REGULATIONS IN RELATION TO FOREIGN INVESTMENT

The establishment, operation and management of companies in PRC are governed by the PRC Company Law which was promulgated by the Standing Committee of the National People's Congress (全國人民代表大會常務委員會 (the "**SCNPC**") on 29 December 1993, came into effect on 1 July 1994 and was last revised on 26 October 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.

Pursuant to the Foreign Investment Law of the People's Republic of China (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") promulgated by the NPC on March 15, 2019 and came into effect on January 1, 2020, the "Foreign Investment" refers to the investment activity directly or indirectly conducted by the foreign natural person, enterprise or other organization (hereinafter referred to as the "foreign investors"), including the following circumstances: (i) A foreign investor establishes a foreign-invested enterprise within the territory of China, independently or jointly with any other investor; (ii) a foreign investor acquires shares, equities, property shares or any other similar rights and interests of an enterprise within the territory of China; (iii) a foreign investor makes investment to initiate a new project within the territory of China, independently or jointly with any other investor; and (iv) a foreign investor makes investment in any other way stipulated by laws, administrative regulations or provisions of the State Council. The state applies the administrative system of pre-establishment national treatment plus negative list to foreign investment. Foreign Investors shall not invest in any field prohibited by the Negative List and shall meet the investment conditions stipulated for any field restricted by the Negative List, while for foreign investments outside the Negative List, national treatment will be given. The business forms, structures, and rules of activities of foreign-funded enterprises shall be governed by PRC Company Law, the Partnership Law of the People's Republic of China (《中華人民共和國合夥企業法》) and other laws. In conducting production and distribution activities, foreign-funded enterprises shall comply with the provisions of laws and administrative regulations pertaining to labour protection and social insurance, conduct taxation, accounting, foreign exchange, and other affairs according to laws, administrative regulations, and the relevant provisions issued by the state, and accept the supervisory inspection legally conducted by the appropriate departments.

Pursuant to the Special Administrative Measures for Access of Foreign Investment (Negative List) (2020 Edition) (《外商投資准入特別管理措施(負面清單)(2020年版)》), which was promulgated by the NDRC and the MOFCOM jointly on 23 June 2020 and became effective on 23 July 2020 (the "**Negative List**"), foreign investors shall not invest in any of the prohibited fields specified in the Negative List, and they must obtain permit for investment in other fields set out in the Negative List that are not prohibited. The establishment of foreign-invested partnerships is prohibited if they intend to invest in the fields subject to limitation of foreign investment proportion.

REGULATIONS IN RELATION TO PRODUCTION AND DISTRIBUTION OF TELEVISION PROGRAMMES

According to the Regulations on Radio and Television Administration (Revised in 2017) (《廣播電視管理條例》(2017年修訂)) promulgated by the State Council on 11 August 1997 and was last revised on 1 March 2017, radio and television programmes shall be made by radio stations, TV stations, radio and television programmes production and distribution institutions whose establishment has been approved

by the departments of radio and television administration at or above the provincial level governments. Radio station or TV station shall not broadcast programmes produced by institutions without the licences for radio and television programme production and distribution.

Pursuant to the Administrative Provisions on the Production and Distribution of Radio and Television Programmes (《廣播電視節目製作經營管理規定》), which was promulgated by SARFT on 19 July 2004 and came into effect on 20 August 2004, and was last revised on 31 October 2018, the NRTA is responsible for formulating the development plan, layout and structure of the national radio and television program production industry, managing, guiding and supervising the production and operation activities of national radio and television programs. The administrative departments for radio and television under the local governments at or above the county level shall be responsible for managing the production and operation activities of radio and television programs within their respective administrative regions. Establishment of a radio and television programs production institution or entities that produce and operate radio and television programs must first obtain a Radio and Television Program Production and Operation Permit (the "**Permit**") (《廣播電視節目製作經營許可證》), which is subject to the licensing system applied by the PRC Government. Central organizations in Beijing and the agencies directly subordinate thereto shall directly file the application with the NRTA while the other organization shall file an application to the relevant administrative department of radio and television at the domicile of the organization. The application shall be verified and approved level by level and finally be submitted to the provincial radio and TV administrative department for examination and approval. The approving authority will decide whether to grant the approval or not within 20 working days of its receipt of the complete set of documents. In the case of approval which is accorded with the Administrative Provisions on the Production and Operation of Radio and Television Programs, the NRTA will issue the Permit; in the case of disapproval, it will state the reasons. The decision of granting the approval or not shall be record-filed with the NRTA by provincial radio and TV administrative department within a week after the decisions are made. The Permit uniformly printed by the NRTA has an effective term of two years. The TV series producers must obtain either a TV Series Production Licence (Class A) (《電視劇製作許可證(甲種)》) or a TV Series Production Licence (Class B) (《電視劇製作許可證(乙種)》) before the shooting and production of TV series. TV Series Production Licence (Class B), issued by the administrative department of radio and television at or above province level, only applies to the television play it indicates with the validity of 180 days and may be extended appropriately when approved by the licence issuing authority under exceptional circumstance. Applicants that have produced six or more single-episode TV shows or three or more TV series (three episodes or more per series) for two consecutive years may apply to the NRTA for TV Series Production Licence (Class A), which has an effective term of two years and may apply to all TV series produced by the holder during the effective term. Radio and television broadcasting institutions shall not broadcast television series produced by institutions without the Permit or the relevant distribution license. For violations against the aforesaid provisions, the penalty provisions of the Administrative Regulations on Radio and Television (《廣播電視管理條例》) shall be applied mutatis mutandis.

Record-filing and Announcing System

Pursuant to the Administrative Provisions for Contents of TV Series (《電視劇內容管理規定》) which was promulgated by SARFT on 14 May 2010 and came into effect on 1 July 2010, and was last revised on 31 October 2018, the record-filing and announcing system, and the content examination and distribution licensing system shall be implemented for the domestically produced TV series. NRTA is responsible for announcing the TV series produced in the PRC. The radio and television administrative department of provincial government is responsible for accepting the record-filing of the TV series

produced by the production entities within its administrative region, and upon its examination, report them to NRTA. When applying for record-filing of the TV series, the production institutions shall submit, among other materials, a brief introduction which truthfully and accurately describes the theme, main characters, background, stories and other contents of the TV series. If the TV series involves any significant theme or any sensitive content involving politics, military affairs, diplomacy, national security, united front, ethnic issues, religion, judicial issues, public security, etc., the written opinions issued by the relevant competent department of the government at or above the level of province shall be provided. The NRTA shall examine the application materials and announce them on its website. The announced contents shall include the name of the TV series, the production entity, the number of episodes, the abstract, etc.

Administrative Measures for the Filing and Announcement of the Production of TV Series (《電視劇拍攝製作備案公示管理辦法》), which was promulgated by SAPPRFT on 22 September 2013 and came into effect on 1 December 2013, detailed the measures regarding the record-filing and announcing system of the TV series. TV series shall be produced in accordance with the announced content. If it is necessary to make a substantial adjustment to the theme, main characters and main plot, the producing institution shall go through record-filing and announcing procedure again. The production of TV series shall be completed within two years since the date of announcement.

Content Examination and Distribution Licensing System

Pursuant to the Administrative Provisions for Contents of TV Series, upon completion of the production of TV series, the production institutions shall file an application for content examination and apply for the Licence for Distribution of TV Series. The TV series without the Licence for Distribution of TV Series shall not be distributed, broadcast or appraised for awards. The institutions shall apply for the content examination to the radio and television administrative department of provincial government and submit, among other materials, a valid certification of the qualification of the production institution, the printed text of the announcement of the TV series, an abstract for each episode, a complete set of the sample TV series, and written opinions of the competent department and the parties concerned on special themes. The said administrative department shall make a decision of approval or disapproval within fifty days. After making a decision of approval, it shall issue the Licence for Distribution of TV Series. TV series which has obtained a distribution licence shall be distributed and broadcast based on the contents which passed the examination. If the name, principal characters and stories, length of the episodes or any other aspect of the TV series is modified, the original production institution shall reapply for examination. On 15 April 2014, the SAPPRFT announced on its 2014 national TV series broadcasting work conference that it shall modify the TV series broadcasting pattern during prime time on satellite television channels. Starting from 1 January 2015, one TV series can only be broadcast on maximum two satellite channels at the same time, and shall not be broadcast for more than two episodes on such satellite television channels every night during the prime time.

On 22 September 2017, the China Alliance of Radio, Film and Television, the China Netcasting Services Association and the China Television Drama Production Industry Association jointly issued the Opinions on the Allocation of Production Costs of TV Series and Web Series (《關於電視劇網絡劇製作成本配置比例的意見》) (the "**Opinion**"). Pursuant to the Opinion, the TV series production institutions shall limit the payment for the artists to a reasonable allocation of overall production costs. The total payment for all artists shall not exceed 40% of the total production costs of a TV series, and the payment for principal artists shall not exceed 70% of the total payment of all artists. If the total payment for all artists exceeds 40% of the total production costs, the production institution shall file an explanation with the relevant associations.

On 31 October, 2018, the NRTA issued the Notice for Further Strengthening the Administration on Radio or Television Programmes and Online Audio-visual Entertainment Programmes (《關於進一步加強廣播電視和網絡視聽文藝節目管理的通知》). For the purpose of ensuring the sound and orderly development of radio, television and network audiovisual entertainment programmes, the NRTA requires that, among other things, the total payment for all artists of a television series or web series (including online movies) shall not exceed 40% of the total production costs, and the payment for principal artists shall not exceed 70% of the total payment of all artists. If the aforesaid allocation is violated with no justification or concealment is conducted, the NRTA shall, according to the circumstances, adopt punitive measures according to the regulation such as suspension and cancellation of broadcast of the series or production qualifications of production entities. TV series and web series of which the artists' payment exceeds the required cap shall not participate in the election or awards, nor be entitled to government funding or subsidies. Furthermore, broadcasting institutions are strictly prohibited from requesting a television rating covenant from production institutions, and the signing of a valuation adjustment mechanism agreement as to television ratings shall be strictly prohibited. Institutions or individuals shall be strictly prohibited from disrupting or falsifying television rating (click-through rate) data.

In addition, foreign investment in television programme production and distribution companies is prohibited pursuant to the Negative List.

REGULATIONS IN RELATION TO PRODUCTION OF WEB SERIES

Pursuant to Circular on Further Strengthening the Administration of Online Audio-visual Programmes Including Web Series and Micro Films (《關於進一步加強網絡劇、微電影等網絡視聽節目管理的通知》) promulgated by the SARFT and Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室) jointly on 6 July 2012, Internet audio-visual programme service institutions shall report the information on examined and approved web series, micro films and other online audio-visual programmes to the provincial radio, film and television administration for record-filing. Pursuant to the Notice about Upgrading the Information Recording Filing System of the Internet Audio-visual Programme (《關於網絡視聽節目信息備案系統升級的通知》) promulgated by NRTA on 27 December 2018, the producing institutions shall, before the production of major web series (including online series, films and cartoons), which includes web series (cartoons), the investment amount of which exceeds RMB5 million, and major online films, the investment amounts of which exceeds RMB1 million, register the programme information through the information recording filing system. Upon the completion of production, the producing institutions shall register through the system as well and submit the completed dramas to NRTA or its provincial counterpart. Record-filing numbers would be issued to qualified web series and only web series with the record-filing numbers can be broadcast and popularized on audio-visual website.

Pursuant to Supplemental Notice of Circular on Further Strengthening the Administration of Online Audio-visual Programmes Including Web Series and Micro Films (《關於進一步完善網絡劇、微電影等網絡視聽節目管理的補充通知》) promulgated by the SAPPRFT on 2 January 2014, enterprise engaged in production of web series and micro films shall obtain the Licence for Produce and Distribute Radio or Television Programmes. Internet audio-visual programme service institutions shall not broadcast web series and micro films produced by enterprise without the above Licence.

The distribution license refers to the Television Drama Distribution License (《國產電視劇發行許可證》) which is issued by NRTA according to the Administrative Provisions for Contents of TV Series. Pursuant to the Administrative Provisions for Contents of TV Series, upon completion of the production

of TV series, the production institutions shall file an application for content examination and apply for the distribution license from the NRTA. The TV series without the distribution license shall not be distributed, broadcast or appraised for awards.

"TV series" means a series of scripted episodes aiming to be broadcast on TV channels which is required to obtain the distribution license from the NRTA. TV series may be broadcast on TV channels and also on new media channels such as online video platforms. "Web series" means a series of scripted episodes which can only be broadcast on new media channels such as online video platforms in the Prospectus.

In conclusion, web series is different from TV series and shall only be broadcast online instead of on TV channels. Thus, production institution of web series is not required to apply for or obtain any distribution license from the NRTA prior to the distribution and broadcast of web series.

REGULATIONS IN RELATION TO THE MERGE AND ACQUISITION OF DOMESTIC ENTERPRISES BY FOREIGN INVESTORS

Pursuant to the M&A Rules, mergers and acquisitions of domestic enterprises by foreign investors refers to: a foreign investor converts a non-foreign invested enterprise (domestic company) to a foreign invested enterprise by purchasing the equity interest from the shareholder of such domestic company or the increased capital of the domestic company; this is defined as "equity merger and acquisition"; or a foreign investor establishes a foreign invested enterprise to purchase the assets from a domestic enterprise by agreement and operates the assets therefrom; or foreign investor purchases the assets from a domestic enterprise by agreement and uses these assets to establish a foreign invested enterprise for the purpose of operation of such assets; this is defined as "assets merger and acquisition". Pursuant to the M&A rules, mergers and acquisitions of domestic enterprises by foreign investors shall be subject to the approval of the MOFCOM or its delegates at provincial level. In the event that any domestic company, enterprise or natural person merges or acquires a domestic company that has affiliated relationship with it through an overseas company legally established or controlled by such domestic company, enterprise or natural person, the merger and acquisition applications shall be submitted to the MOFCOM for approval. The person concerned may not evade from the above requirements by domestic investment of the foreign-invested enterprises or by other means.

REGULATIONS IN RELATION TO FOREIGN EXCHANGE

General Administration of Foreign Exchange

According to the Regulations on Foreign Exchange Administration of the PRC (Revised in 2008) (《中華人民共和國外匯管理條例》(2008年修訂)) which was promulgated by the State Council on 29 January 1996, came into effect on 1 April 1996, and was last revised on 5 August 2008, RMB is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments, payment of interests and dividends. Current account foreign exchange income may, in accordance with relevant provisions of the PRC, be retained or sold to any financial institution engaged in foreign exchange settlement and sales business. The conversion of RMB into other currencies and remittance of the converted foreign currency outside the PRC for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, require the prior approval from the SAFE or its local branches. Payments for transactions that take place within the PRC must be made in RMB. Unless otherwise approved, PRC companies may repatriate foreign currency payments received

from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks under the current account items subject to a cap set by the SAFE or its local branches.

Pursuant to the Notice of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for Direct Investment (《國家外匯管理局關於進一步改進和調整直接投資外匯管理政策的通知》) (the "**SAFE Circular No. 59**") which was promulgated by the SAFE on 19 November 2012, and became effective on 17 December 2012 and was last revised on 30 December 2019, the approval is not required for the opening of an account entry in foreign exchange accounts under direct investment or for domestic transfer of the foreign exchange under direct investment. SAFE Circular No. 59 also simplifies the capital verification and confirmation formalities for foreign invested enterprises, the foreign capital and foreign exchange registration formalities required for the foreign investors to acquire the equity interests and foreign exchange registration formalities required for the foreign investors to acquire the equity interests of Chinese party, and further improves the administration on exchange settlement of foreign exchange capital of foreign invested enterprises.

In light of SAFE Circular 13, to improve the efficiency on foreign exchange management, the SAFE has cancelled the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment. In addition, SAFE Circular 13 simplifies the procedure of registration of foreign exchange and investors shall register with banks to have the registration of foreign exchange for the direct domestic investment and direct overseas investment.

The Notice of the State Administration of Foreign Exchange on Reforming the Management Mode of Foreign Exchange Capital Settlement of Foreign Investment Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**SAFE Circular No. 19**"), which was promulgated by the SAFE on 30 March 2015, came into effect as of 1 June 2015 and was last revised on 30 December 2019, adopts the approach of discretional foreign exchange settlement. The discretional settlement of the foreign exchange capital of foreign-invested enterprises refers to that the settlement of foreign exchange capital in the capital accounts of foreign-funded enterprises that have been subject to the confirmation of cash capital contribution at foreign exchange authorities (or the entry registration of cash contribution at banks) may be handled at banks based on the enterprises' actual requirements for business operation. The proportion of discretional settlement of foreign exchange capital of foreign-funded enterprises is temporarily determined as 100%. The SAFE may, based on the international balance of payments, adjust the aforesaid proportion at appropriate times.

The Notice of the State Administration of Foreign Exchange on Reforming and Standardising the Foreign Exchange Settlement Management Policy of Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) (the "**SAFE Circular 16**") was promulgated and became effective on 9 June 2016 by the SAFE. According to the SAFE Circular 16, enterprises registered in China may also convert their foreign debts from foreign currency into Renminbi on self-discretionary basis. The SAFE Circular 16 provides an integrated standard for conversion of foreign exchange under capital account items (including but not limited to foreign currency capital and foreign debts, funds recovered from overseas listing, etc.) on self-discretionary basis, which applies to all enterprises registered in China. The SAFE Circular 16 reiterates the principle that Renminbi converted from foreign currency-denominated capital of a company may not be directly or indirectly used for purposes beyond its business scope and may not be used for investments in securities or other investment with the exception of bank financial products that can guarantee the principal within China unless otherwise specifically provided. In addition, the converted Renminbi may not be used to make loans for non-affiliated enterprises unless it is within the business scope or to build or to purchase any real estate that is not for the enterprise own use with the exception for the real estate enterprise.

REGULATIONS IN RELATION TO OFFSHORE INVESTMENT

Pursuant to SAFE Circular 37, a domestic resident shall, before contributing the domestic and overseas lawful assets or interests to a special purpose vehicle (the "**SPV**"), apply to the foreign exchange office for foreign exchange registration of overseas investments. In addition, in the event of any change of basic information of the overseas SPV such as the individual shareholder, name, operation term, etc., or if there is a capital increase, decrease, equity transfer or swap, merge, spin-off or other amendment of the material items, the domestic resident shall complete the modification of foreign exchange registration procedures for offshore investment. After the completion of the overseas financing, the SPV shall comply with the related provisions on Chinese foreign investment and foreign debt administration if the capital financed is repatriated for use within the territory of China. Failure to comply with the registration procedures as set out in SAFE Circular 37 may result in penalties. SAFE Circular 13 has further revised SAFE Circular 37 by requiring domestic residents to register with qualified banks rather than the SAFE or its local counterparts in connection with their establishment or control of an offshore entity established for the purpose of overseas investment or financing.

TAXATION LAWS

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) (the "**EIT Law**"), which was promulgated by the NPC on 16 March 2007 and came into effect on 1 January 2008, and was last revised by SCNPC on 29 December 2018, and the Implementation Regulations of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) (the "**Implementation Rules**") which were promulgated by the State Council on 6 December 2007 and came into effect as of 1 January 2008 and was last revised on 23 April 2019, taxpayers consist of resident enterprises and non-resident enterprises. 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 but whose actual or de facto control is administered from within China. Non-resident enterprises are defined as enterprises that are set up in accordance with the laws of foreign countries and whose actual administration is conducted outside China, but have established institutions or premises in China, or have no such established institutions or premises but have income generated from inside China. Under the EIT Laws and relevant implementing regulations, a uniform corporate income tax rate of 25% is applicable.

However, if non-resident enterprises have not formed permanent establishments or premises in China, or if they have formed permanent establishment institutions or premises in China but there is no actual relationship between the relevant income derived in China and the established institutions or premises set up by them, the enterprise income tax is, in that case, set at the rate of 10% for their income sourced from inside China. Pursuant to an 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 Tax on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) (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% upon receiving approval from competent tax authority. However, based on the Notice on Certain Issues with Respect to the Enforcement of Dividend Provisions in Tax Treaties (《關於執行税收協定股息條款有關問題的通知》) (the "**Notice No. 81**") issued by the SAT on 20 February 2009, if the relevant PRC tax authorities determine, in 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 Several Opinions of the State Council on Supporting the Construction of Kashgar and Horgos Economic Development Zones (《國務院關於支持喀什霍爾果斯經濟開發區建設的若干意見》), which was promulgated by the State Council on 30 September 2011, and the Notice of the Preferential Policies of Enterprise Income Tax in the Two Special Economic Development Zones of Kashgar and Horgos in Xinjiang (《財政部、國家税務總局關於新疆喀什霍爾果斯兩個特殊經濟開發區企業所得税優惠政策的通知》), which was promulgated by MOF and the SAT on 29 November 2011, from the year 2010 to 2020, the enterprises newly established in the Kashgar and Horgos within the Catalogue of Income Tax Preferences for Enterprises of Materially Encouraged Industries in Difficult Areas of Xinjiang (《新疆困難地區重點鼓勵發展產業企業所得税優惠目錄》) (the "**Catalogue of Income Tax Preferences**") shall be granted the preferential treatment of five-year enterprise income tax exemption since the taxable year when the first business income is obtained. Radio, film and television production, distribution, transaction, projection, publication and creation of derivative production are included in Catalogue of Income Tax Preferences.

VALUE ADDED TAX

Pursuant to the Interim Regulations of the PRC on Value-added Tax (Revised in 2017) (《中華人民共和國增值税暫行條例》) (the "**VAT Regulations**") which was promulgated by the State Council on 13 December 1993 and was last revised on 19 November 2017, all entities and individuals engaging in the sale of goods, provision of processing, repair and fitting services, and importation of goods within the territory of the PRC are taxpayers of VAT, and shall pay VAT in accordance with the VAT Regulations. According to the VAT Regulations, a VAT tax rate at 6%, 11% or 17% applies to the PRC enterprises unless otherwise exempted or reduced according to the VAT Regulations and other relevant regulations.

According to the Notice of the MOF and the SAT on Adjusting the Value-added Tax Rates (《財政部、國家税務總局關於調整增值税税率的通知》), which was promulgated on 4 April 2018 and became effective on 1 May 2018, where a taxpayer engages in a taxable sales activity for the VAT purpose or imports goods, the previous applicable 17% and 11% tax rates are adjusted to 16% and 10% respectively.

According to the Announcement of the Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、税務總局、海關總署關於深化增值税改革有關政策的公告》), which was promulgated on 20 March 2019 and became effective on 1 April 2019, the VAT rate was further adjusted as follows: (1) VAT rate of 16% applicable to the VAT taxable sale or import of goods by a general VAT taxpayer shall be adjusted to 13%, and the tax rate of 10% applicable thereto shall be adjusted to 9%. (2) The deduction rate of 10% applicable to any taxpayer's purchase of agricultural products shall be adjusted to 9%.

Where a taxpayer purchases agricultural products used for the production or consigned processing of goods to which the tax rate of 13% applies, the amount of import tax shall be calculated at the deduction rate of 10%. (3) As for exported goods and labour services to which the tax rate of 16% applies and whose export tax refund rate is 16%, the export tax refund rate shall be adjusted to 13%. As for exported goods and cross-border taxable acts to which the tax rate of 10% applies and whose export tax refund rate is 10%, the export tax refund rate shall be adjusted to 9%.

REGULATIONS IN RELATION TO EMPLOYMENT AND SOCIAL WELFARE

Labor

The Labour Law and the Labour Contract Law

According to the Labour Law of the PRC (Revised in 2018) (《中華人民共和國勞動法(2018年修訂)》) which was promulgated by the SCNPC on 5 July 1994 and came into effect on 1 January 1995, and was last revised on 29 December 2018, enterprises and institutions shall establish and improve their system of workplace safety and sanitation, strictly abide by state rules and standards on workplace safety, educate labourers in labour safety and sanitation in China. Labour safety and sanitation facilities shall comply with state-fixed standards. Enterprises and institutions shall provide labourers with a safe workplace and sanitation conditions which are in compliance with state stipulations and the relevant articles of labour protection.

The principal regulations governing the employment contract is the PRC Labor Contracts Law (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on 29 June 2007 and was revised on 28 December 2012. Pursuant to the PRC Labour Contracts Law, employers shall establish employment relationship with employees on the date that they start employing the employees. To establish employment, a written employment contract shall be concluded, or employers will be liable for the illegal actions. Furthermore, the probation period and liquidated damages shall be restricted by the law to safeguard employees' rights and interests.

Social Insurance and Housing Fund Regulations

According to the Social Insurance Law of the PRC (Revised in 2018) (《中華人民共和國社會保險法(2018年修訂)》) which was promulgated by the SCNPC on 28 October 2010 and came into effect on 1 July 2011 and was revised on 29 December 2018, employers are required to provide their employees in the PRC with welfare schemes covering pension insurance, basic medical insurance, unemployment insurance, work-related injury insurance and maternity insurance. If an employer does not pay the full amount of social insurance premiums as required by law, the social insurance premium collection institution shall order the employer to make the payment or make up the difference within the stipulated period and impose a daily surcharge equivalent to 0.05% of the overdue payment from the date on which the payment is overdue. If such overdue payment is not made within the stipulated period, the relevant administration government department shall impose a fine from one to three times the amount of overdue payment. Pursuant to the Regulations of Housing Fund (《住房公積金管理條例》), which was promulgated by State Council and came into force in 3 April 1999, and was last revised on 24 March 2019, enterprises must complete registration at the competent administrative centre of housing fund and go through the procedures of opening the account of housing fund for their employees at the relevant bank upon the examination by such administrative centre of housing fund. Enterprises as employers are also obliged to timely pay and deposit housing fund for their employees in full amount.

REGULATIONS IN RELATION TO INTELLECTUAL PROPERTY

Copyright

According to Copyright Law of the PRC (Revised in 2010) (《中華人民共和國著作權法(2010年修訂)》) (the "**Copyright Law**") which was promulgated by SCNPC on 7 September 1990 and came into effect on 1 June 1991 and was last revised on 26 February 2010, works of Chinese citizens, legal persons or other organisations, whether published or not, enjoy copyright protection under Copyright Law. Works of non-Chinese nationals or stateless persons which were first published in the territory of China enjoy copyright protection under Copyright Law. The term "copyright" shall include the following personal rights and property rights: 1) the right of publication; 2) the right of authorship; 3) the right of modification; 4) the right of integrity; 5) the right of reproduction; 6) the right of distribution; 7) the right of rent; 8) the right of exhibition; 9)the right of performance; 10) the right of projection; 11) the right of broadcasting; 12) the right of communication of information via network; 13) the right of cinematization; 14) the right of adaptation; 15) the right of translation; 16) the right of compilation; and 17) the other rights to which a copyright owner is entitled. The right stipulated above in items 1) and 5) to 17) of the Copyright in respect of a cinematographic work, a work created by a process analogous to cinematography or a photographic work shall be protected for a period of 50 years, ending on December 31st of the 50th year after the date on which the work is first published, but if such work is not published within 50 years after its completion, it shall no longer be protected under Copyright Law. An author's rights of authorship, revision and integrity shall continue in perpetuity.

The copyright in a cinematographic work or a work created by a process analogous to cinematography vests in the producer of such work. However, the screenwriter, director, cinematographer, lyricist, composer, and other authors also enjoy the right of authorship in the work, and have the right to receive remuneration pursuant to the contract entered into with the producer. The authors of the script, musical work and other works that form part of a cinematographic work or a work created by a process analogous to cinematography and can be used separately have the right to exercise their copyright independently.

Pursuant to Implementation Regulations of the Copyright Law of the PRC (Revised in 2013) (《中華人民共和國著作權法實施條例(2013年修訂)》) which was promulgated by State Council on 2 August 2002 and came into effect on 15 September 2002, and was revised on 30 January 2013, copyright shall be generated on the date when the creation of a work is completed. Where a joint work cannot be used separately, the copyright shall be jointly enjoyed by, and exercised through consultation between or among, the co-authors. Where they fail to reach an agreement and have no justified reasons for the failure, no party may hinder any of the other parties from exercising all the rights, except the right of assignment. However, the income generated from the joint work shall be fairly distributed between or among the co-authors.

Trademarks

Both Trademark Law of the PRC (Revised in 2019) (《中華人民共和國商標法(2019年修訂)》), which was promulgated by the SCNPC on 23 August 1982 and was last revised on 23 April 2019, and the Implementation Regulations of Trademark Law (Revised in 2014) of the PRC (《中華人民共和國商標法實施條例(2014年修訂)》) which was promulgated by the State Council on 3 August 2002, and was revised on 29 April 2014 and became effective on 1 May 2014 provide protection to the holders of registered trademarks. In the PRC, registered trademarks include commodity trademarks, service trademarks, collective trademarks and certificate trademarks.

A registered trademark is valid for ten years and is renewable every ten years where a registered trademark needs to be used after the expiration of its validity term. A registration renewal application shall be filed within twelve months prior to the expiration of the term. A trademark registrant may licence its registered trademark to another party by entering into a trademark licence contract. Trademark licence agreements must be filed with the Trademark Office for record.

Domain Name

The MIIT promulgated the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) (the "**Domain Name Measures**") on 24 August 2017, which became effective on 1 November 2017. According to the Domain Name Measures, domain name owners are required to register their domain names and the MIIT is in charge of the administration of PRC Internet domain names. The domain name services follow a "first apply, first register" principle. Applicants for registration of domain names shall provide their true, accurate and complete information of such domain names to and enter into registration agreements with domain name registration service institutions. The applicants will become the holders of such domain names upon the completion of the registration procedure.

REGULATIONS ON LEASE

Pursuant to the Law of the People's Republic of China on the Administration of the Urban Real Estate (《中華人民共和國城市房地產管理法》), promulgated by the SCNPC on July 5, 1994 and last amended on 26 August 2019 and effective on 1 January 2020, in the lease of a house, the leaser and the lessee shall conclude a written lease contract defining such matters as the term, purpose and price of the lease, liability for repair, as well as other rights and obligations of both parties, and shall register the lease contract with the department of housing administration for the record. Pursuant to the Administrative Measures on Commodity Housing Leasing (《商品房屋租賃管理辦法》), issued by Ministry of Housing and Urban-Rural Development on December 1, 2010 and became effective in February 1, 2011, without the mentioned registration above, the leaser and the lessee may be imposed a fine by the development (real estate) department.

In accordance with the Contract Law of PRC (《中華人民共和國合同法》), which was promulgated on 15 March 1993 and effective on 1 October 1993, the lessee may, with consent of the lessor, sub-let the leased item to a third party. The leasing contract between the lessee and the lessor shall continue to be valid if the lessee sub-lets the leased item. In the event that the lessee sub-lets the leased item without consent of the lessor, the lessor may terminate the lease contract. In addition, any change of ownership to the lease item does not affect the validity of the lease contract.