## REGULATIONS IN RELATION TO FOREIGN INVESTMENT

The establishment, operation and management of companies in PRC are governed by the PRC Company Law (《中華人民共和國公司法》) 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 December 29, 1993, came into effect on July 1, 1994 and was last revised on October 26, 2018. Under the PRC Company Law, companies are generally classified into two categories, i.e. limited liability companies and companies limited by shares. Each a limited liability company or a company limited by shares is an enterprise legal person, and liable for its debts with all its assets. PRC Company Law is also applicable to foreign-invested companies, except otherwise set out in any other regulations.

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 National People's Congress (全國人民代表大會) (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 labor 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) (2021 Edition) (《外商投資准入特別管理措施(負面清單)(2021年版)》), which was promulgated by the NDRC and the MOFCOM jointly on December 27, 2021 and became effective on January 1, 2022 (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 PROGRAMS

### Radio and Television Program Production and Operation Permit

Pursuant to the Regulations on Radio and Television Administration (Revised in 2020) (《廣播電視管理條例》(2020年修訂)) promulgated by the State Council on August 11, 1997 and last revised on November 29, 2020, radio and television programs shall be made by radio stations, TV stations, radio and television programs production and distribution institutions whose establishment has been approved by the radio and television administrative departments at or above the provincial level governments. Radio station or TV station shall not broadcast programs produced by institutions without the licenses for radio and television program production and distribution.

Pursuant to the Administrative Provisions on the Production and Distribution of Radio and Television Programs (《廣播電視節目製作經營管理規定》), which was promulgated by SARFT on July 19, 2004 and came into effect on August 20, 2004, and was last revised on October 29, 2020, the NRTA is responsible for formulating the development plan, layout and structure of the national radio and television programs production industry, managing, guiding and supervising the production and operation activities of national radio and television programs. The radio and television administrative departments 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 entity that produces and operates 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 radio and television administrative department 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 television 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 television administrative department within a week after the decisions are made. The Permit uniformly printed by the NRTA has an effective term of two years.

**Content review and regulation**

The Notice on Further Strengthening the Management of Radio and Television Programs Production and Operation Organizations (《關於進一步加強廣播電視節目製作經營機構管理的通知》), promulgated by SARFT on March 15, 2005, requires the provincial radio and television administrative departments to establish a review mechanism for the content of programs produced and distributed by production institutions. The Notice on Further Standardizing the Management of Selective Radio and Television Activities and Programs Participated by the Masses (《關於進一步規範群眾參與的選拔類廣播電視活動和節目的管理通知》), promulgated by SARFT on September 20, 2007, gives a detailed description of the approval of selective radio and television activities with the participation of the masses. The Notice on Strengthening the Management of Reality TV Programs (《關於加強真人秀節目管理的通知》), promulgated by SARFT on July 14, 2015, requires the provincial radio and television administrative departments to guide radio and television broadcasting institutions to improve reality TV programs, and strictly control the submission of reality TV programs. The Notice on Further Strengthening the Creation and Broadcasting Management of Online Audio Visual Programs (《關於進一步加強網路視聽節目創作播出管理的通知》), promulgated by SARFT on May 16, 2017, indicates that radio and television programs with incorrect guidance and values shall not be broadcast on the Internet, IPTV or Internet TV. The General Rules for Content Auditing of Online Audio Visual Programs (《網絡視聽節目內容審核通則》), promulgated by China Online Audio Visual Program Service Association on June 30, 2017, indicates that radio and television broadcasting institutions should establish the content pre broadcast audit system, audit opinion retention system and working procedures, and online audio visual programs must be verified by the auditors before broadcasting. The Regulations on the Administration of Minor Programs (《未成年人節目管理規定》), promulgated by NRTA on March 29, 2019, came into effect on April 30, 2019 and last revised on October 8, 2021, indicates that the system of Juvenile Protection Commissioner should be established, and personnel with working experience or educational background in the protection of minors should be arranged to be responsible for the pre broadcast review of juvenile programs and advertisements, and suggestions should be made to adjust the broadcast time or postpone the broadcast of programs and advertisements that are not suitable for minors, and the proposal to postpone broadcasting shall be implemented after experts' argumentation organized by relevant program examination departments.

On February 6, 2020, the NRTA issued the Notice on Further Strengthening the Administration of the Creation and Production of TV Series and Web Series (《國家廣播電視總局關於進一步加強電視劇網絡劇創作生產管理有關工作的通知》), requires, among other things, that during the record-filing period, the production institution shall be committed to the competent radio and television administrative department that the script creation has been basically completed; the written consent of the competent government departments shall be obtained before applying for filming, production and filing for announcement for the content involving political, military, diplomatic, national security, the united front, ethnic, religious, judicial, public security, anti-corruption and other sensitive content. The TV and web series are recommended to be limited to 40 episodes, and the creation of short series within 30 episodes is encouraged.

On August 25, 2021, the Office of the Central Cyberspace Affairs Commission issued the Notice on Further Strengthening the Regulation on Chaos in the "Fan Circle" (《關於進一步加強"飯圈"亂象治理的通知》). This notice requires the local offices of the Central Cyberspace Affairs Commission to enhance the supervision on "fan circle" culture with specific measures, including, among others, strengthening the regulation on content and format of web variety programs, such as (i) prohibiting any mechanisms in variety programs which allow audience to purchase votes for contestants or encourage audience to spend money in shopping merchandise or subscribing membership to obtain votes for contestants, (ii) prohibiting minors to spend money on voting for contestants or acting as the operator of fan circles, (iii) prohibiting fan circle activities that would disrupt the normal schedules of minors, (iv) prohibiting the use of rankings involving celebrities or celebrity groups, and (v) prohibiting the presentation of insults, slanders, rumors and other types of harmful information.

In September, 2021, the Publicity Department of the Communist Party of China issued the Notice on Carrying Out Comprehensive Management on Culture and Entertainment (《關於開展文娛領域綜合治理工作的通知》). This notice requires relevant government agencies to strengthen the supervision on the cultural and entertainment industry, including, among others, imposing strict supervision on the contents of variety programs, prohibiting the participation of minors in competitive talent shows. The relevant authorities haven't released any normative documents in respect of the notice so far. As a result, how the notice will be implemented is subject to uncertainty.

On September 2, 2021, the National Radio and Television Administration issued the Circular on Further Strengthening the Management of Cultural and Entertainment Programs and Industry Participants (《關於進一步加強文藝節目及其人員管理的通知》). Under this circular, broadcast and television institutions and internet video platforms may not broadcast variety programs and reality shows that feature the children of celebrities or idol development programs. Due to the impact of the circular, there has been no variety programs and reality shows that feature the children of celebrities or idol development programs been produced or broadcast since the issuance of the circular. Competitive talent shows are required to strictly control the voting mechanisms and may not use arrangements prompting fan's off-site voting, ranking list and fans support activities. It is strictly prohibited to encourage fans to spend money in shopping merchandise, subscribing membership or other ways of spending to indirectly vote for contestants. The circular also requires that programs produced by television institutions and online audio-visual platforms may not have appearance of persons who have incorrect political views, who act against the core values upheld by the state, or who committed an illegal act or breached the principles of fairness and justice. In addition, it requires that "yin-yang contracts" must not be used and the regulations on maximum wages for actors and actresses shall be strictly implemented. To the best knowledge and belief of our Directors, after the implementation of the circular and up to the Latest Practicable Date, we did not produce idol development program and we did not engage any artists who were deemed as immoral personnel or involved in illegal activities before and/or during the production of our variety programs, and we had not been subject to any review, enquiry or investigation by any PRC regulatory authorities in relation to such requirement.

On September 18, 2021, the State Taxation Administration issued a notice on strengthening the taxation management of employees in the entertainment field. It requires, among others, (i) further strengthening of the daily tax management of employees in the culture and entertainment industry, (ii) guiding the individual studios and enterprises set up by artists and online streamers to establish accounts and systems in accordance with laws and regulations, and making tax declaration through checking accounts and (iii) strengthening tax management of artists, online streamers agency companies and agents, as well as other relevant producers, urging them to fulfill the individual income tax withholding obligations, providing relevant information and cooperating with tax authorities to implement relevant regulation.

On February 8, 2022, the NRTA issued the Notice of the NRTA on Printing and Distributing the 14th Five-year Plan for the Development of Chinese TV Series (《國家廣播電視總局關於印發<"十四五"中國電視劇發展規劃>的通知》), which reiterates the requirement in the Opinions on the Allocation of Production Costs of TV Series and Web Series (《關於電視劇網路劇製作成本配置比例的意見》). It also emphasizes the prohibition of tax evasion, "yin-yang contracts", "sky-high remuneration" and other illegal and unlawful acts, and the appearance of persons who committed an illegal and/or immoral act.

During the Track Record Period and up to the Latest Practicable Date, we had not entered into any "yin-yang contracts", nor had we received any rectification requirements or been punished under the Tax Notices and all other relevant regulations and laws. Our Directors are of the view that the above notices did not and will not have any material adverse impact on our operation and financial performance.

To better comply with the latest content and format requirement, we have taken a combination of measures, including: (i) keeping our director's team and technical team informed of the latest regulatory development so that they can all comply with the recent regulatory changes in the pre-production, production and post-production stages of the programs; (ii) conducting a thorough review of our pipeline programs to identify and remove any content that has potential non-compliance issues; (iii) regularly reviewing the marketing and promotional materials for our variety programs to identify and avoid any potential non-compliance issues; (iv) keeping abreast of the development of the regulations and policies and keeping our artist management team informed of the latest regulatory development to identify and avoid potential issues related to "fan circle" in relation to their artist management activities; and (v) instructing our legal team to pay special attention to the recent regulatory development in reviewing contracts, to identify and avoid potential non-compliance. In addition, we have implemented internal policies to avoid potential issues related to "fan circle" and other activities prohibited by the recent notices. As of the Latest Practicable Date, we did not own or operate any account of our artists' official fans clubs. In the event we will set up account of our artists official fan club, we will not authorize minors to serve as the owner or operator of the accounts. We will closely monitor and supervise the activities of the fans of our managed artists to avoid any illegal and improper behaviors, and avoid engagement in any fund raising activities by fans to promote artists, such as fans raising funds to buy flowers, snacks and gifts for artists, or acceptance of any money from fans for promotion of our managed artists. We will also carefully select business projects for our managed artists, and review the contracts we enter into with our customers to ensure that they do not contain anything that is prohibited under the regulations, such as content designed to incite fans to spend money irrationally. For details, see "Business — Risk Management and Internal Control Systems."

### Artists Management

On May 20, 2022, the NRTA issued the Administrative Measures for Performance Agencies in the Field of Radio, Television and Online Audiovisual Platforms (《廣播電視和網絡視聽領域經紀機構管理辦法》), pursuant to which artist brokerage agencies: (i) shall confirm the identity of its artists; (ii) shall obtain the prior consent of the statutory guardians when providing artist brokerage services to minors, and shall not organize minors to perform in activities that would harm their physical or mental well-being; (iii) shall not arrange its artists to perform in illegal, disruptive or immoral entertainment content; (iv) shall have enough staff that matches business needs and the ratio of the number of brokers to the number of their artists shall be in principle not less than 1/100; (v) shall not authorize minors to serve as the owner or operator of the accounts of an artist's official fan club; (vi) shall not publish, or hire others to publish, information that could incite fans to attack each other; and (vii) shall not provide brokerage services to its managed artists to perform in advertisements with illegal content.

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge and belief of our Directors, we were in compliance with the above requirements and had not been the subject of any review, inquiry, investigation or punishment by any PRC regulatory authority pursuant to the above notice, and our Directors believe that this notice has not affected, and will not materially affect, our Group's operation and financial performance.

## REGULATIONS IN RELATION TO VALUE-ADDED TELECOMMUNICATIONS SERVICES

### Licenses for Value-added Telecommunications Services

The Telecommunications Regulations of the PRC (《中華人民共和國電信條例》) (the "Telecommunications Regulations"), promulgated by the State Council on September 25, 2000 and last amended with immediate effect on February 6, 2016, provide the regulatory framework for telecommunications service providers in the PRC. The Telecommunications Regulations classifies telecommunications services into basic telecommunications services and value-added telecommunications services. Providers of value-added telecommunications services are required to obtain a license for value-added telecommunications services. According to the Catalog of Telecommunications Services (《電信業務分類目錄》), attached to the Telecommunications Regulations and last amended by the MIIT on June 6, 2019, information services provided via public communication network or the Internet are value-added telecommunications services. As a subcategory of the value-added telecommunications services, Internet information services are regulated by the Administrative Measures on Internet Information Services (《互聯網信息服務管理辦法》) (the "**Internet Measures**"), which was promulgated by the State Council on September 25, 2000 and last amended with immediate effect on January 8, 2011. Internet information services are defined as "services that provide information to online users through the Internet." The Internet Measures classifies Internet information services into non-commercial Internet information services and commercial Internet information services. Commercial Internet information service providers

shall obtain an ICP License from appropriate telecommunications authorities. An ICP License has a term of five years and can be renewed 90 days prior to its expiration, according to the Administrative Measures for Telecommunications Businesses Operating Licensing (《電信業務經營許可管理辦法》), which was promulgated by the MIIT on March 1, 2009, amended on July 3, 2017 and came into effect on September 1, 2017.

**Restrictions on Foreign Investment in Value-Added Telecommunications Services**

The Regulations for the Administration of Foreign-Invested Telecommunications Enterprises (《外商投資電信企業管理規定》), promulgated by the State Council on December 11, 2001 and last amended with effect on May 1, 2022, requires foreign-invested value-added telecommunications enterprises in China to be established in accordance with the law in the People's Republic of China, and foreign investors shall not acquire more than 50% of the equity interest of such an enterprise. Moreover, the enterprises must obtain approvals from the MIIT, or its authorized local counterparts, before launching the value-added telecommunications business in China. However,pursuant to the Foreign Investment Law and Regulation for Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (hereinafter referred to as the "Foreign Investment Law and regulation"), A foreign investor or foreign-funded enterprise shall submit investment information to the commerce department through the enterprise registration system and the enterprise credit information publicity system. For discrepancies between any provisions on foreign investment developed before January 1, 2020 and the Foreign Investment Law and Regulation, the provisions of the Foreign Investment Law and Regulation shall prevail.

According to the Negative List, the proportion of foreign investments in an entity engages in value-added telecommunications business (except for e-commerce, domestic multi-party communications, storage-forwarding and call centers) shall not exceed 50%.

Pursuant to the Ministry of Information Industry Notice on Strengthening the Administration of Foreign Investment in and Operation of Value-added Telecommunications Services (《信息產業部關於加強外商投資經營增值電信業務管理的通知》), which was issued by the Ministry of Information Industry (the predecessor of the MIIT) on July 13, 2006, domestic value-added telecommunications enterprises were prohibited to rent, transfer or sell licenses for value-added telecommunications services to foreign investors in any form, or provide any resources, premises, facilities or other assistance in any form to foreign investors for their illegal operation of any value-added telecommunications business in China.

**REGULATIONS IN RELATION TO DATA PRIVACY AND PROTECTION REGULATION**

On December 28, 2021, the CAC jointly issued the Cybersecurity Review Measures (《網絡安全審查辦法》) with other government authorities, which became effective on February 15, 2022 ("Review Measures"). The Review Measures provide that a critical information infrastructure operator purchasing network products and services, and network platform operators carrying out data processing activities which affect or may affect national security,

must apply for cybersecurity review. It also provides that a network platform operator with more than one million users' personal information aiming to list abroad must apply for cybersecurity review. However, the Review Measures do not provide the standard of "affect or may affect national security."

On November 14, 2021, the CAC issued the Regulations on the Administration of Cyber Data Security (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) ("Draft Regulations") for public comment, which applies to activities relating to the use of networks to carry out data processing activities within the territory of the PRC. The Draft Regulations stipulate that a data processor who processes more than one million users' personal information aiming to list abroad or a data processor who seeks to complete a listing in Hong Kong which affects or may affect national security is required to apply for cybersecurity review pursuant to relevant rules and regulations. However, the Draft Regulations do not provide the standard to determine the circumstances that would be determined to "affect or may affect national security." As of the Latest Practicable Date, the Draft Regulations have not yet been formally promulgated and therefore not become effective.

## REGULATIONS IN RELATION TO INTERNET CULTURAL ACTIVITIES

According to the Interim Administrative Provisions on Internet Culture (《互聯網文化管理暫行規定》) (the "Internet Culture Provisions"), promulgated by the MOC on May 10, 2003 with effect on July 1, 2003 and last amended with immediate effect on December 15, 2017, provides that Internet culture activities are classified into non-commercial Internet cultural activities and commercial Internet cultural activities. Under the Internet Culture Provisions, Internet culture activities include: (i) the production, reproduction, importation, distribution or streaming of Internet culture products (such as online music, online game, online program, online series, online performance, online cartoon, etc.); (ii) the dissemination of culture products via Internet; and (iii) the exhibitions, competitions and other similar activities concerning Internet culture products. To conduct commercial Internet culture activities, ICB License is a prerequisite.

Internet cultural business (except for music) remains a prohibited area for foreign investment on the Negative List.

## REGULATIONS IN RELATION TO INTERNET AUDIO-VISUAL PROGRAM SERVICES

On April 13, 2005, the State Council promulgated Decisions on the Entry of the Non-state-owned Capital into the Cultural Industry (《關於非公有資本進入文化產業的若干決定》). On July 6, 2005, five PRC regulatory agencies, namely, the MOC, SARFT, the GAPP, the NDRC and the MOFCOM, jointly adopted Opinions on Introducing Foreign Investments to the Cultural Sector (《關於文化領域引進外資的若干意見》). According to the above-mentioned regulations, non-state-owned capital and foreign investors are generally not allowed to conduct the business of transmitting audio-visual programs via information network.

According to the Administrative Regulations on Internet Audio-Visual Program Service (《互聯網視聽節目服務管理規定》) (the "Audio-Visual Regulations"), promulgated by the SARFT and the Ministry of Information Industry on December 20, 2007, as amended on

August 28, 2015, Internet audio-visual program service refers to activities of making, editing and integrating audio-visual programs, providing them to the general public via Internet, and providing such services to other people by uploading. An Internet audio-visual program service provider shall obtain an Audio-Visual Permit issued by the SARFT or complete certain registration procedures with the SARFT. Pursuant to the Audio-Visual Regulations, providers of Internet audio-visual program services are generally required to be either state-owned or state-controlled.

On 30 March 2009, the SARFT promulgated the Notice on Strengthening the Administration of the Content of Internet Audio-Visual Programs (《關於加強互聯網視聽節目內容管理的通知》), which reiterates the pre-approval requirements for the Internet audio-visual programs, including those on mobile network (if applicable), and prohibits Internet audio-visual programs containing violence, pornography, gambling, terrorism, superstition or other prohibited elements.

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

Pursuant to the Regulations on Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (2009 Revision) (《關於外國投資者併購境內企業的規定》(2009修訂)) which was jointly issued by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產管理監督委員會), the SAT, the CSRC, State Administration of Industry and Commerce and the SAFE on August 8, 2006 and became effective on September 8, 2006, and was last amended on June 22, 2009 (the "M&A Rules"), Foreign Investors must comply with the M&A Rules when they purchase equity interests of a domestic company or subscribe the increased capital of a domestic company and thus changing the nature of the domestic company into a foreign invested enterprise; or when the foreign investors establish a foreign invested enterprise in China, purchase the assets of a domestic company and operate the asset; or when the foreign investors purchase the asset of a domestic company, establish a foreign invested enterprise by injecting such assets and operate the assets. The M&A Rules requires that if an overseas company established or controlled by PRC companies or individuals intends to acquire equity interests or assets of any other PRC domestic company affiliated with such PRC companies or individuals, such acquisition must be submitted to MOFCOM for approval. The M&A Rules also requires companies with special purpose of overseas listing through acquisitions of PRC domestic companies, which are controlled directly or indirectly by PRC companies or individuals, to obtain the approval of the China Securities Regulatory Commission (the "CSRC," 中國證券監督管理委員會) prior to publicly listing and trading of such securities on an overseas stock exchange.

## REGULATIONS IN RELATION TO 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 January 29, 1996, came into effect on April 1, 1996, and was last revised on

August 5, 2008, and the Regulations on the Administration of Foreign Exchange Settlement, Sale and Payment (《結匯、售匯及付匯管理規定》), which was promulgated by the People's Bank of China (中國人民銀行) on June 20, 1996 and became effective on July 1, 1996, RMB is convertible into other currencies for the purpose of current account items, such as trade related receipt sand 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 59") which was promulgated by the SAFE on November 19, 2012, and became effective on December 17, 2012 and was last revised on December 30, 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 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.

On February 13, 2015, the SAFE promulgated the Notice on Simplifying and Improving the Foreign Currency Management Policy on Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) (the "SAFE Circular 13"), effective from June 1, 2015, which cancels the administrative approvals of foreign exchange registration of direct domestic investment and direct overseas investment. In addition, the SAFE Circular 13 simplifies the procedure of registration of foreign exchange and investors must register with banks to have the registration of foreign exchange under the condition of 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 19"), which was promulgated by the SAFE on March 30, 2015, came into effect as of June 1, 2015 and was last revised on December 30, 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 Standardizing 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 June 9, 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.

The Circular Concerning Relevant Issues on the Foreign Exchange Administration of Offshore Investing and Financing and the Round-Trip Investing by Domestic Residents through Special Purpose Vehicles (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("SAFE Circular 37"), which was promulgated by the SAFE on July 4, 2014 and became effective on the same date, provides that registration management for domestic resident's establishment of special purpose vehicle shall be carried out by the SAFE and its branches. In additional to the SAFE Circular 13, a domestic resident shall, before contributing the domestic and overseas lawful assets or interests to a special purpose vehicle, apply to the foreign exchange office or its authorized banks for going through the procedures for foreign exchange registration of overseas investments. A domestic resident contributing domestic lawful assets or interests shall apply to the foreign exchange office or its authorized banks of registration place, or the foreign exchange office or its authorized banks of location of the domestic enterprise's assets or interests for going through the procedures for registration; a domestic resident contributing overseas lawful assets or interests shall apply to the foreign exchange office or banks of registration place, or the foreign exchange office or banks of the location of household registration for going through the procedures for registration.

On December 25, 2006, the People's Bank of China promulgated the Administrative Measures for Individual Foreign Exchange (《個人外匯管理辦法》), which became effective on February 1, 2007. On February 15, 2012, the SAFE issued the Circular of the State Administration of Foreign Exchange on Issues concerning the Administration of Foreign Exchange Used for Domestic Individuals' Participation in Equity Incentive Plans of Companies Listed Overseas (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》) ("the SAFE Circular 7") which became effective on the date of issuance. PRC residents who are granted shares or stock options by companies listed on overseas stock exchanges according to the stock incentive plans are required to register with SAFE or its local branches, and PRC residents participating in the stock incentive plans of overseas listed companies shall retain a qualified PRC agent, which could be a PRC subsidiary of such overseas publicly-listed company or another qualified institution selected by such PRC subsidiary, to conduct SAFE registration and other procedures with respect to the stock incentive plans on behalf of these participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, purchase and sale of corresponding stocks or interests, and fund transfer. In addition, the PRC agents are required to amend SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, or the PRC agents or the overseas entrusted institution or other material changes. The PRC agents shall, on behalf of the PRC residents who have the right to exercise the employee share awards, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share awards. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. In addition, the PRC agents shall file each quarter the form for record-filing of information of the Domestic Individuals Participating in the Stock Incentive Plans of Overseas Listed Companies with SAFE or its local branches.

## 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 or the purpose of overseas investment or financing.

## REGULATIONS IN RELATION TO INTELLECTUAL PROPERTY

### Copyright

According to Copyright Law of the PRC (Revised in 2020) (《中華人民共和國著作權法(2020年修正)》) (the "Copyright Law") which was promulgated by SCNPC on September 7, 1990 and came into effect on June 1, 1991 and was last revised on November 11, 2020, works of Chinese citizens, legal persons or other organizations, 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 item 1) of the copyright in respect of an audio visual work shall be protected for a period of 50 years, ending on December 31 of the 50th year after the creation of the work. The right stipulated above in items 5) to 17) of the copyright in respect of an audio visual 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 of cinematographic works and TV play works in audio visual works shall be enjoyed by producers, but screenwriters, directors, photographers, lyricists, composers, and other authors shall enjoy the right of signature and have the right to obtain remunerations as agreed upon in the contracts signed with producers. The ownership of the copyright of an audio visual work other than those specified in the preceding paragraph shall be agreed upon by the parties; and where there is no agreement or the agreement is unclear, the copyright shall be enjoyed by the producer, but the author shall have the right of signature and receive remunerations. The authors of script, music, and other works that may be used separately shall have the right to separately exercise their right of copyright.

Unless otherwise specified, the copyright owner of a work is the author who created the work. The copyright in a work resulting from an adaptation, translation, annotation, or arrangement of an existing work shall be enjoyed by the person who adapted, translated, annotated, or arranged the work, provided that the exercise of the copyright does not infringe upon the copyright of the original work.

The copyright owner may license or assign all or part of the rights in items (5) to (17) above and receive remuneration in accordance with the agreement or the copyright law.

The producer has the right to grant others the right to reproduce, publish, rent, and disseminate the audio and video recordings to the public through the information network, and to receive remuneration for them. The protection of these rights shall be for a period of 50 years and shall expire on December 31, the 50th year after the completion of the first production of the audio and video recordings.

Performers have the following rights with respect to their performances: (1) to be recognized as a performer; (2) to protect the inherent image of the performance from distortion; (3) to grant permission to others to broadcast live and publicly communicate the performance for remuneration; (4) to grant permission to others to make audio and video recordings for remuneration; (5) to grant permission to others to reproduce, distribute, or rent audio and video recordings of performances for remuneration; and (6) to grant permission to others to communicate performances to the public through information networks for remuneration. The duration of protection of the rights set forth in (1) and (2) above is not provided for, and the duration of protection for the rights set forth in (3) through (6) above shall be 50 years and shall expire on December 31 of the 50th year following the date of the performance.

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 August 2, 2002 and came into effect on September 15, 2002, and was revised on January 30, 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 August 23, 1982 and was last revised on April 23, 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 August 3, 2002, and was revised on April 29, 2014 and became effective on May 1, 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 license its registered trademark to another party by entering into a trademark license contract. Trademark license agreements must be filed with the Trademark Office for record.

**Patent**

Patents are protected by the Patent Law of the PRC (《中華人民共和國專利法》) which was promulgated by the SCNPC on March 12, 1984 and was last revised on October 17, 2020, and became effective on June 1, 2021. The patent administration departments of provincial or autonomous regions or municipal governments are responsible for administering patents within their respective jurisdictions. The Patent Law of the PRC and its implementation rules provide for three types of patents, "invention," "utility model" and "design." Invention patents are valid for twenty years, utility model patents are valid for ten years, while design patents are valid for fifteen years, from the date of application. The Chinese patent system adopts a "first come, first file" principle, which means that where more than one person files a patent application for the same invention, a patent will be granted to the person who files the application first. To be patentable, invention or utility models must meet three criteria: novelty, inventiveness and practicability. A third-party player must obtain consent or a proper license from the patent owner to use the patent. Otherwise, the use constitutes an infringement of the patent rights.

**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 August 24, 2017, which became effective on November 1, 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.

**Trade Secrets**

The PRC Anti-Unfair Competition Law (《中華人民共和國反不正當競爭法》) which was promulgated by the SCNPC on September 2, 1993, and last amended and became effective on April 23, 2019, set up regulations to protect Trade Secrets. Business Operators shall not engage in any infringements of trade secrets, such as obtaining an obligee's trade secrets by theft, bribery, fraud, intimidation, electronic intrusion or other improper means; disclosing, using, or allowing others to use an obligee's trade secrets obtained by the means mentioned in the preceding paragraph; disclosing, using or allowing others to use an obligee's trade secrets in violation of confidentiality obligations or the obligee's requirements on keeping such trade secrets confidential; or obtaining, disclosing, using or allowing any other party to use an obligee's trade secrets by instigating, tempting or helping any other party to violate the confidentiality obligations or the obligee's requirements on keeping such trade secrets confidential. Where a Business Operator infringes any trade secret, the supervision and

inspection authority shall order it to cease the illegal act, confiscate the illegal gains and impose on it a fine of between RMB100,000 and RMB1 million; where the circumstance is serious, the fine shall be between RMB500,000 and RMB5 million.

## 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 March 16, 2007 and came into effect on January 1, 2008, and was last revised by SCNPC on December 29, 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 December 6, 2007 and came into effect as of January 1, 2008 and was last revised on April 23, 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 February 20, 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.

***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 December 13, 1993 and was last revised on November 19, 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 April 4, 2018 and became effective on May 1, 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 March 20, 2019 and became effective on April 1, 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 labor 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

### The Labor Law and the Labor Contract Law

According to the Labor Law of the PRC (Revised in 2018) (《中華人民共和國劳動法(2018年修訂)》) which was promulgated by the SCNPC on July 5, 1994 and came into effect on January 1, 1995, and was last revised on December 29, 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 laborers in labor safety and sanitation

in China. Labor safety and sanitation facilities shall comply with state-fixed standards. Enterprises and institutions shall provide laborers with a safe workplace and sanitation conditions which are in compliance with state stipulations and the relevant articles of labor 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 June 29, 2007 and was revised on December 28, 2012. Pursuant to the PRC Labor 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**

As required under the Social Insurance Law of the People's Republic of China (2018 Amendment) (《中華人民共和國社會保險法》(2018修正)) (the "Social Insurance Law") adopted by the SCNPC and promulgated on October 28, 2010, implemented on July 1, 2011 and amended and became effective on December 29, 2018, the Regulation of Insurance for Labor Injury (2010 Revision) (《工傷保險條例》(2010修訂)) promulgated by the State Council on April 27, 2003 and implemented on January 1, 2004, and amended on December 20, 2010, and became effective on January 1, 2011, the Provisional Measures for Maternity Insurance of Employees of Corporations (《企業職工生育保險試行辦法》) promulgated by the Ministry of Labor on December 14, 1994 and became effective on January 1, 1995, the Decision of the State Council on the Establishment of a Unified Program for Basic Old-Aged Pension Insurance (《國務院關於建立統一的企業職工基本養老保險制度的決定》) issued and became effective on July 16, 1997, the Decision of the State Council on the Establishment of the Medical Insurance Program for Urban Workers (《國務院關於建立城鎮職工基本醫療保險制度的決定》) promulgated and became effective on December 14, 1998, the Unemployment Insurance Measures (《失業保險條例》) promulgated by the State Council and became effective on January 22, 1999, enterprises are obliged to provide their employees in China with welfare schemes covering pension insurance, unemployment insurance, maternity insurance, labor injury insurance and medical insurance. Employers in the PRC must register with the relevant social insurance authority and make contributions to the pension insurance fund, basic medical insurance fund, unemployment insurance fund, maternity insurance fund and work-related injury insurance fund. Pursuant to the Social Insurance Law, pension insurance, basic medical insurance and unemployment insurance contributions must be paid by both employers and employees, while work-related injury insurance and maternity insurance contributions must be paid solely by employers. An employer must declare and make social insurance contributions in full and on time. The social insurance contributions payable by employees must be withheld and paid by employers on behalf of the employees. Employers who fail to register with the social insurance authority may be ordered to rectify the failure within a specific time period. If the employer fails to rectify the failure to register within the specified time period, a fine or one to three times the actual premium may be imposed. If the

employer fails to make social insurance contributions on time and in full, the social insurance collecting agency shall order the employer to make up the shortfall within the prescribed time period and impose a late payment fee amounting to 0.05% of the unpaid amount for each day it is overdue. If the non-compliance continues, the employer may be subject to a fine ranging from one to three times the unpaid amount owed to the relevant administrative agency. These payments are made to local administrative authorities and any employer that fails to contribute may be fined and ordered to make up within a prescribed time limit.

In accordance with the Regulations on the Management of Housing Funds (2019 Revision) (《住房公積金管理條例》(2019修訂)) which was promulgated by the State Council on April 3, 1999, and lastly amended and became effective on March 24, 2019, enterprises must register at the competent managing center for housing funds and upon the examination by such managing center of housing funds, these enterprises shall complete procedures for opening an account at the relevant bank for the deposit of employees' housing funds. Enterprises are also required to pay and deposit housing funds on behalf of their employees in full and in a timely manner. If an enterprise does not go through the registration of housing fund payment or does not complete the procedures for the establishment of an account, the housing fund management center shall order it to make corrections within a time limit; If the corrections are not processed within the time limit, a fine of RMB10,000 to RMB50,000 shall be imposed. If the enterprise fails to pay or underpays the housing fund within the time limit, the housing fund management center shall order it to make a deposit within a time limit; if it fails to pay the deposit within the time limit, the people's court may be applied for enforcement.

## 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 August 26, 2019 and effective on January 1, 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 on 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 Civil Code of PRC (《中華人民共和國民法典》), which was promulgated on May 28, 2020 and effective on January 1, 2021, 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.

## REGULATIONS IN RELATION TO OVERSEAS LISTING

On December 24, 2021, the CSRC issued the Provisions of the State Council on the Administration of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《國務院關於境內企業境外發行證券和上市的管理規定(草案徵求意見稿)》), and the Measures for the Filing of Overseas Securities Offering and Listing by Domestic Companies (Draft for Comments) (《境內企業境外發行證券和上市備案管理辦法(徵求意見稿)》) (the "Draft Overseas Listing Filing Measures", collectively, the "Draft Regulations on Listing"). As of the Latest Practicable Date, the Draft Regulations on Listing were in draft form and had not come into effect. The Draft Regulations on Listing, if adopted in its current form, will require that, among other things, domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and report relevant information with the CSRC. It provides that if the issuer meets the following criteria, the overseas securities offering and listing conducted by such issuer will be deemed as indirect overseas offering by PRC domestic companies: (i) any of the operating revenue, total profit, total assets or net assets of the domestic companies accounted for more than 50% of the respective audited operating revenue, total profit, total assets or net assets of the issuer within the latest fiscal year; (ii) a majority of the officers responsible for management of the issuer are PRC citizens or have their usual place of residence located in mainland China, and the issuer's main place of operation is within mainland China.

At the press conference held for the Draft Regulations on Listing on December 24, 2021, officials from the CSRC clarified that implementation of the Draft Regulations on Listing will follow a non-retrospective approach, which indicates that only new initial public offerings and refinancing by existing overseas-listed Chinese companies will be required to go through the filing process to start with. In addition, the new regulations and rules will allow a proper transition period for other existing overseas-listed Chinese companies. Further, the officials from the CSRC confirmed that companies with VIE structure that comply with the applicable PRC laws and regulations can still conduct overseas offering and listing upon the completion of the requisite procedures.

Pursuant to the Draft Regulations on Listing, an overseas offering and listing of a PRC company is prohibited under any of the following circumstances, if (i) it is prohibited by PRC laws and regulations, (ii) it may constitute a threat to or endanger national security as determined by competent PRC authorities, (iii) it has material ownership disputes over equity, major assets, and core technology, (iv) in recent three years, the Chinese domestic companies and their controlling shareholders and actual controllers have committed relevant prescribed criminal offenses or are currently under investigations for suspicion of criminal offenses or major violations, (v) the directors, supervisors, or senior executives have been subject to administrative punishment for severe violations, or are currently under investigations for suspicion of criminal offenses or major violations, or (vi) it has other circumstances as prescribed by the State Council. As advised by our PRC Legal Advisors, as of the Latest Practicable Date, there are no explicit PRC laws and regulations currently in effect which prohibit us from [**REDACTED**] and [**REDACTED**] in an overseas stock exchange. Furthermore, based on public search against our subsidiaries and Consolidated Affiliated

Entities, their controlling shareholders and actual controllers, and their directors, supervisors and senior executives in the PRC conducted by our PRC Legal Advisor and to the best of our knowledge, as of the Latest Practicable Date, our subsidiaries and Consolidated Affiliated Entities, their controlling shareholders and actual controllers, as well as their respective directors, supervisors and senior executives in the PRC have not been involved in relevant criminal offences or administrative penalties that would prohibit us from conducting overseas [**REDACTED**] under the Draft Regulations on Listing.

## REGULATIONS IN RELATION TO RESTRICTION OF WAGES

On September 22, 2017, four industry associations including the China Federation of Radio, Film and Television Associations, 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 "Opinions"). Pursuant to the Opinions, the TV series production institutions shall limit the payment for the artists to a reasonable allocation of overall production costs. The total actor's remuneration of a TV series shall not exceed 40% of the total production costs, and the principal actor's remuneration shall not exceed 70% of the total actor's remuneration. If the total actor's remuneration of a TV series exceeds 40% of the total production costs, the production institution shall file an explanation with the relevant associations. The payment involved in the contract signed with the actor's personal studios or other entities controlled by it should also be taken into account for the purpose of compliance with the notice.

On October 31, 2018, the NRTA issued the Notice for Further Strengthening the Administration on Radio or Television Programs and Online Audio-visual Entertainment Programs (《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 online audio visual entertainment programs, the NRTA requires that, among other things, the variety shows broadcast on all satellite television channels from 19:30-22:30 shall file the information such as guest name, remuneration, and cost structure with the NRTA in advance. The total remuneration for all guests of a program shall not exceed 40% of the total cost of the program, and the principal guest remuneration shall not exceed 70% of the total guest remuneration. The network variety shows of key online audiovisual program service institutions shall also comply with such rules. The total actor's remuneration of TV series and web series(including web movies) shall not exceed 40% of the total production costs, and the principal actor's remuneration shall not exceed 70% of the total actor's remuneration. 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' remuneration exceeds the required cap shall not participate in any election or awards organized by governmental authorities or other social forces, nor be entitled to government funding or subsidies. Furthermore, broadcasting institutions are strictly prohibited from requesting an audience rating covenant from production

institutions, and agreement with a valuation adjustment mechanism agreement is strictly prohibited. Institutions or individuals shall be strictly prohibited from disrupting or falsifying audience rating (click-through rate) data.

On February 6, 2020, the NRTA issued the Notice on Further Strengthening the Administration of the Creation and Production of TV Series and Web Series (《國家廣播電視總局關於進一步加強電視劇網絡劇創作生產管理有關工作的通知》), requires that at the stage of examination of a TV series and web series after completion, the production institution shall submit the report on the final allocation proportion of production costs and the copy of artists' remuneration contract to the competent radio and television administrative department for the record.

On February 8, 2022, the NRTA issued the Notice of the NRTA on Printing and Distributing the 14th Five-year Plan for the Development of Chinese TV Series (《國家廣播電視總局關於印發<"十四五"中國電視劇發展規劃>的通知》), which reiterates the requirement in the Opinions on the Allocation of Production Costs of TV Series and Web Series (《關於電視劇網路劇製作成本配置比例的意見》).

## REGULATIONS IN RELATION TO ANTI-MONOPOLY

On August 30, 2007, the SCNPC issued the PRC Anti-Monopoly Law (《中華人民共和國反壟斷法》) (the "AML"), which was amended on June 24, 2022, provides the regulatory framework for the PRC anti-monopoly. Under the AML, the prohibited monopolistic acts include monopolistic agreements, abuse of a dominant market position and concentration of business operators that may have the effect to eliminate or restrict competition. Pursuant to the AML, concentration of business operators refers to the following situations: (i) the merger of business operators; (ii) acquiring control over other business operators by virtue of acquiring their equities or assets; or (iii) acquiring control over other business operators or possibility of exercising decisive influence on other business operators by virtue of contact or any other means. Where a concentration reaches the threshold of declaration stipulated by the State Council, a declaration must be lodged in advance with the Anti-monopoly Authority under the State Council, or otherwise the concentration shall not be implemented. If business operators fail to comply with the mandatory declaration requirement and have or may have the effect to eliminate or restrict competition, the anti-monopoly authority is empowered to terminate and/or unwind the transaction, dispose of relevant assets, shares or businesses within certain periods and impose fines of up to ten percent of the previous year's sales. For those do not have the effect to eliminate or restrict competition, the anti-monopoly authority is empowered to impose fines of up to RMB5,000,000.

On August 3, 2008, The State Council issued the Provisions of the State Council on the Standard for Declaration of Concentration of Business Operators (《國務院關於經營者集中申報標準的規定》), and latest amended on September 18, 2018, require that where a concentration reaches one of the following thresholds, a declaration must be lodged in advance with the anti-monopoly law enforcement agency under the State Council, or otherwise the concentration shall not be implemented: (i) during the previous fiscal year, the total global

turnover of all business operators participating in the concentration exceeded RMB10 billion, and at least two of these business operators each had a turnover of more than RMB400 million within China; or(ii) during the previous fiscal year, the total turnover within China of all the business operators participating in the concentration exceeded RMB2 billion, and at least two of these business operators each had a turnover of more than RMB400 million within China.

On October 23, 2020, the SAMR issued the Interim Provisions on Review of Concentration of Undertakings 2022 (《經營者集中審查暫行規定》) (the "2022 Interim Provisions") with effect on December 1, 2020, and last revised with effect from May 1, 2022. The 2022 Interim Provisions is formulated in accordance with the AML and the Provisions of the State Council on the Standard for Declaration of Concentration of Business Operators.

On February 7, 2021, the Anti-monopoly Committee of the State Council issued the Anti-monopoly Guidelines on Platform Economy (《關於平台經濟領域的反壟斷指南》) (the "The Platform Guidelines"), provide that the AML and relevant regulations are applicable to internet platforms and businesses participating in platform economy, and define "platform" as an internet platform, which more specifically is a commercial organization which, with the support of information technology, enables interdependent entities to interact with each other to jointly create value under its rules and through its matching functions. The Platform Guidelines aim at specifying some of the circumstances under which an activity of internet platforms may be identified as monopolistic act. And the concentration of undertakings involving the contractual arrangements fall within the scope of the antitrust review of concentration of undertakings.