

Zhihu Inc.

知乎

(A company controlled through weighted voting rights and incorporated in the Cayman Islands with limited liability)

(NYSE: ZH; HKEX: 2390)

Executive Director:

Mr. Yuan Zhou

(Chairman and Chief Executive Officer)

Non-executive Directors:

Mr. Dahai Li

Mr. Zhaohui Li

Mr. Bing Yu

Independent Non-executive Directors:

Mr. Hanhui Sam Sun

Ms. Hope Ni

Mr. Derek Chen

Registered Office:

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Grand Cayman KY1-1104

Cayman Islands

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Principal Place of Business

in Hong Kong:

5/F, Manulife Place

348 Kwun Tong Road

Kowloon

Hong Kong

September 9, 2024

To the Shareholders

Dear Sir or Madam,

**CONDITIONAL VOLUNTARY CASH OFFERS OF THE COMPANY TO
BUY BACK UP TO 46,921,448 CLASS A ORDINARY SHARES (INCLUDING IN
THE FORM OF AMERICAN DEPOSITARY SHARES) AT A PRICE OF HK\$9.11
PER CLASS A ORDINARY SHARE (EQUIVALENT OF US\$3.50 PER ADS)**

INTRODUCTION

Reference is made to the Announcement of the Company dated July 19, 2024. The Company is hereby making Offers to buy back, subject to fulfilment of the Condition, up to the Maximum Number, being 46,921,448 Class A Ordinary Shares (including in the form of ADSs), representing approximately 15.9% of the total Shares (on a one share one vote basis) in issue and outstanding as of the Latest Practicable Date at a cash consideration of HK\$9.11 per Class A Ordinary Share (equivalent of US\$3.50 per ADS).

The Class A Ordinary Shares (including in the form of ADSs) to be bought back by the Company will not exceed the Maximum Number and the Offers are not conditional upon a minimum number of Class A Ordinary Shares (including in the form of ADSs) being tendered for buy-backs. Shareholders and ADS holders are not required to tender any or all of their Class A Ordinary Shares (including in the form of ADSs) if they do not wish to do so.

The Offers are structured as two separate offers, namely the Non-U.S. Offer and the U.S. Offer, in light of the following considerations:

- (i) **Dual Primarily Listed Issuer and Tier II Cross-Border Tender Offer Exemption:** The Company is dual primarily listed on both the Hong Kong Stock Exchange and the NYSE, and a tender offer to buy back Class A Ordinary Shares and ADSs requires compliance with both Hong Kong and U.S. laws and regulations. As the Company's U.S. Shareholders hold more than 10% and no more than 40% of the Class A Ordinary Shares (including in the form of ADSs), it has relied on the "Tier II" cross-border tender offer exemption in accordance with Rule 13e-4(i) under the Exchange Act, which only allows limited exceptions to the filing, disclosure, and dissemination requirements for tender offers under the applicable U.S. laws and regulations. The separate Non-U.S. Offer and U.S. Offer are permitted for "Tier II" cross-border tender offers, and this separation enables the Company to accommodate the requirements of both U.S. and non-U.S. jurisdictions without causing confusion to investors.
- (ii) **Procedures Specific to ADS Holders:** A substantial number of Class A Ordinary Shares are represented by the ADSs listed on the NYSE. While the principal terms and conditions of the Non-U.S. Offer and U.S. Offer are the same as set forth in Appendix I to the Offer Document, including the Maximum Number, the Offer Price, the period during which the Offers remain open for acceptance, the withdrawal rights and the settlement period, there is a separate set of procedures for ADS tendering activities and their settlement in light of the different natures and clearing institutions between Class A Ordinary Shares and ADSs, which only concern ADS holders. The separate U.S. Offer includes such additional procedural matters for the attention of ADS holders without unnecessarily causing confusion to Non-U.S. Shareholders.
- (iii) **Separate Governing Laws:** The Company believes that it is necessary to structure the Offers into Non-U.S. Offer and U.S. Offer, which are subject to Hong Kong and U.S. laws, respectively, to facilitate the understanding and regulate tendering activities by non-U.S. and U.S. Shareholders and ADS holders. The Non-U.S. Offer, all acceptances of it, and all actions taken or made or deemed to be taken or made pursuant to these terms will be governed by and construed in accordance with Hong Kong laws, whereas the U.S. Offer, all acceptances of it, and all actions taken or

made or deemed to be taken or made pursuant to these terms will be governed by and construed in accordance with U.S. laws. This can also facilitate both non-U.S. and U.S. Shareholders and ADS holders to comply with applicable legal requirements to which they respectively are subject.

Based on the foregoing considerations, the Company believes that the interests of the Non-U.S. Qualifying Shareholders, U.S. Qualifying Shareholders, and ADS holders will not be prejudiced by the dual offer structure.

Non-U.S. Qualifying Shareholders may only tender in the Non-U.S. Offer. U.S. Qualifying Shareholders and ADS holders (wherever such ADS holders are located) may only tender in the U.S. Offer.

The Company is making the U.S. Offer pursuant to the U.S. Offer to Purchase. Deutsche Bank, as the financial adviser to the Company and for and on behalf of the Company, is making the Non-U.S. Offer pursuant to Rule 3 of the Share Buy-backs Code on the basis of the section headed “Principal Terms of the Non-U.S. Offer” set out in the “Letter From Deutsche Bank” in and the principal terms of the Offers set out in Appendix I to this Offer Document. Appendix I to this Offer Document includes principal terms of the Non-U.S. Offer and U.S. Offer in respect of Class A Ordinary Shares. Appendix V to this Offer Document includes additional information for ADS holders.

The purpose of the Offer Document or the U.S. Offer to Purchase, as applicable, is to provide you with, among other things:

- (i) the expected timetable relating to the Offers,
- (ii) the details of the Non-U.S. Offer as set out in the “Letter From Deutsche Bank” in this Offer Document and the principal terms of the Offers set out in Appendix I to this Offer Document,
- (iii) the details of the U.S. Offer as set out in the U.S. Offer to Purchase, the principal terms of the Offers set out in Appendix I to this Offer Document, and Appendix V to this Offer Document,
- (iv) the recommendation from the Independent Board Committee with respect to the Offers,
- (v) the advice of the Independent Financial Adviser to the Independent Board Committee in connection with the Offers, and
- (vi) the notice of EGM to consider and approve, if thought fit, the Offers.

The Form of Acceptance accompanying both this Offer Document and the U.S. Offer to Purchase is for use by the Qualifying Shareholders who wish to accept the Offers, including both Non-U.S. Qualifying Shareholders and U.S. Qualifying Shareholders.

U.S. Qualifying Shareholders and ADS holders should refer to the U.S. Offer to Purchase for the details of the U.S. Offer. The ADS holders who wish to accept the U.S. Offer should use the ADS Letter of Transmittal accompanying the U.S. Offer to Purchase.

Although Non-U.S. Qualifying Shareholders may not tender into the U.S. Offer, certain information relevant to U.S. Shareholders and ADS holders, but not relevant to Non-U.S. Qualifying Shareholders, has been included in this Offer Document to ensure equality of information, including the information as set forth in Appendix V to this Offer Document. The U.S. Offer to Purchase does not contain any material information that is not included in this Offer Document.

THE OFFER PRICE

The Offer Price of HK\$9.11 values the entire issued and outstanding share capital of the Company as of the Latest Practicable Date (being 294,753,259 Shares) at approximately HK\$2.69 billion.

The Offer Price of HK\$9.11 in cash per Class A Ordinary Share represents:

- (i) a premium of approximately 8.8% over the closing price of HK\$8.37 per Class A Ordinary Share as quoted on the Hong Kong Stock Exchange on September 5, 2024, being the last trading day of the Hong Kong Stock Exchange prior to the Latest Practicable Date,
- (ii) a premium of approximately 7.2% over the closing price of HK\$8.50 per Class A Ordinary Share as quoted on the Hong Kong Stock Exchange on the Last Trading Day,
- (iii) a premium of approximately 10.0% over HK\$8.28, which is the average closing price per Class A Ordinary Share as quoted on the Hong Kong Stock Exchange for the five consecutive trading days up to and including the Last Trading Day,
- (iv) a premium of approximately 9.6% over HK\$8.31, which is the average closing price per Class A Ordinary Share as quoted on the Hong Kong Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day,
- (v) a premium of approximately 14.9% over HK\$7.93, which is the average closing price per Class A Ordinary Share as quoted on the Hong Kong Stock Exchange for the thirty consecutive trading days up to and including the Last Trading Day,

- (vi) a discount of approximately 47.1% to the consolidated net asset value of the Company as of December 31, 2023 of approximately RMB15.61 per Share (equivalent to approximately HK\$17.22 per Share) pursuant to the latest audited consolidated financial statements of the Company, calculated based on the audited consolidated net asset value attributable to the Shareholders of RMB4,599.81 million as of December 31, 2023 and the total Shares in issue and outstanding as of the date of the Announcement,
- (vii) a discount of approximately 43.6% to the consolidated net asset value of the Company as of June 30, 2024 of approximately RMB14.63 per Share (equivalent to approximately HK\$16.14 per Share) pursuant to the unaudited condensed interim consolidated financial information of the Group for the six months ended June 30, 2024, calculated based on the unaudited consolidated net asset value attributable to the Shareholders of RMB4,312.29 million as of June 30, 2024 and the total Shares in issue and outstanding as of the Latest Practicable Date.

The Offer Price of US\$3.50 in cash per ADS represents:

- (i) a premium of approximately 2.0% over the closing price of US\$3.43 per ADS as quoted on the NYSE on September 5, 2024, New York City time (being the NYSE trading day prior to the Latest Practicable Date),
- (ii) a premium of approximately 14.4% over the closing price of US\$3.06 per ADS as quoted on the NYSE on July 18, 2024, New York City time (being the NYSE trading day prior to the Last Trading Day),
- (iii) a premium of approximately 11.5% over US\$3.14, which is the average closing price per ADS as quoted on the NYSE for the five consecutive trading days up to and including the NYSE trading day prior to the Last Trading Day,
- (iv) a premium of approximately 10.8% over US\$3.16, which is the average closing price per ADS as quoted on the NYSE for the ten consecutive trading days up to and including the NYSE trading day prior to the Last Trading Day, and
- (v) a premium of approximately 14.8% over US\$3.05 which is the average closing price per ADS as quoted on the NYSE for the thirty consecutive trading days up to and including the NYSE trading day prior to the Last Trading Day.

The Offer Price per Class A Ordinary Share was determined after taking into account, among other things, the historical prices of the Class A Ordinary Shares traded on the Hong Kong Stock Exchange and the ADSs traded on the NYSE, historical financial information of the Group and the prevailing market and sentiments, and with reference to the share buy-back transactions of companies listed on the Main Board of the Hong Kong Stock Exchange or on the NYSE in recent years. The Offer Price per ADS was determined on the same basis as the

Offer Price per Class A Ordinary Share and was calculated based on the ADS to Class A Ordinary Share ratio (i.e., every one representing three Class A Ordinary Shares) and an exchange rate of US\$1.00 : HK\$7.8073, the exchange rate prevailing on the date of the Announcement set forth in the H.10 statistical release of the Federal Reserve Board.

TERMS, ACCEPTING PROCEDURES, SETTLEMENT, AND WITHDRAWAL RIGHTS OF THE OFFERS

For terms, accepting procedures, settlement, and withdrawal rights of the Offers in respect to Class A Ordinary Shares, please refer to Appendix I to this Offer Document. For terms, accepting procedures, settlement, and withdrawal rights of the Offers in respect to ADSs, please refer to Appendix I and Appendix V to this Offer Document,

Non-U.S. Shareholders may refer to the “Letter From Deutsche Bank” in and Appendix I to this Offer Document. U.S. Shareholders and ADS holders may refer to the U.S. Offer to Purchase and Appendix I and Appendix V to this Offer Document.

CONFIRMATION OF FINANCIAL RESOURCES

The maximum amount of consideration for the Offers, being approximately HK\$427,454,392 if the Offers are accepted in full, will be paid in cash and will be funded fully by internal cash resources of the Group. Deutsche Bank, being the financial adviser to the Company in respect of the Offers, is satisfied that sufficient financial resources are available to the Company to satisfy the consideration for the full acceptance of the Offers as described above. On this basis, sufficient financial resources are available to the Company to satisfy the consideration for the full acceptance of the U.S. Offer as described above.

CONDITION OF THE OFFERS

The Offers are conditional upon the approval by more than 50% of the votes cast by the Independent Shareholders in attendance either in person or by proxy by way of a poll having been obtained at the EGM in respect of the Offers on or before the Long Stop Date.

The Condition cannot be waived. Accordingly, if the Condition is not satisfied on or before the Long Stop Date, the Offers will not proceed.

ODD LOTS OF CLASS A ORDINARY SHARES

The Class A Ordinary Shares are currently traded in board lot of 100 Class A Ordinary Shares each on the Hong Kong Stock Exchange. There is no intention to change the board lot size as a result of the Offers. Accepting Shareholders should note that acceptance of the Offers may result in their holding of odd lots of Class A Ordinary Shares.

Computershare Hong Kong Investor Services Limited, whose address is at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (telephone number: +852 2862-8555, prior appointment required) has been appointed by the Company as the designated agent to, on a best effort basis, match sales and purchases of odd lot holdings of Class A Ordinary Shares in the market for a period of three weeks from the completion of the Offers to enable, among others, the Accepting Shareholders to dispose of their odd lots or to top up their odd lots to whole board lots. Such Accepting Shareholders should note that the matching of odd lots is not guaranteed. Further details of the related arrangements will be announced after the Offers have become unconditional, as and if appropriate.

NOMINEE REGISTRATION OF SHARES

To ensure equality of treatment of all Qualifying Shareholders, those who hold Class A Ordinary Shares as nominees for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of the Class A Ordinary Shares, whose investments are registered in nominee names (including those whose interests in Class A Ordinary Shares are held through CCASS), to accept the Offers, it is essential that they provide instructions to their nominee agents of their intentions with regard to the Offers.

TAX IMPLICATIONS

Shareholders and ADS holders are recommended to consult their own professional advisers if they are in any doubt as to the tax implications of their acceptance of the Offers, in particular regarding their individual tax position and the exemptions or reductions of applicable withholding tax that may be available to them. It is emphasized that none of the Company, its ultimate beneficial owners, and parties acting in concert with any of them, Deutsche Bank, the Independent Financial Adviser, the Registrar, or any of their respective directors or any persons involved in the Offers accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of acceptance of the Offers.

THE IRREVOCABLE UNDERTAKINGS

Each of Innovation Works Shareholders, Qiming Shareholders, and SAIF Shareholder has irrevocably undertaken to the Company that (i) it will, and will procure the holders of Class A Ordinary Shares and/or ADSs whose Class A Ordinary Shares and/or ADSs it is deemed to be interested in by virtue of Part XV of the SFO to, accept the Offers in respect of part of such Class A Ordinary Shares and/or ADSs; (ii) it will, and will procure the holders of Class A Ordinary Shares whose Class A Ordinary Shares it is deemed to be interested in by virtue of Part XV of the SFO to, vote in favor of the resolution in connection with the Offers at the EGM; and (iii) prior to the earlier of the Offers closing or lapsing: (a) it will not, and will procure any party acting in concert with it not to, acquire any Class A Ordinary Share or ADS or other securities of the Company; and (b) it will not, and will procure any party acting in concert with it not to, sell, transfer, assign, charge, encumber, grant any option over, or

otherwise dispose of or permit the sale, transfer, charging, or other disposition or creation or grant of any other encumbrance or option of or over all or any Class A Ordinary Shares and/or ADSs. The Irrevocable Undertakings are binding until the closing, lapse, or withdrawal of the Offers.

Pursuant to the Irrevocable Undertakings,

- (i) Innovation Works Shareholders, Qiming Shareholders, and SAIF Shareholder have irrevocably undertaken to the Company to tender 9,000,000, 5,891,994, and 3,000,000 Class A Ordinary Shares (including in the form of ADSs) for acceptance of the Offers, respectively, representing approximately 3.1%, 2.0%, and 1.0% of the total Shares (on a one share one vote basis) in issue and outstanding as of the Latest Practicable Date; and
- (ii) in respect of the undertaking to vote in favor of the resolution in connection with the Offers at the EGM, Innovation Works Shareholders, Qiming Shareholders, and SAIF Shareholder together hold a total of 34,120,714 Class A Ordinary Shares (including in the form of ADSs), representing approximately 7.6% of the voting rights in the Company as of the Latest Practicable Date.

As of the Latest Practicable Date, Innovation Works Shareholders, Qiming Shareholders, and SAIF Shareholder held 11,889,945, 10,201,891, and 12,028,878 Class A Ordinary Shares (including in the form of ADSs), representing approximately 4.0%, 3.5%, and 4.1% of the total Shares (on a one share one vote basis, and excluding the Class A Ordinary Shares issued to the Depository for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2012 Plan and the 2022 Plan) and approximately 2.6%, 2.3%, and 2.7% of voting rights in the Company, respectively.

Mr. Zhou has indicated to the Company that he will procure MO Holding Ltd through which he holds his interests in the Company to vote in favor of the resolution in connection with the Offers at the EGM.

As of the Latest Practicable Date, the Company was aware, after reasonable inquiry, that (i) none of the Directors who hold Shares or persons acting in concert with any of them will accept the Offers, and (ii) save for Mr. Zhou who is a Director, there were no other Shareholders or ADS holders holding 10% or more of the voting rights of the Company.

As of the Latest Practicable Date, the trustee of the 2022 Plan held 10,109,451 Class A Ordinary Shares, which are held on trust for participants under the 2022 Plan to satisfy the future exercise or vesting of awards granted under the 2022 Plan. Under the trust deed in respect of the 2022 Plan, the trustee will not exercise the voting rights in respect of any Class A Ordinary Shares held under the 2022 Plan. Accordingly, such 10,109,451 Class A Ordinary Shares will not be voted at the EGM. In accordance with the trust deed in respect of the 2022 Plan, the Board has instructed the trustee not to accept the Offers.

As of the Latest Practicable Date, save for the Irrevocable Undertakings, (i) neither the Company nor parties acting in concert with it had received any irrevocable commitment not to accept the Offers; and (ii) neither the Company nor parties acting in concert with it had received any irrevocable commitment to accept the Offers.

IMPLICATIONS UNDER THE LISTING RULES AND THE CODES OF HONG KONG

Implications Under the Listing Rules of Hong Kong

As of the Latest Practicable Date, Mr. Zhou, who is the WVR Beneficiary, beneficially owned an aggregate of 17,393,666 Class B Ordinary Shares and 19,460,912 Class A Ordinary Shares, representing approximately 42.9% of the voting rights in the Company with respect to shareholder resolutions relating to matters other than the Reserved Matters. Mr. Zhou holds his interests in the Company through MO Holding Ltd. More than 99% of the interest of MO Holding Ltd is held by South Ridge Global Limited, which is in turn wholly-owned by a trust that was established by Mr. Zhou (as the settlor) for the benefit of Mr. Zhou and his family. The remaining interest of MO Holding Ltd is held by Zhihu Holdings Inc., which is wholly-owned by Mr. Zhou.

Pursuant to Rule 8A.13 of the Listing Rules, a listed issuer with a WVR Structure must not increase the proportion of shares that carry weighted voting rights above the proportion in issue at the time of listing. Pursuant to Rule 8A.15 of the Listing Rules, if a listed issuer with a WVR Structure reduces the number of its shares in issue (such as through a purchase of its own shares), the beneficiaries of weighted voting rights must reduce their weighted voting rights in the issuer proportionately (such as through conversion of a proportion of their shareholding with those rights into shares without those rights), if the reduction in the number of shares in issue would otherwise result in an increase in the proportion of the listed issuer's shares that carry weighted voting rights. Pursuant to Rule 8A.21 of the Listing Rules, any conversion of shares with weighted voting rights into ordinary shares must occur on a one to one ratio.

Upon completion of the Offers, Mr. Zhou, the WVR Beneficiary, will simultaneously reduce his WVR in the Company by way of converting his Class B Ordinary Shares into Class A Ordinary Shares, such that the proportion of shares carrying WVR of the Company will not be increased.

Implications Under the Codes of Hong Kong

Taking into account (i) the Maximum Number of Class A Ordinary Shares subject to the Offers and (ii) the fact that Mr. Zhou, the WVR Beneficiary, will simultaneously reduce his WVR in the Company by way of converting his Class B Ordinary Shares into Class A Ordinary Shares on a one to one ratio to the effect that the proportion of shares carrying WVR of the Company will not be increased, it is expected that full acceptance of the Offers will not result in change in control of the Company and will not result in acquisition of voting rights by any Shareholder that gives rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. The Company intends to maintain the listing status of the Class A Ordinary Shares on the Hong Kong Stock Exchange and the ADSs on the NYSE.

Pursuant to Rule 3.1 of the Share Buy-backs Code, a share buy-back by general offer must be approved by a majority of the votes cast by shareholders who do not have a material interest in such offer that is different from the interests of all other shareholders, in attendance in person or by proxy at a general meeting of the shareholders duly convened and held to consider such offer. The Offers are conditional upon the approval by more than 50% of the votes cast by the Independent Shareholders in attendance either in person or by proxy by way of a poll having been obtained at the EGM in respect of the Offers on or before the Long Stop Date.

If the Offers are not approved by the Independent Shareholders, the Offers will not proceed and will lapse immediately.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets forth the shareholding structure of the Company as of the Latest Practicable Date and immediately after the completion of the Offers, assuming that (i) valid acceptances are received for the Maximum Number of Class A Ordinary Shares (including in the form of ADSs) and the Maximum Number of Class A Ordinary Shares are bought back under the Offers; (ii) Mr. Zhou will simultaneously reduce his WVR in the Company by way of converting his Class B Ordinary Shares into Class A Ordinary Shares on a one to one ratio pursuant to the Listing Rules to the effect that the proportion of shares carrying WVR of the Company will not be increased; (iii) no outstanding options or restricted share units granted pursuant to the 2012 Plan or the 2022 Plan will be exercised or vested from the Latest Practicable Date up to and including the date of completion of the Offers; and (iv) none of the Controlling Shareholders, Director who holds Shares, or parties acting in concert with the Company will accept the Offers.

	As of the Latest Practicable Date			Upon completion of the Offers		
	Number of Shares	Approximate % of interest in the total issued and outstanding Shares (on a one share one vote basis)	Approximate % of voting rights	Number of Shares	Approximate % of interest in the total issued and outstanding Shares (on a one share one vote basis)	Approximate % of voting rights
Controlling Shareholders						
- MO Holding Ltd ⁽¹⁾	19,460,912 Class A Ordinary Shares	6.6%	4.3%	22,227,776 Class A Ordinary Shares	9.0%	5.9%
	17,393,666 Class B Ordinary Shares	5.9%	38.5%	14,626,802 Class B Ordinary Shares	5.9%	38.5%
Sub-total	36,854,578 Shares	12.5%	42.9%	36,854,578 Shares	14.9%	44.4%
Director who holds Shares						
- Mr. Dahai Li ⁽²⁾	2,878,690 Class A Ordinary Shares	1.0%	0.6%	2,878,690 Class A Ordinary Shares	1.2%	0.8%
- Mr. Hanhui Sam Sun ⁽³⁾	7,500 Class A Ordinary Shares	0.0%	0.0%	7,500 Class A Ordinary Shares	0.0%	0.0%
- Ms. Hope Ni ⁽³⁾	7,500 Class A Ordinary Shares	0.0%	0.0%	7,500 Class A Ordinary Shares	0.0%	0.0%
- Mr. Derek Chen ⁽³⁾	5,000 Class A Ordinary Shares	0.0%	0.0%	5,000 Class A Ordinary Shares	0.0%	0.0%
Parties acting in concert with the Company						
- Deutsche Bank Concert Group ⁽⁴⁾	-	-	-	-	-	-
Other Shareholders						
Trustee of the 2022 Plan ⁽⁵⁾	10,109,451 Class A Ordinary Shares	3.4%	2.2%	10,109,451 Class A Ordinary Shares	4.1%	2.7%
Innovation Works Shareholders ⁽⁶⁾	11,889,945 Class A Ordinary Shares	4.0%	2.6%	2,889,945 Class A Ordinary Shares	1.2%	0.8%
Qiming Shareholders ⁽⁶⁾	10,201,891 Class A Ordinary Shares	3.5%	2.3%	4,309,897 Class A Ordinary Shares	1.7%	1.1%
SAIF Shareholder ⁽⁶⁾	12,028,878 Class A Ordinary Shares	4.1%	2.7%	9,028,878 Class A Ordinary Shares	3.6%	2.4%
Other shareholders	210,769,826 Class A Ordinary Shares	71.5%	46.7%	181,740,372 Class A Ordinary Shares	73.3%	47.9%
Total	294,753,259 Shares	100.0%	100.0%	247,831,811 Shares	100.0%	100.0%

Notes:

- (1) MO Holding Ltd is a company incorporated in the British Virgin Islands. As of the Latest Practicable Date, more than 99% of the interest of MO Holding Ltd is held by South Ridge Global Limited, which is in turn wholly-owned by a trust that was established by Mr. Zhou (as the settlor) for the benefit of Mr. Zhou and his family. The remaining interest of MO Holding Ltd is held by Zhihu Holdings Inc., which is wholly-owned by Mr. Zhou. Upon completion of the Offers, Mr. Zhou, the WVR Beneficiary, will simultaneously reduce his WVR in the Company by way of converting the Class B Ordinary Shares held by MO Holding Ltd into Class A Ordinary Shares on a one to one ratio pursuant to the Listing Rules, such that the proportion of shares carrying WVR of the Company will not be increased.
- (2) Including (i) 1,673,042 Class A Ordinary Shares held by Ocean Alpha Investment Limited, (ii) 1,106,198 Class A Ordinary Shares held by SEA & SANDRA Global Limited, and (iii) 99,450 Class A Ordinary Shares representing the ADSs held by Mr. Dahai Li. The entire interest in Ocean Alpha Investment Limited is held by a trust that was established by Mr. Dahai Li for the benefit of him and his family. SEA & SANDRA Global Limited is wholly-owned by Mr. Dahai Li. Mr. Dahai Li is therefore deemed to be interested in the Shares held by Ocean Alpha Investment Limited and SEA & SANDRA Global Limited.
- (3) The relevant Directors are entitled to receive 10,000 restricted shares (the underlying Shares of which are Class A Ordinary Shares) pursuant to their respective director agreements with the Company. As of the Latest Practicable Date, 75%, 75%, and 50% of the relevant restricted shares have become vested to Mr. Hanhui Sam Sun, Ms. Hope Ni, and Mr. Derek Chen, respectively.
- (4) Deutsche Bank has been appointed as the financial adviser to the Company in respect of the Offers. Accordingly, members of the Deutsche Bank Concert Group are presumed to be acting in concert with the Company in accordance with class 5 of the definition of “acting in concert” under the Takeovers Code.

As of the Latest Practicable Date, members of the Deutsche Bank group do not legally or beneficially own, control, or have direction over any Class A Ordinary Shares or ADSs (except in respect of Class A Ordinary Shares or ADSs held by exempt principal traders or exempt fund managers or Class A Ordinary Shares or ADSs held on behalf of non-discretionary investment clients of other parts of the Deutsche Bank group).

Notwithstanding that connected exempt principal traders within the Deutsche Bank group are not acting in concert with the Company:

- (i) Class A Ordinary Shares or ADSs held by any such connected exempt principal traders will not be voted at the EGM in accordance with the requirement of Rule 35.4 of the Takeovers Code, and the Class A Ordinary Shares or ADSs held by any member of the Deutsche Bank group in the capacity of an exempt principal trader for and on behalf of non-discretionary investment clients will not be voted at the EGM unless otherwise confirmed with the Executive.
- (ii) Class A Ordinary Shares or ADSs held by such exempt principal traders may, subject to consent of the Executive, be allowed to be voted at the EGM if: (a) the relevant connected exempt principal trader holds the relevant Class A Ordinary Shares or ADSs as a simple custodian for and on behalf of non-discretionary clients; (b) there are contractual arrangements in place between the relevant connected exempt principal trader and its client that strictly prohibit such member of the Deutsche Bank group from exercising any discretion over the relevant Class A Ordinary Shares or ADSs; (c) all instructions should originate from such non-discretionary client only (if no instructions are given, then no action should be taken on the relevant Class A Ordinary Shares or ADSs held by the relevant connected exempt principal trader); and (d) such non-discretionary client is not a party acting in concert with the Company and is an Independent Shareholder.
- (5) This represents the Class A Ordinary Shares, which were purchased at the cost of the Company, held by the trustee of the 2022 Plan on trust for participants under the 2022 Plan to satisfy the future exercise or vesting of awards granted under the 2022 Plan.
- (6) Pursuant to the Irrevocable Undertakings, Innovation Works Shareholders, Qiming Shareholders, and SAIF Shareholder have irrevocably undertaken to the Company to tender 9,000,000, 5,891,994, and 3,000,000 Class A Ordinary Shares (including in the form of ADSs) for acceptance of the Offers, respectively.
- (7) The calculation is based on a total number of 277,359,593 Class A Ordinary Shares and 17,393,666 Class B Ordinary Shares issued and outstanding as of the Latest Practicable Date (excluding the Class A Ordinary Shares issued to the Depository for bulk issuance of ADSs reserved for future issuances upon the exercise or vesting of awards granted under the 2012 Plan and the 2022 Plan). In addition, percentage may not add up to 100% due to rounding.

DEALINGS IN SHARES

The Company repurchased 3,482,784 ADSs, representing a total of 1,741,392 Class A Ordinary Shares of the Company based on the then effective ADS to Class A Ordinary Share ratio of two ADSs representing one Class A Ordinary Share prior to May 10, 2024, in the Relevant Period in accordance with the general mandate to repurchase Shares and/or ADSs that has been granted by the Shareholders to the Board at the annual general meeting of the Company held on June 30, 2023. The Company will not conduct any on-market share buy-back from the Latest Practicable Date up to and including the date on which the Offers close, lapse, or are withdrawn, as the case may be.

Period of Repurchase	Number and Method of Repurchased Shares	Price Paid per Share		Average Price Paid per Share
		Highest	Lowest	
January 19 to January 31, 2024	1,615,066 on the NYSE	US\$1.73	US\$1.56	US\$1.66
February 1 to February 29, 2024	—	—	—	—
March 1 to March 31, 2024	126,326 on the NYSE	US\$1.38	US\$1.35	US\$1.37
April 1 to April 30, 2024	—	—	—	—
May 1 to May 31, 2024	—	—	—	—
June 1 to June 30, 2024	—	—	—	—
July 1 to July 31, 2024	—	—	—	—
August 1 to August 31, 2024	—	—	—	—
September 1 to September 6, 2024	—	—	—	—

OTHER ARRANGEMENTS

As of the Latest Practicable Date:

- (i) save for the Irrevocable Undertakings, there is no arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity, or otherwise) in relation to the Shares and other relevant securities of the Company that might be material to the Offer;
- (ii) there is no agreement or arrangement, to which the Company or any party acting in concert with it is a party, that relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offers (save as those set out in the section headed “Condition of the Offers” above);

- (iii) neither the Company nor any party acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (iv) save for the Irrevocable Undertakings, there is no understanding, arrangement, agreement, or special deal between any Shareholder, on the one hand, and any of the Company and any party acting in concert with it, on the other hand; and
- (v) apart from the Offer Price, there is no other consideration, compensation, or benefit in whatever form paid or to be paid by the Company or any party acting in concert with it to any Shareholder or any party acting in concert with any of them in connection with the Offers.

INFORMATION ON THE COMPANY AND THE GROUP

The Company is an exempted company incorporated in Cayman Islands with limited liability, which is controlled through weighted voting rights. The Company's ADSs have been listed on the NYSE under the ticker symbol "ZH" since March 26, 2021. The Company's Class A Ordinary Shares have been listed on the Main Board of the Hong Kong Stock Exchange since April 22, 2022. The Group is a leading online content community in China where people come to find solutions, make decisions, seek inspiration, and have fun. Since the initial launch in 2010, the Group has grown from a Q&A community into one of the top comprehensive online content communities and the largest Q&A-inspired online content community in China.

The following tables set forth (i) a summary of the audited consolidated financial results of the Group for the years ended December 31, 2022 and 2023 as extracted from the annual report of the Company for the year ended December 31, 2023, and (ii) a summary of the unaudited condensed interim consolidated financial information of the Group for the six months ended June 30, 2023 and 2024 as extracted from the interim results announcement of the Company for the six months ended June 30, 2024.

	For the Year Ended December 31,	
	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
	(Audited)	(Audited)
Revenue	4,198,889	3,604,919
Loss before income tax	(827,696)	(1,564,220)
Net loss	(839,528)	(1,578,403)
Net loss attributable to the Company's shareholders	(843,641)	(1,581,157)

	For the Six Months Ended June 30,	
	2024	2023
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
Revenue	1,894,673	2,038,429
Loss before income tax	(252,170)	(450,879)
Net loss	(246,391)	(458,038)
Net loss attributable to the Company's shareholders	(247,585)	(461,196)

The audited consolidated net asset value attributable to the Shareholders as of December 31, 2023 was RMB4,599.81 million. The unaudited consolidated net asset value attributable to the Shareholders as of June 30, 2024 was RMB4,312.29 million.

FINANCIAL EFFECTS OF THE OFFERS

The unaudited pro forma financial information of the Group upon completion of the Offers, illustrating the financial impact of the Offers on the net assets per Share attributable to Shareholders, net loss per Share attributable to Shareholders, liabilities and working capital (expressed as net current assets) of the Group, is set out in Appendix III to this Offer Document.

Net loss per Share attributable to Shareholders

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming that full acceptance of the Offers was completed on January 1, 2024 and the Maximum Number had been bought-back, the net loss per Share attributable to Shareholders for the six months ended June 30, 2024 would, as a result, have increased by approximately 20.5% from approximately RMB0.88 per Share to approximately RMB1.06 per Share.

Net assets per Share attributable to Shareholders

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming that full acceptance of the Offers was completed on June 30, 2024 and the Maximum Number had been bought-back, the net assets per Share as at June 30, 2024 would, as a result, have increased by approximately 9.2% from approximately RMB15.54 per Share to approximately RMB16.97 per Share.

Liabilities

The Offers will be paid in cash and fully funded by internal resources of the Group. The total liabilities as at June 30, 2024 would remain unchanged at approximately RMB1,708.0 million following the completion of the Offers.

Working capital

Based on the unaudited pro forma financial information of the Group set out in Appendix III to this Offer Document and assuming that full acceptance of the Offers was completed on June 30, 2024 and the Maximum Number had been bought-back, the working capital (expressed as net current assets) of the Group as at June 30, 2024 would be changed from net current assets of approximately RMB4,157.3 million to net current assets of approximately RMB3,757.5 million.

The Directors confirm that the Group will have sufficient working capital to meet its normal operating requirements after completion of the Offers assuming full acceptance of the Offers.

Based on the above and having considered the manner of funding of the consideration for the Offers, the Company considers that completion of the Offers will have no material adverse effect on the Group's net loss per Share attributable to Shareholders, net assets per Share attributable to Shareholders, total liabilities or working capital.

REASONS FOR AND BENEFITS OF THE OFFERS

The Company believes that the Offers are in the best interest of the Company and its Shareholders and ADS holders as a whole for the following reasons:

- (i) **The Offers will provide the Shareholders and ADS holders with an opportunity to realize part of their investments:** The Offer Price for Class A Ordinary Share represents a premium of approximately 9.6% over HK\$8.31, which is the average closing price per Class A Ordinary Share as quoted on the Hong Kong Stock Exchange for the ten consecutive trading days up to and including the Last Trading Day, and a premium of approximately 14.9% over HK\$7.93, which is the average closing price per Share as quoted on the Hong Kong Stock Exchange for the thirty consecutive trading days up to and including the Last Trading Day. The Offer Price for ADS represents a premium of approximately 10.8% over US\$3.16, which is the average closing price per ADS as quoted on the NYSE for the ten consecutive trading days up to and including the NYSE trading day prior to the Last Trading Day, and a premium of approximately 14.8% over US\$3.05, which is the average closing price per ADS as quoted on the NYSE for the thirty consecutive trading days up to and including the NYSE trading day prior to the Last Trading Day.

The Offers will provide an opportunity for the Shareholders and ADS holders either to tender Class A Ordinary Shares (including in the form of ADSs) to realize part of their investments in the Company at a premium to recent market prices, or to increase their proportionate equity interests in the Company by retaining their shareholdings and participating in the future prospects of the Group. Therefore, the Offers provide the Shareholders and ADS holders a mechanism that allows them to decide their preferred investment level in the Company and allows those who wish to stay to benefit from enhanced Shareholder value.

- (ii) **The Offers will improve the trading dynamics and refresh the Company's shareholders' structure:** Considering the thin liquidity of the Class A Ordinary Shares traded on the Hong Kong Stock Exchange and in the form of ADSs traded on the NYSE, the Company believes that the Offers, if completed, will improve the trading dynamics and refresh the Company's shareholders' structure.
- (iii) **Making the Offers is the best use of the Company's financial resources:** The Company had audited consolidated net assets attributable to the Shareholders of RMB4,599.81 million (HK\$5,075.82 million) as of December 31, 2023 and an aggregate of cash and cash equivalents, term deposits and short-term investments was RMB5,462.93 million (HK\$6,028.26 million) as of December 31, 2023. Additionally, the Company had unaudited consolidated net assets attributable to the Shareholders of RMB4,312.29 million (HK\$4,758.55 million) as of June 30, 2024 and an aggregate of cash and cash equivalents, term deposits and short-term investments of RMB5,009.71 million (HK\$5,528.14 million) as of June 30, 2024. After evaluating its cash position, the Company believes that making the Offers is the best use of the Company's cash and is in the best interest of the Company and its Shareholders as a whole.

FURTHER INTENTION IN RELATION TO THE GROUP

The Company intends to maintain the listing status of the Class A Ordinary Shares on the Hong Kong Stock Exchange and the ADSs on the NYSE. Assuming that the Offers are accepted in full, the Company expects to meet the minimum public float requirement as prescribed by the Hong Kong Stock Exchange and the NYSE upon completion of the Offers. It is the intention of the Company to continue with the existing businesses of the Group upon completion of the Offers. As of the Latest Practicable Date, the Company does not intend to introduce any major changes by reason only of the Offers to the existing operations, business, and management structure of the Group (including, without limitation, those set out under the section headed “Information on the Company and the Group” above), and the employment of the employees of the Group will be continued and the fixed assets of the Group will not be redeployed. Additionally, the Company has no intention to rely on sections 705, 711 to 716, and 718 to 721 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) or any comparable provisions of the Companies Act (As Revised) in the Cayman Islands in relation to the right of compulsory acquisition of Shares held by minority Shareholders after the Offers.

DIVIDEND

The Board did not recommend the payment of dividends for (i) the six months ended June 30, 2023, (ii) the year ended December 31, 2023, and (iii) the six months ended June 30, 2024. As of the Latest Practicable Date, the Company has no outstanding dividend that remains unpaid. As of the Latest Practicable Date, the Company has no intention to declare any dividends or make any other distributions during the Offer Period.

EXTRAORDINARY GENERAL MEETING

The EGM will be convened at Room Landing, Floor 1, Zone B, China Industry-Academy-Research Achievement Transformation Center, 18A Xueqing Road, Haidian District, Beijing 100083, People’s Republic of China at 10:00 a.m., Beijing time, on Wednesday, October 16, 2024 for the Independent Shareholders to consider and, if thought fit, approve the resolution in respect of the Offers.

A notice convening the EGM is included in this Offer Document and a form of proxy for use at the EGM is also enclosed.

Pursuant to the Irrevocable Undertakings, each of Innovation Works Shareholders, Qiming Shareholders, and SAIF Shareholder has irrevocably undertaken to the Company that, among other things, it will, and will procure the holders of Shares whose Shares it is deemed to be interested in by virtue of Part XV of the SFO to, vote in favor of the resolution in connection with the Offers at the EGM. Innovation Works Shareholders, Qiming Shareholders, and SAIF Shareholder together hold a total of 34,120,714 Class A Ordinary Shares (including in the form of ADSs), representing approximately 7.6% of the voting rights in the Company as of the Latest Practicable Date.

Mr. Zhou has indicated to the Company that he will procure MO Holding Ltd through which he holds his interests in the Company to vote in favor of the resolution in connection with the Offers at the EGM. As of the Latest Practicable Date, Mr. Zhou, who is the WVR Beneficiary, beneficially owned an aggregate 17,393,666 Class B Ordinary Shares and 19,460,912 Class A Ordinary Shares, representing approximately 42.9% of the voting rights in the Company with respect to shareholder resolutions relating to matters other than the Reserved Matters.

Pursuant to the trust deed in respect of the 2022 Plan, the trustee of the 2022 Plan will not exercise the voting rights attached to the Class A Ordinary Shares held by it. As of the Latest Practicable Date, the trustee of the 2022 Plan held 10,109,451 Class A Ordinary Shares (representing approximately 2.2% of the voting rights in the Company), which will not be voted on at the EGM.

Pursuant to Rule 2.9 of the Takeovers Code, any matter required by the Codes to be approved by shareholders in general meeting must be conducted by way of a poll. Under Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll (except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands). Accordingly, the resolution to be proposed at the EGM as set out in the notice of EGM will be voted by poll.

Share EGM Record Date and ADS EGM Record Date

The Board has fixed the close of business on September 23, 2024, Hong Kong time, as the Share EGM Record Date. Holders of the Shares as of the Share EGM Record Date are entitled to attend and vote at the EGM and any adjourned meeting thereof.

Holders of record of ADSs as of the close of business on September 23, 2024, New York City time, or the ADS EGM Record Date, who wish to exercise their voting rights for the underlying Class A Ordinary Shares must give voting instructions to the Depository.

Forms of Proxy and ADS Voting Cards

Whether or not you propose to attend and vote at the EGM, please complete, sign, date, and return the accompanying form of proxy to the Company's share registrar in Hong Kong, the Registrar (for holders of Class A and Class B Ordinary Shares) or your voting instructions to the Depository (for ADS holders) as promptly as possible and before the prescribed deadline if you wish to exercise your voting rights. The Registrar must receive the form of proxy by no later than 10:00 a.m., Hong Kong time, on Monday, October 14, 2024, and the Depository must receive your voting instructions by the time and date specified in the ADS voting instruction card to enable the votes attaching to the Class A Ordinary Shares represented by the ADSs to be cast at the EGM. Such form of proxy for use at the EGM is also published on the respective websites of the Hong Kong Stock Exchange (<https://www.hkexnews.hk>) and the Company (<https://ir.zhihu.com/>). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or at any adjournment or postponement thereof (as the case may be) in person should you so wish.

Independent Board Committee and Independent Financial Adviser

Mr. Dahai Li, Mr. Zhaohui Li, and Mr. Bing Yu (each being a non-executive Director), and Mr. Hanhui Sam Sun, Ms. Hope Ni, and Mr. Derek Chen (each being an independent non-executive Director), comprising all the non-executive Directors who have no interest in the Offers other than as a Shareholder (only Mr. Dahai Li, Mr. Hanhui Sam Sun, Ms. Hope Ni, and Mr. Derek Chen are Shareholders), have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Offers.

Altus Capital Limited, a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance), and Type 9 (asset management) regulated activities under the SFO, has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Offers as to the fairness and reasonableness of the Offers, as to voting by the Independent Shareholders, and as to whether the Offers should be accepted. Such appointment has been approved by the Independent Board Committee pursuant to Rule 2.1 of the Takeovers Code.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee included in this Offer Document and to the letter from the Independent Financial Adviser included in this Offer Document. The latter contains, among other things, the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Offers and the principal factors and reasons considered by it in arriving at such advice. Taking into account the letter from the Independent Board Committee and all other factors as stated under the section headed “Reasons for and Benefits of the Offers” above as a whole, the Board is of the opinion that the terms of the Offers are fair and reasonable so far as the Independent Shareholders are concerned.

FURTHER INFORMATION

Your attention is also drawn to the principal terms of the Offers as set out in Appendix I to this Offer Document, the financial information of the Group as set out in Appendix II to this Offer Document, the unaudited pro forma financial information of the Group as set out in Appendix III to this Offer Document, and the general information as set out in Appendix IV to this Offer Document.

Shareholders, ADS holders, and potential investors should note that the Offers are subject to the Condition being fulfilled and, therefore, may or may not become unconditional. Shareholders, ADS holders, and potential investors are advised to exercise caution when dealing in the securities of the Company and should consult their professional advisers when in doubt. The Company will publish an announcement on or about October 16, 2024 to inform the Shareholders and ADS holders as to whether or not the Offers have become unconditional.

Yours faithfully
By Order of the Board
Zhihu Inc.

Handwritten signature in black ink, consisting of stylized Chinese characters '周源' (Zhou Yuan).

Yuan Zhou
Chairman