

Dated: October 4, 2017

Dear Istuarians, investors, and friends,

First, please allow me to extend our most sincere apologies to our employees and investors, I know the past few months have been difficult and heart breaking (to say the least) for many of you. Please be assured that the executive team and myself has been working around the clock to resolve our current difficulties and bring our organization to the next level of success.

We have been made aware of many malicious attacks on our organization, myself and my family, I can tell you that there is no truth to these attacks, rest assured these attacks will not go unanswered, and we will be vigorously defending our company and our reputation.

I want to make a few things crystal clear:

1. We are NOT a Ponzi scheme; we are a legitimate technology company that has accomplished tremendous amount of success in an extremely short period of time; any intelligent person can reach this conclusion on their own by simply looking at the projects and works we've done in the past few years;
2. I DID NOT misappropriate any investor money for my own and/or my family's use; we will vigorously defend allegation of this nature in court and will pursuit any malicious actions to the fullest extent of the law;
3. Istuary is NOT bankrupt; we are continue to operate despite current difficulties, and we have full confidence we will be successful.

I will candidly admit that we have had many issues and difficulties in dealing with the fast pace of growth in the past few years, and we were not able to deal with every issue satisfactorily (indeed on many occasions to the contrary). For that, I am

sorry. I want to assure all of you that we are learning from our mistakes, and we will emerge a better and stronger organization in the end, please bear with us.

Today I am communicating to you from Beijing where negotiations are on-going, and we continue to promote Istuary to investors. I am confident in telling you that we are close to securing funds, but confidentiality issues do not allow me to say anything more. I am well aware that we have missed targets in the past so all I can tell you is that we are working hard and we are close.

For our employees, I know that this disruption to our business is causing stress in your homes. I know you have medical bills, mortgages, and other obligations that are not deferrable. I appreciate that because of these financial obligations, the only question which is of any importance to you and your family is "WHEN the money can come". I completely understand. Please believe me when I say we are doing our best, indeed we are. For those of you who know me, you know I work almost 20 hours a day, 7 days a week. I do not buy luxury goods, I do not spend money lavishly, when I travel (which is all the time), I do not stay at luxury hotels. I'm a technology entrepreneur, and that's what I will always be. Many things have been written in the media about Istuary and about me, despite my many shortcomings (and I do realize there are many), I can categorically state without hesitation that those allegations are false and without merit.

Istuary's financial records have been (since DAY ONE) audited by professional accounting firms and all transactions have had advise from reputable legal counsels. Every dollar that has been raised has been spent on R&D, employee salaries and overhead expenses in accordance with the relevant investment agreement.

I wish to stress the following points because I think it is important for all of you to know how important these are to Istuary and myself:

1. Istuary recognizes its obligation to employees and regards the payment of missed salary and bonus as its highest priority; and
2. We are working on individual employee pay statements and payment schedules, we want to send these out to our employees within two-weeks.

As part of the initiatives to improve leadership and time-to-response on the ground, I have appointed Vincent Zhu to lead a turn-around task force with a mandate to preserve and improve the core values of our company, and try to address concerns from all stakeholders (employees, investors, and vendors alike). Vincent has the support of our Board.

Again, I thank all of you for your patience. I know many of you have lost confidence, but please bear with us, we are close to our intended resolution and I ask that you please work with us to get across the finish line. Istuary will come out strong and better, that I am certain.

Regards,

Ethan Sun

A handwritten signature in black ink, appearing to read 'ES', with a long horizontal flourish extending to the right.

President

Istuary Innovation Group