail of any and all legal process, summons, notices and documents that may be served in any suit, action or proceeding brought against the Company in any federal or state court as described in the preceding sentence or in the next paragraph of this Section 7.6. If for any reason the Agent shall cease to be available to act as such, the Company agrees to designate a new agent in New York on the terms and for the purposes of this Section 7.6 reasonably satisfactory to the Depositary. The Company further hereby irrevocably consents and agrees to the service of any and all legal process, summons, notices and documents in any suit, action or proceeding against the Company, by service by mail of a copy thereof upon the Agent (whether or not the appointment of such Agent shall for any reason prove to be ineffective or such Agent shall fail to accept or acknowledge such service), with a copy mailed to the Company by registered or certified air mail, postage prepaid, to its address provided in Section 7.5. The Company agrees that the failure of the Agent to give any notice of such service to it shall not impair or affect in any way the validity of such service or any judgment rendered in any action or proceeding based thereon.

Notwithstanding the foregoing, the Depositary and the Company unconditionally agree that in the event of any suit, action or proceeding against (a) the Company, (b) the Depositary in its capacity as Depositary under the Deposit Agreement, or (c) against both the Company and the Depositary, in any such case, in any state or federal court of the United States, and the Depositary or the Company have any claim, for indemnification or otherwise, against each other arising out of the subject matter of such suit, action or proceeding, then the Company and the Depositary may pursue such claim against each other in the state or federal court in the United States in which such suit, action, or proceeding is pending and, for such purposes, the Company and the Depositary irrevocably submit to the non-exclusive jurisdiction of such courts. The Company agrees that service of process upon the Agent in the manner set forth in the preceding paragraph shall be effective service upon it for any suit, action or proceeding brought against it as described in this paragraph.

The Company irrevocably and unconditionally waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of venue of any actions, suits or proceedings brought in any court as provided in this Section 7.6, and hereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

The Company irrevocably and unconditionally waives, to the fullest extent permitted by law, and agrees not to plead or claim, any right of immunity from legal action, suit or proceeding, from setoff or counterclaim, from the jurisdiction of any court, from service of process, from attachment upon or prior to judgment, from attachment in aid of execution or judgment, from execution of judgment, or from any other legal process or proceeding for the giving of any relief or for the enforcement of any judgment, and consents to such relief and enforcement against it, its assets and its revenues in any jurisdiction, in each case with respect to any matter arising out of, or in connection with, the Deposit Agreement, any ADR or the Deposited Property.

EACH OF THE PARTIES TO THE DEPOSIT AGREEMENT (INCLUDING, WITHOUT LIMITATION, EACH HOLDER AND BENEFICIAL OWNER) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING AGAINST THE COMPANY AND/OR THE DEPOSITARY ARISING OUT OF, OR RELATING TO, THE DEPOSIT AGREEMENT, ANY ADR AND ANY TRANSACTIONS CONTEMPLATED THEREIN (WHETHER BASED ON CONTRACT, TORT, COMMON LAW OR OTHERWISE).

The provisions of this Section 7.6 shall survive any termination of the Deposit Agreement, in whole or in part.

Section 7.7 Assignment. Subject to the provisions of Section 5.4, the Deposit Agreement may not be assigned by either the Company or the Depositary.

Section 7.8 Compliance with, and No Disclaimer under, U.S. Securities Laws.

(a) Notwithstanding anything in the Deposit Agreement to the contrary, the withdrawal or delivery of Deposited Securities will not be suspended by the Company or the Depositary except as would be permitted by Instruction I.A.(1) of the General Instructions to Form F-6 Registration Statement, as amended from time to time, under the Securities Act.

(b) Each of the parties to the Deposit Agreement (including, without limitation, each Holder and Beneficial Owner) acknowledges and agrees that no provision of the Deposit Agreement or any ADR shall, or shall be deemed to, disclaim any liability under the Securities Act or the Exchange Act, in each case to the extent established under applicable U.S. laws.

Section 7.9 Cayman Islands Law References. Any summary of the laws and regulations of the Cayman Islands and of the terms of the Articles of Association set forth in the Deposit Agreement have been provided by the Company solely for the convenience of Holders, Beneficial Owners and the Depositary. While such summaries are believed by the Company to be accurate as of the date of the Deposit Agreement, (i) they are summaries and as such may not include all aspects of the materials summarized applicable to a Holder or Beneficial Owner, and (ii) these laws and regulations and the Articles of Association may change after the date of the Deposit Agreement. Neither the Depositary nor the Company has any obligation under the terms of the Deposit Agreement to update any such summaries.

Section 7.10 Titles and References.

(a) Deposit Agreement. All references in the Deposit Agreement to exhibits, articles, sections, subsections, and other subdivisions refer to the exhibits, articles, sections, subsections and other subdivisions of the Deposit Agreement unless expressly provided otherwise. The words "the Deposit Agreement", "herein", "hereof", "hereby", "hereunder", and words of similar import refer to the Deposit Agreement as a whole as in effect at the relevant time between the Company, the Depositary and the Holders and Beneficial Owners of ADSs and not to any particular subdivision unless expressly so limited. Pronouns in masculine, feminine and neuter gender shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and *vice versa* unless the context otherwise requires. Titles to sections of the Deposit Agreement are included for convenience only and shall be disregarded in construing the language contained in the Deposit Agreement. References to "applicable laws and regulations" shall refer to laws and regulations applicable to the Company, the Depositary, the Custodian, their agents and controlling persons, ADRs, ADSs or Deposited Property as in effect at the relevant time of determination, unless otherwise required by law or regulation.

(b) ADRs. All references in any ADR(s) to paragraphs, exhibits, articles, sections, subsections, and other subdivisions refer to the paragraphs, exhibits, articles, sections, subsections and other subdivisions of the ADR(s) in question unless expressly provided otherwise. The words "the Receipt", "the ADR", "herein", "hereof", "hereby", "hereunder", and words of similar import used in any ADR refer to the ADR as a whole and as in effect at the relevant time, and not to any particular subdivision unless expressly so limited. Pronouns in masculine, feminine and neuter gender in any ADR shall be construed to include any other gender, and words in the singular form shall be construed to include the plural and *vice versa* unless the context otherwise requires. Titles to paragraphs of any ADR are included for convenience only and shall be disregarded in construing the language contained in the ADR. References to "applicable laws and regulations" shall refer to laws and regulations applicable to the Company, the Depositary, the Custodian, their agents and controlling persons, the ADRs, the ADSs and the Deposited Property as in effect at the relevant time of determination, unless otherwise required by law or regulation.

[Signature page on following page]

IN WITNESS WHEREOF, NIP GROUP INC. and CITIBANK, N.A. have duly executed the Deposit Agreement as of the day and year first above set forth and all Holders and Beneficial Owners shall become parties hereto upon acceptance by them of ADSs issued in accordance with the terms hereof, or upon acquisition of any beneficial interest therein.

NIP GROUP INC.

By: _____
Name: Mario Yau Kwan Ho
Title: Co-Chief Executive Officer

By: _____
Name: Hicham Chahine
Title: Co-Chief Executive Officer

CITIBANK, N.A.

By: _____
Name:
Title:

[Signature page to Deposit Agreement]

EXHIBIT A

[FORM OF ADR]

Number

_____

CUSIP NUMBER: _____

American Depositary Shares (each American Depositary Share representing the right to receive two (2) fully paid Class A ordinary share**s**)

AMERICAN DEPOSITARY RECEIPT

for

AMERICAN DEPOSITARY SHARES

representing

DEPOSITED CLASS A ORDINARY SHARES

of

NIP GROUP INC.

(Incorporated under the laws of the Cayman Islands)

CITIBANK, N.A., a national banking association organized and existing under the laws of the United States of America, as depositary (the "Depositary"), hereby certifies that _____is the owner of _____ American Depositary Shares (hereinafter "ADS") representing deposited Class A ordinary shares, including evidence of rights to receive such Class A ordinary shares (the "Shares"), of NIP Group Inc., a Cayman Islands exempted company, and its successors (the "Company"). As of the date of issuance of this ADR, each ADS represents the right to receive two (2) Share**s** deposited under the Deposit Agreement (as hereinafter defined) with the Custodian, which at the date of issuance of this ADR is Citibank, N.A. – Hong Kong (the "Custodian"). The ADS(s)-to-Share(s) ratio is subject to amendment as provided in Articles IV and VI of the Deposit Agreement. The Depositary's Principal Office is located at 388 Greenwich Street, New York, New York 10013, U.S.A.

(1) The Deposit Agreement. This American Depositary Receipt is one of an issue of American Depositary Receipts ("ADRs"), all issued and to be issued upon the terms and conditions set forth in the Deposit Agreement, dated as of [●] (as amended and supplemented from time to time, the "Deposit Agreement"), by and among the Company, the Depositary, and all Holders and Beneficial Owners from time to time of ADSs issued thereunder. The Deposit Agreement sets forth the rights and obligations of Holders and Beneficial Owners of ADSs and the rights and duties of the Depositary in respect of the Shares deposited thereunder and any and all other Deposited Property (as defined in the Deposit Agreement) from time to time received and held on deposit in respect of the ADSs. Copies of the Deposit Agreement are on file at the Principal Office of the Depositary and with the Custodian. Each Holder and each Beneficial Owner, upon acceptance of any ADSs (or any interest therein) issued in accordance with the terms and conditions of the Deposit Agreement, shall be deemed for all purposes to (a) be a party to and bound by the terms of the Deposit Agreement and the applicable ADR(s), and (b) appoint the Depositary as 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(s), to adopt any and all procedures necessary to comply with applicable law 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(s), the taking of such actions to be the conclusive determinant of the necessity and appropriateness thereof. The manner in which a Beneficial Owner holds ADSs (e.g., in a brokerage account vs. as registered holder) may affect the rights and obligations of, the manner in which, and the extent to which, services are made available to, Beneficial Owners pursuant to the terms of the Deposit Agreement.

The statements made on the face and reverse of this ADR are summaries of certain provisions of the Deposit Agreement and the Articles of Association of the Company (as in effect on the date of the signing of the Deposit Agreement) and are qualified by and subject to the detailed provisions of the Deposit Agreement and the Articles of Association, to which reference is hereby made.

All capitalized terms not defined herein shall have the meanings ascribed thereto in the Deposit Agreement.

The Depositary makes no representation or warranty as to the validity or worth of the Deposited Property. The Depositary has made arrangements for the acceptance of the ADSs into DTC. Each Beneficial Owner of ADSs held through DTC must rely on the procedures of DTC and the DTC Participants to exercise and be entitled to any rights attributable to such ADSs. The Depositary may issue Uncertificated ADSs subject, however, to the terms and conditions of Section 2.13 of the Deposit Agreement.

(2) Surrender of ADSs and Withdrawal of Deposited Securities. The Holder of this ADR (and of the ADSs evidenced hereby) shall be entitled to Delivery (at the Custodian's designated office) of the Deposited Securities at the time represented by the ADSs evidenced hereby upon satisfaction of each of the following conditions: (i) the Holder (or a duly-authorized attorney of the Holder) has duly Delivered to the Depositary at its Principal Office the ADSs evidenced hereby (and, if applicable, this ADR evidencing such ADSs) for the purpose of withdrawal of the Deposited Securities represented thereby, (ii) if applicable and so required by the Depositary, this ADR Delivered to the Depositary for such purpose has been properly endorsed in blank or is accompanied by proper instruments of transfer in blank (including signature guarantees in accordance with standard securities industry practice), (iii) if so required by the Depositary, the Holder of the ADSs has executed and delivered to the Depositary a written order directing the Depositary to cause the Deposited Securities being withdrawn to be Delivered to or upon the written order of the person(s) designated in such order, and (iv) all applicable ADS fees and charges of, and expenses incurred by, the Depositary and all applicable taxes and governmental charges (as are set forth in Section 5.9 of, and Exhibit B to, the Deposit Agreement) have been paid, *subject, however, in each case*, to the terms and conditions of this ADR evidencing the surrendered ADSs, of the Deposit Agreement, of the Company's Articles of Association and of any applicable laws and the rules of the applicable book-entry settlement entity, and to any provisions of or governing the Deposited Securities, in each case as in effect at the time thereof.

Upon satisfaction of each of the conditions specified above, the Depositary (i) shall, as promptly as commercially practicable, cancel the ADSs Delivered to it (and, if applicable, this ADR(s) evidencing the ADSs so Delivered), (ii) shall direct the Registrar to record the cancellation of the ADSs so Delivered on the books maintained for such purpose, and (iii) shall direct the Custodian to Deliver, or cause the Delivery of, in each case, without unreasonable delay, the Deposited Securities represented by the ADSs so canceled together with any certificate or other document of title for the Deposited Securities, or evidence of the electronic transfer thereof (if available), as the case may be, to or upon the written order of the person(s) designated in the order delivered to the Depositary for such purpose, *subject however, in each case*, to the terms and conditions of the Deposit Agreement, of this ADR evidencing the ADS so canceled, of the Articles of Association of the Company, of any applicable laws and of the rules of the applicable book-entry settlement entity, and to the terms and conditions of or governing the Deposited Securities, in each case as in effect at the time thereof.

The Depositary shall not accept for surrender ADSs representing less than one (1) Share. In the case of Delivery to it of ADSs representing a number other than a whole number of Shares, the Depositary shall cause ownership of the appropriate whole number of Shares to be Delivered in accordance with the terms hereof, and shall, at the discretion of the Depositary, either (i) return to the person surrendering such ADSs the number of ADSs representing any remaining fractional Share, or (ii) sell or cause to be sold the fractional Share represented by the ADSs so surrendered and remit the proceeds of such sale (net of (a) applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes withheld) to the person surrendering the ADSs.

Upon receipt of satisfactory instructions from ADS Holders and payment of applicable taxes and the ADS fees and charges of the Depositary for the issuance, cancellation, and conversion of ADSs (as set forth in Section 5.9 and Exhibit B to the Deposit Agreement and in this ADR), the Depositary shall also, subject to the applicable terms and conditions of, and contemplated in, the Deposit Agreement and applicable law, cancel ADSs in connection with the conversion of ADSs of one series for ADSs of another series (e.g. in connection with the conversion of Restricted ADSs into freely transferable ADSs and the conversion of Partial Entitlement ADSs into Full Entitlement ADSs), in which case, (i) the number of ADSs of one series so cancelled shall equal the number of ADSs issued of the corresponding series, and (ii) the Depositary shall to the extent applicable direct the Custodian to transfer the corresponding Shares from and into the applicable custody accounts maintained for the applicable ADS series.

Notwithstanding anything else contained in this ADR or the Deposit Agreement, the Depositary may make delivery at the Principal Office of the Depositary of Deposited Property consisting of (i) any cash dividends or cash distributions, or (ii) any proceeds from the sale of any non-cash distributions, which are at the time held by the Depositary in respect of the Deposited Securities represented by the ADSs surrendered for cancellation and withdrawal. At the request, risk and expense of any Holder so surrendering ADSs represented by this ADR, and for the account of such Holder, the Depositary shall direct the Custodian to forward (to the extent permitted by law) any Deposited Property (other than Deposited Securities) held by the Custodian in respect of such ADSs to the Depositary for delivery at the Principal Office of the Depositary. Such direction shall be given by letter or, at the request, risk and expense of such Holder, by cable, telex or facsimile transmission.

(3) Transfer, Combination and Split-up of ADRs. The Registrar shall as promptly as commercially practicable register the transfer of this ADR (and of the ADSs represented hereby) on the books maintained for such purpose and the Depositary shall as promptly as commercially practicable (x) cancel this ADR and execute new ADRs evidencing the same aggregate number of ADSs as those evidenced by this ADR canceled by the Depositary, (y) cause the Registrar to countersign such new ADRs, and (z) Deliver such new ADRs to or upon the order of the person entitled thereto, if each of the following conditions has been satisfied: (i) this ADR has been duly Delivered by the Holder (or by a duly authorized attorney of the Holder) to the Depositary at its Principal Office for the purpose of effecting a transfer thereof, (ii) this surrendered ADR has been properly endorsed or is accompanied by proper instruments of transfer (including signature guarantees in accordance with standard securities industry practice), (iii) this surrendered ADR has been duly stamped (if required by the laws of the State of New York or of the United States), and (iv) all applicable ADS fees and charges of, and expenses incurred by, the Depositary and all applicable taxes and governmental charges (as are set forth in Section 5.9 of, and Exhibit B to, the Deposit Agreement) have been paid, *subject, however, in each case,* to the terms and conditions of this ADR, of the Deposit Agreement and of applicable law, in each case as in effect at the time thereof.

The Registrar shall as promptly as commercially practicable register the split-up or combination of this ADR (and of the ADSs represented hereby) on the books maintained for such purpose and the Depositary shall as promptly as commercially practicable (x) cancel this ADR and execute new ADRs for the number of ADSs requested, but in the aggregate not exceeding the number of ADSs evidenced by this ADR canceled by the Depositary, (y) cause the Registrar to countersign such new ADRs, and (z) Deliver such new ADRs to or upon the order of the Holder thereof, if each of the following conditions has been satisfied: (i) this ADR has been duly Delivered by the Holder (or by a duly authorized attorney of the Holder) to the Depositary at its Principal Office for the purpose of effecting a split-up or combination hereof, and (ii) all applicable fees and charges of, and expenses incurred by, the Depositary and all applicable taxes and governmental charges (as are set forth in Section 5.9 of, and Exhibit B to, the Deposit Agreement) have been paid, *subject, however, in each case*, to the terms and conditions of this ADR, of the Deposit Agreement and of applicable law, in each case as in effect at the time thereof.

(4) Pre-Conditions to Registration, Transfer, etc. As a condition precedent to the execution and Delivery, the registration of issuance, transfer, split-up, combination or surrender, of any ADS, the delivery of any distribution thereon, or the withdrawal of any Deposited Property, the Depositary or the Custodian may require (i) payment from the depositor of Shares or presenter of ADSs or of this ADR of a sum sufficient to reimburse it for any tax or other governmental charge and any stock transfer or registration fee with respect thereto (including any such tax or charge and fee with respect to Shares being deposited or withdrawn) and payment of any applicable fees and charges of the Depositary as provided in Section 5.9 and Exhibit B to the Deposit Agreement and in this ADR, (ii) the production of proof reasonably satisfactory to it as to the identity and genuineness of any signature or any other matter contemplated by Section 3.1 of the Deposit Agreement, and (iii) compliance with (A) any laws or governmental regulations relating to the execution and Delivery of this ADR or ADSs or to the withdrawal of Deposited Securities and (B) such reasonable regulations as the Depositary and the Company may establish consistent with the provisions of this ADR, if applicable, the Deposit Agreement and applicable law.

The issuance of ADSs against deposits of Shares generally or against deposits of particular Shares may be suspended, or the deposit of particular Shares may be refused, or the registration of transfer of ADSs in particular instances may be refused, or the registration of transfer of ADSs generally may be suspended, during any period when the transfer books of the Company, the Depositary, a Registrar or the Share Registrar are closed or if any such action is deemed necessary or advisable by the Depositary or the Company, in good faith, at any time or from time to time because of any requirement of law or regulation, any government or governmental body or commission or any securities exchange on which the ADSs or Shares are listed, or under any provision of the Deposit Agreement or this ADR, if applicable, or under any provision of, or governing, the Deposited Securities, or because of a meeting of shareholders of the Company or for any other reason, subject, in all cases to Section 7.8(a) of the Deposit Agreement and paragraph (25) of this ADR. Notwithstanding any provision of the Deposit Agreement or this ADR to the contrary, Holders are entitled to surrender outstanding ADSs to withdraw the Deposited Securities associated therewith at any time subject only to (i) temporary delays caused by closing the transfer books of the Depositary or the Company 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, (iii) compliance with any U.S. or foreign laws or governmental regulations relating to the ADSs or to the withdrawal of the Deposited Securities, and (iv) other circumstances specifically contemplated by Instruction I.A.(l) of the General Instructions to Form F-6 (as such General Instructions may be amended from time to time).

(5) Compliance with Information Requests. Notwithstanding any other provision of the Deposit Agreement or this ADR, each Holder and Beneficial Owner of the ADSs represented hereby agrees to comply with requests from the Company pursuant to applicable law, the rules and requirements of any stock exchange on which the Shares or ADSs are, or will be, registered, traded or listed, or the Articles of Association of the Company, which are made to provide information, *inter alia*, as to the capacity in which such Holder or Beneficial Owner owns ADSs (and the Shares represented by such ADSs, as the case may be) and regarding the identity of any other person(s) interested in such ADSs and the nature of such interest and various other matters, whether or not they are Holders and/or Beneficial Owners at the time of such request. The Depositary agrees to use its reasonable efforts to forward, upon the request of the Company, as promptly as commercially practicable, and at the Company's expense, any such request from the Company to the Holders and to forward to the Company any such responses to such requests received by the Depositary.

(6) Ownership Restrictions. Notwithstanding any other provision contained in this ADR or of the Deposit Agreement to the contrary, the Company may restrict transfers of the Shares where such transfer might result in ownership of Shares exceeding limits imposed by applicable law or the Articles of Association of the Company. The Company may also restrict, in such manner as it deems appropriate, transfers of the ADSs where such transfer may result in the total number of Shares represented by the ADSs owned by a single Holder or Beneficial Owner to exceed any such limits. The Company may, in its sole discretion but subject to applicable law, instruct the Depositary to take action with respect to the ownership interest of any Holder or Beneficial Owner in excess of the limits set forth in the preceding sentence, including but not limited to, the imposition of restrictions on the transfer of ADSs, the removal or limitation of voting rights or mandatory sale or disposition on behalf of a Holder or Beneficial Owner of the Shares represented by the ADSs held by such Holder or Beneficial Owner in excess of such limitations, if and to the extent such disposition is permitted by applicable law and the Articles of Association of the Company. Nothing herein or in the Deposit Agreement shall be interpreted as obligating the Depositary or the Company to ensure compliance with the ownership restrictions described herein or in Section 3.5 of the Deposit Agreement.

(7) Reporting Obligations and Regulatory Approvals. Applicable laws and regulations may require holders and beneficial owners of Shares, including the Holders and Beneficial Owners of ADSs, to satisfy reporting requirements and obtain regulatory approvals in certain circumstances. Holders and Beneficial Owners of ADSs are solely responsible for determining and complying with such reporting requirements and obtaining such approvals. Each Holder and each Beneficial Owner hereby agrees to make such determination, file such reports, and obtain such approvals to the extent and in the form required by applicable laws and regulations as in effect from time to time. Neither the Depositary, the Custodian, the Company or any of their respective agents or affiliates shall be required to take any actions whatsoever on behalf of Holders or Beneficial Owners to determine or satisfy such reporting requirements or obtain such regulatory approvals under applicable laws and regulations.

(8) Liability for Taxes and Other Charges. Any tax or other governmental charge payable by the Custodian or by the Depositary with respect to any Deposited Property, ADSs or this ADR shall be payable by the Holders and Beneficial Owners to the Depositary. The Company, the Custodian and/or the Depositary may withhold or deduct from any distributions made in respect of Deposited Property held on behalf of such Holder and/or Beneficial Owner, and may sell for the account of a Holder and/or Beneficial Owner any or all of such Deposited Property and apply such distributions and sale proceeds in payment of, any taxes (including applicable interest and penalties) or charges that are or may be payable by Holders or Beneficial Owners in respect of the ADSs, Deposited Property and this ADR, the Holder and the Beneficial Owner hereof remaining liable for any deficiency. The Custodian may refuse the deposit of Shares and the Depositary may refuse to issue ADSs, to deliver ADRs, register the transfer of ADSs, register the split-up or combination of ADRs and (subject to paragraph (25) of this ADR and Section 7.8(a) of the Deposit Agreement) the withdrawal of Deposited Property until payment in full of such tax, charge, penalty or interest is received. Every Holder and Beneficial Owner agrees to indemnify the Depositary, the Company, the Custodian, and any of their agents, directors, officers, employees and Affiliates for, and to hold each of them harmless from, any claims with respect to taxes (including applicable interest and penalties thereon) arising from (i) any ADS held by such Holder and/or owned by such Beneficial Owner, (ii) the Deposited Property represented by the ADSs, and (iii) any transaction entered into by such Holder and/or Beneficial Owner in respect of the ADSs and/or the Deposited Property represented thereby. Notwithstanding anything to the contrary contained in the Deposit Agreement or any ADR, the obligations of Holders and Beneficial Owners under Section 3.2 of the Deposit Agreement shall survive any transfer of ADSs, any cancellation of ADSs and withdrawal of Deposited Securities, and the termination of the Deposit Agreement.

(9) Representations and Warranties on Deposit of Shares. Each person depositing Shares under the Deposit Agreement shall be deemed thereby to represent and warrant that (i) such Shares and the certificates therefor are duly authorized, validly issued, fully paid, non-assessable and legally obtained by such person, (ii) all preemptive (and similar) rights, if any, with respect to such Shares have been validly waived or exercised, (iii) the person making such deposit is duly authorized so to do, (iv) the Shares presented for deposit are free and clear of any lien, encumbrance, security interest, charge, mortgage or adverse claim, (v) the Shares presented for deposit are not, and the ADSs issuable upon such deposit will not be, Restricted Securities except as contemplated in Section 2.14 of the Deposit Agreement), and (vi) the Shares presented for deposit have not been stripped of any rights or entitlements. Such representations and warranties shall survive the deposit and withdrawal of Shares, the issuance and cancellation of ADSs in respect thereof and the transfer of such ADSs. If any such representations or warranties are false in any way, the Company and the Depositary shall be authorized, at the cost and expense of the person depositing Shares, to take any and all actions necessary to correct the consequences thereof.

(10) Proofs, Certificates and Other Information. Any person presenting Shares for deposit, any Holder and any Beneficial Owner may be required, and every Holder and Beneficial Owner agrees, from time to time to provide to the Depositary and the Custodian such proof of citizenship or residence, taxpayer status, payment of all applicable taxes or other governmental charges, exchange control approval, legal or beneficial ownership of ADSs and Deposited Property, compliance with applicable laws, the terms of the Deposit Agreement or this ADR evidencing the ADSs and the provisions of, or governing, the Deposited Property, to execute such certifications and to make such representations and warranties, and to provide such other information and documentation (or, in the case of Shares in registered form presented for deposit, such information relating to the registration on the books of the Company or of the Share Registrar) as the Depositary or the Custodian may deem necessary or proper or as the Company may reasonably require by written request to the Depositary consistent with its obligations under the Deposit Agreement and this ADR. The Depositary and the Registrar, as applicable, may, and at the request of the Company, to the extent practicable, shall, withhold the execution or delivery or registration of transfer of any ADR or ADS or the distribution or sale of any dividend or distribution of rights or of the proceeds thereof or, to the extent not limited by paragraph (25) and Section 7.8(a) of the Deposit Agreement, the delivery of any Deposited Property until such proof or other information is filed or such certifications are executed, or such representations and warranties are made, or such other documentation or information provided, in each case to the Depositary's, the Registrar's and the Company's satisfaction. The Depositary shall provide the Company, in a timely manner, with copies or originals if necessary and appropriate of (i) any such proofs of citizenship or residence, taxpayer status, or exchange control approval or copies of written representations and warranties which it receives from Holders and Beneficial Owners, and (ii) any other information or documents which the Company may reasonably request and which the Depositary shall request and receive from any Holder or Beneficial Owner or any person presenting Shares for deposit or ADSs for cancellation, transfer or withdrawal. Nothing herein shall obligate the Depositary to (i) obtain any information for the Company if not provided by the Holders or Beneficial Owners, or (ii) verify or vouch for the accuracy of the information so provided by the Holders or Beneficial Owners.

(11) **ADS Fees and Charges.** The following ADS fees (some of which may be cumulative) are payable under the terms of the Deposit Agreement:

(i) ADS Issuance Fee: by any person for whom ADSs are issued (*e.g.*, an issuance upon a deposit of Shares, upon a change in the ADS(s)-to-Share(s) ratio, ADS conversions, or for any other reason), excluding issuances as a result of distributions described in paragraph (iv) below, a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) issued under the terms of the Deposit Agreement;

(ii) ADS Cancellation Fee: by any person for whom ADSs are being cancelled (*e.g.*, a cancellation of ADSs for Delivery of deposited Shares, upon a change in the ADS(s)-to-Share(s) ratio, ADS conversions, upon termination of the Deposit Agreement, or for any other reason), a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) cancelled;

(iii) Cash Distribution Fee: by any Holder of ADSs, a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) held for the distribution of cash dividends or other cash distributions (*e.g.*, upon a sale of rights and other entitlements);

(iv) Stock Distribution /Rights Exercise Fee: by any Holder of ADS(s), a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) held for the distribution of ADSs pursuant to (a) stock dividends or other free stock distributions, or (b) an exercise of rights to purchase additional ADSs;

(v) Other Distribution Fee: by any Holder of ADS(s), a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) held for the distribution of financial instruments, including, without limitation, securities, other than ADSs or rights to purchase additional ADSs (*e.g.*, spin-off shares and contingent value rights);

(vi) Depositary Services Fee: by any Holder of ADS(s), a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) held on the applicable record date(s) established by the Depositary;

(vii) Registration of ADS Transfer Fee: by any Holder of ADS(s) being transferred or by any person to whom ADSs are transferred, a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) transferred (*e.g.*, upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and *vice versa*, or for any other reason); and

(viii) ADS Conversion Fee: by any Holder of ADS(s) being converted or by any person to whom the converted ADSs are delivered, a fee not in excess of U.S. $5.00 per 100 ADSs (or fraction thereof) converted from one ADS series to another ADS series (*e.g.*, upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs into freely transferrable ADSs, and *vice versa*) or conversion of ADSs for unsponsored American Depositary Shares (*e.g.*, upon termination of the Deposit Agreement).

The Company, Holders, Beneficial Owners, persons depositing Shares or withdrawing Deposited Securities in connection with ADS issuances and cancellations, and persons for whom ADSs are issued or cancelled shall be responsible for the following ADS charges (some of which may be cumulative) under the terms of the Deposit Agreement:

(a) taxes (including applicable interest and penalties) and other governmental charges;

(b) such registration fees as may from time to time be in effect for the registration of Shares or other Deposited Securities on the share register and applicable to transfers of Shares or other Deposited Securities to or from the name of the Custodian, the Depositary or any nominees upon the making of deposits and withdrawals, respectively;

(c) such cable, telex and facsimile transmission and delivery expenses as are expressly provided in the Deposit Agreement to be at the expense of the person depositing Shares or withdrawing Deposited Property or of the Holders and Beneficial Owners of ADSs;

(d) in connection with the conversion of Foreign Currency, the fees, expenses, spreads, taxes and other charges of the Depositary and/or conversion service providers (which may be a division, branch or Affiliate of the Depositary). Such fees, expenses, spreads, taxes and other charges shall be deducted from the Foreign Currency;

(e) any reasonable and customary out-of-pocket expenses incurred in such conversion and/or on behalf of the Holders and Beneficial Owners in complying with currency exchange control or other governmental requirements;

(f) the fees, charges, costs and expenses incurred by the Depositary, the Custodian, or any nominee in connection with the ADR program; and

(g) the amounts payable to the Depositary by any party to the Deposit Agreement pursuant to any ancillary agreement to the Deposit Agreement in respect of the ADR program, the ADSs and the ADRs.

All ADS fees and charges may, at any time and from time to time, be changed by agreement between the Depositary and Company but, in the case of ADS fees and charges payable by Holders and Beneficial Owners, only in the manner contemplated by paragraph (23) of this ADR and as contemplated in Section 6.1 of the Deposit Agreement. The Depositary shall provide, without charge, a copy of its latest ADS fee schedule to anyone upon request.

ADS fees and charges for (i) the issuance of ADSs and (ii) the cancellation of ADSs will be payable by the person for whom the ADSs are so issued by the Depositary (in the case of ADS issuances) and by the person for whom ADSs are being cancelled (in the case of ADS cancellations). In the case of ADSs issued by the Depositary into DTC or presented to the Depositary via DTC, the ADS issuance and cancellation fees and charges will be payable by the DTC Participant(s) receiving the ADSs from the Depositary or the DTC Participant(s) holding the ADSs being cancelled, as the case may be, on behalf of the Beneficial Owner(s) and will be charged by the DTC Participant(s) to the account(s) of the applicable Beneficial Owner(s) in accordance with the procedures and practices of the DTC Participant(s) as in effect at the time. ADS fees and charges in respect of distributions and the ADS service fee are payable by Holders as of the applicable ADS Record Date established by the Depositary. In the case of distributions of cash, the amount of the applicable ADS fees and charges is deducted from the funds being distributed. In the case of (i) distributions other than cash and (ii) the ADS service fee, the applicable Holders as of the ADS Record Date established by the Depositary will be invoiced for the amount of the ADS fees and charges and such ADS fees may be deducted from distributions made to Holders. For ADSs held through DTC, the ADS fees and charges for distributions other than cash and the ADS service fee may be deducted from distributions made through DTC, and may be charged to the DTC Participants in accordance with the procedures and practices prescribed by DTC from time to time and the DTC Participants in turn charge the amount of such ADS fees and charges to the Beneficial Owners for whom they hold ADSs. In the case of (i) registration of ADS transfers, the ADS transfer fee will be payable by the ADS Holder whose ADSs are being transferred or by the person to whom the ADSs are transferred, and (ii) conversion of ADSs of one series for ADSs of another series (which may entail the cancellation, issuance and transfer of ADSs and the conversion of ADSs from one series to another series), the applicable ADS issuance, cancellation, transfer and conversion fees will be payable by the Holder whose ADSs are converted or by the person to whom the converted ADSs are delivered.

The Depositary may reimburse the Company for certain expenses incurred by the Company in respect of the ADR program established pursuant to the Deposit Agreement, by making available a portion of the ADS fees charged in respect of the ADR program or otherwise, upon such terms and conditions as the Company and the Depositary agree from time to time. The Company shall pay to the Depositary such fees and charges, and reimburse the Depositary for such out-of-pocket expenses, as the Depositary and the Company may agree from time to time. Responsibility for payment of such fees, charges and reimbursements may from time to time be changed by agreement between the Company and the Depositary. Any failure by the Company to timely pay any fees, charges and reimbursements of the Depositary for which the Company is responsible pursuant to the Deposit Agreement, or any ancillary agreement between the Depositary and the Company, may suspend the obligation of the Depositary to provide the services contemplated in the Deposit Agreement at the expense of the Company (including services being made available to Holders and Beneficial Owners), and the Depositary shall have no obligation to provide any such services made available at the Company's expense (including services being made available to Holders and Beneficial Owners) unless and until payment has been made in full by the Company. Unless otherwise agreed, the Depositary shall present its statement for such fees, charges and reimbursements to the Company once every three months. The charges and expenses of the Custodian are for the sole account of the Depositary.

The obligations of the Company, Holders and Beneficial Owners to pay ADS fees, charges and reimbursements shall survive the termination of the Deposit Agreement. As to any Depositary, upon the resignation or removal of such Depositary as described in Section 5.4 of the Deposit Agreement, the right to collect ADS fees and charges shall extend for those ADS fees and charges incurred prior to the effectiveness of such resignation or removal.

(12) Title to ADRs. Subject to the limitations contained in the Deposit Agreement and in this ADR, it is a condition of this ADR, and every successive Holder of this ADR by accepting or holding the same consents and agrees, that title to this ADR (and to each Certificated ADS evidenced hereby) shall be transferable upon the same terms as a certificated security under the laws of the State of New York, provided that, in the case of Certificated ADSs, this ADR has been properly endorsed or is accompanied by proper instruments of transfer. Notwithstanding any notice to the contrary, the Depositary and the Company may deem and treat the Holder of this ADR (that is, the person in whose name this ADR is registered on the books of the Depositary) as the absolute owner thereof for all purposes. Neither the Depositary nor the Company shall have any obligation nor be subject to any liability under the Deposit Agreement or this ADR to any holder of this ADR or any Beneficial Owner unless, in the case of a holder of ADSs, such holder is the Holder of this ADR registered on the books of the Depositary or, in the case of a Beneficial Owner, such Beneficial Owner, or the Beneficial Owner's representative, is the Holder registered on the books of the Depositary.

(13) Validity of ADR. The Holder(s) of this ADR (and the ADSs represented hereby) shall not be entitled to any benefits under the Deposit Agreement or be valid or enforceable for any purpose against the Depositary or the Company unless this ADR has been (i) dated, (ii) signed by the manual or facsimile signature of a duly-authorized signatory of the Depositary, (iii) countersigned by the manual or facsimile signature of a duly-authorized signatory of the Registrar, and (iv) registered in the books maintained by the Registrar for the registration of issuances and transfers of ADRs. An ADR bearing the facsimile signature of a duly-authorized signatory of the Depositary or the Registrar, who at the time of signature was a duly authorized signatory of the Depositary or the Registrar, as the case may be, shall bind the Depositary, notwithstanding the fact that such signatory has ceased to be so authorized prior to the delivery of such ADR by the Depositary.

(14) Available Information; Reports; Inspection of Transfer Books. The Company is subject to the periodic reporting requirements of the Exchange Act and, accordingly, is required to file or furnish certain reports with the Commission. These reports can be retrieved from the Commission's website (www.sec.gov) and can be inspected and copied at the public reference facilities maintained by the Commission located (as of the date of the Deposit Agreement) at 100 F Street, N.E., Washington D.C. 20549. The Depositary shall make available for inspection by Holders at its Principal Office, as promptly as commercially practicable after receipt thereof, any reports and communications, including any proxy soliciting materials, received from the Company which are both (a) received by the Depositary, the Custodian, or the nominee of either of them as the holder of the Deposited Property and (b) made generally available to the holders of such Deposited Property by the Company. The Depositary shall also provide or make available to Holders copies of such reports when furnished by the Company pursuant to Section 5.6 of the Deposit Agreement.

The Registrar shall keep books for the registration of ADSs which at all reasonable times shall be open for inspection by the Company and by the Holders of such ADSs, provided that such inspection shall not be, to the Registrar's knowledge, for the purpose of communicating with Holders of such ADSs in the interest of a business or object other than the business of the Company or other than a matter related to the Deposit Agreement or the ADSs.

The Registrar may close the transfer books with respect to the ADSs, at any time or from time to time, when deemed necessary or advisable by it in good faith in connection with the performance of its duties hereunder, or at the reasonable written request of the Company subject, in all cases, to paragraph (25) and Section 7.8(a) of the Deposit Agreement.

Dated:

CITIBANK, N.A.
Transfer Agent and Registrar

By: _____
Authorized Signatory

CITIBANK, N.A.
as Depositary

By: _____
Authorized Signatory

The address of the Principal Office of the Depositary is 388 Greenwich Street, New York, New York 10013, U.S.A.

[FORM OF REVERSE OF ADR]

SUMMARY OF CERTAIN ADDITIONAL PROVISIONS

OF THE DEPOSIT AGREEMENT

(15) Dividends and Distributions in Cash, Shares, etc. (a) ***Cash Distributions***: Upon the timely receipt by the Depositary of a notice from the Company that it intends to make a distribution of a cash dividend or other cash distribution, the Depositary shall establish the ADS Record Date upon the terms described in Section 4.9 of the Deposit Agreement. Upon confirmation of the receipt of (x) any cash dividend or other cash distribution in respect of any Deposited Property (whether from the Company or otherwise), or (y) proceeds from the sale of any Deposited Property held in respect of the ADSs under the terms of the Deposit Agreement, the Depositary will (i) if any amounts are received in a Foreign Currency, promptly convert or cause to be converted such cash dividend, distribution or proceeds into Dollars (subject to the terms and conditions described in Section 4.8 of the Deposit Agreement), (ii) if applicable and unless previously established, establish the ADS Record Date upon the terms described in Section 4.9 of the Deposit Agreement, and (iii) distribute promptly the amount thus received (net of (a) the applicable fees and charges set forth in the Fee Schedule attached as Exhibit B to the Deposit Agreement and (b) applicable taxes withheld) to the Holders entitled thereto as of the ADS Record Date in proportion to the number of ADSs held as of the ADS Record Date. The Depositary shall distribute only such amount, however, as can be distributed without attributing to any Holder a fraction of one cent, and any balance not so distributed shall be held by the Depositary (without liability for interest thereon) and shall be added to and become part of the next sum received by the Depositary for distribution to Holders of ADSs outstanding at the time of the next distribution. If the Company, the Custodian or the Depositary is required to withhold and does withhold from any cash dividend or other cash distribution in respect of any Deposited Securities, or from any cash proceeds from the sales of Deposited Property, an amount on account of taxes, duties or other governmental charges, the amount distributed to Holders on the ADSs shall be reduced accordingly. Such withheld amounts shall be forwarded by the Company, the Custodian or the Depositary to the relevant governmental authority. Evidence of payment thereof by the Company shall be forwarded by the Company to the Depositary upon request. The Depositary will hold any cash amounts it is unable to distribute in a non-interest bearing account for the benefit of the applicable Holders and Beneficial Owners of ADSs until the distribution can be effected or the funds that the Depositary holds must be escheated as unclaimed property in accordance with the laws of the relevant states of the United States. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed distribution provided for above, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in Section 4.1 of the Deposit Agreement, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in Section 4.1 of the Deposit Agreement where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

(b) ***Share Distributions***: Upon the timely receipt by the Depositary of a notice from the Company that it intends to make a distribution that consists of a dividend in, or free distribution of Shares, the Depositary shall establish the ADS Record Date upon the terms described in Section 4.9 of the Deposit Agreement. Upon receipt of confirmation from the Custodian of the receipt of the Shares so distributed by the Company, the Depositary shall either (i) subject to Section 5.9 of the Deposit Agreement, distribute to the Holders as of the ADS Record Date in proportion to the number of ADSs held as of the ADS Record Date, additional ADSs, which represent in the aggregate the number of Shares received as such dividend, or free distribution, subject to the other terms of the Deposit Agreement (including, without limitation, (a) the applicable fees and charges of, and expenses incurred by, the Depositary and (b) taxes), or (ii) if additional ADSs are not so distributed, take all actions necessary so that each ADS issued and outstanding after the ADS Record Date shall, to the extent permissible by law, thenceforth also represent rights and interests in the additional integral number of Shares distributed upon the Deposited Securities represented thereby (net of (a) the applicable fees and charges of, and expenses incurred by, the Depositary, and (b) taxes). In lieu of delivering fractional ADSs, the Depositary shall sell the number of Shares or ADSs, as the case may be, represented by the aggregate of such fractions and distribute the net proceeds upon the terms described in Section 4.1 of the Deposit Agreement.

In the event that the Depositary determines that any distribution in property (including Shares) is subject to any tax or other governmental charges which the Depositary is obligated to withhold, or, if the Company in the fulfillment of its obligations under Section 5.7 of the Deposit Agreement, has furnished an opinion of U.S. counsel determining that Shares must be registered under the Securities Act or other laws in order to be distributed to Holders (and no such registration statement has been declared effective), the Depositary may dispose of all or a portion of such property (including Shares and rights to subscribe therefor) in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable, and the Depositary shall distribute the net proceeds of any such sale (after deduction of (a) taxes and (b) fees and charges of, and the expenses incurred by, the Depositary) to Holders entitled thereto upon the terms of Section 4.1 of the Deposit Agreement. The Depositary shall hold and/or distribute any unsold balance of such property in accordance with the provisions of the Deposit Agreement. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed distribution provided for above, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in Section 4.2 of the Deposit Agreement, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in Section 4.2 of the Deposit Agreement where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

(c) ***Elective Distributions in Cash or Shares***: Upon the timely receipt of a notice indicating that the Company wishes an elective distribution in cash or Shares to be made available to Holders of ADSs upon the terms described in the Deposit Agreement, the Company and the Depositary shall determine in accordance with the Deposit Agreement whether such distribution is lawful and reasonably practicable to make such elective distribution available to the Holders of ADSs. The Depositary shall make such elective distribution available to Holders only if (i) the Company shall have timely requested that the elective distribution be made available to Holders, (ii) the Depositary shall have determined that such distribution is reasonably practicable and (iii) the Depositary shall have received satisfactory documentation within the terms of Section 5.7 of the Deposit Agreement. If the above conditions are satisfied, the Depositary shall, subject to the terms and conditions of the Deposit Agreement, establish the ADS Record Date upon the terms of Section 4.9 of the Deposit Agreement and establish procedures to enable the Holder hereof to elect to receive the proposed distribution in cash or in additional ADSs. If a Holder elects to receive the distribution in cash, the distribution shall be made as in the case of a distribution in cash. If the Holder hereof elects to receive the distribution in additional ADSs, the distribution shall be made as in the case of a distribution in Shares upon the terms described in the Deposit Agreement. If such elective distribution is not reasonably practicable or if the Depositary did not receive satisfactory documentation set forth in the Deposit Agreement, the Depositary shall establish an ADS Record Date upon the terms of Section 4.9 of the Deposit Agreement and, to the extent permitted by law, distribute to Holders, on the basis of the same determination as is made in the Cayman Islands in respect of the Shares for which no election is made, either (x) cash upon the terms described in Section 4.1 of the Deposit Agreement or (y) additional ADSs representing such additional Shares, in each case, upon the terms described in Section 4.2 of the Deposit Agreement. Nothing herein or in the Deposit Agreement shall obligate the Depositary to make available to the Holder hereof a method to receive the elective distribution in Shares (rather than ADSs). There can be no assurance that the Holder hereof will be given the opportunity to receive elective distributions on the same terms and conditions as the holders of Shares. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed distribution provided for above, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in Section 4.3 of the Deposit Agreement, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in Section 4.3 of the Deposit Agreement where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

(d) ***Distribution of Rights to Purchase Additional ADSs***: Upon the timely receipt by the Depositary of a notice indicating that the Company wishes rights to subscribe for additional Shares to be made available to Holders of ADSs, the Depositary upon consultation with the Company, shall determine, whether it is lawful and reasonably practicable to make such rights available to the Holders. The Depositary shall make such rights available to Holders only if (i) the Company shall have timely requested that such rights be made available to Holders, (ii) the Depositary shall have received satisfactory documentation within the terms of Section 5.7 of the Deposit Agreement, and (iii) the Depositary shall have determined that such distribution of rights is reasonably practicable. If such conditions are not satisfied or if the Company requests that the rights not be made available to Holders of ADSs, the Depositary shall proceed with the sale of the rights as described below. In the event all conditions set forth above are satisfied, the Depositary shall establish the ADS Record Date (upon the terms described in Section 4.9 of the Deposit Agreement) and establish procedures to (x) distribute rights to purchase additional ADSs (by means of warrants or otherwise), (y) enable the Holders to exercise such rights (upon payment of the subscription price and of the applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes), and (z) deliver ADSs upon the valid exercise of such rights. Nothing herein or in the Deposit Agreement shall obligate the Depositary to make available to the Holders a method to exercise rights to subscribe for Shares (rather than ADSs). If (i) the Company does not timely request the Depositary to make the rights available to Holders or requests that the rights not be made available to Holders, (ii) the Depositary fails to receive reasonably satisfactory documentation within the terms of Section 5.7 of the Deposit Agreement or determines it is not reasonably practicable to make the rights available to Holders, or (iii) any rights made available are not exercised and appear to be about to lapse, the Depositary shall determine whether it is lawful and reasonably practicable to sell such rights, in a riskless principal capacity, at such place and upon such terms (including public and private sale) as it may deem practicable. The Depositary shall, upon such sale, convert and distribute proceeds of such sale (net of applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes) upon the terms hereof and of Section 4.1 of the Deposit Agreement. If the Depositary is unable to make any rights available to Holders upon the terms described in Section 4.4(a) of the Deposit Agreement or to arrange for the sale of the rights upon the terms described in Section 4.4(b) of the Deposit Agreement, the Depositary shall allow such rights to lapse. The Depositary shall not be liable for (i) any failure to accurately determine whether it may be lawful or practicable to make such rights available to Holders in general or any Holders in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale or exercise, or (iii) the content of any materials forwarded to the Holders on behalf of the Company in connection with the rights distribution.

Notwithstanding anything herein or in the Deposit Agreement to the contrary, if registration (under the Securities Act or any other applicable law) of the rights or the securities to which any rights relate may be required in order for the Company to offer such rights or such securities to Holders and to sell the securities represented by such rights, the Depositary will not distribute such rights to the Holders (i) unless and until a registration statement under the Securities Act (or other applicable law) covering such offering is in effect or (ii) unless the Company furnishes the Depositary opinion(s) of counsel for the Company in the United States and counsel to the Company in any other applicable country in which rights would be distributed, in each case reasonably satisfactory to the Depositary, to the effect that the offering and sale of such securities to Holders and Beneficial Owners are exempt from, or do not require registration under, the provisions of the Securities Act or any other applicable laws. In the event that the Company, the Depositary or the Custodian shall be required to withhold and does withhold from any distribution of Deposited Property (including rights) an amount on account of taxes or other governmental charges, the amount distributed to the Holders of ADSs shall be reduced accordingly. In the event that the Depositary reasonably determines that any distribution of Deposited Property (including Shares and rights to subscribe therefor) is subject to any tax or other governmental charges which the Depositary is obligated to withhold, the Depositary may dispose of all or a portion of such Deposited Property (including Shares and rights to subscribe therefor) in such amounts and in such manner, including by public or private sale, as the Depositary deems necessary and practicable to pay any such taxes or charges.

There can be no assurance that Holders generally, or any Holder in particular, will be given the opportunity to receive or exercise rights on the same terms and conditions as the holders of Shares or be able to exercise such rights. Nothing herein or in the Deposit Agreement shall obligate the Company to file any registration statement in respect of any rights or Shares or other securities to be acquired upon the exercise of such rights.

(e) ***Distributions other than Cash, Shares or Rights to Purchase Shares***: Upon receipt of a notice indicating that the Company wishes property other than cash, Shares or rights to purchase additional Shares to be made to Holders of ADSs, the Depositary shall determine whether such distribution to Holders is lawful and reasonably practicable. The Depositary shall not make such distribution unless (i) the Company shall have requested the Depositary to make such distribution to Holders, (ii) the Depositary shall have received satisfactory documentation contemplated in Section 5.7 of the Deposit Agreement, and (iii) the Depositary shall have determined that such distribution is reasonably practicable. Upon satisfaction of such conditions, the Depositary shall distribute the property so received to the Holders of record, as of the ADS Record Date, in proportion to the number of ADSs held by them respectively and in such manner as the Depositary may deem practicable for accomplishing such distribution (i) upon receipt of payment or net of the applicable fees and charges of, and expenses incurred by, the Depositary, and (ii) net of any taxes withheld. The Depositary may dispose of all or a portion of the property so distributed and deposited, in such amounts and in such manner (including public or private sale) as the Depositary may deem practicable or necessary to satisfy any taxes (including applicable interest and penalties) or other governmental charges applicable to the distribution.

If the conditions above are not satisfied, the Depositary shall sell or cause such property to be sold in a public or private sale, at such place or places and upon such terms as it may deem practicable and shall (i) cause the proceeds of such sale, if any, to be converted into Dollars and (ii) distribute the proceeds of such conversion received by the Depositary (net of applicable (a) fees and charges of, and expenses incurred by, the Depositary and (b) taxes) to the Holders as of the ADS Record Date upon the terms hereof and in Section 4.1 of the Deposit Agreement. If the Depositary is unable to sell such property, the Depositary may dispose of such property for the account of the Holders in any way it deems reasonably practicable under the circumstances.

Neither the Depositary nor the Company shall be liable for (i) any failure to accurately determine whether it is lawful or practicable to make the property described in Section 4.5 of the Deposit Agreement available to Holders in general or any Holders in particular, nor (ii) any loss incurred in connection with the sale or disposal of such property.

(16) Redemption. Upon timely receipt of notice from the Company that it intends to exercise its right of redemption in respect of any of the Deposited Securities, and satisfactory documentation, and upon reasonably determining that such proposed redemption is practicable, the Depositary shall provide to each Holder a notice setting forth the Company's intention to exercise the redemption rights and any other particulars set forth in the Company's notice to the Depositary. The Depositary shall instruct the Custodian to present to the Company the Deposited Securities in respect of which redemption rights are being exercised against payment of the applicable redemption price. Upon receipt of confirmation from the Custodian that the redemption has taken place and that funds representing the redemption price have been received, the Depositary shall convert, transfer, and distribute the proceeds (net of applicable (a) fees and charges of, and the expenses incurred by, the Depositary, and (b) taxes), retire ADSs and cancel ADRs, if applicable, upon delivery of such ADSs by Holders thereof and the terms set forth in Sections 4.1 and 6.2 of the Deposit Agreement. If less than all outstanding Deposited Securities are redeemed, the ADSs to be retired will be selected by lot or on a pro rata basis, as may be determined by the Depositary. The redemption price per ADS shall be the dollar equivalent of the per share amount received by the Depositary (adjusted to reflect the ADS(s)-to-Share(s) ratio) upon the redemption of the Deposited Securities represented by ADSs (subject to the terms of Section 4.8 of the Deposit Agreement and the applicable fees and charges of, and expenses incurred by, the Depositary, and taxes) multiplied by the number of Deposited Securities represented by each ADS redeemed. Notwithstanding anything contained in the Deposit Agreement to the contrary, in the event the Company fails to give the Depositary timely notice of the proposed redemption provided for above, the Depositary agrees to use commercially reasonable efforts to perform the actions contemplated in Section 4.7 of the Deposit Agreement, and the Company, the Holders and the Beneficial Owners acknowledge that the Depositary shall have no liability for the Depositary's failure to perform the actions contemplated in Section 4.7 of the Deposit Agreement where such notice has not been so timely given, other than its failure to use commercially reasonable efforts, as provided herein.

(17) Fixing of ADS Record Date. Whenever (a) the Depositary shall receive notice of the fixing of a record date by the Company for the determination of holders of Deposited Securities entitled to receive any distribution (whether in cash, Shares, rights or other distribution), (b) for any reason the Depositary causes a change in the number of Shares that are represented by each ADS, (c) the Depositary shall receive notice of any meeting of, or solicitation of consents or proxies of, holders of Shares or other Deposited Securities, or (d) the Depositary shall find it necessary or convenient in connection with the giving of any notice, solicitation of any consent or any other matter, the Depositary shall fix the record date (the "ADS Record Date") for the determination of the Holders of ADS(s) who shall be entitled to receive such distribution, to give instructions for the exercise of voting rights at any such meeting, to give or withhold such consent, to receive such notice or solicitation or to otherwise take action, or to exercise the rights of Holders with respect to such changed number of Shares represented by each ADS. The Depositary shall make reasonable efforts to establish the ADS Record Date as closely as practicable to the applicable record date for the Deposited Securities (if any) set by the Company in the Cayman Islands and shall not announce the establishment of any ADS Record Date prior to the relevant corporate action having been made public by the Company (if such corporate action affects the Deposited Securities). Subject to applicable law, the terms and conditions of this ADR and Sections 4.1 through 4.8 of the Deposit Agreement, only the Holders of ADSs at the close of business in New York on such ADS Record Date shall be entitled to receive such distribution, to give such voting instructions, to receive such notice or solicitation, or otherwise take action.

(18) Voting of Deposited Securities. As soon as practicable after receipt of notice of any meeting at which the holders of Deposited Securities are entitled to vote, or of solicitation of consents or proxies from holders of Deposited Securities, the Depositary shall fix the ADS Record Date in respect of such meeting or solicitation of consent or proxy in accordance with Section 4.9 of the Deposit Agreement. The Depositary shall, if requested by the Company in writing in a timely manner (the Depositary having no obligation to take any further action if the request shall not have been received by the Depositary at least thirty (30) days prior to the date of such vote or meeting), at the Company's expense and provided no U.S. legal prohibitions exist, distribute to Holders as of the ADS Record Date: (a) such notice of meeting or solicitation of consent or proxy, (b) a statement that the Holders at the close of business on the ADS Record Date will be entitled, subject to any applicable law, the provisions of the Deposit Agreement, the Articles of Association and the provisions of or governing the Deposited Securities (which provisions, if any, shall be summarized in pertinent part by the Company), to instruct the Depositary as to the exercise of the voting rights, if any, pertaining to the Deposited Securities represented by such Holder's ADSs, and (c) a brief statement as to the manner in which such voting instructions may be given.

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 Holders a notice that provides Holders with, or otherwise publicizes to Holders, instructions on how to retrieve such materials or receive such materials upon request (*e.g.*, by reference to a website containing the materials for retrieval or a contact for requesting copies of the materials).

The Depositary has been advised by the Company that under the Articles of Association as in effect on the date of the Deposit Agreement, voting at any meeting of shareholders of the Company must be decided on a poll vote. .

Voting instructions may be given only in respect of a number of ADSs representing an integral number of Deposited Securities. Upon the timely receipt from a Holder of ADSs as of the ADS Record Date of voting instructions in the manner specified by the Depositary, the Depositary shall endeavor, insofar as practicable and permitted under applicable law, the provisions of the Deposit Agreement, Articles of Association and the provisions of the Deposited Securities, to vote, or cause the Custodian to vote, the Deposited Securities (in person or by proxy) represented by such Holder's ADSs in accordance with the voting instructions timely received from the Holders of ADSs. If the Depositary does not receive voting instructions from a Holder as of the ADS Record Date on or before the date established by the Depositary for such purpose, such Holder shall be deemed, and the Depositary shall deem such Holder, to have instructed the Depositary to give a discretionary proxy to a person designated by the Company to vote the Deposited Securities; provided, however, that no such discretionary proxy shall be given by the Depositary with respect to any matter to be voted upon as to which the Company informs the Depositary that (a) the Company does not wish such proxy to be given, (b) substantial opposition exists, or (c) the rights of holders of Deposited Securities may be adversely affected.

Deposited Securities represented by ADSs for which no timely voting instructions are received by the Depositary from the Holder shall not be voted (except as contemplated in Section 4.10 of the Deposit Agreement). Neither the Depositary nor the Custodian shall under any circumstances exercise any discretion as to voting and neither the Depositary nor the Custodian shall vote, attempt to exercise the right to vote, or in any way make use of, save for purposes of establishing a quorum, the Deposited Securities represented by ADSs, except pursuant to and in accordance with the voting instructions timely received from Holders or as otherwise contemplated herein. If the Depositary timely receives voting instructions from a Holder which fail to specify the manner in which the Depositary is to vote the Deposited Securities represented by such Holder's ADSs, the Depositary will deem such Holder (unless otherwise specified in the notice distributed to Holders) to have instructed the Depositary to vote in favor of the items set forth in such voting instructions. Notwithstanding anything else contained herein, the Depositary shall, if so requested in writing by the Company, represent all Deposited Securities (whether or not voting instructions have been received in respect of such Deposited Securities from Holders as of the ADS Record Date) for the sole purpose of establishing quorum at a meeting of shareholders.

Notwithstanding anything else contained in the Deposit Agreement or any ADR, the Depositary shall not have any obligation to take any action with respect to any meeting, or solicitation of consents or proxies, of holders of Deposited Securities if the taking of such action would violate U.S. laws. The Company agrees to take any and all actions reasonably necessary and as required by Cayman Island law to enable Holders and Beneficial Owners to exercise the voting rights accruing to the Deposited Securities and to deliver to the Depositary an opinion of U.S. counsel addressing any actions requested to be taken if so requested by the Depositary.

There can be no assurance that Holders generally or any Holder in particular will receive the notice described above with sufficient time to enable the Holder to return voting instructions to the Depositary, or otherwise take action in a timely manner.

(19) Changes Affecting Deposited Securities. Upon any change in nominal or par value, split-up, cancellation, consolidation or any other reclassification of Deposited Securities, or upon any recapitalization, reorganization, merger, consolidation or sale of assets affecting the Company or to which it is a party, any property which shall be received by the Depositary or the Custodian in exchange for, or in conversion of, or replacement of, or otherwise in respect of, such Deposited Securities shall, to the extent permitted by law, be treated as new Deposited Property under the Deposit Agreement, and this ADR shall, subject to the provisions of the Deposit Agreement, this ADR evidencing such ADSs and applicable law, represent the right to receive such additional or replacement Deposited Property. In giving effect to such change, split-up, cancellation, consolidation or other reclassification of Deposited Securities, recapitalization, reorganization, merger, consolidation or sale of assets, the Depositary may, with the Company's approval, and shall, if the Company shall so request, subject to the terms of the Deposit Agreement (including, without limitation, (a) the applicable fees and charges of, and expenses incurred by, the Depositary, and (b) applicable taxes) and receipt of an opinion of counsel to the Company reasonably satisfactory to the Depositary that such actions are not in violation of any applicable laws or regulations, (i) issue and deliver additional ADSs as in the case of a stock dividend on the Shares, (ii) amend the Deposit Agreement and the applicable ADRs, (iii) amend the applicable Registration Statement(s) on Form F-6 as filed with the Commission in respect of the ADSs, (iv) call for the surrender of outstanding ADRs to be exchanged for new ADRs, and (v) take such other actions as are appropriate to reflect the transaction with respect to the ADSs. The Company agrees to, jointly with the Depositary, amend the Registration Statement on Form F-6 as filed with the Commission to permit the issuance of such new form of ADRs. Notwithstanding the foregoing, in the event that any Deposited Property so received may not be lawfully distributed to some or all Holders, the Depositary may, with the Company's approval, and shall, if the Company requests, subject to receipt of an opinion of Company's counsel reasonably satisfactory to the Depositary that such action is not in violation of any applicable laws or regulations, sell such Deposited Property at public or private sale, at such place or places and upon such terms as it may deem proper and may allocate the net proceeds of such sales (net of (a) fees and charges of, and expenses incurred by, the Depositary and (b) applicable taxes) for the account of the Holders otherwise entitled to such Deposited Property upon an averaged or other practicable basis without regard to any distinctions among such Holders and distribute the net proceeds so allocated to the extent practicable as in the case of a distribution received in cash pursuant to Section 4.1 of the Deposit Agreement. The Depositary shall not be responsible for (i) any failure to determine that it may be lawful or practicable to make such Deposited Property available to Holders in general or to any Holder in particular, (ii) any foreign exchange exposure or loss incurred in connection with such sale, or (iii) any liability to the purchaser of such Deposited Property.

(20) **Exoneration.** Notwithstanding anything contained in the Deposit Agreement or any ADR, neither the Depositary nor the Company shall be obligated to do or perform any act or thing which is inconsistent with the provisions of the Deposit Agreement or incur any liability (to the extent not limited by paragraph (25) hereof and Section 7.8(b) of the Deposit Agreement) (i) if the Depositary, the Custodian, the Company or their respective agents shall be prevented or forbidden from, hindered or delayed in, doing or performing any act or thing required or contemplated by the terms of the Deposit Agreement and this ADR, by reason of any provision of any present or future law or regulation of the United States, the Cayman Islands or any other country, or of any other governmental authority or regulatory authority or stock exchange, or on account of potential criminal or civil penalties or restraint, or by reason of any provision, present or future, of the Articles of Association of the Company or any provision of or governing any Deposited Securities, or by reason of any act of God or other event or circumstance beyond its control (including, without limitation, fire, flood, earthquake, tornado, hurricane, tsunami, explosion or other natural disaster, nationalization, expropriation, currency restriction, work stoppage, strikes, civil unrest, act of war (whether declared or not) or terrorism, revolution, rebellion, embargo, computer failure, failure of public infrastructure (including communication or utility failure), failure of common carriers, nuclear, cyber or biochemical incident, any pandemic, epidemic or other prevalent disease or illness with an actual or probable threat to human life, any quarantine order or travel restriction imposed by a governmental authority or other competent public health authority, or the failure or unavailability of the United States Federal Reserve Bank (or other central banking system) or DTC (or other clearing system)), (ii) by reason of any exercise of, or failure to exercise, any discretion provided for in the Deposit Agreement or in the Articles of Association of the Company or provisions of or governing Deposited Securities, (iii) for any action or inaction in reliance upon the advice of or information from legal counsel, accountants, any person presenting Shares for deposit, any Holder, any Beneficial Owner or authorized representative thereof, or any other person believed by it in good faith to be competent to give such advice or information, (iv) for the inability by a Holder or Beneficial Owner to benefit from any distribution, offering, right or other benefit which is made available to holders of Deposited Securities but is not, under the terms of the Deposit Agreement, made available to Holders of ADSs, (v) for any action or inaction of any clearing or settlement system (any participant thereof) for the Deposited Property or the ADSs, or (vi) for any consequential or punitive damages (including lost profits) for any breach of the terms of the Deposit Agreement. The Depositary, its controlling persons, its agents, any Custodian and the Company, its controlling persons and its agents may rely and shall be protected in acting upon any written notice, request or other document reasonably believed by it to be genuine and to have been signed or presented by the proper party or parties.

(21) **Standard of Care.** The Company and the Depositary assume no obligation and shall not be subject to any liability under the Deposit Agreement or this ADR to any Holder(s) or Beneficial Owner(s), except that the Company and the Depositary agree to perform their respective obligations specifically set forth in the Deposit Agreement or this ADR without negligence or bad faith. Without limitation of the foregoing, neither the Depositary, nor the Company, nor any of their respective controlling persons, or agents, shall be under any obligation to appear in, prosecute or defend any action, suit or other proceeding in respect of any Deposited Property or in respect of the ADSs, which in its reasonable opinion may involve it in expense or liability, unless indemnity satisfactory to it against all expense (including fees and disbursements of counsel) and liability be furnished as often as may be required (and no Custodian shall be under any obligation whatsoever with respect to such proceedings, the responsibility of the Custodian being solely to the Depositary).

The Depositary and its agent shall not incur any liability for any failure to accurately determine that any distribution or action may be lawful or reasonably practicable, for the content of any information submitted to it by the Company for distribution to the Holders or for any inaccuracy of any translation thereof, for any investment risk associated with acquiring interests in the Deposited Property (or the manner in which such interests are acquired or held), for the validity or worth of the Deposited Property, for the value of any Deposited Property or any distribution thereon, for any interest on Deposited Property, for any financial transaction entered into by any person in respect of the ADSs or any Deposited Property, for any tax consequences that may result from the ownership of, or any transaction involving, ADSs or Deposited Property, for the credit worthiness of any third party, for allowing any rights to lapse upon the terms of the Deposit Agreement, for the failure or timeliness of any notice from the Company, for the manner in which a Holder or Beneficial Owner elects to own and/or hold ADSs (e.g., in a brokerage account vs. as registered Holder on the register of ADSs maintained by the Depositary), the type of ADSs a Holder or Beneficial Owner holds or owns (e.g., freely transferable ADSs vs. Restricted ADSs, and/or Full Entitlement ADSs vs. Partial Entitlement ADSs), the timeframe of issuance and ownership of ADSs (e.g., as of an ADS Record Date vs. before and/or after an ADS Record Date), or for any action of or failure to act by, or any information provided or not provided by, DTC or any DTC Participant.

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, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

The Depositary shall not be liable for any acts or omissions made by a predecessor depositary whether in connection with an act or omission of the Depositary or in connection with any matter arising wholly prior to the appointment of the Depositary or after the removal or resignation of the Depositary, provided that in connection with the issue out of which such potential liability arises the Depositary performed its obligations without negligence or bad faith while it acted as Depositary.

(22) **Resignation and Removal of the Depositary; Appointment of Successor Depositary.** The Depositary may at any time resign as Depositary under the Deposit Agreement by written notice of resignation delivered to the Company, such resignation to be effective on the earlier of (i) the 90th day after delivery thereof to the Company (whereupon the Depositary shall be entitled to take the actions contemplated in Section 6.2 of the Deposit Agreement), or (ii) the appointment by the Company of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. The Depositary may at any time be removed by the Company by written notice of such removal, which removal shall be effective on the later of (i) the 90th day after delivery thereof to the Depositary (whereupon the Depositary shall be entitled to take the actions contemplated in Section 6.2 of the Deposit Agreement), or (ii) upon the appointment by the Company of a successor depositary and its acceptance of such appointment as provided in the Deposit Agreement. In case at any time the Depositary acting hereunder shall resign or be removed, the Company shall use its best efforts to appoint a successor depositary, which shall be a bank or trust company having an office in the Borough of Manhattan, the City of New York. Every successor depositary shall be required by the Company to execute and deliver to its predecessor and to the Company an instrument in writing accepting its appointment hereunder, and thereupon such successor depositary, without any further act or deed (except as required by applicable law), shall become fully vested with all the rights, powers, duties and obligations of its predecessor (other than as contemplated in Sections 5.8 and 5.9 of the Deposit Agreement). The predecessor depositary, upon payment of all sums due it and on the written request of the Company shall (i) execute and deliver an instrument transferring to such successor all rights and powers of such predecessor hereunder (other than as contemplated in Sections 5.8 and 5.9 of the Deposit Agreement), (ii) duly assign, transfer and deliver all of the Depositary's right, title and interest to the Deposited Property to such successor, and (iii) deliver to such successor a list of the Holders of all outstanding ADSs and such other information relating to ADSs and Holders thereof as the successor may reasonably request. Any such successor depositary shall promptly provide notice of its appointment to such Holders. Any entity into or with which the Depositary may be merged or consolidated shall be the successor of the Depositary without the execution or filing of any document or any further act.

(23) **Amendment/Supplement.** Subject to the terms and conditions of this paragraph 23, and Section 6.1 of the Deposit Agreement and applicable law, this ADR and any provisions of the Deposit Agreement may at any time and from time to time be amended or supplemented by written agreement between the Company and the Depositary in any respect which they may deem necessary or desirable without the prior written consent of the Holders or Beneficial Owners. Any amendment or supplement which shall impose or increase any fees or charges (other than charges in connection with foreign exchange control regulations, and taxes and other governmental charges, delivery and other such expenses), or which shall otherwise materially prejudice any substantial existing right of Holders or Beneficial Owners, shall not, however, become effective as to outstanding ADSs until the expiration of thirty (30) days after notice of such amendment or supplement shall have been given to the Holders of outstanding ADSs. Notice of any amendment to the Deposit Agreement or any ADR 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 Holders identifies a means for Holders and Beneficial Owners to retrieve or receive the text of such amendment (*e.g.*, upon retrieval from the Commission's, the Depositary's or the Company's website or upon request from the Depositary). The parties hereto agree that any amendments or supplements which (i) are reasonably necessary (as agreed by the Company and the Depositary) in order for (a) the ADSs to be registered on Form F-6 under the Securities Act or (b) the ADSs to be settled 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 Holders, shall be deemed not to materially prejudice any substantial existing rights of Holders or Beneficial Owners. Every Holder and Beneficial Owner at the time any amendment or supplement so becomes effective shall be deemed, by continuing to hold such ADSs, to consent and agree to such amendment or supplement and to be bound by the Deposit Agreement and this ADR, if applicable, as amended or supplemented thereby. In no event shall any amendment or supplement impair the right of the Holder to surrender such ADS and receive therefor the Deposited Securities represented thereby, except in order to comply with mandatory provisions of applicable law. Notwithstanding the foregoing, if any governmental body should adopt new laws, rules or regulations which would require an amendment of, or supplement to, the Deposit Agreement to ensure compliance therewith, the Company and the Depositary may amend or supplement the Deposit Agreement and this ADR at any time in accordance with such changed laws, rules or regulations. Such amendment or supplement to the Deposit Agreement and this ADR in such circumstances may become effective before a notice of such amendment or supplement is given to Holders or within any other period of time as required for compliance with such laws, rules or regulations.

(24) **Termination.** The Depositary shall, at any time at the written direction of the Company, terminate the Deposit Agreement by distributing notice of such termination to the Holders of all ADSs then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination. If (i) ninety (90) days shall have expired after the Depositary shall have delivered to the Company a written notice of its election to resign, or (ii) ninety (90) days shall have expired after the Company shall have delivered to the Depositary a written notice of the removal of the Depositary, and, in either case, a successor depositary shall not have been appointed and accepted its appointment as provided in Section 5.4 of the Deposit Agreement, the Depositary may terminate the Deposit Agreement by distributing notice of such termination to the Holders of all ADSs then outstanding at least thirty (30) days prior to the date fixed in such notice for such termination. The date so fixed for termination of the Deposit Agreement in any termination notice so distributed by the Depositary to the Holders of ADSs is referred to as the "Termination Date". Until the Termination Date, the Depositary shall continue to perform all of its obligations under the Deposit Agreement, and the Holders and Beneficial Owners will be entitled to all of their rights under the Deposit Agreement. If any ADSs shall remain outstanding after the Termination Date, the Depositary shall not, after the Termination Date, have any obligation to perform any further acts under the Deposit Agreement, except that the Depositary shall, subject, in each case, to the terms and conditions of the Deposit Agreement, continue to (i) collect dividends and other distributions pertaining to Deposited Securities, (ii) sell Deposited Property received in respect of Deposited Securities, (iii) deliver Deposited Securities, together with any dividends or other distributions received with respect thereto and the net proceeds of the sale of any other Deposited Property, in exchange for ADSs surrendered to the Depositary (after deducting, or charging, as the case may be, in each case, the fees and charges of, and expenses incurred by, the Depositary, and all applicable taxes or governmental charges for the account of the Holders and Beneficial Owners, in each case upon the terms set forth in Section 5.9 of the Deposit Agreement), and (iv) take such actions as may be required under applicable law in connection with its role as Depositary under the Deposit Agreement. At any time after the Termination Date, the Depositary may sell the Deposited Property then held under the Deposit Agreement and shall after such sale hold uninvested the net proceeds of such sale, together with any other cash then held by it under the Deposit Agreement, in an un-segregated account and without liability for interest, for the pro rata benefit of the Holders whose ADSs have not theretofore been surrendered. After making such sale, the Depositary shall be discharged from all obligations under the Deposit Agreement except (i) to account for such net proceeds and other cash (after deducting, or charging, as the case may be, in each case, the fees and charges of, and expenses incurred by, the Depositary, and all applicable taxes or governmental charges for the account of the Holders and Beneficial Owners, in each case upon the terms set forth in Section 5.9 of the Deposit Agreement), and (ii) as may be required at law in connection with the termination of the Deposit Agreement.

Notwithstanding anything contained in the Deposit Agreement or any ADR, in connection with the termination of the Deposit Agreement, the Depositary may, independently and without the need for any action by the Company, make available to Holders of ADSs a means to withdraw the Deposited Securities represented by their ADSs and to direct the deposit of such Deposited Securities into an unsponsored American depositary shares program established by the Depositary, upon such terms and conditions as the Depositary may deem reasonably appropriate, subject however, in each case, to satisfaction of the applicable registration requirements by the unsponsored American depositary shares program under the Securities Act, and to receipt by the Depositary of payment of the applicable taxes and ADS fees and charges of, and reimbursement of the applicable expenses incurred by, the Depositary.

After the Termination Date, the Company shall be discharged from all obligations under the Deposit Agreement, except for its obligations to the Depositary under Sections 5.8, 5.9, 6.2, and 7.6 of the Deposit Agreement. The obligations under the terms of the Deposit Agreement of Holders and Beneficial Owners of ADSs outstanding as of the Termination Date shall survive the Termination Date and shall be discharged only when the applicable ADSs are presented by their Holders to the Depositary for cancellation under the terms of the Deposit Agreement (except as specifically provided in the Deposit Agreement).

(25) **Compliance with, and No Disclaimer under, U.S. Securities Laws.** (a) Notwithstanding any provisions in this ADR or the Deposit Agreement to the contrary, the withdrawal or delivery of Deposited Securities will not be suspended by the Company or the Depositary except as would be permitted by Instruction I.A.(1) of the General Instructions to the Form F-6 Registration Statement, as amended from time to time, under the Securities Act.

(b) Each of the parties to the Deposit Agreement (including, without limitation, each Holder and Beneficial Owner) acknowledges and agrees that no provision of the Deposit Agreement or any ADR shall, or shall be deemed to, disclaim any liability under the Securities Act or the Exchange Act, in each case to the extent established under applicable U.S. laws.

(26) **No Third Party Beneficiaries/Acknowledgements**. The Deposit Agreement is for the exclusive benefit of the parties hereto (and their successors) and shall not be deemed to give any legal or equitable right, remedy or claim whatsoever to any other person, except to the extent specifically set forth in the Deposit Agreement. Nothing in the Deposit Agreement shall be deemed to give rise to a partnership or joint venture among the parties nor establish a fiduciary or similar relationship among the parties. The parties hereto acknowledge and agree that (i) Citibank and its Affiliates may at any time have multiple banking relationships with the Company, the Holders, the Beneficial Owners, and their respective Affiliates, (ii) Citibank and its Affiliates may own and deal in any class of securities of the Company and its Affiliates and in ADSs, and may be engaged at any time in transactions in which parties adverse to the Company, the Holders, the Beneficial Owners or their respective Affiliates may have interests, (iii) the Depositary and its Affiliates may from time to time have in their possession non-public information about the Company, the Holders, the Beneficial Owners, and their respective Affiliates, (iv) nothing contained in the Deposit Agreement shall (a) preclude Citibank or any of its Affiliates from engaging in such transactions or establishing or maintaining such relationships, or (b) obligate Citibank or any of its Affiliates to disclose such information, transactions or relationships, or to account for any profit made or payment received in such transactions or relationships, (v) the Depositary shall not be deemed to have knowledge of any information any other division of Citibank or any of its Affiliates may have about the Company, the Holders, the Beneficial Owners, or any of their respective Affiliates, and (vi) the Company, the Depositary, the Custodian and their respective agents and controlling persons may be subject to the laws and regulations of jurisdictions other than the U.S. and the Cayman Islands, and the authority of courts and regulatory authorities of such other jurisdictions, and, consequently, the requirements and the limitations of such other laws and regulations, and the decisions and orders of such other courts and regulatory authorities, may affect the rights and obligations of the parties to the Deposit Agreement.

(27) **Governing Law / Waiver of Jury Trial**. The Deposit Agreement, the ADRs and the ADSs shall be interpreted in accordance with, and all rights hereunder and thereunder and provisions hereof and thereof shall be governed by, the laws of the State of New York applicable to contracts made and to be wholly performed in that State. Notwithstanding anything contained in the Deposit Agreement to the contrary, any ADR or any present or future provisions of the laws of the State of New York, the rights of holders of Shares and of any other Deposited Securities and the obligations and duties of the Company in respect of the holders of Shares and other Deposited Securities, as such, shall be governed by the laws of the Cayman Islands (or, if applicable, such other laws as may govern the Deposited Securities).

EACH OF THE PARTIES TO THE DEPOSIT AGREEMENT (INCLUDING, WITHOUT LIMITATION, EACH HOLDER AND BENEFICIAL OWNER) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING AGAINST THE COMPANY AND/OR THE DEPOSITARY ARISING OUT OF, OR RELATING TO, THE DEPOSIT AGREEMENT, ANY ADR AND ANY TRANSACTIONS CONTEMPLATED THEREIN (WHETHER BASED ON CONTRACT, TORT, COMMON LAW OR OTHERWISE).

(ASSIGNMENT AND TRANSFER SIGNATURE LINES)

FOR VALUE RECEIVED, the undersigned Holder hereby sell(s), assign(s) and transfer(s) unto _____ whose taxpayer identification number is _____ and whose address including postal zip code is _____, the within ADR and all rights thereunder, hereby irrevocably constituting and appointing _____ attorney-in-fact to transfer said ADR on the books of the Depositary with full power of substitution in the premises.

Dated:

Name: _____
By:
Title:

NOTICE: The signature of the Holder to this assignment must correspond with the name as written upon the face of the within instrument in every particular, without alteration or enlargement or any change whatsoever.

If the endorsement be executed by an attorney, executor, administrator, trustee or guardian, the person executing the endorsement must give his/her full title in such capacity and proper evidence of authority to act in such capacity, if not on file with the Depositary, must be forwarded with this ADR.

_____
SIGNATURE GUARANTEED

All endorsements or assignments of ADRs must be guaranteed by a member of a Medallion Signature Program approved by the Securities Transfer Association, Inc.

Legends

[The ADRs issued in respect of Partial Entitlement American Depositary Shares shall bear the following legend on the face of the ADR: "This ADR evidences ADSs representing 'partial entitlement' Shares of the Company and as such do not entitle the holders thereof to the same per-share entitlement as other Shares (which are 'full entitlement' Shares) issued and outstanding at such time. The ADSs represented by this ADR shall entitle holders to distributions and entitlements identical to other ADSs when the Shares represented by such ADSs become 'full entitlement' Shares."]

EXHIBIT B

FEE SCHEDULE

ADS FEES AND RELATED CHARGES

All capitalized terms used but not otherwise defined herein shall have the meaning given to such terms in the Deposit Agreement. Except as otherwise specified herein, any reference to ADSs herein includes Partial Entitlement ADSs, Full Entitlement ADSs, Certificated ADSs, Uncertificated ADSs, and Restricted ADSs.

I. ADS Fees

The following ADS fees (some of which may be cumulative) are payable under the terms of the Deposit Agreement:

Service	**Rate**	**By Whom Paid**
(1) Issuance of ADSs (*e.g.*, an issuance upon a deposit of Shares, upon a change in the ADS(s)-to-Share(s) ratio, ADS conversions, or for any other reason), excluding issuances as a result of distributions described in paragraph (4) below.	Up to U.S. $5.00 per 100 ADSs (or fraction thereof) issued.	Person for whom ADSs are issued.
(2) Cancellation of ADSs (*e.g.*, a cancellation of ADSs for Delivery of deposited Shares, upon a change in the ADS(s)-to-Share(s) ratio, ADS conversions, upon termination of the Deposit Agreement, or for any other reason).	Up to U.S. $5.00 per 100 ADSs (or fraction thereof) cancelled.	Person for whom ADSs are being cancelled.
(3) Distribution of cash dividends or other cash distributions (*e.g.*, upon a sale of rights and other entitlements).	Up to U.S. $5.00 per 100 ADSs (or fraction thereof) held.	Person to whom the distribution is made.
(4) Distribution of ADSs pursuant to (i) stock dividends or other free stock distributions, or (ii) an exercise of rights to purchase additional ADSs.	Up to U.S. $5.00 per 100 ADSs (or fraction thereof) held.	Person to whom the distribution is made.

(5) Distribution of financial instruments, including, without limitation, securities, other than ADSs or rights to purchase additional ADSs (*e.g.*, spin-off shares and contingent value rights).	Up to U.S. $5.00 per 100 ADSs (or fraction thereof) held.	Person to whom the distribution is made.
(6) ADS Services.	Up to U.S. $5.00 per 100 ADSs (or fraction thereof) held on the applicable record date(s) established by the Depositary.	Person holding ADSs on the applicable record date(s) established by the Depositary.
(7) Registration of ADS Transfers (*e.g.*, upon a registration of the transfer of registered ownership of ADSs, upon a transfer of ADSs into DTC and *vice versa*, or for any other reason).	Up to U.S. $5.00 per 100 ADSs (or fraction thereof) transferred.	Person for whom or to whom ADSs are transferred.
(8) Conversion of ADSs of one series for ADSs of another series (*e.g.*, upon conversion of Partial Entitlement ADSs for Full Entitlement ADSs, or upon conversion of Restricted ADSs into freely transferable ADSs, and *vice versa*) or conversion of ADSs for unsponsored American Depositary Shares (e.g., upon termination of the Deposit Agreement).	Up to U.S. $5.00 per 100 ADSs (or fraction thereof) converted.	Person for whom ADSs are converted or to whom the converted ADSs are delivered.

II. Charges

The Company, Holders, Beneficial Owners, persons depositing Shares or withdrawing Deposited Securities in connection with ADS issuances and cancellations, and persons for whom ADSs are issued or cancelled shall be responsible for the following ADS charges (some of which may be cumulative) under the terms of the Deposit Agreement:

(i) taxes (including applicable interest and penalties) and other governmental charges;

(ii) such registration fees as may from time to time be in effect for the registration of Shares or other Deposited Securities on the share register and applicable to transfers of Shares or other Deposited Securities to or from the name of the Custodian, the Depositary or any nominees upon the making of deposits and withdrawals, respectively;

(iii) such SWIFT cable, telex and facsimile transmission and delivery expenses as are expressly provided in the Deposit Agreement to be at the expense of (x) the person depositing Shares or withdrawing Deposited Property or (y) the Holders and Beneficial Owners of ADSs;

(iv) in connection with the conversion of Foreign Currency, the fees, expenses, spreads, taxes and other charges of the Depositary and/or conversion service providers (which may be a division, branch or Affiliate of the Depositary). Such fees, expenses, spreads, taxes, and other charges shall be deducted from the Foreign Currency;

(v) any reasonable and customary out-of-pocket expenses incurred in such conversion and/or on behalf of the Holders and Beneficial Owners in complying with currency exchange control or other governmental requirements;

(vi) the fees, charges, costs and expenses incurred by the Depositary, the Custodian, or any nominee in connection with the ADR program; and

(vii) the amounts payable to the Depositary by any party to the Deposit Agreement pursuant to any ancillary agreement to the Deposit Agreement in respect of the ADR program, the ADSs, and the ADRs.

The above fees and charges may at any time and from time to time be changed by agreement between the Company and the Depositary and may be assessed cumulatively based on cumulative functions of services rendered.

Exhibit 5.1

CAREY OLSEN

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Our ref: AMCK/SMK/7000008/0002/S497894v5

5 July 2024

NIP Group Inc.
c/o Osiris International Cayman Limited
P. O. Box 32311
Suite #4-210 Governors Square
23 Lime Tree Bay Avenue
KY1-1209
Cayman Islands

Dear Sirs

NIP Group Inc. (the "Company")

We have acted as Cayman Islands legal counsel to the Company in connection with the Company's registration statement on Form F-1 (the "**Registration Statement**") provided to us as filed with the United States Securities and Exchange Commission (the "**Commission**") under the United States Securities Act of 1933, as amended (the "**Securities Act**") in relation to (i) an offering by the Company of 2,250,000 American depository shares (the "**ADSs**"), each ADS representing two (2) Class A ordinary shares of par value US$0.0001 per share in the capital of the Company (each an "**Class A Ordinary Share**" and the "**Class A Ordinary Shares**") (the "**New Shares**").

This Opinion is given only on the laws of the Cayman Islands in force at the date hereof and is based solely on matters of fact known to us at the date hereof. We have not investigated the laws or regulations of any jurisdiction other than the Cayman Islands. We express no opinion as to matters of fact or, unless expressly stated otherwise, the commercial terms of, or veracity of any representations or warranties given in or in connection with any of the documents set out in Section 2.

In giving this Opinion we have reviewed originals, copies, drafts, and certified copies of the documents set out in Section 2. This Opinion is given on the basis that the assumptions set out in Section 3 (which we have not independently investigated or verified) are true, complete and accurate in all respects. In addition, this Opinion is subject to the qualifications set out in Section 4.

1. Opinions

1.1 The Company has been duly incorporated as an exempted company with limited liability under the Companies Act (as revised) of the Cayman Islands (the "**Companies Act**"), is validly existing and was, at the date of the Certificate of Good Standing, in good standing with the Registrar of Companies of the Cayman Islands (the "**Registrar**").

1.2 Upon the due issuance of the New Shares pursuant to the Registration Statement and relevant Issuance Documents (as defined below) and duly recorded in the Company's register of members, and payment of the consideration therefor (being not less than the par value of the New Shares), such New Shares will be validly issued, fully paid and non-assessable (which term means when used herein that no further sums are required to be paid by the holders thereof in connection with the issue of such New Shares).

1.3 The statements under the heading "Cayman Islands Taxation" in the prospectus forming part of the Registration Statement are accurate in so far as such statements are summaries of or relate to Cayman Islands law, and such statements constitute our opinion.

2. Documents Reviewed

The documents listed in this Section 2 are the only documents and/or records we have examined and relied upon and the only searches and enquiries we have carried out for the purposes of this Opinion.

2.1 The certificate of incorporation of the Company dated 5 February 2021, the certificate of incorporation on change of name of the Company dated 7 March 2023 and the seventh amended and restated memorandum and articles of association of the Company as adopted by a special resolution passed on 30 June 2023 (the "**Memorandum and Articles**"), the Register of Members (the "**Register of Members**"), Register of Directors and Register of Mortgages and Charges, in each case, of the Company, copies of which have been provided to us electronically on 5 July 2024 (together the "**Company Records**").

2.2 A certificate of good standing relating to the Company issued by the Registrar dated 18 July 2023 (the "**Certificate of Good Standing**").

2.3 The Cayman Online Registry Information System (CORIS), the Cayman Islands' General Registry's online database, searched on 5 July 2024.

2.4 The eighth amended and restated memorandum and articles of association of the Company as adopted by a special resolution passed on 29 June 2024 and effective immediately prior to the completion of the Company's initial public offering of the ADSs representing its Class A Ordinary Shares (the "**Listing Memorandum and Articles**").

2.5 The Registration Statement (which includes a preliminary prospectus (the "**Prospectus**")) as filed with United States Securities and Exchange Commission on or around 5 July 2024.

2.6 The signed written resolutions of the board of directors of the Company dated 28 June 2024 and the signed minutes of the extraordinary general meeting of the Company held on 29 June 2024 (together, the "**Resolutions**"), and a signed confirmation certificate to us from the Company provided on 5 July 2024.

3. Assumptions

We have assumed: (a) the authenticity, accuracy and completeness of all documents supplied to us, whether as originals or copies and of all factual representations expressed in or implied by the documents we have examined; (b) that where we have been provided with a document in executed form or with only the signature page of an executed document, that such executed document does not differ from the latest draft version of the document provided to us and, where a document has been reviewed by us in draft or specimen form, it will be or has been executed in the form of that draft or specimen; (c) all signatures, initials and seals are genuine; (d) the Memorandum and Articles remain in full force and effect and are unamended save for the Listing Memorandum and Articles. Once the Listing Memorandum and Articles have been adopted and become effective, the Listing Memorandum and Articles will remain in force and effect and will be unamended; (e) the Company Records are complete and accurate and all matters required by law and the Memorandum and Articles to be recorded therein are completely and accurately so recorded; (f) the Resolutions remain in full force and effect and have not been amended, modified, supplemented, revoked, rescinded or terminated in any way, and any minutes are a true and correct record of the proceedings of the relevant meeting, which was duly convened and held and at which a quorum was present throughout in the manner prescribed in the Memorandum and Articles; (g) that the applicable definitive purchase, underwriting, warrant, agency or similar agreements in respect of such issuance (the "**Issuance Documents**") will be duly executed and delivered by or on behalf of the Company and all other parties thereto; (h) the full power (including both capacity and authority), legal right and good standing of each of the parties (other than the Company as a matter of Cayman law) to the Issuance Documents to execute, date, unconditionally deliver and perform their obligations under the Issuance Documents; (i) that the applicable Issuance Documents relating to any Class A Ordinary Shares to be offered and sold will constitute legal, valid and binding obligations, enforceable in accordance with their terms of each of the parties in accordance with all applicable law (other than the Company as a matter of Cayman law); (j) save for the Memorandum and Articles and the Listing Memorandum and Articles, there are no resolutions, agreements, documents or arrangements which materially affect, amend or vary the transactions contemplated by the Registration Statement, the Prospectus or the Issuance Documents; (k) that the issuance and sale of and payment for the Class A Ordinary Shares, or exercise of warrants in respect of the Class A Ordinary Shares, will be in accordance with the applicable Issuance Documents and the Registration Statement (including the Prospectus set forth therein and any applicable supplement thereto); (l) that no party is aware of any improper purpose for the issue of the Class A Ordinary Shares; (m) no law or regulation of any jurisdiction other than the Cayman Islands qualifies or affects this Opinion; (n) the validity and binding effect under the laws of the United States of America of the Registration Statement and that the Registration Statement will be duly filed with and declared effective by the United States Securities and Exchange Commission; and (o) that the Prospectus, when published, will be in substantially the same form as that examined by us for purposes of this Opinion.

4. Qualifications

This Opinion is subject to the following qualifications:

4.1 In this opinion the phrase "non-assessable" means, with respect to the Class A Ordinary Shares in the Company, that a shareholder shall not, solely by virtue of its status as a shareholder, and in absence of a contractual arrangement, or an obligation pursuant to the Memorandum and Articles, to the contrary, be liable for additional assessments or calls on the Class A Ordinary Shares by the Company or its creditors (except in exceptional circumstances, such as involving fraud, the establishment of an agency relationship or an illegal or improper purpose or other circumstances in which a court may be prepared to pierce or lift the corporate veil).

4.2 The register of members of a Cayman Islands company provides prima facie evidence of the legal ownership of registered shares in a company. No purported creation or transfer of legal title to Class A Ordinary Shares is effective until the register of members is updated accordingly. However, an entry in the register of members may be subject to rectification (for example, in the case of fraud or manifest error).

4.3 Any issue of Class A Ordinary Shares that takes place after the commencement of the winding up of the Company is void unless consented to by the liquidator (in the case of a voluntary winding up of the Company) or the courts of the Cayman Islands (in the case of a court-supervised winding up of the Company).

4.4 To maintain the Company in good standing under the laws of the Cayman Islands, annual filing fees must be paid and returns made to the Registrar within the time frame prescribed by law.

This Opinion (and any obligations arising out of or in connection with it) is given on the basis that it shall be governed by and construed in accordance with the current law and practice in the Cayman Islands. By relying on the opinions set out in this Opinion the addressee(s) hereby irrevocably agree(s) that the courts of the Cayman Islands are to have exclusive jurisdiction to settle any disputes which may arise in connection with this Opinion.

We are furnishing this Opinion as exhibit 5.1, 8.1 and 23.2 to the Registration Statement. We hereby consent to the filing of this opinion as an exhibit to the Registration Statement and to the use of our name therein. In giving this consent, we do not hereby admit that we are experts within the meaning of Section 11 of the Securities Act or that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission promulgated thereunder.

Yours faithfully

/s/ Carey Olsen Singapore LLP

Carey Olsen Singapore LLP

Exhibit 10.4

PRIVILEGED AND CONFIDENTIAL

NIP Group Inc.

2024 SHARE INCENTIVE PLAN

ARTICLE 1

PURPOSE

The purpose of the 2024 Share Incentive Plan (the "**Plan**") is to promote the success and enhance the value of NIP Group Inc., an exempted company formed under the laws of the Cayman Islands (the "**Company**"), by linking the personal interests of the Directors, Employees, and Consultants to those of the Company's shareholders and by providing such individuals with an incentive for outstanding performance to generate superior returns to the Company's shareholders.

ARTICLE 2

DEFINITIONS AND CONSTRUCTION

Wherever the following terms are used in the Plan they shall have the meanings specified below, unless the context clearly indicates otherwise. The singular pronoun shall include the plural where the context so indicates.

2.1 "Applicable Laws" means the legal requirements relating to the Plan and the Awards under applicable provisions of the corporate, securities, tax and other laws, rules, regulations and government orders, and the rules of any applicable stock exchange or national market system, of any jurisdiction applicable to Awards granted to residents therein.

2.2 "Award" means an Option, Restricted Share, Restricted Share Unit or other types of award approved by the Committee granted to a Participant pursuant to the Plan.

2.3 "Award Agreement" means any written agreement, contract, or other instrument or document evidencing an Award, including through electronic medium.

2.4 "Board" means the Board of Directors of the Company.

2.5 "Cause" with respect to a Participant means (unless otherwise expressly provided in the applicable Award Agreement, or another applicable contract with the Participant that defines such term for purposes of determining the effect that a "for cause" termination has on the Participant's Awards) a termination of employment or service based upon a finding by the Service Recipient, acting in good faith and based on its reasonable belief at the time, that the Participant:

(a) has been negligent in the discharge of his or her duties to the Service Recipient, has refused to perform stated or assigned duties or is incompetent in or (other than by reason of a disability or analogous condition) incapable of performing those duties;

(b) has been dishonest or committed or engaged in an act of theft, embezzlement or fraud, a breach of confidentiality, an unauthorized disclosure or use of inside information, customer lists, trade secrets or other confidential information;

(c) has breached a fiduciary duty, or willfully and materially violated any other duty, law, rule, regulation or policy of the Service Recipient; or has been convicted of, or plead guilty or nolo contendere to, a felony or misdemeanor (other than minor traffic violations or similar offenses);

(d) has materially breached any of the provisions of any agreement with the Service Recipient;

(e) has engaged in unfair competition with, or otherwise acted intentionally in a manner injurious to the reputation, business or assets of, the Service Recipient; or

(f) has improperly induced a vendor or customer to break or terminate any contract with the Service Recipient or induced a principal for whom the Service Recipient acts as agent to terminate such agency relationship.

A termination for Cause shall be deemed to occur (subject to reinstatement upon a contrary final determination by the Committee) on the date on which the Service Recipient first delivers written notice to the Participant of a finding of termination for Cause.

2.6 "Code" means the Internal Revenue Code of 1986 of the United States, as amended.

2.7 "Committee" means a committee of the Board described in Article 10.

2.8 "Consultant" means any consultant or adviser if: (a) the consultant or adviser renders bona fide services to a Service Recipient; (b) the services rendered by the consultant or adviser are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for the Company's securities; and (c) the consultant or adviser is a natural person who has contracted directly with the Service Recipient to render such services.

2.9 "Corporate Transaction" unless otherwise defined in an Award Agreement, means any of the following transactions, *provided, however,* that the Committee shall determine under (d) and (e) whether multiple transactions are related, and its determination shall be final, binding and conclusive:

(a) an amalgamation, arrangement or consolidation or scheme of arrangement (i) in which the Company is not the surviving entity, except for a transaction the principal purpose of which is to change the jurisdiction in which the Company is incorporated or (ii) following which the holders of the voting securities of the Company do not continue to hold more than 50% of the combined voting power of the voting securities of the surviving entity;

(b) the sale, transfer or other disposition of all or substantially all of the assets of the Company;

(c) the complete liquidation or dissolution of the Company;

(d) any reverse takeover or series of related transactions culminating in a reverse takeover (including, but not limited to, a tender offer followed by a reverse takeover) in which the Company is the surviving entity but (A) the Company's equity securities outstanding immediately prior to such takeover are converted or exchanged by virtue of the takeover into other property, whether in the form of securities, cash or otherwise, or (B) in which securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities are transferred to a person or persons different from those who held such securities immediately prior to such takeover or the initial transaction culminating in such takeover, but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction; or

(e) acquisition in a single or series of related transactions by any person or related group of persons (other than the Company or by a Company-sponsored employee benefit plan) of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) of securities possessing more than fifty percent (50%) of the total combined voting power of the Company's outstanding securities but excluding any such transaction or series of related transactions that the Committee determines shall not be a Corporate Transaction.

2.10 "Director" means a member of the Board or a member of the board of directors of any Subsidiary of the Company.

2.11 "Disability" means, unless otherwise defined in an Award Agreement, that the Participant qualifies to receive long-term disability payments under the Service Recipient's long-term disability insurance program, as it may be amended from time to time, to which the Participant provides services regardless of whether the Participant is covered by such policy. If the Service Recipient to which the Participant provides service does not have a long-term disability plan in place, "Disability" means that a Participant is unable to carry out the responsibilities and functions of the position held by the Participant by reason of any medically determinable physical or mental impairment for a period of not less than ninety (90) consecutive days. A Participant will not be considered to have incurred a Disability unless he or she furnishes proof of such impairment sufficient to satisfy the Committee in its discretion.

2.12 "Effective Date" shall have the meaning set forth in Section 11.1.

2.13 "Employee" means any person, including an officer or a Director, who is in the employment of a Service Recipient, subject to the control and direction of the Service Recipient as to both the work to be performed and the manner and method of performance. The payment of a director's fee by a Service Recipient shall not be sufficient to constitute "employment" by the Service Recipient.

2.14 "Exchange Act" means the Securities Exchange Act of 1934 of the United States, as amended.

2.15 "Fair Market Value" means, as of any date, the value of Shares determined as follows:

(a) If the Shares are listed on one or more established stock exchanges or national market systems, including without limitation, the New York Stock Exchange or the Nasdaq Stock Market, its Fair Market Value shall be the closing sales price for such Shares (or the closing bid, if no sales were reported) as quoted on the principal exchange or system on which the Shares are listed (as determined by the Committee) on the date of determination (or, if no closing sales price or closing bid was reported on that date, as applicable, on the last trading date such closing sales price or closing bid was reported), as reported on the website maintained by such exchange or market system or such other source as the Committee deems reliable;

(b) If the Shares are regularly quoted on an automated quotation system (including the OTC Bulletin Board) or by a recognized securities dealer, its Fair Market Value shall be the closing sales price for such Shares as quoted on such system or by such securities dealer on the date of determination, but if selling prices are not reported, the Fair Market Value of a Share shall be the mean between the high bid and low asked prices for the Shares on the date of determination (or, if no such prices were reported on that date, on the last date such prices were reported), as reported in The Wall Street Journal or such other source as the Committee deems reliable; or

(c) In the absence of an established market for the Shares of the type described in (a) and (b) above, the Fair Market Value thereof shall be determined by the Committee in good faith and in its discretion by reference to (i) the placing price of the latest private placement of the Shares and the development of the Company's business operations and the general economic and market conditions since such latest private placement, (ii) other third party transactions involving the Shares and the development of the Company's business operation and the general economic and market conditions since such transaction, (iii) an independent valuation of the Shares, or (iv) such other methodologies or information as the Committee determines to be indicative of Fair Market Value.

2.16 "Fifth Amended and Restated Shareholders Agreement" means the shareholders agreement executed on June 30, 2023, by and among the Company and certain shareholders of the Company identified therein.

2.17 "Group Entity" means any of the Company and Subsidiaries of the Company.

2.18 "Incentive Share Option" means an Option that is intended to meet the requirements of Section 422 of the Code or any successor provision thereto.

2.19 "Independent Director" means (i) if the Shares or other securities representing the Shares are not listed on a stock exchange, a Director of the Company who is a Non-Employee Director; and (ii) if the Shares or other securities representing the Shares are listed on one or more stock exchange, a Director of the Company who meets the independence standards under the applicable corporate governance rules of the stock exchange(s).

2.20 "Non-Employee Director" means a member of the Board who qualifies as a "Non-Employee Director" as defined in Rule 16b-3(b)(3) of the Exchange Act, or any successor definition adopted by the Board.

2.21 "Non-Qualified Share Option" means an Option that is not intended to be an Incentive Share Option.

2.22 "Option" means a right granted to a Participant pursuant to Article 5 of the Plan to purchase a specified number of Shares at a specified price during specified time periods. An Option may be either an Incentive Share Option or a Non-Qualified Share Option.

2.23 "Participant" means a person who, as a Director, Consultant or Employee, has been granted an Award pursuant to the Plan.

2.24 "Parent" means a parent corporation under Section 424(e) of the Code.

2.25 "Plan" means the 2024 Share Incentive Plan of NIP Group Inc., as amended and/or restated from time to time.

2.26 "Related Entity" means any business, corporation, partnership, limited liability company or other entity in which the Company, a Parent or Subsidiary of the Company holds a substantial ownership interest, directly or indirectly, or controls through contractual arrangements and consolidates the financial results according to applicable accounting standards, but which is not a Subsidiary and which the Board designates as a Related Entity for purposes of the Plan.

2.27 "Restricted Share" means a Share awarded to a Participant pursuant to Article 6 that is subject to certain restrictions and may be subject to risk of forfeiture.

2.28 "Restricted Share Unit" means the right granted to a Participant pursuant to Article 7 to receive a Share at a future date.

2.29 "Securities Act" means the Securities Act of 1933 of the United States, as amended.

2.30 "Service Recipient" means the Company or Subsidiary of the Company to which a Participant provides services as an Employee, a Consultant or a Director.

2.31 "Share" means the Class A ordinary shares of the Company, par value US$0.0001 per share, and such other securities of the Company that may be substituted for Shares pursuant to Article 9.

2.32 "Subsidiary" means any corporation or other entity of which a majority of the outstanding voting shares or voting power is beneficially owned directly or indirectly by the Company.

2.33 "Trading Date" means the closing of the first sale to the general public of the Shares pursuant to a registration statement filed with and declared effective by the U.S. Securities and Exchange Commission under the Securities Act.

ARTICLE 3

SHARES SUBJECT TO THE PLAN

3.1 Number of Shares.

(a) Subject to the provisions of Article 9 and Section 3.1(b), the maximum aggregate number of Shares which may be issued pursuant to all Awards (including incentive Share Options) (the "**Award Pool**") shall be 11,956,812 Shares.

(b) To the extent that an Award terminates, expires, or lapses for any reason, any Shares subject to the Award shall again be available for the grant of an Award pursuant to the Plan. To the extent permitted by Applicable Laws, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form or combination by a Group Entity shall not be counted against Shares available for grant pursuant to the Plan. Shares delivered by the Participant or withheld by the Company upon the exercise of any Award under the Plan, in payment of the exercise price thereof or tax withholding thereon, may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). If any Restricted Shares are forfeited by the Participant or repurchased by the Company, such Shares may again be optioned, granted or awarded hereunder, subject to the limitations of Section 3.1(a). Notwithstanding the provisions of this Section 3.1(b), no Shares may again be optioned, granted or awarded if such action would cause an Incentive Share Option to fail to qualify as an incentive share option under Section 422 of the Code.

3.2 Shares Distributed. Any Share distributed pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares, treasury Shares (subject to Applicable Laws) or Shares purchased on the open market. Additionally, at the discretion of the Committee, any Shares distributed pursuant to an Award may be represented by American Depository Shares. If the number of Shares represented by an American Depository Share is other than on a one-to-one basis, the limitations of Section 3.1 shall be adjusted to reflect the distribution of American Depository Shares in lieu of Shares.

ARTICLE 4

ELIGIBILITY AND PARTICIPATION

4.1 Eligibility. Persons eligible to participate in this Plan include Employees, Consultants, and Directors, as determined by the Committee.

4.2 Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from among all eligible individuals, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No individual shall have any right to be granted an Award pursuant to this Plan.

4.3 Jurisdictions. In order to assure the viability of Awards granted to Participants employed in various jurisdictions, the Committee may provide for such special terms as it may consider necessary or appropriate to accommodate differences in local law, tax policy, or custom applicable in the jurisdiction in which the Participant resides, is employed, operates or is incorporated. Moreover, the Committee may approve such supplements to, or amendments, restatements, or alternative versions of, the Plan as it may consider necessary or appropriate for such purposes without thereby affecting the terms of the Plan as in effect for any other purpose; *provided, however*, that no such supplements, amendments, restatements, or alternative versions shall increase the share limitations contained in Section 3.1 of the Plan. Notwithstanding the foregoing, the Committee may not take any actions hereunder, and no Awards shall be granted, that would violate any Applicable Laws.

ARTICLE 5

OPTIONS

5.1 General. The Committee is authorized to grant Options to Participants on the following terms and conditions:

(a) Exercise Price. The exercise price per Share subject to an Option shall be determined by the Committee and set forth in the Award Agreement which may be a fixed price or a 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 Committee, the determination of which shall be final, binding and conclusive. For the avoidance of doubt, to the extent not prohibited by Applicable Laws or any exchange rule, 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.

(b) Time and Conditions of Exercise. The Committee 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 years, except as provided in Section 12.1. The Committee shall also determine any conditions, if any, that must be satisfied before all or part of an Option may be exercised.

(c) Payment. The Committee shall determine the methods by which the exercise price of an Option may be paid, the form of payment, including, without limitation (i) cash or check denominated in U.S. Dollars, (ii) to the extent permissible under the Applicable Laws, cash or check in Chinese Renminbi, (iii) cash or check denominated in any other local currency as approved by the Committee, (iv) Shares held for such period of time as may be required by the Committee in order to avoid adverse financial accounting consequences and having a Fair Market Value on the date of delivery equal to the aggregate exercise price of the Option or exercised portion thereof, (v) after the Trading Date the delivery of a notice that the Participant has placed a market sell order with a broker with respect to Shares then issuable upon exercise of the Option, and that the broker has been directed to pay a sufficient portion of the net proceeds of the sale to the Company in satisfaction of the Option exercise price; provide that payment of such proceeds is then made to the Company upon settlement of such sale, (vi) other property acceptable to the Committee with a Fair Market Value equal to the exercise price, or (vii) any combination of the foregoing. Notwithstanding any other provision of the Plan to the contrary, no Participant who is a member of the Board or an "executive officer" of the Company within the meaning of Section 13(k) of the Exchange Act shall be permitted to pay the exercise price of an Option in any method which would violate Section 13(k) of the Exchange Act.

(d) Evidence of Grant. All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

(e) Effects of Termination of Employment or Service on Options. Termination of employment or service shall have the following effects on Options granted to the Participants:

(i) Dismissal for Cause. Unless otherwise provided in the Award Agreement or with prior written approval from the Committee, if a Participant's employment by or service to the Service Recipient is terminated by the Service Recipient for Cause, the Participant's Options will terminate upon such termination, whether or not the Option is then vested and/or exercisable;

(ii) Death or Disability. Unless otherwise provided in the Award Agreement, if a Participant's employment by or service to the Service Recipient terminates as a result of the Participant's death or Disability:

(a) the Participant (or his or her legal representative or beneficiary, in the case of the Participant's Disability or death, respectively), will have until the date that is twelve (12) months after the Participant's termination of Employment or service to exercise the Participant's Options (or portion thereof) to the extent that such Options were vested and exercisable on the date of the Participant's termination of Employment or service on account of death or Disability;

(b) the Options, to the extent not vested and exercisable on the date of the Participant's termination of Employment or service, shall terminate upon the Participant's termination of Employment or service on account of death or Disability; and

(c) the Options, to the extent exercisable for the 12-month period following the Participant's termination of Employment or service and not exercised during such period, shall terminate at the close of business on the last day of the 12-month period.

(iii) Other Terminations of Employment or Service. Unless otherwise provided in the Award Agreement, if a Participant's employment by or service to the Service Recipient terminates for any reason other than a termination by the Service Recipient for Cause or because of the Participant's death or Disability:

(a) the Participant will have until the date that is ninety (90) days after the Participant's termination of Employment or service to exercise his or her Options (or portion thereof) to the extent that such Options were vested and exercisable on the date of the Participant's termination of Employment or service;

(b) the Options, to the extent not vested and exercisable on the date of the Participant's termination of Employment or service, shall terminate upon the Participant's termination of Employment or service; and

(c) the Options, to the extent exercisable for the 90-day period following the Participant's termination of Employment or service and not exercised during such period, shall terminate at the close of business on the last day of the 90-day period.

(f) Evidence of Grant. All Options shall be evidenced by an Award Agreement between the Company and the Participant. The Award Agreement shall include such additional provisions as may be specified by the Committee.

5.2 Incentive Share Options. Incentive Share Options may be granted to Employees of the Company or a Subsidiary of the Company. Incentive Share Options may not be granted to employees of a Related Entity or to Independent Directors or Consultants. The terms of any Incentive Share Options granted pursuant to the Plan, in addition to the requirements of Section 5.1, must comply with the following additional provisions of this Section 5.2:

(i) Individual Dollar Limitation. The aggregate Fair Market Value (determined as of the time the Option is granted) of all Shares with respect to which Incentive Share Options are first exercisable by a Participant in any calendar year may not exceed $100,000 or such other limitation as imposed by Section 422(d) of the Code, or any successor provision. To the extent that Incentive Share Options are first exercisable by a Participant in excess of such limitation, the excess shall be considered Non-Qualified Share Options.

(ii) Exercise Price. The exercise price of an Incentive Share Option shall be equal to the Fair Market Value on the date of grant. However, the exercise price of any Incentive Share Option granted to any individual who, at the date of grant, owns Shares possessing more than ten percent (10%) of the total combined voting power of all classes of shares of the Company or any Parent or Subsidiary of the Company may not be less than 110% of Fair Market Value on the date of grant and such Option may not be exercisable for more than five years from the date of grant.

(iii) Transfer Restriction. The Participant shall give the Company prompt notice of any disposition of Shares acquired by exercise of an Incentive Share Option within (i) two years from the date of grant of such Incentive Share Option or (ii) one year after the transfer of such Shares to the Participant.

(iv) Expiration of Incentive Share Options. No Award of an Incentive Share Option may be made pursuant to this Plan after the tenth anniversary of the Effective Date.

(v) Right to Exercise. During a Participant's lifetime, an Incentive Share Option may be exercised only by the Participant.

ARTICLE 6

RESTRICTED SHARES

6.1 Grant of Restricted Shares. The Committee, at any time and from time to time, may grant Restricted Shares to Participants as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of Restricted Shares to be granted to each Participant.

6.2 Restricted Shares Award Agreement. Each Award of Restricted Shares shall be evidenced by an Award Agreement that shall specify the period of restriction, the number of Restricted Shares granted, and such other terms and conditions as the Committee, in its sole discretion, shall determine. Unless the Committee determines otherwise, Restricted Shares shall be held by the Company as escrow agent until the restrictions on such Restricted Shares have lapsed.

6.3 Issuance and Restrictions. Restricted Shares shall be subject to such restrictions on transferability and other restrictions as the Committee may impose (including, without limitation, limitations on the right to vote Restricted Shares or the right to receive dividends on the Restricted Shares). These restrictions may lapse separately or in combination at such times, pursuant to such circumstances, in such installments, or otherwise, as the Committee determines at the time of the grant of the Award or thereafter.

6.4 Forfeiture/Repurchase. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Shares that are at that time subject to restrictions shall be forfeited or repurchased in accordance with the Award Agreement; *provided, however,* the Committee may (a) provide in any Restricted Share 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 specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Shares.

6.5 Certificates for Restricted Shares. Restricted Shares granted pursuant to the Plan may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Shares are registered in the name of the Participant, certificates must bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Restricted Shares, and the Company may, at its discretion, retain physical possession of the certificate until such time as all applicable restrictions lapse.

6.6 Removal of Restrictions. Except as otherwise provided in this Article 6, Restricted Shares granted under the Plan shall be released from escrow as soon as practicable after the last day of the period of restriction. The Committee, in its discretion, may accelerate the time at which any restrictions shall lapse or be removed. After the restrictions have lapsed, the Participant shall be entitled to have any legend or legends under Section 6.5 removed from his or her Share certificate, and the Shares shall be freely transferable by the Participant, subject to applicable legal restrictions. The Committee (in its discretion) may establish procedures regarding the release of Shares from escrow and the removal of legends, as necessary or appropriate to minimize administrative burdens on the Company.

ARTICLE 7

RESTRICTED SHARE UNITS

7.1 Grant of Restricted Share Units. The Committee, at any time and from time to time, may grant Restricted Share Units to Participants as the Committee, in its sole discretion, shall determine. The Committee, in its sole discretion, shall determine the number of Restricted Share Units to be granted to each Participant.

7.2 Restricted Share Units Award Agreement. Each Award of Restricted Share Units shall be evidenced by an Award Agreement that shall specify any vesting conditions, the number of Restricted Share Units granted, and such other terms and conditions as the Committee, in its sole discretion, shall determine.

7.3 Form and Timing of Payment of Restricted Share Units. At the time of grant, the Committee shall specify the date or dates and/or event or events upon which the Restricted Share Units shall become fully vested and nonforfeitable. Upon vesting, the Committee, in its sole discretion, may pay Restricted Share Units in the form of cash, Shares or a combination thereof.

7.4 Forfeiture/Repurchase. Except as otherwise determined by the Committee at the time of the grant of the Award or thereafter, upon termination of employment or service during the applicable restriction period, Restricted Share Units that are at that time unvested shall be forfeited or repurchased in accordance with the Award Agreement; *provided, however,* the Committee may (a) provide in any Restricted Share Unit Award Agreement that restrictions or forfeiture and repurchase conditions relating to Restricted Share Units will be waived in whole or in part in the event of terminations resulting from specified causes, and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to Restricted Share Units.

ARTICLE 8

PROVISIONS APPLICABLE TO AWARDS

8.1 Award Agreement. Awards under the Plan shall be evidenced by Award Agreements that set forth the terms, conditions and limitations for each Award which may include the term of an Award, the provisions applicable in the event the Participant's employment or service terminates, and the Company's authority to unilaterally or bilaterally amend, modify, suspend, cancel or rescind an Award.

8.2 No Transferability; Limited Exception to Transfer Restrictions.

(a) Limits on Transfer. Unless otherwise expressly provided in (or pursuant to) this Section 8.2, by applicable law and by the Award Agreement, as the same may be amended:

(i) all Awards are non-transferable and will not be subject in any manner to sale, transfer, anticipation, alienation, assignment, pledge, encumbrance or charge;

(ii) Awards will be exercised only by the Participant; and

(iii) amounts payable or shares issuable pursuant to an Award will be delivered only to (or for the account of), and, in the case of Shares, registered in the name of, the Participant.

In addition, the shares shall be subject to the restrictions set forth in the applicable Award Agreement.

(b) Further Exceptions to Limits on Transfer. The exercise and transfer restrictions in Section 8.2(a) will not apply to:

(i) transfers to the Company or a Subsidiary;

(ii) transfers by gift to "immediate family" as that term is defined in SEC Rule 16a-1(e) promulgated under the Exchange Act;

(iii) the designation of a beneficiary to receive benefits if the Participant dies or, if the Participant has died, transfers to or exercises by the Participant's beneficiary, or, in the absence of a validly designated beneficiary, transfers by will or the laws of descent and distribution; or

(iv) if the Participant has suffered a disability, permitted transfers or exercises on behalf of the Participant by the Participant's duly authorized legal representative; or

(v) subject to the prior approval of the Committee or an executive officer or director of the Company authorized by the Committee, transfer to one or more natural persons who are the Participant's family members or entities owned and controlled by the Participant and/or the Participant's family members, including but not limited to trusts or other entities whose beneficiaries or beneficial owners are the Participant and/or the Participant's family members, or to such other persons or entities as may be expressly approved by the Committee, pursuant to such conditions and procedures as the Committee or may establish. Any permitted transfer shall be subject to the condition that the Committee receives evidence satisfactory to it that the transfer is being made for estate and/or tax planning purposes and on a basis consistent with the Company's lawful issue of securities.

Notwithstanding anything else in this Section 8.2(b) to the contrary, but subject to compliance with all Applicable Laws, Incentive Share Options, Restricted Shares and Restricted Share Units will be subject to any and all transfer restrictions under the Code applicable to such Awards or necessary to maintain the intended tax consequences of such Awards. Notwithstanding clause (b) above but subject to compliance with all Applicable Laws, any contemplated transfer by gift to "immediate family" as referenced in clause (b) above is subject to the condition precedent that the transfer be approved by the Committee in order for it to be effective.

8.3 Beneficiaries. Notwithstanding Section 8.2, a Participant may, in the manner determined by the Committee, designate a beneficiary to exercise the rights of the Participant and to receive any distribution with respect to any Award upon the Participant's death. A beneficiary, legal guardian, legal representative, or other person claiming any rights pursuant to the Plan is subject to all terms and conditions of the Plan and any Award Agreement applicable to the Participant, except to the extent the Plan and Award Agreement otherwise provide, and to any additional restrictions deemed necessary or appropriate by the Committee. If the Participant is married and resides in a community property state and there is a designation of a person other than the Participant's spouse as his or her beneficiary with respect to more than 50% of the Participant's interest in the Award, the designation of such portion of the Participant's interest exceeding 50% shall not be effective without the prior written consent of the Participant's spouse, while the designation of such portion of the Participant's interest of up to 50% shall remain effective. If no beneficiary has been designated or survives the Participant, payment shall be made to the person entitled thereto pursuant to the Participant's will or the laws of descent and distribution. Subject to the foregoing, a beneficiary designation may be changed or revoked by a Participant at any time provided the change or revocation is filed with the Committee.

8.4 Performance Objectives and Other Terms. The Committee, in its discretion, may set performance objectives or other vesting criteria which, depending on the extent to which they are met, will determine the number or value of the Awards that will be granted or paid out to the Participants.

8.5 Share Certificates. Notwithstanding anything herein to the contrary, the Company shall not be required to issue or deliver any certificates evidencing the Shares pursuant to the exercise of any Award, unless and until the Committee has determined, with advice of counsel, that the issuance and delivery of such certificates is in compliance with all Applicable Laws, regulations of governmental authorities and, if applicable, the requirements of any exchange on which the Shares are listed or traded. All Share certificates delivered pursuant to the Plan are subject to any stop-transfer orders and other restrictions as the Committee deems necessary or advisable to comply with all Applicable Laws, and the rules of any national securities exchange or automated quotation system on which the Shares are listed, quoted, or traded. The Committee may place legends on any Share certificate to reference restrictions applicable to the Shares. In addition to the terms and conditions provided herein, the Committee may require that a Participant make such reasonable covenants, agreements, and representations as the Committee, in its discretion, deems advisable in order to comply with any such laws, regulations, or requirements. The Committee shall have the right to require any Participant to comply with any timing or other restrictions with respect to the settlement or exercise of any Award, including a window-period limitation, as may be imposed in the discretion of the Committee.

8.6 Paperless Administration. Subject to Applicable Laws, the Committee may make Awards and provide applicable disclosure and procedures for exercise of Awards by an internet website or interactive voice response system for the paperless administration of Awards.

8.7 Foreign Currency. A Participant may be required to provide evidence that any currency used to pay the exercise price of any Award was acquired and taken out of the jurisdiction in which the Participant resides in accordance with Applicable Laws, including foreign exchange control laws and regulations. In the event the exercise price for an Award is paid in Chinese Renminbi or other foreign currency, as permitted by the Committee, the amount payable will be determined by conversion from U.S. dollars at the official rate promulgated by the People's Bank of China for Chinese Renminbi, or for jurisdictions other than the People's Republic of China, the exchange rate as selected by the Committee on the date of exercise.

ARTICLE 9

CHANGES IN CAPITAL STRUCTURE

9.1 Adjustments. In the event of any dividend, share split, combination or exchange of Shares, amalgamation, arrangement or consolidation, spin-off, recapitalization or other distribution (other than normal cash dividends) of Company assets to its shareholders, or any other change affecting the Shares or the share price of a Share, the Committee shall make such proportionate adjustments, if any, as the Committee in its discretion may deem appropriate to reflect such change with respect to (a) the aggregate number and type of shares that may be issued under the Plan (including, but not limited to, adjustments of the limitations in Section 3.1); (b) the terms and conditions of any outstanding Awards (including, without limitation, any applicable performance targets or criteria with respect thereto); and (c) the grant or exercise price per share for any outstanding Awards under the Plan.

9.2 Corporate Transactions. Except as may otherwise be provided in any Award Agreement or any other written agreement entered into by and between the Company and a Participant, if the Committee anticipates the occurrence, or upon the occurrence, of a Corporate Transaction, the Committee may, in its sole discretion, provide for (i) any and all Awards outstanding hereunder to terminate at a specific time in the future and shall give each Participant the right to exercise the vested portion of such Awards during a period of time as the Committee shall determine, or (ii) the purchase of any Award for an amount of cash equal to the amount that could have been attained upon the exercise of such Award (and, for the avoidance of doubt, if as of such date the Committee determines in good faith that no amount would have been attained upon the exercise of such Award, then such Award may be terminated by the Company without payment), or (iii) the replacement of such Award with other rights or property selected by the Committee in its sole discretion or the assumption of or substitution of such Award by the successor or surviving corporation, or a Parent or Subsidiary thereof, with appropriate adjustments as to the number and kind of Shares and prices, or (iv) payment of such Award in cash based on the value of Shares on the date of the Corporate Transaction plus reasonable interest on the Award through the date as determined by the Committee when such Award would otherwise be vested or have been paid in accordance with its original terms, if necessary to comply with Section 409A of the Code.

9.3 Outstanding Awards — Other Changes. In the event of any other change in the capitalization of the Company or corporate change other than those specifically referred to in this Article 9, the Committee may, in its absolute discretion, make such adjustments in the number and class of shares subject to Awards outstanding on the date on which such change occurs and in the per share grant or exercise price of each Award as the Committee may consider appropriate to prevent dilution or enlargement of rights.

9.4 No Other Rights. Except as expressly provided in the Plan, no Participant shall have any rights by reason of any subdivision or consolidation of Shares of any class, the payment of any dividend, any increase or decrease in the number of shares of any class or any dissolution, liquidation, merger, or consolidation of the Company or any other corporation. Except as expressly provided in the Plan or pursuant to action of the Committee under the Plan, and no issuance by the Company of shares of any class, or securities convertible into shares of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of Shares subject to an Award or the grant or exercise price of any Award.

ARTICLE 10

ADMINISTRATION

10.1 Administration of the Plan. The Plan shall be administered by the Board or a committee of one or more members of the Board (the "**Committee**") to whom the Board shall delegate the authority to grant or amend Awards to Participants other than any of the Committee members, Independent Directors and executive officers of the Company. Reference to the Committee shall refer to the Board in absence of the Committee. Notwithstanding the foregoing, the full Board, acting by majority of its members in office, shall conduct the general administration of the Plan if required by Applicable Laws, and with respect to Awards granted to the Committee members, Independent Directors and executive officers of the Company and for purposes of such Awards the term "Committee" as used in the Plan shall be deemed to refer to the Board.

10.2 Action by the Committee. A majority of the Committee shall constitute a quorum. The acts of a majority of the members present at any meeting at which a quorum is present, and acts approved unanimously in writing all members of the Committee in lieu of a meeting, shall be deemed the acts of the Committee. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any officer or other employee of a Group Entity, the Company's independent certified public accountants, or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

10.3 Authority of the Committee. Subject to any specific designation in the Plan, the Committee has the exclusive power, authority and discretion to:

(a) designate Participants to receive Awards;

(b) determine the type or types of Awards to be granted to each Participant;

(c) determine the number of Awards to be granted and the number of Shares to which an Award will relate;

(d) designate an administrator to administer the Awards to Participants other than Committee members, independent directors or executive officers of the Company, including designating Participants to receive Awards, determining the type or types of Awards to be granted to each Participant, and determining the number of Awards to be granted and the number of Shares to which an Award will relate;

(e) determine the terms and conditions of any Award granted pursuant to the Plan, including, but not limited to, the exercise price, grant price, or purchase price, any restrictions or limitations on the Award, any schedule for lapse of forfeiture restrictions or restrictions on the exercisability of an Award, and accelerations or waivers thereof, and any provisions related to non-competition and recapture of gain on an Award, based in each case on such considerations as the Committee in its sole discretion determines;

(f) determine whether, to what extent, and pursuant to what circumstances an Award may be settled in, or the exercise price of an Award may be paid in, cash, Shares, other Awards, or other property, or an Award may be canceled, forfeited, or surrendered;

(g) prescribe the form of each Award Agreement, which need not be identical for each Participant;

(h) decide all other matters that must be determined in connection with an Award;

(i) establish, adopt, or revise any rules and regulations as it may deem necessary or advisable to administer the Plan;

(j) interpret the terms of, and any matter arising pursuant to, the Plan or any Award Agreement;

(k) amend terms and conditions of Award Agreements; and

(l) make all other decisions and determinations that may be required pursuant to the Plan or as the Committee deems necessary or advisable to administer the Plan, including design and adopt from time to time new types of Awards that are in compliance with Applicable Laws.

10.4 Decisions Binding. The Committee's interpretation of the Plan, any Awards granted pursuant to the Plan, any Award Agreement and all decisions and determinations by the Committee with respect to the Plan are final, binding, and conclusive on all parties.

ARTICLE 11

EFFECTIVE AND EXPIRATION DATE

11.1 Effective Date. The Plan shall become effective as of the date the registration statement for the initial public offering of the Company becomes effective. The Plan or the amendment, as applicable, shall be approved by the shareholders of the Company by written resolutions or at a meeting duly held in accordance with the applicable provisions of the Company's Memorandum of Association and Articles of Association, subject to the approval thresholds as specified in the Fifth Amended and Restated Shareholders Agreement (the "**Effective Date**").

11.2 Expiration Date. The Plan will expire on, and no Award may be granted pursuant to the Plan after, the tenth anniversary of the Effective Date. Any Awards that are outstanding on the tenth anniversary of the Effective Date shall remain in force according to the terms of the Plan and the applicable Award Agreement.

ARTICLE 12

AMENDMENT, MODIFICATION, AND TERMINATION

12.1 Amendment, Modification, and Termination. At any time and from time to time, the Board may terminate, amend or modify the Plan; *provided, however,* that (a) to the extent necessary and desirable to comply with Applicable Laws or stock exchange rules, the Company shall obtain shareholder approval of any Plan amendment in such a manner and to such a degree as required, unless the Company decides to follow home country practice, and (b) unless the Company decides to follow home country practice, shareholder approval is required for any amendment to the Plan that (i) increases the number of Shares available under the Plan (other than any adjustment as provided by Article 9 or Section 3.1(a)), or (ii) permits the Committee to extend the term of the Plan or the exercise period for an Option beyond ten years from the date of grant.

12.2 Awards Previously Granted. Except with respect to amendments made pursuant to Section 12.1, no termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted pursuant to the Plan without the prior written consent of the Participant.

ARTICLE 13

GENERAL PROVISIONS

13.1 No Rights to Awards. No Participant, employee, or other person shall have any claim to be granted any Award pursuant to the Plan, and neither the Company nor the Committee is obligated to treat Participants, employees, and other persons uniformly.

13.2 No Shareholders Rights. No Award gives the Participant any of the rights of a shareholder of the Company unless and until Shares are in fact issued to such person in connection with such Award.

13.3 Taxes. No Shares shall be delivered under the Plan to any Participant until such Participant has made arrangements acceptable to the Committee for the satisfaction of any income and employment tax withholding obligations under Applicable Laws. The Company or any Subsidiary shall have the authority 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 this Plan. The Committee may in its discretion and in satisfaction of the foregoing requirement allow a Participant to elect to have the Company withhold Shares otherwise issuable under an Award (or allow the return of Shares) having a Fair Market Value equal to the sums required to be withheld. Notwithstanding any other provision of the Plan, the number of Shares which may be withheld with respect to the issuance, vesting, exercise or payment of any Award (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 with respect to the issuance, vesting, exercise or payment of the Award 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.

13.4 No Right to Employment or Services. Nothing in the Plan or any Award Agreement shall interfere with or limit in any way the right of the Service Recipient to terminate any Participant's employment or services at any time, nor confer upon any Participant any right to continue in the employment or services of any Service Recipient.

13.5 Unfunded Status of Awards. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the relevant Group Entity.

13.6 Indemnification. To the extent allowable pursuant to Applicable Laws, each member of the Committee or of the Board shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such member in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Memorandum of Association and Articles of Association, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

13.7 Relationship to Other Benefits. No payment pursuant to the Plan shall be taken into account in determining any benefits pursuant to any pension, retirement, savings, profit sharing, group insurance, welfare or other benefit plan of the any Group Entity except to the extent otherwise expressly provided in writing in such other plan or an agreement thereunder.

13.8 Expenses. The expenses of administering the Plan shall be borne by the Group Entities.

13.9 Titles and Headings. The titles and headings of the Sections in the Plan are for convenience of reference only and, in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

13.10 Fractional Shares. No fractional Shares shall be issued and the Committee shall determine, in its discretion, whether cash shall be given in lieu of fractional Shares or whether such fractional Shares shall be eliminated by rounding up or down as appropriate.

13.11 Limitations Applicable to Section 16 Persons. Notwithstanding anything herein to the contrary, the Plan, and any Award granted or awarded to any Participant who is then subject to Section 16 of the Exchange Act, shall be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3 of the Exchange Act) that are requirements for the application of such exemptive rule. To the extent permitted by the Applicable Laws, the Plan and Awards granted or awarded hereunder shall be deemed amended to the extent necessary to conform to such applicable exemptive rule.

13.12 Claw-back Provisions. All Awards (including any proceeds, gains or other economic benefit the Holder actually or constructively receives upon receipt or exercise of any Award or the receipt or resale of any Shares underlying the Award) will be subject to any Company claw-back policy, including any claw-back policy adopted to comply with Applicable Laws (including the Dodd-Frank Wall Street Reform and Consumer Protection Act and any rules or regulations promulgated thereunder) as set forth in such claw-back policy or the Award Agreement.

13.13 Government and Other Regulations. The obligation of the Company to make payment of awards in Shares or otherwise shall be subject to all Applicable Laws, and to such approvals by government agencies as may be required. The Company shall be under no obligation to register any of the Shares paid pursuant to the Plan under the Securities Act or any other similar law in any applicable jurisdiction. If the Shares paid pursuant to the Plan may in certain circumstances be exempt from registration pursuant to the Securities Act or other Applicable Laws, the Company may restrict the transfer of such Shares in such manner as it deems advisable to ensure the availability of any such exemption.

13.14 Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of the Cayman Islands.

13.15 Section 409A. To the extent that the Committee determines that any Award granted under the Plan is or may become subject to Section 409A of the Code, the Award Agreement evidencing such Award shall incorporate the terms and conditions required by Section 409A of the Code. To the extent applicable, the Plan and the Award Agreements shall be interpreted in accordance with Section 409A of the Code and the U.S. Department of Treasury regulations and other interpretative guidance issued thereunder, including without limitation any such regulation or other guidance that may be issued after the Effective Date. Notwithstanding any provision of the Plan to the contrary, in the event that following the Effective Date the Committee determines that any Award may be subject to Section 409A of the Code and related Department of Treasury guidance (including such Department of Treasury guidance as may be issued after the Effective Date), the Committee may adopt such amendments to the Plan and the applicable Award agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Committee determines are necessary or appropriate to (a) exempt the Award from Section 409A of the Code and/or preserve the intended tax treatment of the benefits provided with respect to the Award, or (b) comply with the requirements of Section 409A of the Code and related U.S. Department of Treasury guidance.

13.16 Appendices. Subject to Section 12.1, the Committee may approve such supplements, amendments or appendices to the Plan as it may consider necessary or appropriate for purposes of compliance with Applicable Laws or otherwise and such supplements, amendments or appendices shall be considered a part of the Plan; *provided, however,* that no such supplements shall increase the share limitation contained in Section 3.1 of the Plan without the approval of the Board.

Exhibit 23.1

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the inclusion in this Registration Statement of NIP Group Inc. on the Amendment No.1 to Form F-1 (File No. 333-280135) of our report dated June 12, 2024, with respect to our audits of the consolidated financial statements of NIP Group Inc. as of December 31, 2022 and 2023 and for the years ended December 31, 2022 and 2023, which report appears in the Prospectus, which is part of this Registration Statement. We also consent to the reference to our Firm under the heading "Experts" in such Prospectus.

/s/ Marcum Asia CPAs LLP

Marcum Asia CPAs LLP
Beijing, China
July 5, 2024

Exhibit 23.2

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM'S CONSENT

We consent to the inclusion in this Registration Statement of NIP Group Inc. on the Amendment No.1 to Form F-1 (File No. 333-280135) of our report dated June 5, 2023, with respect to our audits of the financial statements of Ninjas In Pyjamas Gaming AB as of December 31, 2021 and 2022 and for the years ended December 31, 2021 and 2022, which report appears in the Prospectus, which is part of this Registration Statement. We also consent to the reference to our Firm under the heading "Experts" in such Prospectus.

/s/ Marcum Asia CPAs LLP

Marcum Asia CPAs LLP
Beijing, China
July 5, 2024

Exhibit 107

Calculation of Filing Fee Table
Form F-1
(Form Type)
NIP Group Inc.
(Exact Name of Registrant as Specified in its Charter)

Table 1 – Newly Registered Securities

	Security Type	Security Class Title[(1)]	Fee Calculation Rule	Amount Registered	Proposed Maximum Offering Price Per Unit	Maximum Aggregate Offering Price	Fee Rate	Amount of Registration Fee
Fees to Be Paid	Equity	Class A ordinary shares, par value US$0.0001 per share	Rule 457(a)	5,175,000	5.5	US$28,462,500[(2)(3)]	US$147.60 per US$1,000,000	US$4,201.07
Fees Previously Paid	Equity	Class A ordinary shares, par value US$0.0001 per share	Rule 457(o)	—	—	US$5,000,000.00[(4)]	US$147.60 per US$1,000,000	US$738.00
	Total Offering Amount					US$28,462,500		US$4,201.07
	Total Fees Previously Paid							US$738.00
	Total Fee Offsets							N/A
	Net Fee Due							US$3,463.07

(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 two Class A ordinary shares.
(2) Includes Class A ordinary shares that are issuable upon the exercise of the underwriters' over-allotment option. Also includes Class A 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. These Class A ordinary shares are not being registered for the purpose of sales outside the United States.
(3) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(a) under the Securities Act of 1933.
(4) Estimated solely for the purpose of determining the amount of registration fee in accordance with Rule 457(o) under the Securities Act of 1933.